

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2100



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Jian (*Chairman*)

Mr. Wu Lili

Mr. Li Chong

Mr. Wang Xiaodong

Independent Non-executive Directors

Ms. Liu Qianli

Dr. Wang Qing

Mr. Ma Xiaofeng

AUDIT COMMITTEE

Ms. Liu Qianli (*Chairperson*)

Dr. Wang Qing

Mr. Ma Xiaofeng

NOMINATION COMMITTEE

Mr. Dai Jian (*Chairperson*)

Mr. Ma Xiaofeng

Ms. Liu Qianli

REMUNERATION COMMITTEE

Dr. Wang Qing (*Chairperson*)

Mr. Ma Xiaofeng

Mr. Wu Lili

CHIEF EXECUTIVE OFFICER

Mr. Dai Jian

ACTING CHIEF FINANCIAL OFFICER

Ms. Chen Xiao Hong

COMPANY SECRETARY

Ms. Lau Yee Wa

AUTHORIZED REPRESENTATIVES

Mr. Wu Lili

Mr. Dai Jian

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

22/F, Prince's Building

Central

Hong Kong

COMPANY'S WEBSITE

www.baioo.com.hk

STOCK CODE

2100

HEADQUARTERS IN THE PRC

34 Floor, Goldchi Building

120 Huangpu W Ave, Tianhe

Guangzhou, Guangdong

China 510623

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Hutchins Drive
Cricket Square
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Hutchins Drive
Cricket Square
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

China Minsheng Bank, Guangzhou Branch
Minsheng Building, No. 68 Lie De Avenue
Tianhe District
Guangzhou
Guangdong 510620
PRC

China Merchants Bank Guangzhou
Ti Yu Dong Road Sub Branch
30/F, Goldlion Centre, No. 138 Ti Yu Dong Road
Tianhe District
Guangzhou
Guangdong 510620
PRC

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Central
Hong Kong

LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong
25/F, Three Exchange Square
8 Connaught Place
Central
Hong Kong

LEGAL ADVISORS AS TO CAYMAN ISLANDS LAW

Conyers Dill & Pearman (Cayman) Limited
Hutchins Drive
Cricket Square
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

INVESTOR RELATIONS

Christensen China Limited
Tel: (852) 2117 0861
Fax: (852) 2117 0869
Email: Baioo@ChristensenIR.com

Company Profile

Founded in 2009 and listed on the Hong Kong Stock Exchange in 2014, BAIOO Family Interactive Limited is a leading internet content and service provider in China. BAIOO principally engages in developing and publishing mobile and PC games. BAIOO strives to become a leading company in China's fast-growing pan-entertainment industry.

Since its establishment, BAIOO has been committed to the development and operation of various online content. The Company's key products have attracted nearly 300 million registered users. To drive further business expansion in the mobile internet era, BAIOO released a collection of popular mobile games that have generated significant interest within the mobile gaming industry.

At present, BAIOO primarily focuses on niche game genres in which it excels, namely female-oriented games, pet collection and raising games, and "nijigen" (「二次元」) games. BAIOO's key products include web-based virtual world Aobi Island (「奧比島」), Aola Star (「奧拉星」), Light of Aoya (「奧雅之光」) and Legend of Aoqi (「奧奇傳說」), as well as mobile games Zaowufaze II (「造物法則二：先鋒英雄」), Shiwuyu (「食物語」) and Aola Star Mobile (「奧拉星手遊」). BAIOO successfully expanded its business from its web games platform to mobile games platform, and is committed to expanding into overseas markets. To complement its gaming content, BAIOO also operates several online comic series such as Aola Star: Parallel Universe (「奧拉星•平行時空」) and Shiwuyu (「食物語」).

The Company's philosophy is that original content creation should always be a focal point for continuous improvement of user experience, the expansion of product portfolio and facilitating the incubation of valuable IP. In reflecting this belief, BAIOO will adopt IP super evolution strategy, leverage a well-incubated IP portfolio and pursue the development of a series of fun and engaging products to constantly upgrade and improve results and development of the Company.

