HENGTEN NETWORKS GROUP LIMITED

恒 騰 網 絡 集 團 有 限 公 司

(a company incorporated in Bermuda with limited liability)

(Stock Code: 136)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of HengTen Networks Group Limited (the "**Company**") announces the unaudited interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2021 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended	
		30 June 2021	30 June 2020
		(Unaudited)	(Unaudited)
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**1,395,040**	113,280
Cost of revenue	*4*	**(909,160)**	(49,390)
Gross profit		**485,880**	63,890
Other income		**2,874**	6,117
Other expenses		**—**	(916)
Other (losses)/gains — net	*5*	**(2,558,283)**	2,193
Selling and marketing costs	*4*	**(237,337)**	(34,938)
Administrative expenses	*4*	**(75,896)**	(27,430)
Net (provision)/reversal of impairment losses on financial assets		**(15,230)**	6

	Notes	Six months ended 30 June 2021 (Unaudited) RMB'000	30 June 2020 (Unaudited) RMB'000
Operating (loss)/profit		**(2,397,992)**	8,922
Finance costs		**(5,875)**	(1,654)
Finance income		**3,439**	7,503
Finance costs — net	*6*	**(2,436)**	5,849
(Loss)/profit before income tax		**(2,400,428)**	14,771
Income tax expenses	*7*	**(48,358)**	(7,591)
(Loss)/profit for the period		**(2,448,786)**	7,180
Other comprehensive (expense)/income			
Item that may be reclassified to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income		**(7)**	(64)
Currency translation difference		**(4,513)**	13,844
Other comprehensive (expense)/income for the period, net of tax		**(4,520)**	13,780
Total comprehensive (expense)/income for the period		**(2,453,306)**	20,960
(Loss)/profit for the period attributable to:			
Equity holders of the Company		**(2,448,081)**	7,180
Non-controlling interests		**(705)**	—
		(2,448,786)	7,180

	Notes	Six months ended 30 June 2021 (Unaudited) RMB'000	30 June 2020 (Unaudited) RMB'000
Total comprehensive (expense)/income for the period attributable to:			
Equity holders of the Company		**(2,452,601)**	20,960
Non-controlling interests		**(705)**	—
		(2,453,306)	20,960
(Loss)/earning per share for (loss)/profit attributable to the equity holders of the Company for the period: (expressed in RMB cents per share)			
Basic (loss)/earning per share	*8*	**(26.87)**	0.0089
Diluted (loss)/earning per share	*8*	**(26.87)**	0.0089

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**13,199**	13,338
Right-of-use assets		**31,764**	12,952
Intangible assets		**688,258**	2,172
Deferred tax assets		**8,763**	3,280
Investments accounted for using the equity method		**20,133**	—
Goodwill	*12*	**4,214,619**	—
Financial assets at fair value through other comprehensive income		**546**	553
Prepayments		**7,994**	6,595
Prepayments for film and television programmes rights		**22,992**	—
Film and television programmes rights		**1,812,165**	—
		6,820,433	38,890
Current assets			
Film and television programmes rights		**296,369**	—
Inventories		**8,700**	8,840
Prepayments and other current assets		**74,785**	21,465
Trade and other receivables	*9*	**454,154**	154,987
Financial assets at fair value through profit or loss		**54,710**	17,967
Cash and cash equivalents		**597,857**	1,031,092
		1,486,575	1,234,351
Total assets		**8,307,008**	1,273,241

	Notes	30 June 2021 (Unaudited) RMB'000	31 December 2020 (Audited) RMB'000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		**180,467**	161,228
Share premium		**7,752,893**	4,511,147
Other reserves		**42,652**	46,481
Accumulated losses		**(5,983,864)**	(3,535,688)
		1,992,148	1,183,168
Non-controlling interest		**1,148**	—
Total equity		**1,993,296**	1,183,168
LIABILITIES			
Non-current liabilities			
Borrowings		**150,000**	—
Lease liabilities		**16,975**	11,811
Deferred tax liabilities		**496,273**	—
Contingent consideration payable	*12*	**3,321,677**	—
		3,984,925	11,811
Current liabilities			
Trade payables	*10*	**218,634**	8,116
Film and television programmes investment funds from investors		**178,163**	—
Contract liabilities		**53,913**	4,196
Accrual and other payables	*11*	**143,907**	60,103
Current income tax liabilities		**56,146**	920
Lease liabilities		**17,185**	4,927
Contingent consideration payable	*12*	**1,660,839**	—
		2,328,787	78,262
Total liabilities		**6,313,712**	90,073
Total equity and liabilities		**8,307,008**	1,273,241

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 ("Interim Financial Information") has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2 ACCOUNTING POLICIES

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 is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and the acquisition of Virtual Cinema Entertainment Limited and its subsidiaries ("Virtual Cinema") as set out below.

