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*This report, for which the directors (the “**Directors**”) of Linekong Interactive Group Co., Ltd. (the “**Company**” or “**we**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



THIRD QUARTERLY RESULTS (UNAUDITED)

The Board announces the unaudited consolidated quarterly results of Group for the nine months ended September 30, 2022 and the unaudited condensed consolidated financial statements, together with the unaudited comparative figures for the corresponding period in 2021, as follows:



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

For the nine months ended September 30, 2022

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	4	37,928	20,454	82,609	69,136
Cost of revenue		(23,956)	(15,749)	(54,973)	(44,346)
Gross profit		13,972	4,705	27,636	24,790
Selling and marketing expenses		(8,128)	(3,277)	(20,737)	(12,633)
Administrative expenses		(10,814)	(8,100)	(26,290)	(23,929)
Research and development expenses		(5,953)	(4,773)	(18,292)	(14,402)
Net impairment reversals/(losses) on receivables		561	(184)	510	(1,157)
Other operating (loss)/income — net		(956)	(700)	1,383	123
Operating loss		(11,318)	(12,329)	(35,790)	(27,208)
Other (losses)/gains — net	5	(1,284)	3,434	(9,470)	5,836
Finance income/(costs) — net		273	(632)	(980)	(2,179)
Share of income/(loss) of investments using equity accounting		36	(3)	183	(94)
Loss before income tax		(12,293)	(9,530)	(46,057)	(23,645)
Income tax (expense)/credit	6	(4)	(5)	(10)	59
Loss for the period		(12,297)	(9,535)	(46,067)	(23,586)
Other comprehensive income/(loss)					
Items that may be subsequently reclassified to profit or loss:					
— Share of other comprehensive income/(loss) of investments accounted for using the equity method, net of tax		1,501	174	2,709	(375)
Items that will not be reclassified to profit or loss:					
— Currency translation differences		10,206	2,093	21,643	(401)
Other comprehensive income/(loss) for the period, net of tax		11,707	2,267	24,352	(776)
Total comprehensive loss for the period		(590)	(7,268)	(21,715)	(24,362)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS (Continued)

For the nine months ended September 30, 2022

	Note	Three months ended September 30,		Nine months ended September 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss attributable to:					
Owners of the Company		(12,162)	(9,126)	(45,288)	(22,424)
Non-controlling interests		(135)	(409)	(779)	(1,162)
Loss for the period		(12,297)	(9,535)	(46,067)	(23,586)
Total comprehensive loss attributable to:					
Owners of the Company		(455)	(6,859)	(20,936)	(23,200)
Non-controlling interests		(135)	(409)	(779)	(1,162)
Total comprehensive loss for the period		(590)	(7,268)	(21,715)	(24,362)
Loss per share (expressed in RMB per share)					
— Basic	7(a)	(0.03)	(0.03)	(0.13)	(0.06)
— Diluted	7(b)	(0.03)	(0.03)	(0.13)	(0.06)

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



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 30, 2022

(Unaudited)	Attributable to owners of the Company					Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000	Accumulated losses RMB'000			
Balance as of January 1, 2022	59	1,720,690	(10,555)	393,854	(1,800,558)	303,490	500	303,990
Comprehensive income/(loss)								
Loss for the period	—	—	—	—	(45,288)	(45,288)	(779)	(46,067)
Other comprehensive gain								
— Share of other comprehensive income of investments accounted for using the equity method, net of tax	—	—	—	2,709	—	2,709	—	2,709
— Currency translation differences	—	—	—	21,643	—	21,643	—	21,643
Total comprehensive income/(loss) for the period	—	—	—	24,352	(45,288)	(20,936)	(779)	(21,715)
Total contributions by and distributions to owners of the Company recognised directly in equity								
Transaction with non-controlling interests	—	—	—	776	—	776	(776)	—
Employee share option and RSU Scheme: — Value of employee services	—	—	—	170	—	170	2	172
Total contributions by and distributions to owners of the Company for the period	—	—	—	946	—	946	(774)	172
Balance as of September 30, 2022	59	1,720,690	(10,555)	419,152	(1,845,846)	283,500	(1,053)	282,447



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

For the nine months ended September 30, 2022

(Unaudited)	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	RMB'000
Balance as of January 1, 2021	59	1,720,690	(10,454)	399,333	(1,725,253)	384,375	9,316	393,691
Comprehensive loss								
Loss for the period	—	—	—	—	(22,424)	(22,424)	(1,162)	(23,586)
Other comprehensive loss								
— Share of other comprehensive loss of investments accounted for using the equity method, net of tax	—	—	—	(375)	—	(375)	—	(375)
— Currency translation differences	—	—	—	(401)	—	(401)	—	(401)
Total comprehensive loss for the period	—	—	—	(776)	(22,424)	(23,200)	(1,162)	(24,362)
Total contributions by and distributions to owners of the Company recognised directly in equity								
Disposal of a subsidiary	—	—	—	—	—	—	(2,967)	(2,967)
Employee share option and RSU Scheme:								
— Shares repurchased for RSU Scheme	—	—	(101)	—	—	(101)	—	(101)
— Value of employee services	—	—	—	2,309	—	2,309	13	2,322
Total contributions by and distributions to owners of the Company for the period	—	—	(101)	2,309	—	2,208	(2,954)	(746)
Balance as of September 30, 2021	59	1,720,690	(10,555)	400,866	(1,747,677)	363,383	5,200	368,583

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



NOTES TO 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, 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, film business (the “**Film Business**”) and other business (the “**Other Business**”) in the PRC.