Financial Summary

INCOME STATEMENT HIGHLIGHT

	Unaudited		Period-over-period change %
	six months ended 30 June		
	2021	2020	
	RMB'000	RMB'000	
Revenue	519,887	658,017	(21)%
Gross profit	240,221	250,586	(4)%
Operating profit	56,995	151,601	(62)%
Non-International Financial Reporting Standards (“IFRSs”) Measures			
– Adjusted Net Profit ⁽¹⁾	69,295	155,101	(55)%
– Adjusted EBITDA ⁽²⁾	90,914	164,266	(45)%

Notes:

- Adjusted net profit consists of profit for the period plus share-based compensation. Adjusted net profit eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net profit is not defined under the IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the period.
- Adjusted EBITDA consists of adjusted net profit less finance income-net, plus income tax, depreciation of property and equipment and right-of-use assets and amortization of intangible assets.

BALANCE SHEET HIGHLIGHTS

	Unaudited As of 30 June 2021 RMB'000	Audited As of 31 December 2020 RMB'000
Assets		
Non-current assets	354,702	355,011
Current assets	1,774,247	1,725,873
Total assets	2,218,949	2,080,884
Equity and liabilities		
Total equity	1,672,759	1,734,329
Non-current liabilities	65,972	81,075
Current liabilities	390,218	265,480
Total liabilities	456,190	346,555
Total equity and liabilities	2,218,949	2,080,884

Chairman Letter

Dear Shareholders,

In the first half of 2021, the global gaming market maintained stable growth in terms of market size and number of users. In particular, the market share for mobile games continued to expand. Games developed by China's gaming companies became increasingly competitive and gained additional market share in the global market, demonstrating the strong capabilities of China's gaming companies in R&D and content innovation.

BAIOO is committed to focusing on developing differentiated and hit games in three specific major niches, namely female-oriented games, pet collection and raising games, and "nijigen" (「二次元」) games. Our goal is to provide users with innovative, diversified and high-quality gaming experience. In addition, leveraging our deep insight in user behaviour across the niche gaming segments, strengths in game operations and R&D, we have built up high entry barriers and become a leader in the niche gaming market in China.

To further strengthen BAIOO's position in the market, we have been actively expanding our presence in overseas gaming markets, exploring more opportunities in niche game segments and striving to create differentiated and innovative products. In January 2021, we were pleased to welcome Tencent Holdings Limited ("Tencent") to become a key shareholder in our Company after they acquired a 12% equity interest. The in-depth cooperation between Tencent and our company will create significant synergies and help us reach new heights in our development.

BAIOO DEEPENS BUSINESSES AND BROADENS BRAND RECOGNITION DOMESTICALLY AND OVERSEAS

In the first half of 2021, we specifically focused on optimizing gaming experience for generation Z users, which helped us increase user loyalty and grow our user base. Revenue from our core mobile games as a percentage of total revenue increased steadily while the performance of our web games remained stable and contributed revenue. Furthermore, we simultaneously deepened our international expansion strategy, which helped us successfully gain further acclaim among users around the world.

Chairman Letter

For our domestic business, our three signature mobile games, namely the female-oriented game Shiwuyu (「食物語」), the pet collection and raising game Aola Star Mobile (「奧拉星手遊」) and nijigen game Zaowufaze II (「造物法則二：先鋒英雄」), continued to enjoy increasing reputation and improved user loyalty. In April 2021, we launched a pet collection and raising game “Legend of Aoqi Mobile” (「奧奇傳說手遊」), which was adapted from the IP of one of our web games. The game attracted considerable attention before its launch, topping TapTap’s pre-registration rankings and being on the top 5 of Bilibili’s search list several times. The game had also won multiple industry awards before launch. Once it was officially launched, it reached the top of numerous gaming lists. At present, the game’s score on TapTap is increasing steadily.

While mobile games have been our primary strategic focus over the past years, we still operate a portfolio of web games. Our IP has a particularly long life cycle as the last time we launched a new web game was nine years ago. We remain committed to updating the content of our games regularly in order to maintain user excitement and improve the gaming experience. At present, we have a high user loyalty and our core users remain active.

