



LINEKONG

● INTERIM REPORT ●

藍港互動集團有限公司

Linekong Interactive Group Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8267



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wang Feng (*Chairman and Chief Executive Office*)

Mr. Chen Hao (*Vice President*)
(resigned on September 2, 2024)

Mr. Wang Jin (also known as Yan Yusong) (*Vice President*)

Independent Non-executive Directors

Mr. Zhang Xiangdong

Ms. Wu Yueqin

Mr. FU Frank Kan

Board Committees

Audit Committee

Ms. Wu Yueqin (*Chairman*)

Mr. Zhang Xiangdong

Mr. FU Frank Kan

Remuneration Committee

Mr. Zhang Xiangdong (*Chairman*)

Mr. Wang Feng

Ms. Wu Yueqin

Mr. FU Frank Kan

Nomination Committee

Mr. Wang Feng (*Chairman*)

Mr. Zhang Xiangdong

Ms. Wu Yueqin

Mr. FU Frank Kan

Company Secretary

Ms. Chan Yin Wah (*FCCG, HKFCG, FCCA*)

Authorised Representatives

Mr. Wang Feng

Ms. Chan Yin Wah

Compliance Officer

Mr. Wang Feng

Registered Office

Floor 4, Willow House

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P.O. Box 2804

Grand Cayman KY1-1112

Cayman Islands



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Beijing
the PRC

Principal Place of Business in Hong Kong

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

Auditors

Baker Tilly Hong Kong Limited

*Certified Public Accountants
Registered Public Interest Entity
Auditors*

Level 8, K11 ATELIER
King's Road
728 King's Road
Quarry Bay
Hong Kong

Legal Advisors as to Hong Kong Laws

King & Wood Mallesons

13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

Cayman Islands Principal Share Registrar And Transfer Agent

Offshore Incorporations (Cayman) Limited

Floor 4, Willow House
Cricket Square
P.O. Box 2804
Grand Cayman KY1-1112
Cayman Islands

Hong Kong Share Registrar

Computershare Hong Kong Investor Services Limited

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

Principal Banks

Agricultural Bank of China Limited,
Khorogos City Branch
China Citic Bank, Wangjing,
Beijing Sub-branch
Ping An Bank,
Offshore Business Department
(Tianjin)
Bank of Communications, Beijing
Branch Wangjing Sub-Branch
CTBC Bank,
Hong Kong Branch

GEM Stock Code

8267

Company Website

www.linekong.com



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

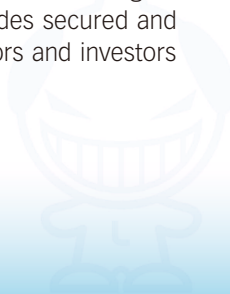
As a renowned internet content developer and publisher in the PRC, the Group has engaged in the Web3 business since 2024 and regarded it as the strategic focus for the Group's future development. Commencing from the first half of the year, the Group has been performing well and attaining breakthrough in 3 sectors, particularly the application of Web3, cryptocurrency investment and the provision of encrypted asset networks and AI computing services. Meanwhile, the Group continues to deepen the strategy deployment in the game and film business. The game business focused on the self-developed premium products and our own IPs, while the film business focused on the premium IP drama. We have commenced exploration of the Web3 business and the micro-drama business, aiming to strengthen and add on to the Group's long-term development reserve.

Web3 Business: highlight of our future development strategy, attaining breakthrough in terms of application, investment and computing services

Since 2024, the Group made the Web3 business as the highlight of our future development. We will, according to the plan of Mr. Wang Feng, chairman of the Board and chief executive officer of the Company, actively promote the implementation and development of the Web3 business.

In February 2024, Mr. Wang Feng transferred all of his shares in Element to the Group at nil consideration. Element has become the most popular non-fungible token ("**NFT**") trading market of the global block chain network. It offers NFT block chain trading services, in particular:

- 1) NFT digital collection trading platform (Element Market), which is the most commonly used GameFi NFT trading platform and the largest second-tier block chain NFT trading platform. It provides secured and reliable trading services to game players, NFT collectors and investors around the world.



- 2) NFT-as-a-Service technology solution (Element Stack), which is a multi-chain NFT infrastructure, providing customized NFT solutions to corporations, creators and traders. It also serves as a huge tool and portal, for customers to seamlessly consolidate their NFT into their business. Through such share transfer, the Group obtained 35% equity interest in Element, which facilitates the Group's development in the Web3 business and forms a critical part in the Group's Web3 business layout.

From January to June 2024, the number of transaction addresses on Element Market was 649,241, the number of transactions was 2,546,332 and the trading volume reached approximately US\$234,589,445. Currently, the Element platform has the following new developments: 1) the NFT Creator Studio will be launched soon. It is a set of tools which enable NFT creators to quickly create, organise and formulate rules of Mint; and 2) the Token Bridge aggregator is being developed. It facilitates NFT users to cross-Token transfer to Layer2 network on the site.

The Group continues to increase its investments in the Web3 business. As of the end of this reporting period, the Group purchased 43.3396 units of Bitcoin and 848.386 units of Ethereum in open market transactions during the year. As of the end of this reporting period, the Group held 142.8539 units of Bitcoin and 848.386 units of Ethereum at a total cash consideration of approximately US\$8.8 million. As the prices of Bitcoin and Ethereum rise further, the encrypted assets held by the Group could facilitate the growth of the Group's assets in a good way to attain the purpose of asset preservation and value appreciation.

As the United States Securities and Exchange Commission (the "**SEC**") has approved the listing and trading of Spot Bitcoin ETF and Ethereum ETF, we are optimistic about the investment opportunities in cryptocurrency this year. We will continue to purchase more cryptocurrency to the extent permitted by the Board and Shareholders, with an aim to further materialize the goal of asset preservation and value appreciation and prepare ourselves for tapping into the Web3 business.



In January 2024, we invested in EcoPowX, a newly incorporated company which will be engaged in the provision of computing solutions for AI computing and cryptocurrencies network through establishing more environmentally friendly flare gas power generation facilities and premises. EcoPowX intends to co-operate with large oilfields and natural gas processing equipment suppliers in West Africa, to promote the eco-friendly processing of flare gas in oilfields. As part of its cryptocurrency mining and graphics processing units computing provision business, the overall operation of EcoPowX centers on power sources for AI computing and cryptocurrencies mining, providing sustainable green solutions and technical support. It is expected that EcoPowX will commence operation in the third quarter of 2024.

The Group is of the opinion that as the cryptocurrency market matures and the regulatory environment becomes more defined, professional cryptocurrency asset management services will turn into an essential demand in the market. Accordingly, the Group is now proactively organising to establish a company specialised in cryptocurrency asset management, as well as assessing the possibility of successfully applying and obtaining the relevant encrypted asset management license. The Group will continue to maintain communication with regulatory authorities, industry experts and potential partners to ensure that our plans conform to the latest regulatory requirements.

Game Business: progressing research and development of new products and exploration of the prospect of mini programs

The Group continues to focus on the research and development of new mobile games, application of cutting edge technologies and extension of game IP values. During the first half of 2024, we have gradually commenced several rounds of external testing for various mobile game projects, including the "Uproar in Heaven I (鬧鬧天宮1)" (remake version) and "Uproar in Heaven II (鬧鬧天宮2)". The previous version of "Uproar in Heaven II (鬧鬧天宮2)", namely the light battle MOBA "Uproar in Heaven I (鬧鬧天宮1)" has completed the research and development and testing of its remake version. Registered users for "Uproar in Heaven I (鬧鬧天宮1)" amounted to over 20 million, filling in the niche in the light battle MOBA market segment. Based on the original version, the remake version optimized the matching mechanism and background, emphasised on the fairness of the game and further enhanced the characteristics of light battle MOBA products, which was officially launched in August 2024.

As a battle tower defense mobile game based on the renowned novel “Journey to the West”, “Uproar in Heaven II (鬧鬧天宮2)” inherited the Chinese art and ancient Chinese mythical characters from its previous version. Players can organise their own hero pools to build different battle teams to achieve ultimate win. Through strategical hero upgrade and consolidation, players can enjoy an exciting tower defense game while appreciating the randomness of the game. Meanwhile, “Uproar in Heaven II (鬧鬧天宮2)” as an independent carrier, aims to encourage new and experienced players to appreciate and inherit the Chinese traditional culture. Various Peking Opera skins and cross talk skins design have been simultaneously added into the game. Currently, the product has obtained publication number in April 2023, completed many rounds of product fine tune and optimization, it is expected to be officially launched in September 2024.

We combine mini programs with the unique gaming style of “Uproar in Heaven II (鬧鬧天宮2)”, external testing for the app version of the mini program is expected to commence in the third quarter of 2024 to further extend user base.

Film Business: focusing on premium products and tapping into the short drama market

Linekong’s film business has been steadily building our product matrix, enriching our potential IP reserve and promoting the production of its high-quality premium IP drama.

Linekong Pictures has achieved satisfactory results in terms of the production and publication of sweet youth romance dramas which are well received by young female audiences. Premium online dramas, including “Long For You (我與你的光年距離)”, “Unexpected (來到你的世界)”, “Long For You 2 (我與你的光年距離2)”, “Love The Way You Are (身為一個胖子)”, “Hello Mr. Gu (原來你是這樣的顧先生)”, “花好月又圓” and the premium drama “對你不止是喜歡” based on the novel written by the famous author Mo Yan Chuan (陌言川) was broadcasted on Mango TV and Tencent Video on November 25, 2023. With 760 million views on Mango TV and the highest popularity of 21039 on Tencent, those premium dramas have appeared in the hot searches of various channels many times and have been unanimously recognized by the market and audiences.

The fictional love drama “念念人間玉” (originally named as “**Mejaz Regulus in the World (摩耶人間玉)**”) jointly produced by Linekong Pictures and other production companies made the most popular theme among fictional love dramas. The drama reaches a board range of audience and is about the sadistic cross-species relationship between a human and a monster. The drama was broadcasted on iQIYI (愛奇藝) on July 31, 2024 and was well received by the audiences. As of the date compiling this report, i.e., August 20, 2024, such drama had been played 22.6 million times by paid members.

In 2024, Linekong Pictures focuses on premium products and possesses class S IPs, we were ready to co-operate with the best film industry players to perform product upgrade.

In terms of IPs, Linekong Pictures has masterpieces such as “陷入我們的熱戀”, “Ancient Music Records (古樂風華錄)” and “少年藏寶行” (originally named as “雲海傳”) in reserve.

“陷入我們的熱戀”, a romantic idol youth drama jointly produced by Tencent Video, Linekong Pictures and The Alliance of Gods, starring Liu Haocun and Wang Anyu, and directed by Liu Guanghui, commenced filming in Chengdu on June 13, 2024. “陷入我們的熱戀” is a JinJiang S-tier romance IP adapted from the fiction of the same title written by the famous author Er Dong Tu Zi (耳東兔子). It tells the youthful romance story between an arrogant high-flier and an innocent top student. Its general tone is that of a casual romance with frequent quotes and humor, providing viewers with an immersive, youthful, passionate and unrelenting love story. The filming goes smoothly currently and is expected to be finished in September and then enter the post-production stage.



Historical-style IP “Ancient Music Records (古樂風華錄)” is the first ancient costume fairy and devil drama with ancient music as its theme in the PRC. Through a beautiful love story with ups-and-downs, the drama reveals the legend of a forgotten ancient musical instrument and the beauty of stunning ancient music, showing the unique charm and inner nature of the nation and fostering new dynamics in traditional culture. The original IP was selected and ranked the first in the 2017 List of National Items for Reforms and Development (改革發展專案庫二零一七年入庫名額) of the State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局). The comic on which the drama is based was selected for the 2016 Mobility Supporting Plan for Chinese Original Comic and Animation (二零一六年原動力中國原創動漫出版扶持計劃) by the National Radio and Television Administration (國家廣電總局). In 2024, Linekong Pictures has reached cooperation with Tencent Video on its production and entered into joint production with a PRC renowned production company Shanghai Hengxing Film Media Company Limited (上海恆行影視傳媒有限公司) to produce “Ancient Music Records (古樂風華錄)”, which was selected into the Tencent top drama list in the second quarter of 2024. The drama is expected to start filming in the third quarter of 2024.

“少年藏寶行” (originally named as “雲海傳”) is the first ancient-setting youth adventure drama in the PRC produced by the Group, which is about a treasure hunt journey without a map and the revelation of the truth of a ten-thousand-year treasure. It is a courageous and enthusiastic story of three young men growing up together hand-in-hand in adversity and making choices between right and wrong. The drama is a joint production with the renowned film company Linghe Culture Media (Shanghai) Company Limited (靈河文化傳媒(上海)有限公司), which is expected to start filming in the fourth quarter of 2024.