The interim condensed consolidated statements of comprehensive income loss for the nine-month period ended September 30, 2022, changes in equity for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “**Interim Financial Information**”) have been approved by the Board of Directors on November 11, 2022.

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, 2021 as set out in the 2021 annual report of the Company (the “2021 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 significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2021, 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.

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

Certain standards, amendments and interpretations to existing standards which have been issued but are not yet effective for the financial period beginning January 1, 2022, and not expected to have a material impact on consolidated financial statement in the foreseeable future.

4. 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 Company 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 nine months ended September 30, 2022 and 2021, the Group is organised into three reportable operating segments.

The Group identifies 3 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.
- The Other Business, which is primarily engaged in sales of food products on e-commerce platform in the PRC.



4. 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 consolidated income statement.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:				
— Game Business	14,661	15,191	51,892	54,429
— Film Business	3,981	5,263	4,404	14,707
— Other Business	19,286	—	26,313	—
Total	37,928	20,454	82,609	69,136
Segments results — operating (loss)/profit:				
— Game Business	(13,502)	(11,831)	(32,147)	(27,113)
— Film Business	3,012	(498)	(1,499)	(95)
— Other Business	(828)	—	(2,144)	—
Total	(11,318)	(12,329)	(35,790)	(27,208)

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from external customers:				
— PRC	31,548	12,192	61,424	38,160
— South Korea	6,298	7,080	20,210	27,004
— Other overseas countries and regions	82	1,182	975	3,972
Total	37,928	20,454	82,609	69,136

5. Other (losses)/gains — net

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Fair value loss from financial assets at fair value through profit or loss	—	(4,988)	(10,372)	(2,128)
Dividend income from financial assets at fair value through profit or loss	—	334	1,152	1,486
Fair value (loss)/gain and dividend income from an associate measured at fair value through profit or loss	(1,284)	8,088	(250)	6,478
	(1,284)	3,434	(9,470)	5,836

6. Income tax expense/(credit)

The income tax expense/(credit) of the Group for the three months and nine months ended September 30, 2022 and 2021 is analysed as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	4	5	10	(59)
Income tax expense/(credit)	4	5	10	(59)

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 profit 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 three months and nine months ended September 30, 2022 and 2021.

6. Income tax expense/(credit) (continued)

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 nine months ended September 30, 2022 and 2021 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 nine months ended September 30, 2022 and 2021 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 nine months ended September 30, 2022 and 2021; 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 nine months ended September 30, 2022 and 2021.

7. Loss per share

(a) Basic

Basic loss per share for the three months and nine months ended September 30, 2022 and 2021 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.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company (RMB '000)	(12,162)	(9,126)	(45,288)	(22,424)
Weighted average number of ordinary shares in issue (thousand shares)	349,262	348,965	349,049	347,819
Basic loss per share (expressed in RMB per share)	(0.03)	(0.03)	(0.13)	(0.06)

7. Loss per share (continued)

(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 nine months ended September 30, 2022 and 2021, 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 three months and nine months ended September 30, 2022 and 2021, 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 three months and nine months ended September 30, 2022 and 2021 are the same as basic loss per share of the period.

8. Dividends

No dividends have been paid or declared by the Company during each of the nine months ended September 30, 2022 and 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Prospects

As a well-known internet content developer and publisher in the PRC, the Group mainly engages in the development, production and distribution of products including mobile games, internet dramas and TV dramas, and strives to offer more quality productions to our users. In the third quarter of 2022, the Group has adopted the business strategy to increase investments in self-operated development in our two major business segments, namely game business and film business, in order to reserve more prime products for our long-term development.

For the game business of Linekong, the internal technical tests for several products such as “蠻荒紀元” and “Ys VIII (伊蘇VIII)” have commenced. In respect of publishing strategy, the Group will continue to explore overseas markets (i.e. Korea, Japan and North America, etc.), and at the same time enhance the development of female-oriented games, casual games and IP values of games.

The film business of Linekong has entered the phase of matrix product development. We will continue to enrich our potential IP reserves and promote quality drama productions. The filming of internet dramas “對你不止是喜歡” and “Mejaz Regulus in the World (摩耶人間玉)” have wrapped up successfully and are at an intense post-production stage to be scheduled for launch. In addition, we continue to create and refine the production scripts of different IPs, including “陷入我們的熱戀”, “Ancient Music Records (古樂風華錄)”, and “雲海傳”.