For our overseas business, we continued to expand our presence abroad by launching localized mobile games in various regions. In particular, we launched Shiwuyu (「食物語」) in Hong Kong, Macau, Taiwan, Singapore, Malaysia, and Japan; Zaowufaze II (「造物法則二：先鋒英雄」) in Hong Kong, Macau, Taiwan, Japan and South Korea; and Aola Star Mobile (「奧拉星手遊」) in Europe and the United States. In the first half of 2021, our games continued to receive positive feedback from users in local markets around the world.

We believe our innovation and R&D capabilities are crucial for our business expansion. In the first half of 2021, we constantly increased our investments in R&D and introduced an equity incentive scheme to retain our top talents. As of 30 June 2021, our R&D staff represented 79% of our total workforce, and were essential to our success in developing and launching more innovative and high-quality games.

In the first half of the year, we were pleased to be recognized by the capital markets for our growth at home and abroad. In May 2021, BAIOO was added as a constituent of the MSCI China All Shares Small Cap Index. Inclusion in such index should help expand our shareholder base, increase liquidity and enhance our reputation in the capital markets.

We have been committed to creating a healthy Internet gaming environment, actively implementing corporate social and environmental responsibilities, vigorously supporting and responding to the requirements of the government policies, continuously enhancing the protection measures for minors, as well as optimizing information security and user privacy protection measures, in order to provide a healthy environment for the growth of minors and contribute to the sound development of the internet gaming industry. Moreover, we have made contributions in promoting Chinese traditional culture, supporting poverty alleviation and control of the COVID-19 pandemic, revitalizing rural areas and pursuing carbon neutrality, with an aim to promote common prosperity and fulfilling social responsibilities.

OUTLOOK

Looking ahead to the second half of 2021, we will further explore the value of our existing mobile and web games, increase our investments in innovation and R&D and take advantage of new opportunities in the domestic and overseas markets. The three game genres that we focus on, namely female-oriented games, pet collection and raising games, and “nijigen” (「二次元」) games, will continue to experience rapid growth and have huge market potential. We will actively develop and launch more differentiated and hit mobile games to solidify our leading position in these segments.

We will also continue to develop our domestic and overseas businesses and consider expanding into new genres to further enrich our product portfolio and expand our user base. Meanwhile, as we deepen our cooperation with Tencent, we will look to leverage their strength in the gaming industry to enhance our technology, innovation, distribution and sales and marketing as we seek to improve our competitive position in the fast-growing gaming market.

ACKNOWLEDGEMENTS

On behalf of our management team, I would like to express my gratitude to our dedicated staff for their hard work, as well as to our numerous partners, users and investors for their long-term trust and support. We are committed to meeting the entertainment needs of our users, and providing them with more interesting and innovative games, with the aim of building a sustainable business model that creates long-term value for Shareholders and makes more contributions to society.

DAI Jian

Chairman, Chief Executive Officer and Executive Director

BAIOO Family Interactive Limited

26 August 2021

Definitions and Glossaries

DEFINITIONS

“AGM”	the annual general meeting of the Company to be convened and held in accordance with the Articles of Association
“AI”	artificial intelligence
“Articles of Association”	the articles of association of the Company as amended, supplemented or revised from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“CEO”	the chief executive officer of the Company
“Chairman”	the chairman of the Board
“Company” or “us” or “our Company”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2009 with its Shares listed on the Main Board of the Stock Exchange on 10 April 2014
“Company Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangements”	a series of agreements entered into among Guangzhou WFOE, Guangzhou Baitian and the registered shareholders on 4 December 2013 and amended on 20 March 2014
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, collectively refers to Mr. DAI Jian and Stmoritz Investment Limited
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“DAE Trust”	a discretionary trust set up by Mr. DAI Jian for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. DAI and his family members