In 2024, the Group has tapped into the short drama sector. Adhering to its philosophy of premium production, the Group aims to deliver favourable audio and visual experience to the audience through high quality content production and profound emotional expression. After several months of development, our short dramas have gradually been launched and the micro-dramas “蝕骨千金”, “不要和陌生人結婚”, “冒牌財閥是大佬”, “異人下山”, “你好,李書惠” and “奪冠之母憑女貴” have been broadcasted simultaneously on our self-owned platform “Linekong Theater” and other cooperative platforms since August 2024. Filming of dramas such as “最強毒士”, “她從高山來”, “太極” and “腰間指痕” will also commence successively. The Group is making great strides into the short drama market.

Financial Review

Revenue

The Group's revenue decreased by approximately 40.3% from approximately RMB98.5 million for the six months ended June 30, 2023 to approximately RMB58.8 million for the six months ended June 30, 2024.

The following table sets out the breakdown of the Group's results by segments:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Segment revenue:		
— Game Business	23,334	47,044
— Film Business	35,453	51,487
Total	58,787	98,531



The following table sets forth the breakdown of the Group's revenue by geographical locations:

	For the six months ended June 30, 2024		2023	
	RMB'000	approximate %	RMB'000	approximate %
China (including Hong Kong, Macau and Taiwan regions)	51,028	86.8	79,610	80.8
South Korea	6,984	11.9	8,699	8.8
Other overseas countries and regions	775	1.3	10,222	10.4
Total	58,787	100.0	98,531	100.0

For the six months ended June 30, 2024, the revenue contributed by game business amounted to approximately RMB23.3 million, representing a decrease of 50.4% or RMB23.7 million as compared with the corresponding period of 2023, which was mainly attributable to the recognition of the revenue from authorising Bilibili the license to publish "伊蘇-夢境交織的長夜" globally in 2023, while there was no such revenue recognised from authorising for the current period.

In respect of the Group's film business, the Group recognised revenue from licensing and production of online dramas and others of approximately RMB35.5 million for the six months ended June 30, 2024, representing a decrease of approximately 31.1% or RMB16.0 million from approximately RMB51.5 million for the six months ended June 30, 2023, which was mainly due to the recognition of most revenue related to "對你不止是喜歡" in 2023, while a partial of revenue related to "陷入我們的熱戀" was recognised during the current period.

Cost

The Group's cost for the six months ended June 30, 2024 was approximately RMB44.1 million, representing a decrease of approximately 42.1% as compared to approximately RMB76.2 million for the six months ended June 30, 2023, which was mainly due to the recognition of cost related to "對你不止是喜歡" in 2023 and the one-off recognition of cost related to IP of "伊蘇-夢境交織的長夜"; and the lower recognised cost from the film business for the current period with no one-off cost recognised for game projects.

Gross profit and gross profit margin

The Group's gross profit for the six months ended June 30, 2024 was approximately RMB14.7 million, representing a decrease of approximately 34.1% from approximately RMB22.3 million for the six months ended June 30, 2023, which was mainly due to the recognition of revenue from authorising “伊蘇-夢境交織的長夜” in 2023.

The Group's gross profit margin for the six months ended June 30, 2024 was approximately 25.0%, representing an increase of approximately 2.4% as compared to approximately 22.6% for the six months ended June 30, 2023, which was mainly due to partially recognising the revenue from rights of film business related to “對你不止是喜歡” but recognising all cost in 2023.

Selling and marketing expenses

The Group's selling and marketing expenses for the six months ended June 30, 2024 were approximately RMB7.7 million, representing an increase of approximately 86.9% from approximately RMB4.1 million for the six months ended June 30, 2023, which was mainly due to the preliminary promotion expenses of the project, namely “Uproar in Heaven II (鬧鬧天宮2)”, and the expenses arose from the short drama distribution business of the Group.

Administrative expenses

The Group's administrative expenses for the six months ended June 30, 2024 were approximately RMB10.3 million, representing a decrease of approximately 34.8% from approximately RMB15.8 million for the six months ended June 30, 2023, which was mainly due to the decrease in one-off compensation for loss of office paid and the further reduction of scale of administrative expenses.



Research and development expenses

The Group's research and development expenses for the six months ended June 30, 2024 were approximately RMB10.3 million, representing a decrease of approximately 25.1% from approximately RMB13.7 million for the six months ended June 30, 2023, which was mainly due to the termination of certain game development projects with poor commercialisation capacity.

Segments results — operating (loss)/profit

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
— Game Business	(16,622)	(10,326)
— Film Business	2,941	(1,890)
Total	(13,681)	(12,216)

The operating loss for the six months ended June 30, 2024 was approximately RMB13.7 million, as compared to the operating loss for the corresponding period of 2023 of approximately RMB12.2 million.

For the six months ended June 30, 2024, the operating loss from the game business was approximately RMB16.6 million, and the operating loss from the game business for the corresponding period of 2023 was approximately RMB10.3 million, which was mainly due to the decline in revenue from game licensing for the current period.

For the six months ended June 30, 2024, the operating profit from the film business was approximately RMB2.9 million, and the operating loss from the film business for the corresponding period of 2023 was approximately RMB1.9 million, which was mainly due to the recognised revenue of the current period related to “陷入我們的熱戀” and the further reduction of administrative expenses.



Share of profit of investments using equity accounting

The Group's share of profit of investments using equity accounting for the six months ended June 30, 2024 was approximately RMB0.2 million, and the share of profit of investments for the six months ended June 30, 2023 was approximately RMB0.4 million.

Liquidity and Financial Resources

As of June 30, 2024, we mainly financed our business with cash generated from the operating activities. The Group has been maintaining a solid cash position since the completion of the initial public offering (the "IPO") in December 2014. We intend to fund our expansion and business operations through our internal resources and on-going internal growth.

Treasury policy

During the six months ended June 30, 2024, the Group has adopted a prudent financial management approach to its funding policy to maintain a healthy liquidity position. In order to manage the liquidity risk, the Board closely monitors the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding needs from time to time.

Cash and cash equivalents, short-term bank deposits

As of June 30, 2024, we had cash and cash equivalents of approximately RMB92.0 million (as of December 31, 2023: approximately RMB77.7 million), which primarily consisted of cash at bank, other financial institutions and cash in hand and were mainly denominated in U.S. dollars ("USD") (as to approximately 10.2%), RMB (as to approximately 80.3%), HKD (as to approximately 9.1%) and other currencies (as to approximately 0.4%).

As of June 30, 2024, we had short-term bank deposits of RMB9.8 million (as of December 31, 2023: approximately RMB28.4 million).



Capital Expenditures

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Procurement of furniture and office equipment	228	808
Expenditures on film/online drama rights and films/online drama in progress	1,731	3,165
Expenditures on purchase of cryptocurrencies	41,927	6,432
Total	43,886	10,405

Our capital expenditures comprised expenditures on film/online drama rights and films/online drama in progress, procurement of furniture and office equipment and expenditures on purchase of cryptocurrencies. For the six months ended June 30, 2024, our total capital expenditure amounted to approximately RMB43.9 million (for the six months ended June 30, 2023: approximately RMB10.4 million), including expenditures on film/online drama rights and films/online drama in progress of approximately RMB1.7 million (for the six months ended June 30, 2023: approximately RMB3.2 million), procurement of furniture and office equipment of approximately RMB0.2 million (for the six months ended June 30, 2023: approximately RMB0.8 million) and expenditures on purchase of cryptocurrencies of approximately RMB41.9 million (for the six months ended June 30, 2023: approximately RMB6.4 million). As of the end of the reporting period, we had no committed capital expenditures, and the capital expenditures for 2024 are expected to be expenditures on cryptocurrencies in particular.



Capital Structure

The shares of the Company (the "**Shares**") were listed on GEM of the Stock Exchange on December 30, 2014. The capital structure of the Company comprises ordinary Shares.

Borrowing and Gearing Ratio

As of June 30, 2024, there was no bank loans borrowed by the Group (as of December 31, 2023: Nil). The gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 31.3% (as of December 31, 2023: approximately 22.7%).

Pledge of Group Assets

As of June 30, 2024, there was no pledge of assets (as of December 31, 2023: Nil).

Information on Employees and Remuneration Policy

The Group has established the remuneration committee on April 21, 2014 with written terms of reference in compliance with Appendix C1 to the GEM Listing Rules. The remuneration committee will regularly review and recommend to the Board from time to time regarding the remuneration and compensation of the Directors and the senior management of the Group. The Group offers a competitive remuneration package commensurate with industry practice and provides benefits to employees of the Group, including social insurance coverage, defined contribution retirement scheme and bonus. In determining staff remuneration, the Group has taken into account salaries paid by, time commitment and responsibilities of comparable companies and terms of employment of other positions in the Group. The remunerations of the Directors and employees are reviewed regularly. As of June 30, 2024, the Group had 130 employees. For the six months ended June 30, 2024, total remuneration for employees of the Group was approximately RMB21.2 million (for the six months ended June 30, 2023: approximately RMB25.7 million).

The Company has adopted a share option scheme which awards Share options (the “**Share Option Scheme**”) and two share award schemes which award restricted share units as an incentive to the Directors and eligible persons, details of which are set out in the sections headed “Share Incentive Scheme and Share Option Scheme” and “Subsequent Events — Adoption of the 2024 RSU Scheme” of this interim report.

The Directors believe that maintaining a stable and motivated employee force is critical to the success of the Group’s business. As a fast growing company, the Group is able to provide its employees with ample career development choices and opportunities of advancement. The Group organises various training programs on a regular basis for its employees to enhance their knowledge of online game development and operation, improve time management and internal communications and strengthen team building. The Group also provides various incentives to motivate its employees.

Significant Investment Held During The Reporting Period

As of June 30, 2024, the Group held 142.8539 units of Bitcoin and 848.386 units of Ethereum at a total cost of approximately US\$8.8 million in open market transactions. For further details of the purchased cryptocurrencies, please refer to the Company’s announcements dated June 15, 2023, July 7, 2023, August 8, 2023, August 17, 2023, September 13, 2023 and January 22, 2024 and circulars dated October 31, 2023 and February 29, 2024.

For Fuze Entertainment Co., Ltd. (“**Fuze**”), the Group’s initial investment amounted to RMB26,250,000 with a shareholding of 46.6% (December 31, 2023: 36.8%) and a carrying value of RMB40.3 million (December 31, 2023: RMB37.0 million), representing 11.1% (December 31, 2023: 11.5%) of the Group’s total assets. Fuze is engaged in development and sales of smart device, is undergoing business transformation and has not yet generated any revenue.



For Suzhou Ji Ke Bang Undertaking Investment Partnership Enterprise (“**Jikebang Fund**”), a private equity fund, the Group’s initial investment amounted to RMB30,000,000, with a shareholding of 25.8% (December 31, 2023: 25.8%), and its fair value at the end of the period amounted to RMB21.6 million (December 31, 2023: RMB20.5 million), which accounted for 6.0% (December 31, 2023: 6.4%) of the Group’s total assets. Jikebang Fund is principally engaged in entrepreneurship investment, agency business for other organizations such as entrepreneurship investment enterprises or personal entrepreneurship investment, consultancy business in relation to entrepreneurship investment, provision of management service to entrepreneurship investment enterprises, participating in establishment of entrepreneurship investment enterprises and consultancy organization for entrepreneurship investment management (note 4 to the consolidated financial statements).

	As at/for the six months ended June 30, 2024 RMB’000	As at/for the year ended December 31, 2023 RMB’000
Fuze		
Fair value	40,255	36,972
% of total assets of Group	11.1	11.5
Share of profit of investments using equity accounting	172	3,292
Share of other comprehensive income of investments using equity accounting	247	440
Jikebang Fund		
Fair value	21,554	20,486
% of total assets of Group	6.0	6.4
Fair value loss from an associate measured at fair value through profit or loss	1,068	(2,591)
Capital reduction	—	2,191

In the future, the Group will pay close attention to the transformation and business updates of Fuze, evaluate the investment to Fuze on regular basis, and pursue synergies across the business; for the investment to Jikebang Fund, the Group intends to continue its current interest in the fund.

For certain investments in unlisted securities (note 13 to the consolidated financial statements), as no individual project exceeds 5% of the Group's total assets as of June 30, 2024, therefore no separate disclosure is made.

Contingent Liabilities

As of June 30, 2024, the Group did not have any significant contingent liabilities (December 31, 2023: Nil).

Foreign Exchange Risk

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily USD. Therefore, foreign exchange risk primarily arises from recognised assets and liabilities in the Groups' subsidiaries when receiving or to receive foreign currencies from overseas cooperated counterparties. For the six months ended June 30, 2024, the Group has not hedged any foreign currency fluctuations, the Group will closely monitor exchange rate movement and will take appropriate activities to reduce the exchange risk.



USE OF IPO PROCEEDS

The net proceeds of the Company from the public offering of Shares in December 2014 amounted to approximately HKD686.2 million after deducting the underwriting commission and other expenses in connection with the public offering (the “**IPO Proceeds**”).