The Group also tapped into its new business in the second quarter of 2022 and attained phrasal progress in the third quarter of 2022. Such business is currently at the initial exploration stage.

Going forward, the Group will continue to proactively implement its corporate strategies, focus on and invest in self-operated game development on the one hand, and continuously acquire quality IPs on the other hand. Leverage on these high-quality content products, the Group aims to actively drive the industry development, promote cultural diffusion, as well as to establish a good reputation and create a strong branding effect.

Favorable research and development of new products of Linekong Games and accelerating expansion in overseas game markets

The Group launched its development of “Uproar in Heaven (鬧鬧天宮)” last year. “Uproar in Heaven (鬧鬧天宮)” is a real-time tower defence battle mobile game with “Journey to the West (西遊記)” as its theme. Based on the ancient Chinese mythological characters developed in the original “Uproar in Heaven (鬧鬧天宮)” with drawings in cartoon style, the game allows players to edit their hero deck lists, battle against others with tower defence strategies and upgrade their hero deck lists by synthesizing hero characters. The game is full of randomness and brings exciting tower defence battle experience to players. In addition, the game introduces a large number of character skins with the theme of Peking Opera and crosstalk, which allows new and existing players to appreciate the charm of traditional Chinese culture through playing the game and pay tribute to traditional Chinese essence. The product is at its intensive development stage and is expected to be broadcasted in 2023.

“蠻荒紀元” is the Group’s latest generation of MMORPG fairy tale mobile game which featured aesthetic realism graphics to provide players with a glimpse of the splendor and prosperity of ancient era and a glamorous fairy tale experience. The Group has contracted with local publisher in Thailand in relation to the product and the game is expected to be launched in Thailand in the first quarter of 2023.

Based on our research and analysis of overseas markets, the Group further cultivates the market in South Korea and continues its stable operation of the game “大航海之路”. In addition, the Group has been exclusively licensed to adapt and globally distribute the mobile version of epic ARPG Japanese game “Ys VIII (伊蘇VIII)”. The entire adaptation of “Ys VIII Mobile (伊蘇VIII Mobile)” is supervised by Falcom and provides players impressive gaming experiences with its craftsman spirit. Apart from engaging well-known Japanese writers to refine and upgrade the plot of the game, a number of famous Japanese painters are gathered to create beautiful artworks.

“Ys VIII Mobile (伊蘇VIII Mobile)” participated in the Tokyo Game Show (TGS) in 2019 and 2020 consecutively and received overwhelming responses from the local market in Japan. The development of the game is at the final completion and optimization stage, and its quality has been favored and recognized by many overseas and domestic leading game publishers. The Group has officially authorized the distribution rights of the product in the PRC to Bilibili.

Linekong Pictures steadily develops its product matrix and diversify contents to gradually develop scale advantage of content development and production

The preliminary results of matrix product development of Linekong Pictures can be observed in 2022. By focusing on target audiences and developing diversified productions of different contents and after six years of experiences and brands building, Linekong Pictures has launched six quality dramas and accumulated multiple potential pieces of excellent contents.

Linekong Pictures has achieved satisfactory results in terms of the production and distribution of sweet youth romance dramas which are well received by young female audiences. A number of our premium online dramas, such as “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)” and “花好月又圓”, have appeared in the hot searches of various channels many times and have been unanimously recognized by the market and audiences.

“對你不止是喜歡”, an urban-setting romance drama jointly produced by Linekong Pictures and Mango TV, has wrapped up successfully in May. The drama tells the crush story between Tangyu, a cold-hands and warm-heart producer, and Tangxin, a mischievous and playful junior scriptwriter. The production is currently at an intense post-production process and is expected to be delivered and broadcasted in the year end of 2022 and in the first quarter of 2023, respectively.

“Mejaz Regulus in the World (摩耶人間玉)”, a fairy tale romance drama jointly produced by Linekong Pictures, has wrapped up in Chongqing in the end of January. The drama is about the protagonists struggle against their emotional feelings and social position arising from their rival relationship. The drama is currently at its post-production stage and is expected to be broadcasted in the first quarter of 2023.

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 “雲海傳” in reserve. “陷入我們的熱戀”, an IP with superior reputation, is the latest masterpiece by Erdong Rabbit, the most popular author of the Jinjiang TOP10 Romance. It is all about the romantic and fiery youthful love story happened by accident that Xu Zhi, the biggest dark horse in Ruijun Middle School, meeting Chen Luzhou, the arrogant but good-looking bastard, in the summer when the National College Entrance Examination is over.

“Ancient Music Records (古樂風華錄)”, a historical-style IP, 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 (改革發展項目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).

“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 in adversity and making choices between right and wrong.