Definitions and Glossaries

“Director(s)” or “our Director(s)”	the director(s) of our Company or any one of them
“Group” or “our Group” or “BAIOO”	our Company, its subsidiaries and the PRC Operating Entity (the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements), or, where the context so requires, in respect of the period before our Company became the holding company of its current subsidiaries, our Company’s current subsidiaries or the business operated by such subsidiaries or their predecessors (as the case may be)
“Guangzhou Baiman”	Guangzhou Baiman Culture Communications Company Limited* (廣州百漫文化傳播有限公司), a company with limited liability incorporated on 5 January 2016 under the laws of the PRC. Guangzhou Baitian held 31.2% equity interests in Guangzhou Baiman and independent third parties held 68.8%. Pursuant to a sale and purchase agreement dated 9 August 2020, Guangzhou Baitian had disposed of the 31.2% of the equity interests in Guangzhou Baiman and upon completion of the disposal, Guangzhou Baiman had ceased to be an associate of the Company. For details, please refer to the announcement of the Company dated 9 August 2020
“Guangzhou Baitian” or “PRC Operating Entity”	Guangzhou Baitian Information Technology Ltd.* (廣州百田信息科技有限公司), a company incorporated on 2 June 2009 and existing under the laws of the PRC. As of the date hereof, Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong, Mr. CHEN Ziming and Mr. WANG Xiaodong hold 46.92%, 28.37%, 12.9%, 7.08% and 4.73% equity interests in Guangzhou Baitian, respectively
“Guangzhou WFOE”	Baiduo (Guangzhou) Information Technology Limited* (百多(廣州)信息科技有限公司), a company incorporated on 29 October 2013 under the laws of the PRC, an indirect wholly-owned subsidiary of the Company
“independent third party”	any entity or party which is not connected (as defined in the Listing Rules) to any of our Directors, substantial shareholders or chief executives of our Company or its subsidiaries, or any of their respective associates
“IP”	intellectual property
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on 10 April 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

Definitions and Glossaries

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Option(s)”	an option or right to purchase Shares under the Pre-IPO Share Option Scheme
“PC(s)”	personal computer(s)
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on 10 April 2014 and was amended on 19 June 2015
“PRC”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit plan approved and adopted by the Company on 30 September 2013
“Pre-IPO Share Option Scheme”	the share option plan approved and adopted by the Company on 18 June 2010
“Prospectus”	the prospectus of the Company dated 28 March 2014
“R&D”	research and development
“Register of Members”	the register of members of the Company
“Registered Shareholders”	the registered shareholders of Guangzhou Baitian, namely Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong, Mr. CHEN Ziming and Mr. WANG Xiaodong
“Remuneration Committee”	the remuneration committee of the Company
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Pre-IPO RSU Scheme and/or the Post-IPO RSU Scheme
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the share capital of our Company with par value US\$0.0000005 each (or of such other nominal amount as shall result from capitalization, subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time) with the rights ascribed in the Articles of Association

Definitions and Glossaries

“Shareholder(s)”	holder(s) of our Shares
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“The Zhen Family Trust”	a discretionary trust set up by Mr. LI Chong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. LI and his family members
“WHZ Trust”	a discretionary trust set up by Mr. WU Lili for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. WU and his family members
“WSW Family Trust”	a discretionary trust set up by Mr. WANG Xiaodong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. WANG and his family members

* English names are for identification purpose only

Definitions and Glossaries

GLOSSARY

“ARQPA”	average revenue per QPA, which is revenue from our virtual worlds in a particular quarter divided by the number of quarterly paying accounts in that quarter
“average quarterly ARQPA”	average quarterly average revenue per QPA, which is revenue from our virtual worlds in a particular period divided by the total number of QPA in that period
“QAA”	quarterly active accounts, which is the number of active accounts for our virtual worlds in the relevant quarter. A quarterly active account is defined as a registered account that was accessed at least once during a quarter. An account that logged into two virtual worlds in the same quarter is counted as two QAA. Average QAA for a particular period is the average of the QAA in each quarter during that period
“QPA”	quarterly paying accounts, which is the number of paying accounts in the relevant quarter. An account that paid subscription fees or for virtual items in two virtual worlds in the same quarter is counted as two QPA. Average QPA for a particular period is the average of the QPA in each quarter during that period

Management Discussion and Analysis

BUSINESS OVERVIEW

In the first half of 2021 (the “Period”), BAIIO continued to deliver steady and progressive growth in the personal computer(s) and mobile devices space. BAIIO continued to explore growth opportunities in the niche gaming segments, while simultaneously developing the domestic and international mobile gaming markets. During the Period, BAIIO actively expanded its product portfolio and enriched its gaming content, leveraging its strong innovation and R&D capabilities, further consolidating the Company’s leading positions in China’s niche gaming segments while enhancing its visibility in the overseas gaming market.