In June 2021, the Board has resolved to reallocate the then unutilised net IPO Proceeds for more effective use of resources of the Company and to better fit the latest business development and object of the Company. For details of the reallocation, please refer to the announcement of the Company dated June 29, 2021. As disclosed in the announcement of the Company dated January 7, 2024, in order to further accelerate the expansion of the Web3 industry and diversify the risks arising from the acquisition of Bitcoin, the Board resolved to reallocate the unutilised net IPO Proceeds of HKD8.9 million to funding the settlement of the consideration for the subscription of approximately 30.3% of equity interest in EcoPowX Technology Limited. Please refer to the announcement of the Company date January 7, 2024 for details.



As of June 30, 2024, the Group's IPO Proceeds have been utilised as follows:

	Allocation as published in the announcement dated June 29, 2021 HKD million	Allocation as published in the announcement dated January 7, 2024 HKD million	Amounts utilised as of December 31, 2023 HKD million	Amount utilised in the six months ended June 30, 2024 HKD million	Amount unutilised as of June 30, 2024 HKD million
Overseas expansions (expanding our business in overseas markets)	137.2	137.2	137.2	-	-
Potential strategic acquisition or investment in companies in online game or related businesses	59.7	59.7	59.7	-	-
Potential strategic acquisition or investment in companies in game business, film (movie and drama) business or related businesses	8.9	-	-	-	-
Creating pan-entertainment environment	157.8	157.8	157.8	-	-
Licensing more high quality games with different genres and themes from Chinese and overseas game developers and the operation of such games	68.6	68.6	68.6	-	-
Research and development of games, the operation of existing and brand new self developed games, and the purchase of intellectual property rights of popular entertainment content	137.2	137.2	137.2	-	-
Enhancing game development capability, developing and operating new games, distributing and operating high quality games developed by third parties and accumulation of intellectual property rights of game contents	20.7	20.7	20.7	-	-
Providing funding for our working capital and other general corporate purposes	34.3	34.3	34.3	-	-
Investing in our technology platform, including developing and improving our game development tools and purchase of commercialized game engines developed by third parties	29.0	29.0	29.0	-	-
Mastering user usage flow entry point via developing intellectual hardware and mobile phone software	10.7	10.7	10.7	-	-
Development of and investment in movies and dramas and accumulation of intellectual property rights of movie and drama contents	22.1	22.1	22.1	-	-
Funding the settlement of the consideration for the subscription of approximately 30.3% of equity interest in EcoPowX Technology Limited	-	8.9	-	8.9	-
Total	686.2	686.2	677.3	8.9	-

As at June 30, 2024, all the IPO Proceeds have been utilised.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2024.

REVIEW OF THE INTERIM RESULTS

The interim financial results of the Group for the six months ended June 30, 2024 are unaudited and have not been reviewed by the auditors of the Company, but have been reviewed by the audit committee of the Board (the **“Audit Committee”**).

The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim financial results for the six months ended June 30, 2024 and has also reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control and financial reporting matters of the Group.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As of June 30, 2024, the interests and short positions of the Directors and chief executive 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 Securities and Futures Ordinance ("SFO")) which were 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the required standards of dealings by directors of listed issuers as set out under Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Interest in Shares and underlying shares

Name of Director/ chief executive	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding <small>(Note 4)</small>
Mr. Wang Feng <small>(Note 1)</small>	Interest of controlled corporation	66,576,160 (L)	21.53%
	Beneficial owner	12,640,380 (L)	
Mr. Wang Jin <small>(Note 2)</small>	Beneficial owner	2,540,000 (L)	0.69%
Mr. Chen Hao <small>(Note 3)</small>	Beneficial owner	1,815,841 (L)	0.49%

(L) Long position

Notes:

- (1) Mr. Wang Feng held the entire issued share capital of Wangfeng Management Limited, which in turn directly held 66,576,160 Shares. Accordingly, Mr. Wang Feng is deemed to be interested in all the 66,576,160 Shares held by Wangfeng Management Limited under the SFO.

In addition, Mr. Wang Feng held 4,207,072 Shares and was interested in 8,433,308 RSUs granted to him under the RSU Scheme entitling him to receive 8,433,308 Shares. As of June 30, 2024, all the RSUs have been vested.

For further details of the RSUs, please refer to the section headed "Share Incentive Scheme and Share Option Scheme" in this report.

- (2) The 2,540,000 Shares that Mr. Wang Jin was interested in consisted of (a) 300,000 share options, 1,000,000 share options and 125,000 share options granted to him on June 15, 2016, April 1, 2019 and May 17, 2021, respectively, under the Share Option Scheme entitling him to receive an aggregate of 1,425,000 Shares upon exercise; and (b) 1,115,000 RSUs granted to him under the RSU Scheme entitling him to receive 1,115,000 Shares. As of June 30, 2024, all RSUs have been vested.

For further details of the share options and RSUs, please refer to the section headed "Share Incentive Scheme and Share Option Scheme" in this report.

- (3) The 1,815,841 Shares that Mr. Chen Hao was interested in consisted of (a) 100,000 share options, 1,000,000 share options and 125,000 share options granted to him on October 9, 2015, January 18, 2017 and May 17, 2021, respectively, under the Share Option Scheme entitling him to receive an aggregate of 1,225,000 Shares upon exercise; and (b) 590,841 RSUs granted to him under the RSU Scheme entitling him to receive 590,841 Shares. As of June 30, 2024, all RSUs have been vested.

For further details of the share options and RSUs, please refer to the section headed "Share Incentive Scheme and Share Option Scheme" in this report.

- (4) As of June 30, 2024, the Company had 367,974,964 Shares in issue.



(ii) Interest in other member(s) of the Group

As of June 30, 2024, the following Directors or the chief executive of the Company are directly or indirectly (other than indirectly by virtue of their interest in the Company) interested in the shares or underlying shares of the other member of the Group as follows:

Director/Chief executive	Company concerned	Capacity/ Nature of Interest	Registered share capital	Approximate percentage of interest
Mr. Wang Feng	Linekong Online (Beijing) Technology Co., Ltd. (" Linekong Online ") (Note 1)	Beneficial owner	RMB7,545,000	75.45%
Mr. Wang Jin	Horgos Linekong Pictures Corporation (" Linekong Pictures ") (Note 2)	Beneficial owner	RMB4,155,000	8.31%
Mr. Wang Jin	Juyingshiguang (Hainan) Pictures Limited (" Juyingshiguang ") (Note 3)	Beneficial owner	RMB190,000	9.50%
Mr. Wang Jin	Horgos Chenxi Entertainment and Media Co., Ltd. (" Chenxi Entertainment ") (Note 4)	Beneficial owner	RMB90,000	9.00%

Notes:

- Linekong Online is a subsidiary of the Company controlled through contractual arrangements. Mr. Wang Feng is the registered shareholders of Linekong Online.
- Linekong Pictures is a subsidiary of the Company controlled through Linekong Online which is owned as to 82.19% by Linekong Online.
- Juyingshiguang is a subsidiary of the Company controlled through Linekong Online which is owned as to 84.50% by Linekong Online.
- Chenxi Entertainment is a subsidiary of the Company controlled through Linekong Online which is owned as to 60.00% by Linekong Online.

Save as disclosed above, as of June 30, 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors or chief executive of the Company, as of June 30, 2024, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(i) Substantial Shareholders

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company <small>(Note 3)</small>
Zhu Li <small>(Note 1)</small>	Interest of spouse	79,216,540 (L)	21.53%
Wangfeng Management Limited <small>(Note 2)</small>	Beneficial owner	66,576,160 (L)	18.09%
Jin Jiawei (金佳偉)	Beneficial owner	52,318,760 (L)	14.22%

(L) Long position

Notes:

- Ms. Zhu Li is the wife of Mr. Wang Feng and is deemed to be interested in the Shares in which Mr. Wang Feng is interested under the SFO. For details of Mr. Wang Feng's interests, please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report.

2. Mr. Wang Feng, the chairman, Director and chief executive officer of the Company, holds the entire issued share capital of Wangfeng Management Limited.
3. As of June 30, 2024, the Company had 367,974,964 Shares in issue.

(ii) Other Shareholders

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company <small>(Note 5)</small>
The Core Trust Company Limited <small>(Note 1)</small>	Trustee of a trust	34,284,930 (L)	9.32%
TCT (BVI) Limited <small>(Note 1)</small>	Trustee of a trust	34,284,930 (L)	9.32%
Premier Selection Limited <small>(Note 1)</small>	Nominee for another person	34,284,930 (L)	9.32%
Ho Chi Sing <small>(Notes 2&3)</small>	Interest of controlled corporation	25,619,000 (L)	6.96%
IDG-Accel China Growth Fund GP Associates Ltd. <small>(Note 2)</small>	Interest of controlled corporation	23,779,339 (L)	6.46%
IDG-Accel China Growth Fund Associates L.P. <small>(Note 2)</small>	Interest of controlled corporation	23,779,339 (L)	6.46%
Zhou Quan <small>(Note 2)</small>	Interest of controlled corporation	23,779,339 (L)	6.46%
IDG-Accel China Growth Fund L.P. <small>(Note 2)</small>	Beneficial owner	19,744,340 (L)	5.37%
Ms. Liao Mingxiang <small>(Note 4)</small>	Interest of controlled corporation	12,168,720 (L)	5.38%
	Beneficial owner	7,626,769 (L)	

(L) Long position

Notes:

1. The Core Trust Company Limited, being the RSU trustee, directly held the entire issued share capital of TCT (BVI) Limited, which in turn directly held the entire issued share capital of Premier Selection Limited (the RSU nominee).
2. Each of IDG-Accel China Growth Fund L.P. ("**IDG Fund**", holding 19,744,340 Shares) and IDG-Accel China Growth Fund-A L.P. ("**IDG Fund-A**", holding 4,034,999 Shares) is controlled by its sole general partner, IDG-Accel China Growth Fund Associates L.P. ("**IDG Fund Associates**"), which in turn is controlled by its sole general partner, IDG-Accel China Growth Fund GP Associates Ltd. ("**IDG GP Associates**"). IDG GP Associates is held as to 50.00% by each of Mr. Zhou Quan and Mr. Ho Chi Sing.

Accordingly, each of Mr. Zhou Quan, Mr. Ho Chi Sing, IDG GP Associates and IDG Fund Associates is deemed to be interested in all the Shares held by IDG Fund and IDG Fund-A under the SFO.

3. IDG-Accel China Investors L.P. ("**IDG China Investors**", holding 1,839,661 Shares) is controlled by its sole general partner, IDG-Accel China Investor Associates Ltd. ("**IDG Associates**"), which in turn is held as to 100.00% by Mr. Ho Chi Sing. Accordingly, each of Mr. Ho Chi Sing and IDG Associates is deemed to be interested in all the Shares held by IDG China Investors under the SFO.
4. Ms. Liao Mingxiang held the entire issued share capital of Liaomingxiang Holdings Limited, which in turn directly held 12,168,720 Shares.

Accordingly, Ms. Liao Mingxiang is deemed to be interested in all the 12,168,720 Shares held by Liaomingxiang Holdings Limited under the SFO.

In addition, Ms. Liao Mingxiang held 7,351,769 Shares and was interested in 275,000 share options granted to her on May 17, 2021 under the Share Option Scheme entitling her to receive 275,000 Shares upon exercise.

For further details on the share options and RSUs, please refer to the section headed "Share Incentive Scheme and Share Option Scheme" in this report.

5. As of June 30, 2024, the Company had 367,974,964 Shares in issue.



SHARE INCENTIVE SCHEME AND SHARE OPTION SCHEME

Share Incentive Scheme

The Company approved and adopted the RSU Scheme on March 21, 2014 and as amended on August 22, 2014. The RSU scheme has expired on March 20, 2024. For details of the principal terms of the RSU Scheme, please refer to the section headed "Share Incentive Scheme" in the 2023 annual report of the Company.

As of June 30, 2024, there were 16,304,283 RSUs granted and outstanding, among which 16,265,533 RSUs have been vested. During the six months ended June 30, 2024, no RSUs were granted, no RSUs were cancelled and 7,500 RSUs had lapsed. From June 30, 2024 to the date of this report, no RSUs had lapsed. The Core Trust Company Limited, the RSU trustee assisting with the administration and vesting of RSUs granted, did not purchase any Shares on the Stock Exchange during the six months ended June 30, 2024 for satisfying the RSUs upon exercise.