BUSINESS OUTLOOK

In the fourth quarter of 2022, the Group will continue to focus on the development of IP games, female-oriented games and casual games. The Group will also place great emphasis on the expansion of overseas market and matrix product development of filming projects. The Group will continue to adhere to its principles of practicality and customer-centricity in order to create high quality products and offer fascinating entertainment. As a participant of the domestic interactive cultural content platforms, the Group will fulfill its social responsibilities by promoting healthy culture visions and attaching great importance to traditional Chinese culture in the entire process of product production and distribution, so as to make contributions to the culture and entertainment industry of the PRC.



Financial Review

Revenue

The Group's revenue increased by approximately 19.5% from approximately RMB69.1 million for the nine months ended September 30, 2021 to approximately RMB82.6 million for the nine months ended September 30, 2022.

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

	For the nine months ended		Change (approximate %)
	September 30, 2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	
Segment revenue:			
— Game Business	51,892	54,429	(4.7)
— Film Business	4,404	14,707	(70.1)
— Other Business	26,313	—	—
Total	82,609	69,136	19.5



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

	For the nine months ended September 30,			
	2022		2021	
	RMB'000 (Unaudited)	approximate %	RMB'000 (Unaudited)	approximate %
China (including Hong Kong, Macau and Taiwan regions)	61,424	74.3	38,160	55.2
South Korea	20,210	24.5	27,004	39.1
Other overseas countries and regions	975	1.2	3,972	5.7
Total	82,609	100.0	69,136	100.0

For the nine months ended September 30, 2022, the revenue contributed by game business amounted to approximately RMB51.9 million, representing a decrease of approximately 4.7% or RMB2.5 million as compared with the corresponding period of 2021, which was attributable to a decrease in gross billings generated from games. The Group has formulated strategies to reserve more time for strengthening game development quality and rolling out competitive games.

The Group recognised revenue of approximately RMB26.3 million from other business for the nine months ended September 30, 2022, which is mainly sales of food product in the PRC.

The Group recognised revenue of approximately RMB4.4 million from licensing of rights and production of online dramas and others for the nine months ended September 30, 2022, representing a decrease of approximately 70.1% from approximately RMB14.7 million as compared with the nine months ended September 30, 2021, due to the cyclical nature of film business.



Cost

The Group's cost for the nine months ended September 30, 2022 was approximately RMB55.0 million, representing an increase of approximately 24.2% as compared to approximately RMB44.3 million for the nine months ended September 30, 2021.

The increase in cost of the Group was mainly due to an increase in revenue from other business.

Gross profit and gross profit margin

The Group's gross profit for the nine months ended September 30, 2022 was approximately RMB27.6 million, representing an increase of approximately 11.3% from approximately RMB24.8 million for the nine months ended September 30, 2021. The increase in gross profit was mainly contributed from other business.

The Group's gross profit margin for the nine months ended September 30, 2022 was approximately 33.4%, representing a decrease of approximately 2.5 percentage point as compared to approximately 35.9% for the nine months ended September 30, 2021. The decrease in the Group's gross profit margin was mainly due to the fact that other business, which has a relatively high cost rate, is currently at the exploration stage.

Selling and marketing expenses

The Group's selling and marketing expenses for the nine months ended September 30, 2022 were approximately RMB20.7 million, representing an increase of approximately 64.3% from approximately RMB12.6 million for the nine months ended September 30, 2021, which was primarily due to the expenses incurred to expand product market share and increase product sales.

Administrative expenses

The Group's administrative expenses for the nine months ended September 30, 2022 were approximately RMB26.3 million, representing an increase of approximately 10.0% from approximately RMB23.9 million for the nine months ended September 30, 2021. The increase in the Group's administrative expenses was primarily due to the impairment provision made for certain intangible assets.

Research and development expenses

The Group's research and development expenses for the nine months ended September 30, 2022 were approximately RMB18.3 million, representing an increase of approximately 27.1% from approximately RMB14.4 million for the nine months ended September 30, 2021. The increase in the Group's research and development expenses was primarily due to the increase in investment in self operated research and development.

Segments results — operating loss

	For the nine months ended		
	September 30		
	2022	2021	Change
	RMB'000	RMB'000	(approximate %)
Segments results			
— operating loss:			
— Game Business	(32,147)	(27,113)	18.6
— Film Business	(1,499)	(95)	1,477.9
— Other Business	(2,144)	—	—
Total	(35,790)	(27,208)	31.5

Other (losses)/gains — net

The Group's other losses — net for the nine months ended September 30, 2022 were approximately RMB9.5 million, as compared to other gains — net of approximately RMB5.8 million for the nine months ended September 30, 2021, which was mainly due to the changes in fair value of the financial instruments held by the Group.

Non-IFRSs measure — adjusted net loss

To supplement our combined and consolidated financial statements presented in accordance with the IFRSs, we also adopted adjusted net loss as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. Our adjusted net loss was derived from our net loss for the period before fair value losses from financial assets at fair value through profit or loss, share-based compensation expenses and one-off compensation for loss of office paid. The adjusted net loss measured at non-IFRSs is an unaudited figure.