During the Period, the operation of BAIIO’s core mobile games and web games enjoyed increasing reputation and improving user loyalty. By constantly updating the in-game content of its three signature mobile games, namely Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」) and Zaowufaze II (「造物法則二：先鋒英雄」), BAIIO was able to offer more interesting and diversified gaming experiences to its users. At present, the three signature mobile games continue to be well received among users; therefore, user activity, retention rate and user loyalty remained stable.

Meanwhile, BAIIO has been actively exploring the niche gaming segments and developing more high-quality games. In April 2021, the Company officially launched Legend of Aoqi Mobile (「奧奇傳說手遊」), a pet collection and raising game that was derived from the IP of the Company original web game of the same name in China. The IP has been in continuous operation for over 9 years and has accumulated over 200 million registered users. The mobile game was developed by the same team who produced the original web game and invited a number of famous domestic voice actors to dub for the characters, bringing users a richer and more dimensional gaming experience. Prior to its launch, Legend of Aoqi Mobile Game has been ranked No. 1 on TapTap’s pre-registration rankings and amongst the top 5 on Bilibili’s top search list numerous times and has won multiple industry awards, including the “Most Anticipated Game Award” at the 2020 OPPO Developer Conference, the “Most Anticipated New Game of the Year Award” at the 5th Golden Gyro Awards, as well as the “Mobile Hardcore Alliance Most Anticipated Game of the Year Award” and “Mobile Hardcore Alliance Recommended Star Game” at the 6th Black Stone Awards, reflecting wide spread user anticipation and recognition. After its launch, Legend of Aoqi Mobile (「奧奇傳說手遊」) ranked No. 1 on Apple App Store’s Top Free Games and No. 13 on Apple’s iOS Best Selling Games. During the Period, the Company continued to optimize the content and user experience of the game, enabling the game to record an increasing number of users and improving reputation. Also, the overall score in TapTap improved steadily.

In addition to actively expanding the domestic gaming market, BAIIO has also continued to expand in the overseas mobile gaming market. Currently, BAIIO has successfully launched its mobile games in Hong Kong, Macau, Taiwan, Japan, South Korea, Europe and the United States, further deepening its globalisation strategy. During the Period, BAIIO continued to update and optimise the content of its localised games, allowing more overseas users to experience BAIIO’s games and understand Chinese culture, thus promoting steady increase in the number of overseas users.

Management Discussion and Analysis

As users' preferences and demands for gaming content continued to elevate, BAIOO has also actively strengthened its technology R&D and innovation capabilities, striving to create higher-quality and differentiated games for users around the globe. During the Period, BAIOO continued to increase its investment in R&D of the products, and possessed a team of 730 R&D professionals responsible for the update of existing games and the development of new games, in order to strengthen the Company's independent game development capabilities, improve users' gaming experience, and further enhance its position in the niche gaming segments.

During the Period, BAIOO received more attention from the capital market, demonstrating investors' recognition of BAIOO's business and development prospects. Since May 2021, BAIOO has been included as a constituent of the MSCI China All Shares Small Cap Index. The index focuses on the performance of small cap stocks in the China market and is one of the most widely tracked indexes by institutional investors. The inclusion in the index is expected to increase the trading liquidity of the Company and broaden its shareholder base, reflecting the investment value of BAIOO and enhancing its reputation in the capital market.

BAIOO also continued to upgrade the anti-addiction system while improving results, aiming to help parents manage the amount of time and money spent on games by younger users. These efforts were implemented to provide a healthy game environment for Chinese youth and promote a sustainable development of the industry in the long run.

INDUSTRY TRENDS

In the first half of 2021, China's gaming market maintained steady growth and the overall industry continued to develop in a high-quality manner. According to the latest China's Gaming Industry Report released by the Game Publishers Association Publications Committee of the China Audio-Video and Digital Publishing Association (中國音數協遊戲工委), the number of gaming users in China reached 670 million, representing a year-over-year increase of 1.4%, while the revenue generated by the gaming industry reached RMB150.49 billion, representing a year-over-year increase of 7.9%. In particular, the mobile gaming market continued to expand and occupy the largest share of the industry, accounting for 76.3% of the total revenue.