(a) New and amended standards adopted by the Group

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2021 for the Group:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The adoption of the above new and amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKFRS 3	Business Combinations — Reference to Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets — Onerous Contracts	1 January 2022
Annual Improvements	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Presentation of Financial Statements on Classification of Liabilities	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. According to the preliminary assessment made by the directors, no significant impact on the financial performance and position of the Group is expected when they become effective.

(c) Accounting policies adopted by the Group upon the acquisition of Virtual Cinema.

Principles of consolidation and equity accounting

(i) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(ii) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred,
- liabilities incurred to the former owners of the acquired business,
- equity interests issued by the Group,
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Intangible assets

(i) *Goodwill*

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) *Licences*

Separately acquired licences are shown at historical cost. Licences acquired in a business combination are recognised at fair value at the acquisition date. Licenses with indefinite useful life are not amortised, but are subject to annual impairment assessment.

(iii) *Software*

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Film and television programmes rights

Film and television programmes rights under production

Film and television programmes rights under production are carried at cost, less accumulated impairment loss. Cost includes all direct costs associated with the production of films and television programmes rights.

Film and television programmes rights under production are transferred to "film and television programmes rights completed" upon completion of production.

Film and television programmes rights completed

Film and television programmes rights completed are carried at cost, less accumulated amortisation and accumulated impairment losses, if any. Amortisation for these films are charged to profit or loss over the period of the first release of the films through various distribution channels, such as theatrical release, television release or internet release, and other licensing arrangement. Cost of television programmes rights is charged to profit or loss upon the delivery of master tapes of the respective television programmes.

Licensed film and television programmes rights

Licensed film and television programmes rights represent the Group's investments in film and television programmes rights licenses. The Group acquired or licensed rights from third parties for broadcasting of films or television programmes series on its online video platform or sub-licensing the license rights to other parties. Licensed film and television programmes rights are carried at cost, less accumulated amortisation and accumulated impairment losses, if any.

Licensed film and television programmes rights are amortised on a straight- line basis over their estimated useful lives of one to ten years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimation being accounted for on a prospective basis.

Derecognition

Film and television programmes rights are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of film and television programmes rights, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Film and television programmes investment funds from investors

The amounts represent investments made by certain investors in respect of film rights developed by the Group and the amounts payable to these investors. In accordance with the terms of the respective investment agreements, the investors are entitled to the rights to recoup their investment amounts as appropriate by the predetermined percentage of income to be generated from the films. The financial liabilities are measured at amortised cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of services in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the services is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

Control of the goods or services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer,
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the services. Specific criteria where revenue is recognised are described below.

When either party to a contract has performed, the Group presents the contract in the combined statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a service to the customer, the Group presents the contract as a contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Revenue is recognised when specific criteria have been met for the Group's activity as described below:

(i) *Content production*

The Group invests in and produces entertainment content such as film and television programmes series.

Revenue from share of box office of film is recognised when the film is shown and the right to receive payment is established.

Revenue from the licensing of television programmes rights is recognised upon the delivery of the master tapes to the customers, in accordance with the terms of the underlying contracts.

(ii) *Online Streaming platform*

The Group operates an online streaming platform and provides the users with membership services.

Revenue is recognised over time during the period of membership as the users simultaneously receives and consumes the benefits provided by the membership services.

Film investment income

Film investment income is recognised in profit or loss when the right to receive payment is established.

3 SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker ("CODM") of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into three business segments: content production and online streaming business, internet community and related businesses, manufacture and sales of accessories.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Certain corporate expenses, other income, other losses and finance income — net are not included in the results for each operating segment.

(b) Segment profit/(loss)

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2021 are as follows:

	Content production and online streaming business *RMB'000*	**Internet community and related businesses** *RMB'000*	**Manufacture and sales of accessories** *RMB'000*	**Consolidated** *RMB'000*
Revenue				
Timing of revenue recognition				
At a point in time	**1,187,776**	**4,118**	**22,516**	**1,214,410**
Over time	**157,148**	**23,482**	**—**	**180,630**
	1,344,924	**27,600**	**22,516**	**1,395,040**
Segment profit/(loss)	**206,314**	**(39,021)**	**1**	**167,294**
Unallocated corporate expenses				**(12,079)**
Unallocated other losses				**(2,555,733)**
Unallocated finance income — net				**90**
Loss before income tax				**(2,400,428)**
Depreciation of property, plant and equipment	**264**	**2,107**	**192**	**2,563**
Depreciation of right-of-use assets	**3,830**	**1,320**	**498**	**5,648**
Amortisation of intangible assets	**1,247**	**159**	**—**	**1,406**
Amortisation of film and TV programmes rights	**187,551**	**—**	**—**	**187,551**

The segment results and other segment items included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2020 are as follows:

	Internet community and related businesses *RMB'000*	Manufacture and sales of accessories *RMB'000*	Consolidated *RMB'000*
Revenue	90,532	22,748	113,280
Timing of revenue recognition			
At a point in time	11,574	22,748	34,322
Over time	78,958	—	78,958
	90,532	22,748	113,280
Segment profit/(loss)	20,298	(1,457)	18,841
Unallocated corporate expenses			(3,823)
Unallocated other income			29
Unallocated other losses			(841)
Unallocated finance income — net			565
Profit before income tax			14,771
Depreciation	8,385	771	9,156
Amortisation	670	—	670

(c) **Segment assets and liabilities**

Segment assets and liabilities as at 30 June 2021 are as follows:

	Content production and online streaming business *RMB'000*	**Internet community and related businesses** *RMB'000*	**Manufacture and sales of accessories** *RMB'000*	**Consolidated** *RMB'000*
ASSETS				
Segment assets	**7,502,336**	**126,498**	**15,021**	**7,643,855**
Unallocated other receivables and prepayments				**1,277**
Financial assets at FVOCI				**546**
Financial assets at FVPL				**54,710**
Deferred tax assets				**8,763**
Cash and cash equivalents				**597,857**
Consolidated total assets				**8,307,008**
LIABILITIES				
Segment liabilities	**(701,726)**	**(62,267)**	**(13,699)**	**(777,692)**
Unallocated other payables				**(1,085)**
Contingent consideration payable				**(4,982,516)**
Current income tax liabilities				**(56,146)**
Deferred tax liabilities				**(496,273)**
Consolidated total liabilities				**(6,313,712)**

Segment assets and liabilities as at 31 December 2020 are as follows:

	Internet community and related businesses *RMB'000*	Manufacture and sales of accessories *RMB'000*	Consolidated *RMB'000*
ASSETS			
Segment assets	205,816	13,293	219,109
Unallocated other receivables and prepayments			1,240
Financial assets at FVOCI			553
Financial assets at FVPL			17,967
Deferred tax assets			3,280
Cash and cash equivalents			1,031,092
Consolidated total assets			1,273,241
LIABILITIES			
Segment liabilities	(75,434)	(8,354)	(83,788)
Unallocated other payables			(5,365)
Current income tax liabilities			(920)
Consolidated total liabilities			(90,073)

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain other receivables and prepayments, financial assets at FVOCI, financial assets at FVPL, deferred tax assets and cash and cash equivalents; and
- all liabilities are allocated to reportable and operating segments, other than certain other payables, contingent consideration payables, deferred tax liabilities and current income tax liabilities.

4 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Six months ended	
	30 June 2021	30 June 2020
	RMB'000	*RMB'000*
Employees benefit expenses (including directors' emoluments)	**59,340**	42,376
Cost of inventories sold	**20,602**	23,439
Bandwidth and server custody fees	**16,930**	—
Depreciation		
— Property, plant and equipment	**2,563**	3,561
— Right-of-use assets	**5,648**	6,217
Amortisation		
— Intangible assets	**1,406**	670
— Films and TV programmes rights	**187,551**	—
Content cost	**679,103**	—
Content distribution and promotion cost	**216,127**	—
Distribution cost and payment handling fees	**20,220**	—
Software usage fees	**252**	8,524
Advertising and promotion costs	**8,398**	6,958
Rental expense	**4,314**	2,340
Travelling expense	**1,329**	1,604
Legal and professional fees	**12,836**	1,343
(Reversal of write-down)/write-down of inventories	**(632)**	543

5 OTHER (LOSSES)/GAINS — NET

	Six months ended	
	30 June 2021	30 June 2020
	RMB'000	*RMB'000*
Fair value change in contingent consideration payable	**(2,559,766)**	—
Fair value change in financial assets at FVPL	**6,873**	(829)
Foreign exchange (loss)/gain	**(1,333)**	34
Gain on disposal of property, plant and equipment	**5**	—
Other (loss)/gain	**(4,062)**	2,988
	(2,558,283)	2,193

6 FINANCE COSTS — NET

	Six months ended	
	30 June 2021	30 June 2020
	RMB'000	*RMB'000*
Finance costs:		
— Interest expenses on borrowings	**(5,104)**	(1,041)
— Interest expenses on lease liabilities	**(771)**	(613)
	(5,875)	(1,654)
Finance income:		
— Interest income on deposits	**3,439**	7,503
Finance (costs)/income — net	**(2,436)**	5,849

7 INCOME TAX EXPENSES

	Six months ended	
	30 June 2021	30 June 2020
	RMB'000	*RMB'000*
Current income tax		
— Provision for the period	**55,659**	4,610
— Adjustments for current tax of prior years	**—**	(2,305)
	55,659	2,305
Deferred income tax	**(7,301)**	5,286
	48,358	7,591

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits for both periods, based on the existing legislation, interpretations and practices in respect thereof.