The following table respectively sets out the reconciliation from loss for the period under IFRSs to the adjusted net loss for the nine months ended September 30, 2022 and 2021:

	For the nine months ended		
	September 30, 2022	2021	Change
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	(approximate %)
Loss for the period	(46,067)	(23,586)	95.3
Add:			
Fair value losses from financial assets at fair value through profit or loss	10,372	2,128	387.4
Share-based compensation expenses	172	2,322	(92.6)
One-off compensation for loss of office paid	2,509	456	450.2
Adjusted net loss	(33,014)	(18,680)	76.7

The Group's adjusted net loss for the nine months ended September 30, 2022 was approximately RMB33.0 million, as compared to the adjusted net loss of approximately RMB18.7 million for the nine months ended September 30, 2021.

The increase in adjusted net loss as compared to the nine months ended September 30, 2021 was mainly due to the combined effect of the following factors: i) increase in selling and marketing expenses; ii) the impairment provision made for certain intangible assets; and iii) increase in investment of self operated research and development.

Liquidity and Financial Resources

During the nine months ended September 30, 2022, we financed our businesses primarily through cash generated from our existing operating activities. The Group has been maintaining a solid cash position since the listing of the Company's shares (the "Shares") on GEM of the Stock Exchange and obtaining the net proceeds in December 2014. We intend to finance our expansion and business operations with internal resources and through organic and sustainable growth.

Treasury policy

During the nine months ended September 30, 2022, most of the Group's idle capital was invested in time deposits of commercial banks in the PRC. For the purpose of generating better return for the Group's idle cash, the Group's treasury policy is to deposit in these time deposits, and not to engage in any investments with high risks or transactions of speculative derivatives. In order to meet the domestic working capital requirement, we will seek for stable and long-term funding from banks at market lending rate for the corresponding period.

Cash and cash equivalents, short-term bank deposits and restricted deposits

As of September 30, 2022 we had cash and cash equivalents of approximately RMB74.5 million (as of December 31, 2021: approximately RMB132.2 million), which primarily consisted of cash at bank, other financial institutions and cash in hand and were mainly denominated in RMB (as to approximately 47.4%), U.S. dollars (as to approximately 38.1%), HKD (as to approximately 13.7%), and other currencies (as to approximately 0.8%).

As of September 30, 2022, we had short-term bank deposits of approximately RMB86.7 million (as of December 31, 2021: approximately RMB57.4 million).

As of September 30, 2022, our bank loans had been fully repaid and we had no restricted deposit at the end of the period (as at December 31, 2021: loan facility amounted to RMB50.0 million and restricted deposit amounted to RMB55.5 million).



Capital Structure

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 at September 30, 2022, the Group had no bank loans (as at December 31, 2021: approximately RMB50.0 million). As at September 30, 2022, the gearing ratio of the Group, calculated as total liabilities divided by total assets, was approximately 26.9% (as at December 31, 2021: approximately 32.3%).

Charge on Group Assets

As at September 30, 2022, the Group had no restricted deposits (as at December 31, 2021: approximately RMB55.5 million).

REVIEW OF THE QUARTERLY RESULTS

The quarterly financial results of the Group for the nine months ended September 30, 2022 is unaudited and has not been reviewed nor audited by the auditors of the Company, but has been reviewed by the audit committee of the Board (the “**Audit Committee**”). The Audit Committee 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.



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 15 to the GEM Listing Rules. The remuneration committee regularly reviews and recommends 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 which is commensurate with industry practice and provides benefits to employees of the Group, including social insurance coverage, defined contribution retirement scheme and bonus.

As at September 30, 2022, the Group had 132 employees. For the nine months ended September 30, 2022, total remuneration for employees of the Group was approximately RMB43.7 million (for the nine months ended September 30, 2021: approximately RMB39.6 million).

The Company has adopted a share option scheme and a share award scheme as incentive to the Directors and eligible persons, details of which are set out in the paragraphs headed "Share Option Scheme" and "Share Award Scheme" of this report.

DIVIDEND

The Board resolved not to declare any dividend for the nine months ended September 30, 2022.

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**").



As of September 30, 2022, the IPO Proceeds have been utilised as follows:

	Net proceeds million HKD	Amounts utilised as of December 31, 2021 million HKD	Amounts utilised during the nine months ended September 30, 2022 million HKD	Amounts unutilised as of September 30, 2022 million HKD
Overseas expansions (expanding our business in overseas markets)	137.2	137.2	0	0
Potential strategic acquisition or investment in companies in online game or related businesses	59.7	59.7	0	0
Potential strategic acquisition or investment in companies in game business, film (movie and drama) business or related businesses	8.9	0	0	8.9
Creating pan-entertainment environment	157.8	157.8	0	0
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	0	0
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	0	0
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	12.2	8.5	0
Providing funding for our working capital and other general corporate purposes	34.3	34.3	0	0
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	0	0
Mastering user usage flow entry point via developing intellectual hardware and mobile phone software	10.7	10.7	0	0
Development of and investment in movies and dramas and accumulation of intellectual property rights of movie and drama contents	22.1	17.9	4.2	0
Total	686.2	664.6	12.7	8.9

As of September 30, 2022, approximately HKD8.9 million of the IPO Proceeds remained unutilised. The unutilised IPO Proceeds have been deposited into a time deposits bank account maintained by the Group and will be utilised in accordance with the usage as announced in the announcement in relation to the change in use of proceeds of the Company dated June 29, 2021.