Movement of RSUs

Category	Date of grant	Validity period ⁽¹⁾	RSUs granted	Exercise price HKD	Closing price of the Shares immediately before the date of grant HKD	Granted but not exercised (including unvested) balance as of December 31, 2023	During the Reporting Period					Granted but not exercised (including unvested) balance as of June 30, 2024
							Granted	Vested	Exercised	Cancelled	Lapsed	
Wang Feng (Director) ⁽²⁾	2014/3/21	2014/3/21-2034/3/20	8,432,308 ⁽³⁾	N/A	N/A	8,432,308 (-)	-	-	-	-	-	8,432,308 (-)
	2015/1/21	2015/1/21-2035/1/20	1,000 ⁽⁴⁾	N/A	9.80	1,000 (-)	-	-	-	-	-	1,000 (-)
Liao Mingxiang (former Director) ⁽²⁾⁽⁸⁾⁽¹¹⁾	2014/3/21	2014/3/21-2034/3/20	2,810,769 ⁽³⁾	N/A	N/A	- (-)	-	-	-	-	-	- (-)
	2015/1/21	2015/1/21-2035/1/20	1,000 ⁽⁴⁾	N/A	9.80	- (-)	-	-	-	-	-	- (-)
	2019/9/12	2019/9/12-2039/9/11	3,680,000 ⁽⁵⁾	N/A	0.72	-	-	-	-	-	-	- (-)
	2021/5/17	2021/5/17-2041/5/16	2,580,000 ⁽⁶⁾	N/A	0.73	-	-	-	-	-	-	- (-)
Chen Hao (Director) ⁽²⁾	2014/3/21	2014/3/21-2034/3/20	54,841 ⁽³⁾	N/A	N/A	54,841 (-)	-	-	-	-	-	54,841 (-)
	2015/1/21	2015/1/21-2035/1/20	21,000 ⁽⁴⁾	N/A	9.80	21,000 (-)	-	-	-	-	-	21,000 (-)
	2017/1/18	2017/1/18-2037/1/17	400,000 ⁽⁵⁾	N/A	3.10	400,000 (-)	-	-	-	-	-	400,000 (-)
	2021/5/17	2021/5/17-2041/5/16	460,000 ⁽⁶⁾	N/A	0.73	115,000 (-)	-	-	-	-	-	115,000 (-)
Wang Jin (Director) ⁽²⁾	2019/4/1	2019/4/1-2039/3/31	1,000,000 ⁽⁷⁾	N/A	0.88	1,000,000 (-)	-	-	-	-	-	1,000,000 (-)
	2021/5/17	2021/5/17-2041/5/16	460,000 ⁽⁶⁾	N/A	0.73	115,000 (-)	-	-	-	-	-	115,000 (-)
Qi Yunxiao ⁽⁸⁾⁽¹¹⁾	2014/3/21	2014/3/21-2034/3/20	1,316,173 ⁽³⁾	N/A	N/A	911,173 (-)	-	-	-	-	-	911,173 (-)
	2015/1/21	2015/1/21-2035/1/20	101,000 ⁽⁴⁾	N/A	9.80	101,000 (-)	-	-	-	-	-	101,000 (-)
	2019/4/1	2019/4/1-2039/3/31	300,000 ⁽⁷⁾	N/A	0.88	300,000 (-)	-	-	-	-	-	300,000 (-)
	2021/5/17	2021/5/17-2041/5/16	200,000 ⁽⁶⁾	N/A	0.73	50,000 (-)	-	-	-	-	-	50,000 (-)
Vested portion of employees' (other grantees) grants ⁽²⁾⁽⁸⁾⁽¹³⁾	2014/3/21	2014/3/21-2034/3/20	18,757,403 ⁽³⁾	N/A	N/A	-	-	-	-	-	-	-
	2015/1/21	2015/1/21-2035/1/20	2,151,000 ⁽⁴⁾	N/A	9.80	4,620,598 ⁽¹⁰⁾ (-)	-	-	461,387	-	-	4,159,211 ⁽¹⁰⁾ (-)
	2015/10/9	2015/10/9-2035/10/8	20,000 ⁽⁵⁾	N/A	7.18	-	-	-	-	-	-	-
	2017/1/18	2017/1/18-2037/1/17	1,405,385 ⁽⁵⁾	N/A	3.10	-	-	-	-	-	-	-
Not fully vested portion of employees' (other grantees) grants	2019/8/16	2019/8/16-2039/8/15	760,000 ⁽⁶⁾	N/A	0.64	478,750 (-)	-	-	93,000	-	-	385,750 (-)
	2021/5/17	2021/5/17-2041/5/16	615,000 ⁽⁶⁾	N/A	0.73	265,500 (65,625)	-	19,375	-	-	7,500	258,000 (38,750)

Notes:

1. The RSUs are valid for a period of ten years from the date of grant. On March 20, 2024, the Board agreed to extend the validity period of all the RSUs granted to another ten years.
2. Such individuals are among the five persons with the highest total emoluments of the Group for the six months ended June 30, 2024.
3. The RSUs granted on March 21, 2014 may be vested in accordance with the following vesting timetable:
 - 3.1 In respect of Wang Feng (8,432,308), Liao Mingxiang (2,810,769), Qi Yunxiao (1,316,173) and other grantees (10,317,355)

20% of the RSUs shall be vested on the date that expires 1 month after the listing date;
35% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and
5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.
 - 3.2 A total of 2,810,769 RSUs of which may be vested in accordance with the following timetable

one-third of the RSUs shall be vested on January 10, 2015; and
the remaining two-thirds of the RSUs shall be divided into 8 equal portions of shares and vested quarterly from the first month starting from January 10, 2015.
 - 3.3 A total of 987,129 RSUs of which may be vested in accordance with the following timetable

20% of the RSUs shall be vested on the date that expires 1 month after the listing date;
35% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
10% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and
the remaining 5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

- 3.4 A total of 910,353 RSUs of which may be vested in accordance with the following timetable

10% of the RSUs shall be vested on the date that expires 1 month after the listing date;

20% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;

10% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and

the remaining 10% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

- 3.5 A total of 3,691,216 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs; and

the remaining 75% of the RSUs shall be divided into 6 equal portions of shares and vested semi-annually from the 18 months after the date of grant of the RSUs (i.e. 12.5% of the RSUs shall be vested respectively on the dates that expire 18, 24, 30, 36, 42 and 48 months after the date of grant of the RSUs).

4. The RSUs granted on January 21, 2015 may be vested in accordance with the following vesting timetable:

- 4.1 A total of 1,570,000 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 8 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 14 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 20 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 26 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 32 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 38 months after the date of grant of the RSUs; and

12.5% of the RSUs shall be vested on the date that expires 44 months after the date of grant of the RSUs.

- 4.2 A total of 250,000 RSUs of which may be vested in accordance with the following timetable

25% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

25% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs; and

25% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs.

- 4.3 A total of 455,000 RSUs of which may be 100% vested on the date that expires 6 months after the date of grant of the RSUs.

5. The RSUs granted on October 9, 2015 may be vested in accordance with the following vesting timetable:

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and

12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

6. The RSUs granted on January 18, 2017 and August 16, 2019 may be vested in accordance with the following vesting timetable:

25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;

12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and

12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.

7. The RSUs granted on April 1, 2019 may be vested in accordance with the following vesting timetable:

50% of the RSUs shall be vested on the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs; and

7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs.

8. The RSUs granted on September 12, 2019 may be vested in accordance with the following vesting timetable:

50% of the RSUs shall be vested on January 1, 2020;

8.5% of the RSUs shall be vested on the date that expires 6 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;

8.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs; and

7.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs.



9. The RSUs granted on May 17, 2021 may be vested in accordance with the following vesting timetable:
- 9.1 A total of 3,900,000 RSUs of which may be vested in accordance with the following timetable
- 25% of the RSUs shall be vested on the date of grant of the RSUs;
25% of the RSUs shall be vested on January 1, 2022 if the established performance is achieved;
12.5% of the RSUs shall be vested on July 1, 2022 if the established performance is achieved;
12.5% of the RSUs shall be vested on January 1, 2023 if the established performance is achieved;
12.5% of the RSUs shall be vested on July 1, 2023 if the established performance is achieved; and
12.5% of the RSUs shall be vested on January 1, 2024 if the established performance is achieved.
- 9.2 A total of 415,000 RSUs of which may be vested in accordance with the following timetable
- 25% of the RSUs shall be vested on the date that expires 12 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 18 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 24 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 30 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 36 months after the date of grant of the RSUs;
12.5% of the RSUs shall be vested on the date that expires 42 months after the date of grant of the RSUs; and
12.5% of the RSUs shall be vested on the date that expires 48 months after the date of grant of the RSUs.
10. These RSUs have been fully vested before 2022 after their respective dates of grant, involving more than 600 non-current Directors or employees who were not the five individuals with the highest emoluments. In order to facilitate the understanding of the overall development of the Group and the overall condition of our employees, information regarding their exercise of rights are presented in aggregate.
11. Ms. Liao Mingxiang served as the executive Director and chief executive officer of the Company, member of the Remuneration Committee, compliance officer of the Company under Rule 5.19 of the GEM Listing Rules and authorized representative of the Company under Rule 5.24 of the GEM Listing Rules. Ms. Liao Mingxiang resigned from the above positions since February 26, 2023. Ms. Qi Yunxiao served as a vice president of the Company, and resigned from the above position since March 25, 2023.
12. Please refer to note 18(a)(iii) to the consolidated financial statements regarding the basis for and representations on fair valuation measurement of the RSUs granted.
13. The RSU Scheme expired on March 20, 2024. Based on the total number of shares of the Company held by the RSU trustee at the respective dates, the total number of RSUs that may be granted under the RSU Scheme were 18,013,147 as of December 31, 2023 and 0 as of June 30, 2024.

Share Option Scheme

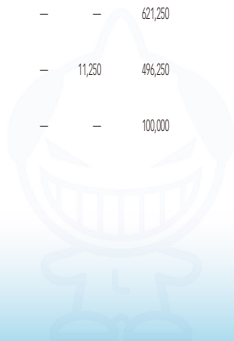
The Company conditionally approved the Share Option Scheme on November 20, 2014 which became effective on December 30, 2014, being the date of Listing. On August 12, 2015, October 9, 2015, June 15, 2016, January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019, May 17, 2021 and July 12, 2024, 1,849,192, 6,010,000, 1,750,000, 9,225,000, 1,300,000, 860,000, 6,900,000, 3,645,000, and 11,039,249 share options were granted with exercise price of HKD8.10, HKD7.18, HKD4.366, HKD3.10, HKD0.88, HKD0.65, HKD0.72, HKD0.784 and HKD0.335, respectively. The Company has used Binomial Option-Pricing Model to determine the fair value of the share option as of the grant date. For details of the accounting policy adopted for the share options and value of share options granted, please refer to note 2 and note 18(b) to the consolidated financial statements. For details of the principal terms of the Share Option Scheme, please refer to the section headed "Share Option Scheme" in the 2023 annual report of the Company.



Movement of Share Options

For the six months ended June 30, 2024, details of the movement of outstanding share options of the Company are as follows:

Category	Date of grant	Option period ^(a)	Share options granted	Exercise price HKD	Closing Price of the Shares immediately before the date of grant HKD	Outstanding balance as of December 31, 2023	During the Reporting Period				Outstanding balance as of June 30, 2024
							Granted	Exercised	Cancelled	Lapsed	
Ms. Liao Mingxiang (former Director) ^(b)	May 17, 2021	May 17, 2021 to May 16, 2031	1,100,000 ^(c)	0.784	0.75	275,000	—	—	—	—	275,000
Mr. Chen Hao (Director) ^(d)	October 9, 2015	October 9, 2015 to October 8, 2025	100,000 ^(c)	7.18	7.18	100,000	—	—	—	—	100,000
	January 18, 2017	January 18, 2017 to January 17, 2027	1,000,000 ^(c)	3.10	3.10	1,000,000	—	—	—	—	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 ^(c)	0.784	0.75	125,000	—	—	—	—	125,000
Mr. Wang Jin (Director) ^(d)	June 15, 2016	June 15, 2016 to June 14, 2026	300,000 ^(c)	4.366	4.18	300,000	—	—	—	—	300,000
	April 1, 2019	April 1, 2019 to March 31, 2029	1,000,000 ^(c)	0.88	0.88	1,000,000	—	—	—	—	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 ^(c)	0.784	0.75	125,000	—	—	—	—	125,000
Ms. Qi Yunxiao ^(e)	April 1, 2019	April 1, 2019 to March 31, 2029	300,000	0.88	0.88	300,000	—	—	—	—	300,000
	May 17, 2021	May 17, 2021 to May 16, 2031	300,000	0.784	0.88	75,000	—	—	—	—	75,000
Employees (other grantees)	August 12, 2015	August 12, 2015 to August 11, 2025	1,849,192 ^(c)	8.10	8.10	462,298	—	—	—	—	462,298
	October 9, 2015	October 9, 2015 to October 8, 2025	5,910,000 ^(c)	7.18	7.18	2,778,750	—	—	—	—	2,778,250
	June 15, 2016	June 15, 2016 to June 14, 2026	1,450,000 ^(c)	4.366	4.18	675,000	—	—	—	—	675,000
	January 18, 2017	January 18, 2017 to January 17, 2027	8,225,000 ^(c)	3.10	3.10	2,291,250	—	—	—	—	2,291,250
	August 16, 2019	August 16, 2019 to August 15, 2029	840,000 ^(c)	0.65	0.64	621,250	—	—	—	—	621,250
	May 17, 2021	May 17, 2021 to May 16, 2031	845,000 ^(c)	0.784	0.75	507,500	—	—	—	11,250	496,250
	May 17, 2021	May 17, 2021 to May 16, 2031	400,000 ^(c)	0.784	0.75	100,000	—	—	—	—	100,000