No Hong Kong profits tax has been provided for during the six months ended 30 June 2021 and 2020.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25%, except for a subsidiary of the Group which is entitled to preferential tax rate applicable to advanced and new technology enterprises of 15% (for the six months ended 30 June 2020: 15%) on the estimated assessable profit for the period, based on the existing legislation, interpretations and practices in respect thereof.

8 (LOSS)/EARNING PER SHARE

(a) Basic

Basic (loss)/earning per share are calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be in issue.

	Six months ended	
	30 June 2021	30 June 2020
(Loss)/profit attributable to equity holders of the Company (RMB'000)	**(2,448,786)**	7,180
Weighted average number of ordinary shares in issue (thousands)	**9,112,802**	80,571,604
Basic (loss)/earning per share (RMB cents per share)	**(26.87)**	0.0089

(b) Diluted

There were no dilutive potential ordinary shares outstanding for the period ended 30 June 2021 and 30 June 2020. The effect of the exercise of warrants was not included in the calculation of dilutive loss per share as they are anti-dilutive during the period ended 30 June 2021.

9 TRADE AND OTHER RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Trade receivables — gross		
— Third parties	**336,818**	95,783
Less: allowance for doubtful debts (b)	**(25,335)**	(7,055)
Trade receivables — net (a)	**311,483**	88,728
Other receivables due from		
— Related parties	**55,427**	25,137
— Other third parties	**90,617**	43,407
Less: allowance for doubtful debts	**(3,373)**	(2,285)
Other receivables — net	**142,671**	66,259
Total trade and other receivables	**454,154**	154,987

(a) The Group allows an average credit period ranging from 60 to 150 days to its customers. The following is an ageing analysis of trade receivables net of allowances for doubtful debts, based on the invoice date which approximates the revenue recognition date at the end of the reporting period.

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 60 days	**109,511**	60,855
61 days to 180 days	**158,340**	8,305
Over 181 days	**43,632**	19,568
	311,483	88,728

Due to the short-term nature of the current receivables, their carrying amounts are considered to be the same as their fair values.

(b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 30 June 2021 was determined and disclosed as below:

30 June 2021	**Current**	**Up to 60 days past due**	**Up to 120 days past due**	**Up to 180 days past due**	**More than 180 days past due**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Expected loss rate	**0.4%**	**1.2%**	**6.6%**	**22.6%**	**51.3%**	
Gross carrying amount	**15,864**	**7,588**	**3,527**	**1,738**	**37,723**	**66,440**
Loss allowance	**63**	**91**	**233**	**393**	**19,341**	**20,121**

31 December 2020	Current	Up to 60 days past due	Up to 120 days past due	Up to 180 days past due	More than 180 days past due	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Expected loss rate	0.4%	2.5%	3.7%	21.6%	51.7%	
Gross carrying amount	60,947	7,872	5,527	15,525	5,912	95,783
Loss allowance	244	197	204	3,353	3,057	7,055

For trade receivables that do not share same risk characteristics with others, management assesses their expected credit losses on an individual basis. The management has assessed the expected credit losses based on the background and reputation of the customers, historical settlement records and past experience. Management also considered the default from external rating agency report and forward-looking information that may impact the customer's ability to repay the outstanding balance. As at 30 June 2021, the loss allowances of approximately RMB 5,214,000 was recognised for trade receivables based on individual basis.

10 TRADE PAYABLES

The ageing analysis of trade payables of the Group based on invoice date are as follows:

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 60 days	**6,109**	4,858
61 days to 150 days	**204,613**	2,916
Over 151 days	**7,912**	342
	218,634	8,116

The carrying amounts of trade payables approximated their fair values.

11 ACCRUAL AND OTHER PAYABLES

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Other payables	**120,763**	44,995
Accrued expenses	**5,656**	8,251
Provisions for other taxes	**11,493**	6,550
Amounts due to related parties	**5,995**	307
	143,907	60,103

The carrying amounts of accruals and other payables approximate their fair values.

12 BUSINESS COMBINATION

On 20 January 2021 ("**acquisition date**"), the Group completed its acquisition (the "**Acquisition**") of 100% of all issued share in Virtual Cinema Entertainment Limited, which, together with its subsidiaries and variable interest entities, is principally engaged in film and TV programme production and online streaming platform.

The consideration of the Acquisition was settled by a combination of (i) HK$3,913,182,000 (approximately RMB3,260,985,000) by way of allotment and issue of consideration issue of 1,154,330,943 shares (after the share consolidation of the Company taking effect on 20 January 2021) at the issue price of HK$3.39 (after the share consolidation of the Company taking effect on 20 January 2021); and (ii) a maximum of HK$2,907,300,000 (approximately RMB2,422,750,000) of the consideration settled by by way of allotment and issue at maximum of 1,834,279,307 warrants (after the share consolidation of the Company taking effect on 20 January 2021) at the initial warrants exercise price of HK$0.96 (after the share consolidation of the Company taking effect on 20 January 2021) per each warrant.