Among the unutilised proceeds, the Company's funding reserved for acquisition or investment in companies in game business, film (movie and drama) business or related business will be utilised in accordance with the progress of our potential acquisition projects, it is expected to be fully utilised before December 31, 2022.

MATERIAL EVENT AFTER THE REPORTING PERIOD

There is no material event occurred after September 30, 2022 which affects the Group that needed to be reported to the Shareholders.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of September 30, 2022, 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 standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in Shares and underlying Shares

Name of Director/ chief executive	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding <small>(Note 5)</small>
Mr. Wang Feng <small>(Note 1)</small>	Interest of controlled corporation	66,576,160 (L)	21.53%
	Beneficial owner	12,640,380 (L)	
Ms. Liao Mingxiang <small>(Note 2)</small>	Interest of controlled corporation	12,168,720 (L)	5.38%
	Beneficial owner	7,626,769 (L)	
Mr. Wang Jin <small>(Note 3)</small>	Beneficial owner	2,540,000 (L)	0.69%
Mr. Chen Hao <small>(Note 4)</small>	Beneficial owner	1,815,841 (L)	0.49%
(L) Long position	(S) Short 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 subject to vesting. As of September 30, 2022, all the RSUs have been vested.

For further details, please refer to the section headed "Share Award Scheme" in this report.

- (2) 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 5,805,169 Shares and was interested in (a) 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; and (b) 1,546,600 RSUs granted to her under the RSU Scheme entitling her to receive 1,546,600 Shares subject to vesting. As of September 30, 2022, all the RSUs have been vested.

For further details, please refer to the sections headed "Share Option Scheme" and "Share Award Scheme" in this report.

- (3) 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 subject to vesting. As of September 30, 2022, all the RSUs have been vested.

For further details, please refer to the sections headed "Share Option Scheme" and "Share Award Scheme" in this report.

- (4) 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 subject to vesting. As of September 30, 2022, all the RSUs have been vested.

For further details, please refer to the sections headed "Share Option Scheme" and "Share Award Scheme" in this report.

- (5) As of September 30, 2022, the Company issued 367,974,964 Shares.

(ii) Long position in the shares of other members of the Group

As of September 30, 2022, 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 other member(s) of the Group as follows:

Director/ Chief executive	Company concerned	Capacity/ Nature of interest	Register share capital	Approximate percentage of interest
Mr. Wang Feng	Linekong Online (Beijing) Technology Co., Ltd. (" Linekong Online ")	Beneficial owner ^(Note 1)	RMB7,545,000	75.45%
Ms. Liao Mingxiang	Linekong Online	Beneficial owner ^(Note 1)	RMB1,364,000	13.64%
Mr. Wang Jin	Horgos Linekong Pictures Corporation (" Linekong Pictures ")	Beneficial owner ^(Note 2)	RMB4,155,000	8.31%
Mr. Wang Jin	Juyingshiguang (Hainan) Pictures Limited (" Juyingshiguang ")	Beneficial owner ^(Note 3)	RMB190,000	9.50%
Mr. Wang Jin	Horgos Chenxi Entertainment and Media Co., Ltd. (" Chenxi Entertainment ")	Beneficial owner ^(Note 4)	RMB90,000	9.00%

Notes:

- Linekong Online is a subsidiary of the Company controlled through contractual arrangements. Mr. Wang Feng and Ms. Liao Mingxiang are 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 September 30, 2022, none of the Directors and chief executives 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 Rules 5.46 to 5.68 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, as of September 30, 2022, the following persons (other than Directors and chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO:

(i) Substantial Shareholder(s)

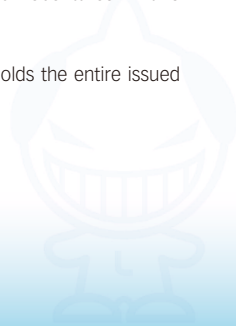
Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company ^(Note 4)
Zhu Li ^(Note 1)	Interest of spouse	79,216,540 (L)	21.53%
Wangfeng Management Limited ^(Note 2)	Beneficial owner	66,576,160 (L)	18.09%
Starwish Global Limited ^(Note 3)	Beneficial owner	52,318,760 (L)	14.22%
China Momentum Fund, L.P. ^(Note 3)	Interest of controlled corporation	52,318,760 (L)	14.22%

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company <small>(Note 4)</small>
Fosun China Momentum Fund GP, Ltd. <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Fosun Momentum Holdings Limited <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Fosun Financial Holdings Limited <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Fosun International Limited <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Fosun Holdings Limited <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Fosun International Holdings Limited <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%
Guo Guangchang <small>(Note 3)</small>	Interest of controlled corporation	52,318,760 (L)	14.22%

(L) Long position (S) Short 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.
- Mr. Wang Feng, the chairman of the Company and Director, holds the entire issued share capital of Wangfeng Management Limited.