Notes:

1. The vesting period of the share options starts from the date of acceptance of the grant to the commencement of the exercise period.
2. The share options granted on August 12, 2015 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
10 months upon the acceptance of the offer for grant of share options	25% (rounded down to the nearest integral number of shares) of the share options granted
16 months upon the acceptance of the offer for grant of share options	37.5% (rounded down to the nearest integral number of shares) of the share options granted
22 months upon the acceptance of the offer for grant of share options	50% (rounded down to the nearest integral number of shares) of the share options granted
28 months upon the acceptance of the offer for grant of share options	62.5% (rounded down to the nearest integral number of shares) of the share options granted
34 months upon the acceptance of the offer for grant of share options	75% (rounded down to the nearest integral number of shares) of the share options granted
40 months upon the acceptance of the offer for grant of share options	87.5% (rounded down to the nearest integral number of shares) of the share options granted
46 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted



3. The share options granted on October 9, 2015, June 15, 2016, January 18, 2017 and August 16, 2019 and those 845,000 share options granted to employees on May 17, 2021 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
12 months upon the acceptance of the offer for grant of share options	25% (rounded down to the nearest integral number of shares) of the share options granted
18 months upon the acceptance of the offer for grant of share options	37.5% (rounded down to the nearest integral number of shares) of the share options granted
24 months upon the acceptance of the offer for grant of share options	50% (rounded down to the nearest integral number of shares) of the share options granted
30 months upon the acceptance of the offer for grant of share options	62.5% (rounded down to the nearest integral number of shares) of the share options granted
36 months upon the acceptance of the offer for grant of share options	75% (rounded down to the nearest integral number of shares) of the share options granted
42 months upon the acceptance of the offer for grant of share options	87.5% (rounded down to the nearest integral number of shares) of the share options granted
48 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted



4. The share options granted on April 1, 2019 may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
Upon the acceptance of the offer	50% (rounded down to the nearest integral number of shares) of the share options granted
6 months upon the acceptance of the offer for grant of share options	58.5% (rounded down to the nearest integral number of shares) of the share options granted
12 months upon the acceptance of the offer for grant of share options	67% (rounded down to the nearest integral number of shares) of the share options granted
18 months upon the acceptance of the offer for grant of share options	75.5% (rounded down to the nearest integral number of shares) of the share options granted
24 months upon the acceptance of the offer for grant of share options	84% (rounded down to the nearest integral number of shares) of the share options granted
30 months upon the acceptance of the offer for grant of share options	92.5% (rounded down to the nearest integral number of shares) of the share options granted
36 months upon the acceptance of the offer for grant of share options	100% (rounded down to the nearest integral number of shares) of the share options granted



5. The share options granted on May 17, 2021 (other than those 845,000 share options granted to employees as indicated in note 3) may be exercised in accordance with the following vesting timetable:

Vesting dates	Cumulative percentage of share options vested
May 17, 2021	25% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2022	50% (rounded down to the nearest integral number of shares) of the share options granted
July 1, 2022	62.5% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2023	75% (rounded down to the nearest integral number of shares) of the share options granted
July 1, 2023	87.5% (rounded down to the nearest integral number of shares) of the share options granted
January 1, 2024	100% (rounded down to the nearest integral number of shares) of the share options granted



6. Such individuals are among the five persons with the highest total emoluments of the Group for the six months ended June 30, 2024.
7. Ms. Liao Mingxiang served as the executive director and chief executive officer of the Company, member of the Remuneration Committee, compliance officer of the Company under Rule 5.19 of the GEM Listing Rules and authorized representative of the Company under Rule 5.24 of the GEM Listing Rules. Ms. Liao Mingxiang resigned from the above positions since February 26, 2023. Ms. Qi Yunxiao served as a vice president of the Company, and resigned from the above position since March 25, 2023.
8. Please refer to the announcements of the Company dated August 12, 2015, October 9, 2015, June 15, 2016, January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019, January 21, 2020, February 7, 2020, May 17, 2021 and May 18, 2021 for details.
9. The total number of share options that may be granted under the Share Option Scheme were increased from 26,247,798 as of December 31, 2023 to 26,259,048 as of June 30, 2024.

Other Information

The weighted average closing price of the shares of the Company immediately before the date on which RSUs during the reporting period was vested was HK\$0.57 per Share. The weighted average closing price of the shares of the Company immediately before the date on which share options during the reporting period was vested was HK\$0.57 per Share.

As no options or RSUs were granted for the six months ended June 30, 2024, the number of shares that may be issued in respect of RSUs and share options granted under the RSU Scheme and Share Option Scheme divided by the weighted average number of ordinary Shares (excluding treasury shares) issued during the six months ended June 30, 2024 is nil. As at June 30, 2024, the number of shares that may be issued in respect of RSUs and share options granted under the RSU Scheme and Share Option Scheme divided by the weighted average number of ordinary shares (excluding treasury shares) issued is 0.0735.

Interests in Competing Business

None of the Directors or controlling shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group or has any other conflict of interests with the Group for the six months ended June 30, 2024.

Material Acquisitions or Disposal of Subsidiaries, Affiliated Companies and Joint Venture

The Company did not carry out material acquisitions or disposals of subsidiaries, associated companies or joint venture during the six months ended June 30, 2024.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended June 30, 2024, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including treasury shares). As of June 30, 2024, the Company did not hold any treasury shares.

Corporate Governance

In the opinion of the Board, save as disclosed in "Chairman and Chief Executive Officer" in this section, the Company has complied with the code provisions set out in part 2 of the Corporate Governance Code (the "**Code**") as set out in Part 2 of Appendix C1 to the GEM Listing Rules throughout the six months ended June 30, 2024.



Chairman and Chief Executive Officer

Since February 26, 2023, Mr. Wang Feng has been appointed as the chairman of the Board and the chief executive officer of the Company. Pursuant to code provision C.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Despite deviating from code provision C.2.1 of the Code, the Board believes that Mr. Wang, being the chairman of the Board, is familiar with the Company's business operation and has superior knowledge and experience of the Company's business, vesting the roles of both the chairman and the chief executive officer in the same person has the benefit of ensuring consistent leadership with the Company and improving the efficiency of overall strategic planning for the Company. Although the responsibilities of the chairman and the chief executive officer are vested in one person, all major decisions are made in consultation with the Board members and the senior management of the Company. In addition, the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information. Under the current relatively independent board structure (independent non-executive Directors accounting for the majority), the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

The Board will periodically review the effectiveness of this arrangement and consider separating the roles of chairman of the Board and chief executive officer of the Company when it thinks appropriate, for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.



Audit Committee

The Audit Committee was established on April 24, 2014. The chairman of the Audit Committee is Ms. Wu Yueqin, an independent non-executive Director. Other members include Mr. Zhang Xiangdong and Mr. FU Frank Kan, independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the HKEXnews website at www.hkexnews.hk and on the Company's website at www.linekong.com.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and the Company's risk management and internal control systems, the effectiveness of the internal audit function, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules in that the Audit Committee must comprise a minimum of three members with a majority of independent non-executive Directors and must be chaired by an independent non-executive Director, and that at least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

Directors' Securities Transactions

The Company has adopted the required standard against which Directors must measure their conduct regarding transactions in securities of their issuers (the "**Required Standard of Dealings**") as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Among other things, the Company periodically issues notices to its Directors reminding them of the general prohibition on dealing in the Company's listed securities during the blackout periods before the publication of announcements of financial results of the Group.

After specific enquiries were made with all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings for the six months ended June 30, 2024.

SUBSEQUENT EVENTS

Grant of Share Options

On July 12, 2024, the Company offered to grant an aggregate of 11,039,249 share options to 5 employees of the Group (including Mr. Wang Jin, an executive Director) pursuant to the Share Option Scheme. The exercise price of these share options is HK\$0.335 per share. For details, please refer to the announcement of the Company dated July 12, 2024.

Adoption of the 2024 RSU Scheme

As the RSU Scheme expired in March 2024, the Company adopted a new RSU scheme (the “**2024 RSU Scheme**”) on July 12, 2024. The 2024 RSU Scheme is a share award scheme, pursuant to which existing shares (excluding shares being repurchased and held as treasury shares) will be purchased by the trustee from the secondary market out of funding contributed by the Group and be held on trust for the eligible participants until such shares are vested with the eligible participants in accordance with the 2024 RSU Scheme. A summary of the principal terms of the 2024 RSU Scheme is set out below:

Purposes

The purposes of the 2024 RSU Scheme are to (i) provide the eligible participants with an opportunity to acquire ownership interests in the Company; (ii) encourage and retain them to facilitate the sustainable operation and development of the Group; (iii) provide them with additional incentives to achieve performance goals; (iv) attract suitable employees for further development of the Group; (v) attract and retain or otherwise maintain an on-going business relationship with service providers which have been contributing the Group; and (vi) incentivise them to strive for the greatest value for the Group, thereby benefiting both the eligible participants and the Company to attain the objective of enhancing the value of the Group, as well as aligning the interests of them directly with those of the Shareholders through ownership of the Shares.



Eligible Participants

Eligible Participants under the 2024 RSU Scheme include (a) the Directors (whether executive or non-executive, but excluding independent non-executive Directors) and employees of the Company or any of its subsidiaries (including the parties to be granted the RSUs under the 2024 RSU Scheme to facilitate their entering into the employee contracts with the Group); and (b) persons who provide services to the Group on a continuing and recurring basis in its ordinary course of business which are in the interests of the long-term growth of the Group, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and (ii) professional service providers providing assurance, or those who are required to perform their services with impartiality and objectivity.

Duration and Termination

Unless terminated earlier either by the Board or its committee, the 2024 RSU Scheme shall be valid for a term of 10 years commencing from the first grant date (i.e., July 12, 2024). The remaining life of the 2024 RUS Scheme is approximately nine years and 10 months. After the validity period, no further RSUs shall be granted but the 2024 RSU Scheme rules shall remain valid and effective in full force in all other aspects. Notwithstanding the expiration of the 2024 RSU Scheme, the RSUs granted during the validity period that remain outstanding and not yet lapsed shall remain effective.

Administration

The Board shall administer the 2024 RSU Scheme in accordance with the 2024 RSU Scheme rules, including the power to construe and interpret the 2024 RSU Scheme rules and the terms of RSUs granted under the 2024 RSU Scheme. The Board may delegate its committee to administer the 2024 RSU Scheme.

The Board may also engage an independent third party to assist with the administration of the 2024 RSU Scheme. The Board has appointed the Core Trust Company Limited ("**Trustee**") to assist with the administration and vesting of RSUs granted under the 2024 RSU Scheme. The Trustee shall not exercise the voting rights in respect of any Shares held under the 2024 RSU Scheme.

2024 RSU Scheme Limit

The maximum number of RSUs that may be granted under the 2024 RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the 2024 RSU Scheme rules) shall be such number of Shares held by the Trustee for the purpose of the 2024 RSU Scheme from time to time (excluding treasury shares). The maximum number of RSUs that each participant may be granted under the 2024 RSU Scheme shall not exceed the limits under the GEM Listing Rules.

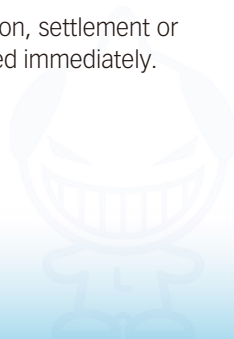
Grant, Vesting and Lapse of RSUs

The Board or its committee may, from time to time, select any eligible participants to participate in the 2024 RSU Scheme based on the contributions that they have made to the development and growth of the Group, or other factors that the Board or its committee may deem necessary, and determine, among other things, the number of RSUs to be awarded to them, the vesting criteria and conditions, the vesting schedule, exercise price (if any), etc.

Within a reasonable period of time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice to each of the relevant eligible participants. The vesting notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved.

No amount is payable on application or acceptance of RSUs or the period within which payments or calls must or may be made or loans for such purposes must be repaid.

If the Company undergoes a general offer, voluntary liquidation, settlement or arrangement, the unvested RSUs shall be deemed to be lapsed immediately.



Restriction on Grant of RSUs

The Board may not grant any RSUs to any eligible participants in any of the following circumstances:

- (i) where the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of RSUs or in respect of the 2024 RSU Scheme, unless the Board determines otherwise;
- (ii) where such grant of RSUs would result in a breach of any applicable securities laws, rules or regulations or the GEM Listing Rules by the Company, its subsidiaries or any of their respective directors; or
- (iii) where such grant of RSUs would result in the exceeding of limits of the 2024 RSU Scheme.