As disclosed in the circular of the Company dated 31 December 2020, the actual number of warrants to be issued is subject to the net profit of Virtual Cinema (on a consolidated basis) in a specified time frame following the Acquisition.

Based on the provisional purchase price allocation, the following table summarises the consideration paid for Virtual Cinema and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date (being 20 January 2021).

Consideration	*RMB'000*
Fair value of share consideration	3,260,985
Fair value of contingent warrants consideration	2,422,750
Total consideration as at acquisition date	5,683,735

Recognised amounts of identifiable assets acquired and liabilities assumed	*RMB'000*
Property, plant and equipment	806
Right-of-use assets	1,208
Intangible assets	687,308
Prepayments for film and television programmes rights	12,213
Film and television programmes rights	1,651,391
Trade and other receivables and prepayments	135,677
Inventories	104
Cash and cash equivalents	89,986
Deferred tax assets	2,014
Trade and other payables	(282,617)
Amount due to shareholder	(67,810)
Film and television programmes investment funds from investors	(152,564)
Current income tax liabilities	(2,326)
Contract liabilities	(16,600)
Lease Liabilities	(1,265)
Borrowings	(155,000)
Deferred tax liabilities	(499,366)
Total identifiable net assets acquired	**1,403,159**
Non-controlling interests	(1,853)
Assignment of shareholder's loan	67,810
Goodwill on business combination	4,214,619
	5,683,735

Net cash inflow arising on acquisition of business	*RMB'000*
Cash considerations paid in the period	—
Add cash and cash equivalents in the subsidiaries acquired	89,986
Cash in flow as at acquisition date	89,986

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2021, the Group acquired a total of 100% equity interest in Virtual Cinema Entertainment Limited and its subsidiaries, including those in operation of Ruyi Films (儒意影業)(“**Ruyi Films**”) and Pumpkin Films (南瓜電影) (“**Pumpkin Films**”). Upon completion of the acquisition, the Group made proactive planning on the internet streaming media business and took serving users as its core work and providing high-quality cultural content as its distraction by giving full play to the professional advantages of the online streaming business team and fully capitalising on the resource advantages of its two largest shareholders, China Evergrande Group (“**China Evergrande**”) (3333.HK) and Tencent Holdings Limited (“**Tencent Holdings**”) (0700.HK), striving to build a streaming media platform which can provide users with the ultimate viewing experience through the impeccable production capabilities of Ruyi Films and the advanced algorithms of Pumkin Films under the Group.

FINANCIAL PERFORMANCE SUMMARY

The Group recorded a loss attributable to owners of the Company of approximately RMB2.45 billion for the six months ended 30 June 2021, which decreased by approximately RMB2.45 billion as compared to a profit attributable to owners of the Company of approximately RMB7.2 million for the six months ended 30 June 2020.

The basic and diluted earnings per share were RMB26.87 cents and RMB26.87 cents for the six months ended 30 June 2021 respectively as compared to the basic and diluted earnings per share of RMB0.089 (after share consolidation) cents and RMB0.089 cents (after share consolidation) for the six months ended 30 June 2020.

CONTENT PRODUCTION AND ONLINE STREAMING BUSINESS

During the six months ended 30 June 2021, the Group conducted its content production and online streaming business in China, and its turnover recorded was approximately RMB1.34 billion for the six months ended 30 June 2021. The costs of the streaming media business are mainly content costs, labour costs, depreciation and amortization costs. Gross profit of such segment was approximately RMB470 million with gross profit margin 35%. After deducting selling and marketing costs, administrative and other expenses of approximately RMB264 million, the segment recorded a profit before tax of approximately RMB206 million.

I. BUSINESS REVIEW

In the first half of 2021, the Chinese government achieved significant results in COVID-19 pandemic prevention and control. Although the recurring nature of the pandemic affected the development of the film and television industry to a certain extent, the film and television works released by the Group in the first half of the year became critically acclaimed box office successes. At the same time, Pumpkin Films, one of the streaming media platforms of the Group, showed a strong growth momentum. Empowered by technologies including multi-dimensional algorithm, films are sorted in multi-dimensions and multi-perspectives. In addition, with better understanding on users and films through algorithm, users' attention and enthusiasm are effectively boosted, resulting in further expansion in user base and increase in level of customer stickiness. Hence, the streaming media business of the Group achieved rapid development in the first half of the year.

In addition, the Chinese government has introduced a series of favorable policies. For instance, the new Copyright Law, with effect from 1 June 2021, provided effective legal support for protecting copyrights of long videos. In addition, the awareness of Chinese media streaming users on the idea of paying for content and the concept of copyright has been increasing. All of these factors have created an optimal framework for the development of the Group's streaming media business in the first half of the year.