3. Starwish Global Limited is wholly-owned by China Momentum Fund, L.P. (“**China Momentum**”), an exempted limited partnership in Cayman Islands. Fosun China Momentum Fund GP, Ltd. (“**Fosun China Momentum**”) is the general partner of China Momentum and is in turn wholly-owned by Fosun Momentum Holdings Limited (“**Fosun Momentum Holdings**”). Fosun Momentum Holdings is wholly-owned by Fosun Financial Holdings Limited (“**Fosun Financial Holdings**”) which is in turn wholly-owned by Fosun International Limited (“**Fosun International**”), a company listed on the Main Board of the Stock Exchange (Stock Code: 00656).

As of September 30, 2022, based on information available on the Stock Exchange, Fosun International is 72.45% owned by Fosun Holdings Limited (“**Fosun Holdings**”) which is in turn wholly-owned by Fosun International Holdings Ltd. (“**Fosun International Holdings**”), a company controlled as to approximately 85.29% by Mr. Guo Guangchang.

Accordingly, each of Guo Guangchang, Fosun International Holdings, Fosun Holdings, Fosun International, Fosun Financial Holdings, Fosun Momentum Holdings, Fosun China Momentum and China Momentum is deemed to be interested in all the Shares held by Starwish Global Limited under the SFO.

4. As of September 30, 2022, the Company issued 367,974,964 Shares.

(ii) Other Shareholder(s)

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	36,442,917 (L)	9.90%
TCT (BVI) Limited <small>(note 1)</small>	Trustee of a trust	36,442,917 (L)	9.90%
Premier Selection Limited <small>(note 1)</small>	Nominee for another person	36,442,917 (L)	9.90%
Ho Chi Sing <small>(Notes 2&3)</small>	Interest of controlled corporation	29,922,996 (L)	8.13%
IDG-Accel China Growth Fund GP Associates Ltd. <small>(Note 2)</small>	Interest of controlled corporation	27,774,323 (L)	7.55%

Name of shareholder	Nature of interest	Number of Shares or securities held	Approximate percentage of interest in our Company <small>(Note 5)</small>
IDG-Accel China Growth Fund Associates, L.P. <small>(Note 2)</small>	Interest of controlled corporation	27,774,323 (L)	7.55%
IDG-Accel China Growth Fund L.P. <small>(Note 2)</small>	Beneficial owner	23,061,443 (L)	6.27%
Zhou Quan <small>(Note 2)</small>	Interest of controlled corporation	27,774,323 (L)	7.55%
Fubon Financial Holding Co., Ltd. <small>(Note 4)</small>	Interest of controlled corporation	21,987,000 (L)	5.98%
Fubon Life Insurance Co., Ltd. <small>(Note 4)</small>	Beneficial owner	21,987,000 (L)	5.98%

(L) Long position (S) Short position

Notes:

- 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).
- Each of IDG-Accel China Growth Fund L.P. ("**IDG Fund**", holding 23,061,443 Shares) and IDG-Accel China Growth Fund-A LP. ("**IDG Fund-A**", holding 4,712,880 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 35.00% 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 2,148,673 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. Fubon Life Insurance Co., Ltd. is wholly-owned by Fubon Financial Holding Co., Ltd..
5. As of September 30, 2022, the Company issued 367,974,964 Shares.

Share Option Scheme

The Company adopted a share option scheme on November 20, 2014 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is 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 Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares as the Board may determine to an employee (whether full-time or part-time) or a director of a member of the Group or associated companies of the Company or any person who provides or has provided consultancy or other advisory services to the Group. Key terms of the Share Option Scheme are summarized in the 2021 Annual Report of the Company.

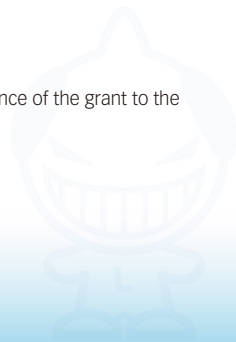


Details of the granted and outstanding share options of the Company as of September 30, 2022 and movement during the nine months ended September 30, 2022 are as follows:

Category	Date of grant	Option period <small>(note 1)</small>	Number of Share options granted	Exercise price HKD	Closing Price of the Shares immediately before the date of grant HKD	Outstanding balance as at January 1, 2022	During the nine months ended September 30, 2022				Outstanding balance as at September 30, 2022
							Granted	Exercised	Cancelled	Lapsed	
Ms. Liao Mingxiang	May 17, 2021	May 17, 2021 to May 16, 2031	1,100,000 <small>(note 3)</small>	0.784	0.75	1,100,000	-	-	-	825,000	275,000
Mr. Chen Hao	October 9, 2015	October 9, 2015 to October 8, 2025	100,000 <small>(note 3)</small>	7.18	7.18	100,000	-	-	-	-	100,000
	January 18, 2017	January 18, 2017 to January 17, 2027	1,000,000 <small>(note 3)</small>	3.10	3.10	1,000,000	-	-	-	-	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 <small>(note 3)</small>	0.784	0.75	500,000	-	-	-	375,000	125,000
Mr. Wang Jin	June 15, 2016	June 15, 2016 to June 14, 2026	300,000 <small>(note 3)</small>	4.366	4.18	300,000	-	-	-	-	300,000
	April 1, 2019	April 1, 2019 to March 31, 2029	1,000,000 <small>(note 4)</small>	0.88	0.88	1,000,000	-	-	-	-	1,000,000
	May 17, 2021	May 17, 2021 to May 16, 2031	500,000 <small>(note 3)</small>	0.784	0.75	500,000	-	-	-	375,000	125,000
Employees	August 12, 2015	August 12, 2015 to August 11, 2025	1,849,192 <small>(note 2)</small>	8.10	8.10	462,298	-	-	-	-	462,298
	October 9, 2015	October 9, 2015 to October 8, 2025	5,910,000 <small>(note 3)</small>	7.18	7.18	2,778,750	-	-	-	-	2,778,750
	June 15, 2016	June 15, 2016 to June 14, 2026	1,450,000 <small>(note 3)</small>	4.366	4.18	675,000	-	-	-	-	675,000
	January 18, 2017	January 18, 2017 to January 17, 2027	8,225,000 <small>(note 3)</small>	3.10	3.10	2,291,250	-	-	-	-	2,291,250
	April 1, 2019	April 1, 2019 to March 31, 2029	300,000 <small>(note 4)</small>	0.88	0.88	300,000	-	-	-	-	300,000
	August 16, 2019	August 16, 2019 to August 15, 2029	860,000 <small>(note 3)</small>	0.65	0.64	668,750	-	-	-	30,000	638,750
	May 17, 2021	May 17, 2021 to May 16, 2031	845,000 <small>(note 3)</small>	0.784	0.75	765,000	-	-	-	172,500	592,500
	May 17, 2021	May 17, 2021 to May 16, 2031	700,000 <small>(note 3)</small>	0.784	0.75	700,000	-	-	-	525,000	175,000

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:

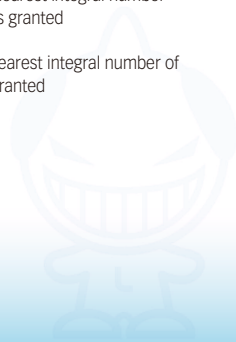
Vesting dates	Cumulative percentage of share options vested
12 months upon the acceptance of the offer for grant of share options	25% (rounded down to the nearest integral number of shares) of the share options granted
18 months upon the acceptance of the offer for grant of share options	37.5% (rounded 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 option 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



Share Award Scheme

As incentive to Directors and eligible persons, the Company approved and adopted the restricted share unit scheme ("**RSU Scheme**") on March 21, 2014 (amended on August 22, 2014) where each restricted share unit ("**RSU**") granted thereunder represents one underlying Share. The RSU Scheme is not subject to the provisions of Chapter 23 of the GEM Listing Rules as the RSU Scheme does not involve the grant of options by the Company to subscribe for new Shares.

As of September 30, 2022, there were 18,532,270 RSUs granted and outstanding, among which 18,233,520 RSUs have been vested.

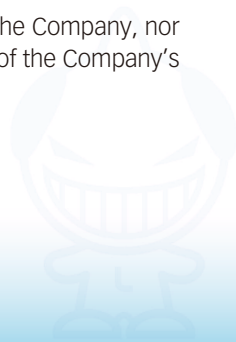
During the nine months ended September 30, 2022, no RSU was granted; no RSU was exercised; no RSU has been cancelled and 3,055,000 RSUs have been lapsed. In addition, The Core Trust Company Limited, the RSU trustee assisting with the administration and vesting of RSUs granted, did not purchase any Share on the Stock Exchange during the nine months ended September 30, 2022 for satisfying the RSUs upon exercise.

Interests in Competing Business

None of the Directors or controlling shareholders of the Company or any of their respective close 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 during the nine months ended September 30, 2022.

Purchase, Sale or Redemption of Listed Securities of the Company

During the nine months ended September 30, 2022, neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.



Corporate Governance

In the opinion of the Board, the Company has complied with the code provisions set out in part 2 of the Corporate Governance Code in Appendix 15 to the GEM Listing Rules throughout the nine months ended September 30, 2022.

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 included Mr. Ji Xuefeng, a non-executive Director, Mr. Zhang Xiangdong and Mr. Kong Yi, both independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the GEM website and on the Company's website.

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 complied with the requirements under Rule 5.28 of the GEM Listing Rules in relation to the composition of the Audit Committee.