According to the Report, Chinese gaming enterprises have expanded their domestic and overseas markets presence by offering high-quality content, refined operation and localised marketing strategies. In terms of the proprietary games developed by the Chinese enterprises, revenue generated from the China market amounted to RMB130.11 billion, representing a year-over-year increase of 8.3% and accounting for over 80% of China's total gaming market revenue, while revenue from the overseas market amounted to USD8.47 billion, representing a year-over-year increase of 11.6%. In addition, the Report noted that new growth opportunities will continue to emerge in the niche gaming segments as users' demands continue to evolve.

As the market share of China's proprietary games and the niche gaming markets continue to expand, BAIOO had actively seized new development opportunities both at home and abroad, increased its investments in game R&D and innovation, further developed and explored the value of niche gaming segments, in order to consolidate its brand influence and position in the niche gaming segments.

OUTLOOK FOR THE REST OF 2021

Looking ahead to the second half of the year, BAIOO will continue to focus on the niche gaming segments. In addition, the Company will continue to improve its capabilities in product R&D and innovation, constantly strengthen its operation of existing games, proactively develop and launch more high-quality mobile games in both domestic and overseas markets, and accelerate its development. BAIOO believes that female-oriented games, comic-adapted “nijigen” (「二次元」) games and pet collection and raising games continue to present huge growth potential. The niche gaming segments remain a blue ocean market.

Leveraging its increasingly improving capabilities in creativity, technology, art, talents and operation, the Company has gradually formed a high industry barrier. The Company has an exciting pipeline of games and plans to launch more new high-quality mobile games in both domestic and overseas markets in the future. Among them, the female-oriented Aobi Island Mobile (「奧比島手遊」) is a game that has adapted the IP of the Company’s classic virtual world web game of the same name. The IP has accumulated approximately 300 million registered users. This mobile game has been in the top three of Weibo’s top search numerous times, reflecting high anticipation among users. Furthermore, Dawn: Azure Aria (「拂曉勝利之刻」), a nijigen game, is expected to be launched. We believe that these games will drive the growth of revenue and user base upon their official launches.

BAIOO will continue to deepen the cooperation with its major shareholder, Tencent Holdings Limited. Both companies will constantly leverage their advantages and resources in the mobile gaming business, and create synergies in game development, distribution, marketing and operation, in order to consolidate BAIOO’s competitiveness.

Meanwhile, BAIOO will continue to increase its investment in R&D and seize the development opportunities in the niche gaming segments, to provide users with better products and services. By offering a rich and diversified product portfolio, BAIOO is confident it can meet the expectations of the market and users in the highly-competitive and strictly regulated gaming market, which in turn will further strengthen the Company’s market position in the industry.

Management Discussion and Analysis

OPERATION INFORMATION

The following table sets out average QAA average QPA and average quarterly ARQPA for our online virtual worlds for the periods indicated below (notes):

	For the six months ended		
	30 June 2021 ⁽¹⁾	30 June 2020	Period- over-period change
	<i>(QAA & QPA in millions, ARQPA in RMB)</i>		
average QAA ⁽²⁾	12.2	15.3	(20.3)%
average QPA ⁽³⁾	2.1	1.9	10.5%
average quarterly ARQPA ⁽⁴⁾	127.9	175.3	(27.0)%

Notes:

1. As of 30 June 2021, our online virtual worlds under commercial operation included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Aoyi Alliance, Helix Waltz, Shiwuyu (「食物語」), Aola star Mobile (「奧拉星手遊」), Zaowufaze II (「造物法則二：先鋒英雄」) and Legend of Aoqi Mobile.
2. The average QAA for online virtual worlds was approximately 12.2 million for the six months ended 30 June 2021, representing a decrease of approximately 20.3% compared with the same period last year. The decrease was primarily due to three new mobile games launched in the fourth quarter of 2019 which remained highly popular in the first half of 2020.
3. The average QPA for online virtual worlds was approximately 2.1 million for the six months ended 30 June 2021, representing an increase of approximately 10.5% compared with the same period last year. This was primarily due to outstanding performance of successful new mobile game, Legend of Aoqi Mobile, launched in April 2021.
4. The average quarterly ARQPA for online virtual worlds was approximately RMB127.9 for the six months ended 30 June 2021, representing a decrease of approximately 27.0% compared with the same period last year. The decrease was primarily due to additional free virtual items were given to the users of the Company's mobile games to ensure user loyalty and game experience.