The Group has been tirelessly developing its streaming media business upon the completion of the acquisition of Ruiyi Films and Pumpkin Films. With serving users as the core, the Group focused on the vertical subscription-only membership system. Through the impeccable production capabilities of Ruyi Films, combined with the advanced algorithms and the unique ad-free model of Pumpkin Films, the Group aims to continuously provide global users with a great number of quality content along with the ultimate viewing experience, and strives to create a world-class streaming media platform.

1. Content production and online streaming business

1.1 *Pumpkin Films*

Since the acquisition of Virtual Cinema by the Group, the number of subscribers of Pumpkin Films platform increased significantly through the consolidation of shareholders' ecosystem resources. In the first half of 2021, Pumpkin Films have seen a stable and rapid growth in new members for six consecutive months, with the number of paying subscribers increasing steadily. In June 2021, Pumpkin Films recorded 6.66 million newly registered members and 4.93 million new paying subscribers. As at 30 June 2021, the cumulative number of registered members of Pumpkin Films reached 61.94 million, and the cumulative number of paying subscribers reached 24.62 million, with the number of active paying subscriptions exceeded 10.52 million.

Prior to the acquisition, the cumulative number of registered members of Pumpkin Films in its six years of operations was approximately 29.77 million, while the cummulative number of paying subscribers was approximately 4.32 million. Since the acquisition of Pumpkin Films by the Group in October 2020, the number of registered members of Pumpkin Films grew by 108% in just nine months, while the number of paying subscribers grew by nearly five times.

1.2 *Ruyi Films*

Ruyi Films is a professional film and television production arm of the Group with industry-leading capabilities in research and development, production, as well as promotion and distribution. Since its incorporation in 2006, thanks to its extremely creative scripts, accurate market positioning, professional resource consolidation, standardized production management and intensive experience in promotion and distribution, Ruyi Films has created more than 100 film and television copyrights. It has also invested in and produced numerous extremely influential film and television works, which won numerous important awards, such as Flying Apsaras Awards, Golden Eagle Awards, Magnolia Awards and Huading Awards.

Ruyi Films possesses many competitive advantages. Firstly, by leveraging its experience in standardized production and based on audience segmentation, Ruyi Films has achieved content coverage for different groups by genres. On one hand, its content roster includes youthful masterpieces that focuses on the passion of the young and extols the ordinary slices of life, such as "Hi, Mom" (《你好，李煥英》), "Old Boy" (《老男孩》) and "City of Rock" (《縫紉機樂隊》). On the other hand, it also includes deep and artistic period pieces that tells the stories of Chinese history and the emphasizes on the heritage of nation spirits, such as "All Quiet in Peking" (《北平無戰事》), "Doctor of Traditional Chinese Medicine" (《老中醫》) and "The Legendary Tavern" (《老酒館》). Secondly, Ruyi Films has a team of talented and seasoned producers that are veterans in industrialized film and television production. The producer-centric system creates a complete content production chain that standardizes and refines the production process. This ensures the stable and continuous production of high-quality content, and effectively controls the costs and expenses. Through a scientific production workflow, Ruyi Films maximizes the artistic and commercial value of its works, and continues to promote the development of China's film industry.

In the first half of 2021, Ruyi Films mainly released two films, namely "A Little Red Flower" (《送你一朵小紅花》) and "Hi, Mom" (《你好，李煥英》). In particular, "A Little Red Flower" (《送你一朵小紅花》), which was released on 31 December 2020, recorded a cumulative box office of over RMB1.43 billion, and became the top-grossing film on New Year's Day in 2021 in China. "Hi, Mom" (《你好，李煥英》), which was released on 12 February 2021, recorded a box office of over RMB5.414 billion, and has ranked second in the box office of Chinese movies so far. The film also broke the record of exceeding the box office of RMB5 billion at the fastest pace in Chinese film history. Under the backdrop of continuous sluggish global film and television industry as affected by the pandemic, Ruyi Film's two critically acclaimed box office successes have greatly boosted market confidence, and have addressed the general public's great need for quality works of art.

2. Internet Home Furnishing and Materials Business

The Group was able to meet customers' consumption needs for one-stop home furnishing with its internet home furnishing and materials business which covers categories including customized furniture, complementary household electric appliances, balcony textile art products and soft decorations, decoration engineering and kitchen supplies. In the first half of 2021, the Group has scale up effort in research, development and production of home products, and launched 7 product lines, totaling 140 individual pieces of furniture. Through the model of "store panoramic preview online, model room experience offline", the Group continuously developed itself in a standardized manner and in scale. As at 30 June 2021, the Group has launched its internet home furnishing and materials business in more than 500 projects.

II. BUSINESS OUTLOOK

Looking forward, the management of the Group believes that the streaming media business will further expand. The clear and favorable policies and laws are generating strong momentum for the business's current development. There will be great potential for its future development. At the same time, the awareness of users on paying for quality dramas and films has been increasing and becoming a habit. Streaming media platform has become an important platform for public to enjoy dramas and films. Thus, the Group will continue the vigorous development of its streaming media business.