Grant of Restricted Share Units

On July 12, 2024, the Company granted an aggregate of 11,039,249 RSUs to 5 employee participants (including Mr. Wang Jin, an executive Director) pursuant to the 2024 RSU Scheme. Assuming all RSUs granted are fully exercised by the grantees, the Trustee will transfer an aggregate of 11,039,249 Shares to the grantees, representing approximately 3.0% of the Company's total number of Shares in issue (excluding any treasury shares).

Date of grant: July 12, 2024

2024 RSU Scheme Grantees and the number of RSUs granted: An aggregate of 11,039,249 RSUs were granted to 5 employees of the Company (including Mr. Wang Jin, an executive Director).

Among the RSUs granted above, 2,759,812 RSUs were granted to Mr. Wang Jin, an executive Director, representing approximately 0.75% of the Company's total number of Shares in issue (excluding any treasury shares).

Save as disclosed above, no other grantees is a Directors nor a chief executive, or a substantial shareholder of the Company, or an associate of any of them.

Exercise price of RSUs:

Nil

Closing price of the Shares on the Date of Grant:

HK\$0.335 per Share

Vesting schedule of RSUs:

25% of the RSUs shall be vested on the date of grant;

9.375% of the RSUs shall be vested on the date ending 3 months after the date of grant;

9.375% of the RSUs shall be vested on the date ending 6 months after the date of grant;

9.375% of the RSUs shall be vested on the date ending 9 months after the date of grant;

9.375% of the RSUs shall be vested on the date ending 12 months after the Date of grant;

9.375% of the RSUs shall be vested on the date ending 15 months after the date of grant;

9.375% of the RSUs shall be vested on the date ending 18 months after the date of grant;



9.375% of the RSUs shall be vested on the date ending 21 months after the date of grant;

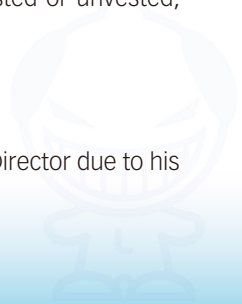
9.375% of the RSUs shall be vested on the date ending 24 months after the date of grant.

Clawback mechanism:

The RSUs granted are subject to the clawback mechanism prescribed in the terms of 2024 RSUs, including but not limited to the following circumstances: if a 2024 RSU Scheme grantee ceases to be an eligible participant by reason of he/she (i) terminating of his/her employment with the Group as a result of the breach of his/her contract of employment with, or any other obligation to, the Group; or (ii) failing, during the course of his/her employment, to devote the whole of his/her time and attention to the business of the Group or to use his/her best endeavours to develop the business and interests of the Group; or (iii) being concerned during the course of his/her employment with the Group (without the prior written consent of the Company) with any business competing with the business of the Group or business other than that of the Group; or (iv) being in breach of his/her contract of employment with, or any other obligation to, the Group, then all RSUs, either vested or unvested, shall lapse automatically.

Resignation of Director

On September 2, 2024, Mr. Chen Hao resigned as executive Director due to his personal development, with effect from September 2, 2024.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS

For the six months ended June 30, 2024

	Note	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	58,787	98,531
Cost of revenue	8	(44,070)	(76,236)
Gross profit		14,717	22,295
Selling and marketing expenses	8	(7,679)	(4,108)
Administrative expenses	8	(10,324)	(15,837)
Research and development expenses	8	(10,252)	(13,680)
Net impairment (losses)/reversals on receivables and contract assets	8	(92)	745
Other operating expenses — net	6	(51)	(1,631)
Operating loss		(13,681)	(12,216)
Other gains/(losses) — net	7	998	(1,203)
Finance income — net		428	137
Share of profit of investments using equity accounting		172	418
Loss before income tax		(12,083)	(12,864)
Income tax expense	9	(5)	(4)
Loss for the period		(12,088)	(12,868)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
— Share of other comprehensive income of investments accounted for using the equity method, net of tax		247	568
Items that will not be reclassified to profit or loss:			
— Currency translation differences		814	5,036
Other comprehensive income for the period, net of tax		1,061	5,604
Total comprehensive loss for the period		(11,027)	(7,264)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE LOSS (Continued)

For the six months ended June 30, 2024

	Note	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss attributable to:			
Owners of the Company		(12,764)	(12,868)
Non-controlling interests		676	—
Loss for the period		(12,088)	(12,868)
Total comprehensive loss attributable to:			
Owners of the Company		(11,703)	(7,264)
Non-controlling interests		676	—
Total comprehensive loss for the period		(11,027)	(7,264)
Loss per share (expressed in RMB per share)			
— Basic	10	(0.037)	(0.037)
— Diluted	10	(0.037)	(0.037)

The above interim condensed consolidated statement of profit or loss and other comprehensive loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024

	Note	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	665	566
Right-of-use assets	11	893	613
Intangible assets	11	62,024	20,342
Deferred income tax assets		5	8
Film rights and films in progress	12	10,434	8,785
Investments using equity accounting		40,255	36,972
An associate measured at fair value through profit or loss		21,554	20,486
Financial assets at fair value through profit or loss	13	49,363	31,473
Other receivables	15	1,054	1,030
Other non-current assets	16	14,308	6,651
		200,555	126,926
Current assets			
Trade receivables and notes receivables	14	20,253	46,704
Contract assets		—	6,926
Other receivables	15	17,785	12,449
Other current assets	16	21,199	21,502
Short-term bank deposits		9,835	28,391
Cash and cash equivalents		92,003	77,668
		161,075	193,640
Total assets		361,630	320,566



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As of June 30, 2024

	Note	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		59	59
Share premium		1,720,690	1,720,690
Shares held for restricted share unit scheme ("RSU Scheme")		(10,555)	(10,555)
Reserves	17	428,584	415,664
Accumulated losses		(1,891,392)	(1,878,628)
		247,386	247,230
Non-controlling interests		1,106	430
Total equity		248,492	247,660
Liabilities			
Non-current liabilities			
Contract liabilities		1,762	1,968
Lease liabilities		246	192
		2,008	2,160
Current liabilities			
Trade and other payables	19	56,583	32,065
Current income tax liabilities		3,420	3,591
Contract liabilities		50,459	34,637
Lease liabilities		668	453
		111,130	70,746
Total liabilities		113,138	72,906
Total equity and liabilities		361,630	320,566

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

(Unaudited)	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Shares held for RSU Scheme	Reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as of January 1, 2024		59	1,720,690	(10,555)	415,664	(1,878,628)	247,230	430	247,660
Comprehensive loss									
Loss for the period		—	—	—	—	(12,764)	(12,764)	676	(12,088)
Other comprehensive income									
— Share of other comprehensive income of investments accounted for using the equity method, net of tax		—	—	—	247	—	247	—	247
— Currency translation differences		—	—	—	814	—	814	—	814
Total comprehensive income/ (loss) for the period		—	—	—	1,061	(12,764)	(11,703)	676	(11,027)
Total contributions by and distributions to owners of the Company recognised directly in equity									
Capital contribution from shareholder		—	—	—	8,980	—	8,980	—	8,980
Share of reserve in associate		—	—	—	2,864	—	2,864	—	2,864
Employee share option and RSU Scheme:									
— Value of employee services	18	—	—	—	15	—	15	—	15
Total contributions by and distributions to owners of the Company for the period		—	—	—	11,859	—	11,859	—	11,859
Balance as of June 30, 2024		59	1,720,690	(10,555)	428,584	(1,891,392)	247,386	1,106	248,492

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the six months ended June 30, 2024

(Unaudited)	Note	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
		Share capital	Share premium	Shares held for RSU Scheme	Reserves	Accumulated losses			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance as of January 1, 2023		59	1,720,690	(10,555)	413,414	(1,861,202)	262,406	—	262,406
Comprehensive loss									
Loss for the period		—	—	—	—	(12,868)	(12,868)	—	(12,868)
Other comprehensive income									
— Share of other comprehensive income of investments accounted for using the equity method, net of tax		—	—	—	568	—	568	—	568
— Currency translation differences		—	—	—	5,036	—	5,036	—	5,036
Total comprehensive income/(loss) for the period		—	—	—	5,604	(12,868)	(7,264)	—	(7,264)
Total contributions by and distributions to owners of the Company recognised directly in equity									
Employee share option and RSU Scheme:									
— Value of employee services	18	—	—	—	49	—	49	—	49
Total contributions by and distributions to owners of the Company for the period		—	—	—	49	—	49	—	49
Balance as of June 30, 2023		59	1,720,690	(10,555)	419,067	(1,874,070)	255,191	—	255,191

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Note	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from/(used in) operations		46,475	(5,268)
Income tax refunded — net		—	(450)
Net cash inflow/(outflow) from operating activities		46,475	(5,718)
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(228)	(808)
Purchase of intangible assets	11	(41,927)	(6,439)
Capital reduction from an associate measured at fair value through profit or loss		—	2,191
Dividend income from financial assets at fair value through profit or loss		—	141
Proceeds from disposal of financial assets at fair value through profit or loss		—	1,000
Proceed from disposal of property, plant and equipment		—	105
Payments for film rights and films in progress	12	(1,731)	(3,165)
Loan granted to third party	15	(7,000)	—
Decrease/(increase) in short-term bank deposits		18,556	(22,900)
Net cash outflow from investing activities		(32,330)	(29,875)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Principal elements of lease payments	(273)	(757)
Interest elements of lease payments	(9)	—
Net cash outflow from financing activities	(282)	(757)
Net increase/(decrease) in cash and cash equivalents		
Cash and cash equivalents at beginning of period	13,863	(36,350)
Effects of exchange rate changes on cash and cash equivalents	77,668	116,371
	472	2,347
Cash and cash equivalents at end of the period	92,003	82,368



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. General information

Linekong Interactive Group Co., Ltd. (the “**Company**”), was incorporated in the Cayman Islands on May 24, 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, the Cayman Islands. The Company’s shares have been listed on GEM of The Stock Exchange of Hong Kong Limited since December 30, 2014 by way of its initial public offering (“**IPO**”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in developing and publishing online games (the “**Game Business**”) in the People’s Republic of China (the “**PRC**”) and other countries and regions, and film and online drama business (the “**Film Business**”) in the PRC.

The interim condensed consolidated statement of financial position of the Group as of June 30, 2024 and the related interim condensed consolidated statements of profit or loss and other comprehensive loss for the six-month period then ended, changes in equity and cash flows for the six-month period then ended, and a summary of material accounting policies information (collectively defined as the “**Interim Financial Information**”) have been approved by the Board of Directors on August 30, 2024.

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

The Interim Financial Information has not been audited.



2. Basis of preparation

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”. The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2023 as set out in the 2023 annual report of the Company (the “**2023 Financial Statements**”), which have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), and any public announcements made by the Company during the interim reporting period.

3. Summary of material accounting policies information and critical accounting estimates and judgments

3.1 Summary of material accounting policies information

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2023, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below. The Interim Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and an associate measured at fair value through profit or loss which are carried at fair value.

(a) New and amended standards adopted by the Group

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

3. Summary of material accounting policies information and critical accounting estimates and judgments (Continued)

3.1 Summary of material accounting policies information (Continued)

(b) Impact of standards issued but not yet applied by the entity

Certain standards, amendments and interpretations to existing standards have been issued but are not yet effective for the financial period beginning January 1, 2024, and are not expected to have a material impact on consolidated financial statements in the foreseeable future.

3.2 Critical accounting estimates and judgments

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

When 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.



4. Financial risk management

4.1 Financial risk factors

The Group is subject to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and concentration 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 have been no changes in the risk management policies during the six months ended June 30, 2024.

4.2 Fair value estimation

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined 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).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group did not have any financial liabilities that were measured at fair value as of June 30, 2024 and December 31, 2023.

4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

	Level 1 RMB'000 (Unaudited)	Level 2 RMB'000 (Unaudited)	Level 3 RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
As of June 30, 2024				
Assets				
An associate measured at fair value through profit or loss	—	—	21,554	21,554
Financial assets at fair value through profit or loss				
— Unlisted securities	—	—	49,363	49,363
	—	—	70,917	70,917
	Level 1 RMB'000 (Audited)	Level 2 RMB'000 (Audited)	Level 3 RMB'000 (Audited)	Total RMB'000 (Audited)
As of December 31, 2023				
Assets				
An associate measured at fair value through profit or loss	—	—	20,486	20,486
Financial assets at fair value through profit or loss				
— Unlisted securities	—	—	31,473	31,473
	—	—	51,959	51,959

There were no transfers between level 1, 2 and 3 during the six months ended June 30, 2024 and December 31, 2023.

4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(ii) Valuation techniques used to determine fair values

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the end of the reporting period. 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 maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

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

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;



4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(ii) Valuation techniques used to determine fair values (Continued)

- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- a combination of observable inputs and unobservable inputs, including discount rate, risk-free interest rate and expected volatility.