1. Content production and online streaming business

1.1. *Riding the developmental wave of the era*

Modern technologies gave rise to a brand new cultural environment and distribution channel for arts of dramas and films. Streaming media platform stands out from others, thanks to its unique content ecosystem and user experience. Meanwhile, with the increasing trend of consumption upgrade, the public's aesthetic standards and artistic qualities also continued to improve. Comparing to medium and short videos, which mainly depend on user-generated content and focus on satisfying users' sensory and entertainment demands over a short period, long videos depend on a professional content production. As a result, long videos are superior in terms of the construction of meta-universes, the representation of ideological values, the completeness of narratives and the transmission of tradition and heritage. Long videos play an irreplaceable role in satisfying the public's increasing cultural needs.

The Group will, adhering to the developmental concept of "technology facilitates innovation while innovation facilitates growth", embrace future technology development and innovation with an open mindset, and produce more popular dramas and movies leveraging on its expertise. Looking forward, the Group will continue to deepen its innovation and applications of smart technology, and use technology to empower the upgrading of the streaming media industry, thereby bringing immersive video viewing experience for users.

1.2. ***Unleashing the competitive advantages of shareholder empowerment***

In the first half of the year, the streaming media business of the Group experienced rapid development. At the same time, dramas and movies produced had became critically acclaimed box office successes. While the Group has made a breakthrough in business development, the further investment in the Company by Tencent reflected its recognition on the business development of the Group during the first half of the year, as well as its strong confidence in the future development of the Group. Leveraging on the competitive advantages and strengths of our shareholders in the whole industry chain and relevant digital fields, the Group will further enhance and optimize the upper and lower stream business in the industry chain, as well as online and physical channels. Through resources empowered by shareholders, the Group will establish an efficient and vast library for its streaming content, thus achieving continuous growth in its number of subscribers. Meanwhile, the Group will conduct more in-depth cooperation with Tencent to facilitate the rapid development of the Group. For further details of the said connected transaction and cooperation with Tencent Holdings, please refer to the announcements and circular of the Company dated 20 April 2021, 2 June 2021 and 28 June 2021 respectively.

1.3. ***Developing competitive advantages***

Both Pumpkin Films and Ruyi Films have their own industry-leading competitive advantages, which will be fully consolidated for the integration of the development of two companies in the future. By focusing on differentiated content creation and diversified contents, the two companies steadily and continuously create dramas that are in line with the main trend and popular among subscribers, as well as excellent movies. Both companies will continue to increase its attractiveness to subscribers, build up unique brand image, create core competitiveness and establish strong moat.

Ruyi Films adopts the producer-centric system and has extensive experience in industrialized film production. Through refined division of works, scientific management, standardized production and line production, Ruyi Films is capable to produce films at a lower cost but with high artistic value that bring predictable commercial returns, as well as enable sustainable research and development and production. By collecting the real viewing data of a large number of paid users, the Group analyzes the film types that are popular among users through advanced multi-dimensional algorithm. The Group facilitates data-orientated content production based on the real preference of users. Leveraging on the strong industrialized production capability of Ruyi Films, customized and exclusive contents will be created for Pumpkin Films, thereby creating user-orientated customized content production mode. At the same time, the Group will continue to discover and demonstrate the essence of traditional Chinese culture, promote mainstream values, and actively reflect pursuits of the time. Through modern, artistic and popular production and expression, the Group aims to create resonance between films and audiences and provide a spiritual sustenance for audiences, thus strengthening the cultural identity and cultural confidence of Chinese. The Group will assist in producing excellent Chinese film scripts in China's streaming media industry, and promoting Chinese culture across the world.

2. Internet Home Furnishing and Materials Business

Through regulated management and standardized service, the Group plans to expand the number of community and user base that it serves. The Group is expected to gradually serve over 1,300 communities and more than 12 million property owners, and provide quality one-stop fully furnished services. The Group will focus on audience attraction, marketing plan, product management, distributor management, customer service and other fields, and realize digital empowerment, thereby improving marketing conversion rate and customer satisfaction. The Group will expand the application of intelligent technologies such as VR/AR so as to bring new scenario consumption experience for users. Looking forward, the Group will further expand product offerings, and continuously fulfill customers' needs on diversified and customized services. Meanwhile, the Group will also, by fully utilizing its competitive advantages in industry chain resources and strict quality management system, actively create more self-owned home and living brands.

LIQUIDITY, CAPITAL RESOURCES, BORROWINGS AND GEARING RATIO

The Group primarily financed its operations through shareholder's equity, borrowings and cash generated from operations. During the six months ended 30 June 2021, the liquidity of the Group was closely monitored by the Board and the Group reviews its working capital and finance requirements on a regular basis.

Liquidity

As at 30 June 2021, the Group maintained cash and bank balances of approximately RMB598 million (as at 31 December 2020: approximately RMB1,031.1 million). The decrease in cash and bank balances was mainly attributable to the operations of streaming media and related business.

Borrowings and Gearing Ratio

As at 30 June 2021, the Group's net equity amounted to approximately RMB1,993.3 million (as at 31 December 2020: approximately RMB1,183.2 million) with total assets amounting to approximately RMB8,307.0 million (as at 31 December 2020: approximately RMB1,273.2 million). Net current liabilities were approximately RMB842.2 million (as at 31 December 2020: Net current assets were approximately RMB1,156.1 million) and the current ratio was 0.64 times (as at 31 December 2020: 15.8 times). Gearing ratio calculated on the basis of the Group's total debts (interest-bearing borrowings and lease liabilities) over shareholders' funds was 9.2% (as at 31 December 2020: 1.4%).

CHARGE OF ASSETS

As at 30 June 2021, the Group did not have any charges on assets (as at 31 December 2020: nil).

COMMITMENT

As at 30 June 2021, the Group had capital commitment of RMB182.67 million (as at 31 December 2020: nil).

CONTINGENT LIABILITIES

The Group did not provide corporate guarantee to its subsidiaries or other parties and did not have other contingent liabilities as at 30 June 2021 (as at 31 December 2020: nil).

CURRENCY RISK MANAGEMENT

The Group had significant amount of assets and liabilities denominated in Renminbi ("**RMB**") during the six months ended 30 June 2021. The content production and online streaming business is mainly carried out in RMB in Mainland China. Therefore, the Group is exposed to the risk of significant fluctuation in RMB exchange rates. During the six months ended 30 June 2021, the Group closely monitored the fluctuation and does not expect any material fluctuation of exchange rates in the near future, but will continue to monitor it.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities during the six months ended 30 June 2021.

SHARE-BASED PAYMENTS

2013 Option Scheme

The Company's share option scheme (the "**2013 Option Scheme**") was adopted pursuant to a resolution passed by the Shareholders on 31 October 2013. The purpose of the 2013 Option Scheme is to provide incentives to eligible participants. During the six months ended 30 June 2021, no option had been granted and there was no outstanding share option of the Company as at 30 June 2021 (as at 31 December 2020: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group employed approximately 530 employees. The remuneration policy of the Group is to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Employee benefits include medical insurance coverage, mandatory provident fund and share option scheme. Total staff costs for the six months ended 30 June 2021, including directors' emoluments, amounted to approximately RMB59.4 million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of this announcement, no material events occurred after the reporting period.

REVIEW OF INTERIM RESULTS

The interim financial information of the Company for the six months ended 30 June 2021 has been reviewed by the audit committee of the Company (the "**Audit Committee**"), which comprises the three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure the compliance and has adopted and complied with the code provisions set out in the Corporate Governance Code (the "**Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2021 except for the following deviations from the Code provision:

- Code provision A.2.1 stipulated that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the six months ended 30 June 2021, the Company has no such title as chief executive officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution is vested in the Board itself.

- Code provision E.1.2 stipulated that the chairman of the board should attend the annual general meeting. During the six months ended 30 June 2021, Mr. XU Wen, the chairman of the Board, was unable to attend the annual general meeting held on 28 June 2020 due to immigration restrictions under the COVID-19 pandemic. Mr. CHAU Shing Yim, David (an independent non-executive director, the chairman of the Audit Committee and the chairman of the Remuneration Committee) attended the 2021 annual general meeting and served as the chairman of the meeting. The Board believes that Mr. CHAU Shing Yim, David has sufficient ability and knowledge to answer questions at the 2021 annual general meeting. Therefore, the good communication established between the Company and the shareholders is not affected.

COMPLIANCE WITH THE MODEL CODE

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. The Company, having made specific and cautious enquiries, confirmed that all Directors had complied with the Model Code for the six months ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT ON THE STOCK EXCHANGE WEBSITE

This interim results announcement is also published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.htmimi.com). The interim report containing all information required by the Listing Rules will be dispatched to the Shareholders and will be available on websites of the Stock Exchange and the Company in due course.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of the Group set out in this Management Discussion and Analysis or any of the matters set out therein are attainable, will actually occur or will be realised or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

APPRECIATION

The Board would like to express its sincere gratitude to our shareholders, investors, employees and business partners for their continuous support.

By Order of the Board
HengTen Networks Group Limited
Ke Liming
Chairman

Hong Kong, 30 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. KE Liming, Mr. XU Wen, Mr. WAN Chao and Mr. CHEN Cong; and the independent non-executive directors of the Company are Mr. CHAU Shing Yim, David, Mr. NIE Zhixin, Mr. CHEN Haiquan and Professor SHI Zhuomin.