The fair value of the investment in associate is primarily based on the Group's attributable portion of the reported net asset value ("**NAV**") of the associate. The NAV was derived from the fair value of the underlying investments (most of total assets of the associate represented financial assets measured at fair value) at the same measurement date as that used by the Group. The Group understands and assesses the valuations provided by the general partner of the associate and made necessary adjustments as a result of the assessment. The associate measured at fair value through profit or loss is included in level 3.



4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

- (iii) Fair value measurements using significant unobservable inputs

The following table presents the changes in level 3 financial assets for the six months ended June 30, 2024 and 2023, respectively.

	An associate at fair value through profit or loss RMB'000 (Unaudited)	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance as of January 1, 2024	20,486	31,473	51,959
Additions	—	17,960	17,960
Gains/(losses) recognised in other gains — net	1,068	(70)	998
Closing balance as of June 30, 2024	21,554	49,363	70,917



4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(iii) Fair value measurements using significant unobservable inputs (Continued)

	An associate at fair value through profit or loss RMB'000 (Unaudited)	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance as of January 1, 2023	35,303	31,037	66,340
Disposals	—	(1,000)	(1,000)
Losses recognised in other losses — net	(13,058)	(512)	(13,570)
Closing balance as of June 30, 2023	22,245	29,525	51,770

(iv) Valuation inputs and relationships to fair value

The components of the level 3 instruments include investments in unlisted securities and an associate measured at fair value through profit or loss. As these instruments are not traded in an active market, their fair values have been determined using various applicable methodologies.



4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(iv) Valuation inputs and relationships to fair value (Continued)

As of June 30, 2024

	As of June 30, 2024	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Sensitivity of fair value to the input
Unlisted securities	39,863	Discounted cash flow mode	Discount rate Compound annual growth rate of revenue Discount for lack of marketability Volatility	20% - 24% 5% - 13% 20% - 30% 43% - 68%	Note (a)
	9,500	Market approach	Recent transaction price	N/A	N/A
An associate measured at fair value through profit or loss	21,554	Note 4.2(ii)	Note (b)	N/A	Note (b)

As of December 31, 2023

	As of December 31, 2023	Valuation technique	Significant unobservable inputs	Percentage or ratio range	Sensitivity of fair value to the input
Unlisted securities	21,973	Discounted cash flow mode	Discount rate Compound annual growth rate of revenue Discount for lack of marketability Volatility	20% - 23% 5% 20% 41%	Note (a)
	9,500	Market approach	Recent transaction price	N/A	N/A
An associate measured at fair value through profit or loss	20,486	Note 4.2(i)	Note (b)	N/A	Note (b)

4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(iv) Valuation inputs and relationships to fair value (Continued)

Notes:

- (a) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

As of June 30, 2024

Key unobservable inputs	Range of inputs	Change	Fair value increase/ (decrease) for the six months ended June 30, 2024 RMB'000
Discount rate	20% – 24%	-1% +1%	672 (717)
Compound annual growth rate of revenue	5% – 13%	-5% +5%	(860) 806
Discount for lack of marketability	20% – 30%	-5% +5%	1,002 (1,005)
Volatility	43% – 68%	-5% +5%	7 (10)



4. Financial risk management (Continued)

4.2 Fair value estimation (Continued)

(iv) Valuation inputs and relationships to fair value (Continued)

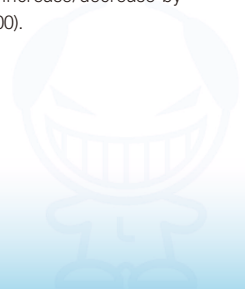
Notes: (Continued)

- (a) The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. (Continued)

As of December 31, 2023

Key unobservable inputs	Range of inputs	Change	Fair value increase/ (decrease) for the year ended December 31, 2023 RMB'000
Discount rate	20% – 23%	-1% +1%	425 (469)
Compound annual growth rate of revenue	5%	-5% +5%	(610) 557
Discount for lack of marketability	20%	-5% +5%	254 (256)
Volatility	41%	-5% +5%	7 (10)

- (b) The unobservable inputs which significantly impacted the fair value are the net asset value of the associate reported by its general partner and the adjustment made by the Group (together, the "**adjusted NAV**"). If the adjusted NAV increased/decreased by 5% as of June 30, 2024, the fair value as of June 30, 2024 would increase/decrease by RMB1,078,000 (December 31, 2023: RMB1,024,000).



5. Revenue and segment information

The CODM of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The Group separately manages the production and operation of each segment and evaluates their operating results respectively, in order to make decisions about resources to be allocated to these segments and to assess their performance. For the six months ended June 30, 2024 and 2023, the Group is organised into two reportable operating segments.

The Group identifies two operations segments as follows:

- The Game Business, which is primarily engaged in developing and publishing online games in the PRC and other countries and regions, including sales of in-game virtual items and license fee and technical support fee.
- The Film Business, which is primarily engaged in licensing self-developed online drama rights to third-party publishers and producing online drama rights for specific customers in the PRC.



5. Revenue and segment information (Continued)

The CODM assesses the performance of the operating segments based on the operating (loss)/profit of each reporting segments. The reconciliation of operating loss to loss before income tax is shown in the condensed consolidated statement of profit or loss and other comprehensive loss.

	Six months ended	
	June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment revenue:		
— Game Business	23,334	47,044
— Film Business	35,453	51,487
	58,787	98,531
Segment results — operating (loss)/profit:		
— Game Business	(16,622)	(10,326)
— Film Business	2,941	(1,890)
	(13,681)	(12,216)



5. Revenue and segment information (Continued)

A breakdown of revenue derived from the PRC, South Korea and other overseas countries and regions in the respective period is as follows:

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from external customers:		
— PRC	51,028	79,610
— South Korea	6,984	8,699
— Other overseas countries and regions	775	10,222
	58,787	98,531

A breakdown of revenue derived from the transfer of goods and services over time and at a point in time in the respective period is as follows:

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers:		
— Recognised over time	55,380	72,809
— Recognised at a point in time	3,407	25,722
	58,787	98,531

5. Revenue and segment information (Continued)

The Group's non-current assets other than financial instruments and investments using equity accounting, and deferred income tax assets were located as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
— PRC	18,411	16,638
— Hong Kong	61,892	20,167
— South Korea	64	152
— Other overseas countries and regions	7,957	—
	88,324	36,957

6. Other operating expenses — net

	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government subsidies	195	688
Foreign exchange losses, net	(245)	(734)
Loss on disposal of property, plant and equipment, net	—	(78)
Write-off of property, plant and equipment	—	(969)
Others	(1)	(538)
	(51)	(1,631)

7. Other gains/(losses) — net

	Six months ended	
	June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Fair value loss from financial assets at fair value through profit or loss	(70)	(512)
Dividend income from financial assets at fair value through profit or loss	—	141
Fair value gain/(loss) from an associate measured at fair value through profit or loss	1,068	(13,058)
Dividend income from an associate measured at fair value through profit or loss	—	12,226
	998	(1,203)



8. Expenses by nature

Expenses included in cost of revenue, selling and marketing expenses, administrative expenses, research and development expenses, net impairment losses/(reversals) on receivables and contract assets are analysed as follows:

	Six months ended	
	June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Service charges by game		
distribution channels	6,228	6,838
Content fee to game developers	2,886	3,441
Bandwidth and server custody fees	2,228	2,670
Film production costs	27,511	49,722
Employee benefit expenses		
(excluding share-based		
compensation expenses)	21,179	25,654
Charged to share-based		
compensation expenses	15	49
Depreciation of property, plant		
and equipment and right-of-use		
assets (<i>Note 11</i>)	385	1,623
Amortisation and impairment of		
intangible assets (<i>Note 11</i>)	526	8,901
Net impairment losses/(reversals)		
on receivables and contract		
assets	92	(745)
Impairment of films rights and films		
in progress (<i>Note 12</i>)	82	—
Promotion and advertising		
expenses	5,246	1,708
Travelling and entertainment		
expenses	439	537
Office rental expenses	1,152	1,024
Other professional service fees	2,851	5,896
Game development outsourcing		
costs	61	484
Utilities and office expenses	432	368
Auditors' remuneration		
— Non-audit related services	531	432
Others	573	514
Total	72,417	109,116

9. Income tax expense

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

	Six months ended	
	June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— Current income tax of this period	2	4
Deferred tax	3	—
Income tax expense	5	4

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

No income tax provision for Hong Kong Profits Tax has been made by the Group as the Company's subsidiaries incorporated in Hong Kong did not have any taxable profit generated from operations in Hong Kong for the six months ended June 30, 2024 and 2023.

The income tax provision of the Group in respect of operations in the PRC has been calculated based on the statutory tax rate of 25% on the estimated assessable profits for the six months ended June 30, 2024 and 2023 of each of the group companies, except that: (i) one subsidiary of the Company, incorporated in Horgos, was entitled to a preferential income tax rate of 12.5% for the six months ended June 30, 2024 and 2023 under the relevant PRC tax rules and regulations; (ii) two subsidiaries of the Company were qualified as "High and New Technology Enterprises" and entitled to a preferential income tax rate of 15% for the six months ended June 30, 2024 and 2023; and (iii) three subsidiaries of the Company, incorporated in Horgos, were exempted from income taxes under the relevant PRC tax rules and regulations for the six months ended June 30, 2024 and 2023.

10. Loss per share

(a) Basic

Basic loss per share for the six months ended June 30, 2024 and 2023 is calculated by dividing the loss of the Group attributable to the owners of the Company of the period by the weighted average number of ordinary shares in issue during the period.

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB'000)	(12,764)	(12,868)
Weighted average number of ordinary shares in issue (thousand shares)	349,688	349,588
Basic loss per share (expressed in RMB per share)	(0.037)	(0.037)

(b) Diluted

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

For the six months ended June 30, 2024 and 2023, the Company had two categories of potential ordinary shares, restricted share units and share options granted to eligible person. As the Group incurred loss for the six months ended June 30, 2024 and 2023, the potential ordinary shares were not included in the calculation of dilutive loss per share where their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the six months ended June 30, 2024 and 2023 are the same as basic loss per share of the period.

11. Property, plant and equipment, right-of-use assets and intangible assets

	Property, plant and equipment RMB'000 (Unaudited)	Right-of-use assets RMB'000 (Unaudited)	Intangible assets RMB'000 (Unaudited)
As of January 1, 2024	566	613	20,342
Additions	228	542	41,927
Depreciation/amortisation charge	(123)	(262)	(51)
Impairment	—	—	(475)
Exchange	(6)	—	281
As of June 30, 2024	665	893	62,024
	Property, plant and equipment RMB'000 (Unaudited)	Right-of-use assets RMB'000 (Unaudited)	Intangible assets RMB'000 (Unaudited)
As of January 1, 2023	1,326	3,992	9,613
Additions	808	965	6,439
Depreciation/amortisation charge	(192)	(1,431)	(2,207)
Disposal/write-off	(1,152)	—	—
Impairment	—	—	(6,694)
Exchange	(3)	—	(145)
As of June 30, 2023	787	3,526	7,006

- (i) The additions in intangible assets for the six months ended June 30, 2024 was primarily due to the purchase of cryptocurrencies. The Group had purchased cryptocurrencies of 43.3396 units of Bitcoins and 848.3860 of Ethereum at aggregate cash considerations of USD5,904,000 (equivalent to RMB41,927,000).

11. Property, plant and equipment, right-of-use assets and intangible assets (Continued)

- (ii) The recoverable amount of each type of cryptocurrencies are determined based on fair value less costs of disposal. In determining the fair values, the relevant available markets are identified by the Group, and the Group consider accessibility to, and activity within those markets in order to identify the principal cryptocurrency markets for the Group. The fair value of Bitcoin and Ethereum traded in active markets (such as trading and exchange platforms) is determined based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. Therefore, the fair value used for assessment of recoverable amount in impairment tests is determined as quoted prices (unadjusted) in active markets for Bitcoin (Level 1) and Ethereum (Level 1). Based on the result of the impairment tests, the recoverable amount of Bitcoin is greater than its carrying amounts of approximately RMB63,164,000 (December 31, 2023: RMB29,701,000), while the recoverable amount of Ethereum is lower than its carrying amounts of approximately RMB20,829,000 (December 31, 2023: Nil), therefore impairment loss on Ethereum of RMB475,000 (December 31, 2023: Nil) was recognised as of June 30, 2024.



12. Film rights and films in progress

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Film rights and films in progress		
— Under production/production yet to commence	10,434	8,785
	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Beginning of the period	8,785	59,665
Additions	1,731	3,165
Recognised in cost of revenue	—	(49,722)
Impairment	(82)	—
End of the period	10,434	13,108

13. Financial assets at fair value through profit or loss

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Included in non-current assets		
Unlisted securities (<i>Note</i>)	49,363	31,473

Note:

There is no quoted market price available for the unlisted securities. The Group has determined the fair value of these investments based on estimated future cash flows method as disclosed in Note 4.2. The fair values are within level 3 of the fair value hierarchy.

14. Trade receivables and notes receivables

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Trade receivables	5,846	41,008
Loss allowance	(2,403)	(2,304)
Notes receivables	3,443 16,810	38,704 8,000
Total trade receivables and notes receivables	20,253	46,704

Notes receivables represent notes acceptable by bank with maturity dates within six months. As of June 30, 2024 and December 31, 2023, the Group's notes receivables were denominated in RMB.

The management of the Group considers that the notes receivables are issued by bank with high credit rating and the probability of default is low. Therefore, no impairment is considered necessary.

The revenue of the Group from the game distribution channels, third-party payment vendors, game publishers and film publishers are mainly made on credit terms determined on an individual basis with a normal period up to 60 days. Ageing analysis based on recognition date of the gross trade receivables at the end of the reporting period is as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
0–60 days	3,320	38,905
61–90 days	88	46
91–180 days	113	72
181–365 days	427	55
Over 1 year	1,898	1,930
	5,846	41,008

15. Other receivables

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Current		
Loans to third parties and related interest (<i>Note</i>)	27,990	21,940
Receivable from capital reduction of an associate measured at fair value through profit or loss	10,035	10,035
Receivables from disposal of Food Business	—	900
Others	1,899	1,713
	39,924	34,588
Loss allowance	(22,139)	(22,139)
	17,785	12,449
Non-current		
Rental and other deposits	150	126
Others	904	904
	1,054	1,030

Note:

Loans to third parties are mainly due from film producers for the Group's investment in film projects. These loans are repayable within 12 months and with a fixed return of 15% ~ 20% (2023: 15% ~ 20%). The balance of these loans to film producers and related interest has been fully impaired, thus the net balance of these loans after allowance is nil as of June 30, 2024 and December 31, 2023. During the period ended June 30, 2024, the Group advanced a loan of RMB7,000,000 to third party with fixed interest of 3.45% per annum which is unsecured and repayable within 12 months.

16. Other assets

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Current		
Prepaid service charges to game distribution channels	6,686	8,384
Prepayments to game developers	5,160	5,247
Prepaid rental, advertising costs and others	3,992	2,393
Deductible value-added tax input	5,361	5,478
	21,199	21,502
Non-current		
Prepaid service charges to game distribution channels	263	325
Deductible value-added tax input (Note)	6,088	6,326
Prepayment for acquisition of property, plant and equipment	7,957	—
	14,308	6,651

Note:

The Group reclassified the deductible value-added tax input to non-current assets based on the forecast utilisation of the deductible value-added tax input.



17. Reserves

(Unaudited)	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance as of January 1, 2024	(4,293)	107,537	18,039	289,948	4,433	415,664
Share of other comprehensive income of investments using equity method, net of tax	—	—	—	—	247	247
Share of reserve in associate	—	—	—	—	2,864	2,864
Capital contribution from shareholder (Note)	8,980	—	—	—	—	8,980
Employee share option and RSU Scheme: — Value of employee services (Note 18)	—	—	—	15	—	15
Currency translation differences	—	814	—	—	—	814
Balance as of June 30, 2024	4,687	108,351	18,039	289,963	7,544	428,584
(Unaudited)	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	Total RMB'000
Balance as of January 1, 2023	(4,293)	105,791	18,039	289,884	3,993	413,414
Share of other comprehensive income of investments using equity method, net of tax	—	—	—	—	568	568
Employee share option and RSU Scheme: — Value of employee services (Note 18)	—	—	—	49	—	49
Currency translation differences	—	5,036	—	—	—	5,036
Balance as of June 30, 2023	(4,293)	110,827	18,039	289,933	4,561	419,067

Note: On February 25, 2024, Linekong Holdings Limited, a wholly-owned subsidiary of the Company entered into an agreement with Magic Season International Limited (“**Magic Season**”), a private company directly held by a shareholder, Mr. Wang Feng. It is agreed that Magic Season transferred its all of 35% equity interest in COCO FINANCE at nil consideration. The transfer was completed on May 15, 2024.

The management has engaged an external valuer to assist in determining the fair value of COCO FINANCE which amounted to RMB8,980,000 on the date of transfer.

18. Share-based payments

(a) *Restricted Share Units (“RSUs”)*

Pursuant to a resolution passed by the Board of Directors of the Company on March 21, 2014, the Company set up a restricted share unit scheme (“**RSU Scheme**”) with the objective to attract, motivate and retain skilled and experienced personnel, including directors, senior management, and other employees, for the development and expansion of the Group by providing them with the opportunity to own equity interests in the Company, and to reward non-employees who provides or has provided consultancy or other advisory services to the Group.

(i) *Grant of the RSUs*

On January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019 and May 17, 2021, 1,805,385, 1,300,000, 760,000, 3,680,000 and 4,315,000 RSUs under the RSU Scheme were granted to directors, senior management, other employees and consultants, respectively. Details of those RSUs should be read in conjunction with the 2023 Financial Statements.

The RSU Scheme will be valid and effective for a period of ten years commencing from March 21, 2014, unless it is terminated earlier in accordance with the rules of RSU Scheme.



18. Share-based payments (Continued)

(a) Restricted Share Units (“RSUs”) (Continued)

(i) Grant of the RSUs (Continued)

Movements in the number of RSUs outstanding:

	Number of RSUs	
	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Beginning of the period	65,625	240,625
Lapsed	(7,500)	(36,250)
Vested	(19,375)	(76,875)
End of the period	38,750	127,500

As of June 30, 2024 and December 31, 2023, 36,551,294 and 36,531,919 RSUs respectively have been vested unconditionally.

(ii) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board of Directors of the Company on March 21, 2014, the Company entered into a trust deed (the “**Trust Deed**”) with The Core Trust Company Limited (the “**RSU Trustee**”) and Premier Selection Limited (the “**RSU Nominee**”) to assist with the administration of the RSU Scheme. On March 21, 2014, the Company issued 42,161,541 ordinary shares to the RSU Nominee at a par value of USD0.000025 each, totalling RMB6,488 funded by Mr. Wang Feng. Accordingly, 42,161,541 ordinary shares of the Company underlying the RSUs were held by the RSU Nominee for the benefit of eligible participants pursuant to the RSU Scheme and the Trust Deed.

18. Share-based payments (Continued)

(a) Restricted Share Units (“RSUs”) (Continued)

(ii) Shares held for RSU Scheme (Continued)

The above shares held for RSU Scheme were regarded as treasury shares and have been deducted from shareholders' equity; the costs of these shares totalling approximately RMB6,488 were credited to “other reserves” as deemed contributions from shareholders. As a result of the vesting of 19,375 RSUs during the six months ended June 30, 2024, approximately RMB3 was transferred out from treasury shares upon vesting of these RSUs.

(iii) Fair value of RSUs

The fair value of RSUs granted on January 18, 2017, April 1, 2019, August 16, 2019, September 12, 2019 and May 17, 2021 was assessed to approximate to the market price of the grant date at the amount of HKD3.10 each (equivalent to RMB4,945,015 in total), HKD0.88 each (equivalent to RMB979,000 in total), HKD0.64 each (equivalent to RMB436,000 in total), HKD0.72 each (equivalent to RMB2,396,000 in total), HKD0.73 each (equivalent to RMB2,608,000 in total) respectively.

(b) Share options

On November 20, 2014, the shareholders of the Company approved the establishment of a share option scheme (the “**Pre-IPO Share Option Scheme**”) with an objective to incentivise and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. The Pre-IPO Share Option Scheme will be valid and effective for a period of ten years commencing from December 30, 2014, (the listing date) unless it is terminated earlier in accordance with the rules of Pre-IPO Share Option Scheme.

18. Share-based payments (Continued)

(b) Share options (Continued)

(i) Grant of share options

On January 18, 2017, April 1, 2019, August 16, 2019, and May 17 2021, 9,225,000, 1,300,000, 860,000, and 3,645,000 share options were granted under the Pre-IPO Share Option, details of which should be read in conjunction with the 2023 Financial Statements.

The option period shall be ten years commencing from the grant date.

The Group has no legal or constructive obligations to repurchase or settle the options in cash.

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

	Six months ended June 30,			
	2024		2023	
	Average Exercise Price	Number of share options	Average Exercise Price	Number of share options
Beginning of the period	HKD3.85	10,736,048	HKD3.84	10,793,548
Lapsed	HKD0.78	(11,250)	HKD0.76	(57,500)
End of the period	HKD3.86	10,724,798	HKD3.85	10,736,048



18. Share-based payments (Continued)

(b) Share options (Continued)

(i) Grant of share options (Continued)

Out of the 10,724,798 outstanding options (December 31, 2023: 10,736,048), 10,626,048 options (December 31, 2023: 10,576,673) were exercisable. Share options outstanding as of June 30, 2024 include 462,298 (December 31, 2023: 462,298) share options, 2,878,750 (December 31, 2023: 2,878,750) share options, 975,000 (December 31, 2023: 975,000) share options, 3,291,250 (December 31, 2023: 3,291,250), 1,300,000 (December 31, 2023: 1,300,000), 621,250 (December 31, 2023: 621,250) share options and 1,196,250 (December 31, 2023: 1,207,500) share options, with the exercise price of HKD8.10, HKD7.18, HKD4.366, HKD3.10, HKD0.88, HKD0.65 and HKD0.784 per share option, respectively. All these options will expire in 10 years from the grant date.

(ii) Fair value of share options

Based on the market price of the underlying ordinary shares of HKD3.10, HKD0.88, HKD0.65 and HKD0.73 on the respective grant dates of the share options, the Company has used a Binomial option-pricing model to determine the fair value of the share options as of each grant date. The fair values of the share options granted on January 18, 2017, April 1, 2019, August 16, 2019 and May 17, 2021 were assessed to be HKD14,823,000 (approximately equivalent to RMB13,097,000), HKD678,000 (approximately equivalent to RMB580,000), HKD308,000 (approximately equivalent to RMB277,000) and HKD1,640,000 (approximately equivalent to RMB1,358,000) respectively.

18. Share-based payments (Continued)

(b) Share options (Continued)

(ii) Fair value of share options (Continued)

The key assumptions used in the valuation of the share options as of the grant date are set out in the table below:

	January 18, 2017	April 1, 2019	August 16, 2019	May 17, 2021
Risk-free interest rate	1.72%	1.6%	1.07%	1.23%
Volatility	57.20%	61.00%	61.40%	67.50%
Dividend yield	—	—	—	—

The Company estimated the risk-free interest rate based on the yield of a HK 10-Year Government Bond with a maturity life equal to the life of the share options. Volatility was estimated at grant date based on average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date.

(c) Expected retention rate of grantees

The Group estimates the expected yearly percentage of RSU and option grantees that will stay within the Group at the end of vesting periods (the “**Expected Retention Rate**”) in order to determine the amount of share-based compensation expenses to be recorded in the interim condensed consolidated statements of comprehensive loss. As of June 30, 2024, the Expected Retention Rate of interim condensed employees was assessed to be 63% (December 31, 2023: 63%) and the Expected Retention Rate of existing directors and senior management was assessed to be 100% (December 31, 2023: 100%).

19. Trade and other payables

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Trade payables (<i>Note</i>)	20,549	4,179
Accrued expenses and liabilities	15,210	7,253
Salary and staff welfare payables	14,770	12,955
Amount due to a related party (<i>Note 21</i>)	5,438	5,438
Other taxes payables	616	2,240
	56,583	32,065

Note:

Trade payables are mainly arising from online drama production, licensing games from game developers and products suppliers. The credit terms of trade payables granted by the vendors are usually up to 30 days. The ageing analysis of trade payables based on recognition date is as follows:

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
0–180 days	20,271	3,942
181–365 days	48	75
1–2 years	87	83
2–3 years	74	5
Over 3 years	69	74
	20,549	4,179



20. Dividends

No dividends have been paid or declared by the Company during each of the six months ended June 30, 2024 and 2023.

21. Significant related party transactions

In addition to those disclosed elsewhere in the interim financial information, the following significant transactions were carried out between the Group and its related parties during the six months ended June 30, 2024 and 2023. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) *Balances with a related party*

(i) *Amount due to a related party*

	As of June 30, 2024 RMB'000 (Unaudited)	As of December 31, 2023 RMB'000 (Audited)
Fuze Entertainment Co., Ltd.	5,438	5,438



21. Significant related party transactions (Continued)

(b) Key management personnel compensations

The compensations paid or payable to key management personnel (including directors, CEO and other senior executives) for employee services are shown below:

	Six months ended	
	June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Wages, salaries and bonuses	2,142	2,625
Pension costs — defined contribution plans	52	58
Other social security costs, housing benefits and other employee benefits	95	116
	2,289	2,799