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated income statements for the six months ended 30 June 2021 and 2020, respectively:

	(Unaudited)			
	30 June 2021 RMB'000	% of Revenue	30 June 2020 RMB'000	% of Revenue
Revenue	519,887	100	658,017	100
Online entertainment business	519,428	100	656,939	100
Other businesses	459	0	1,078	0
Cost of revenue	(279,666)	(54)	(407,431)	(62)
Gross profit	240,221	46	250,586	38
Selling and marketing costs	(66,433)	(13)	(28,285)	(4)
Administrative expenses	(39,625)	(7)	(27,014)	(4)
Research and development expenses	(82,464)	(16)	(45,610)	(7)
Net impairment reversal of/(losses on) financial assets	397	0	(337)	(0)
Other income	1,325	0	1,425	0
Other gains — net	3,574	1	836	0
Operating profit	56,995	11	151,601	23
Finance income — net	12,630	2	10,388	2
Share of loss of an associate	(2,406)	(0)	(1,527)	(0)
Profit before income tax	67,219	13	160,462	24
Income tax expense	(20,978)	(4)	(9,278)	(1)
Profit for the period	46,241	9	151,184	23

Management Discussion and Analysis

The following table sets forth our consolidated statement of comprehensive income for the six months ended 30 June 2021 and 2020, respectively:

	(Unaudited)			
	30 June 2021 RMB'000	% of Revenue	30 June 2020 RMB'000	% of Revenue
Profit for the period	46,241	9	151,184	23
Other comprehensive income, net of tax	—	—	—	—
Total comprehensive income for the period	46,241	9	151,184	23
Other financial data				
Adjusted net profit ⁽¹⁾ (unaudited)	69,295	13	155,101	24
Adjusted EBITDA ⁽²⁾ (unaudited)	90,914	17	164,266	25

Notes:

- Adjusted net profit consists of profit for the period plus share-based compensation. Adjusted net profit eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net profit is not defined under the IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the period.
- Adjusted EBITDA consists of adjusted net profit less finance income-net, plus income tax, depreciation of property and equipment and right-of-use assets and amortization of intangible assets.

Revenue

Our revenue for the six months ended 30 June 2021 was RMB519.9 million, representing a 21.0% decrease from RMB658.0 million for the six months ended 30 June 2020.

Online Entertainment Business: Our online entertainment business revenue for the six months ended 30 June 2021 was RMB519.4 million, a 20.9% decrease from RMB656.9 million for the six months ended 30 June 2020. This was primarily due to the revenue decreased from the mobile games launched by the Company before 2020.

Other Businesses: Revenue from other businesses for the six months ended 30 June 2021 was RMB0.5 million, a 54.5% decrease from RMB1.1 million for the six months ended 30 June 2020, primarily due to the decrease in rental income.

Cost of Revenue

Our cost of revenue for the six months ended 30 June 2021 was RMB279.7 million, representing a 31.3% decrease from RMB407.4 million for the six months ended 30 June 2020.

Online Entertainment Business: Our cost of revenue on online entertainment business for the six months ended 30 June 2021 was RMB278.6 million, representing a 31.2% decrease from RMB405.2 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease of third-party revenue sharing.

Other Businesses: Our cost of revenue on other businesses for the six months ended 30 June 2021 was RMB1.1 million, representing a 50.0% decrease from RMB2.2 million for the six months ended 30 June 2020. The decrease was mainly due to the decrease of employee cost and benefit expenses.

Gross Profit

As a result of the foregoing, our gross profit for the six months ended 30 June 2021 was RMB240.2 million, compared with RMB250.6 million for the six months ended 30 June 2020. Gross profit margin was 46.2% for the six months ended 30 June 2021, compared with 38.1% for the six months ended 30 June 2020. The gross profit margin increased mainly due to the proportion of revenue from self-published mobile games increased (the proportion of revenue sharing from self-published is higher than that of entrusted third parties).

Selling and Marketing Expenses

Our selling and marketing expenses for the six months ended 30 June 2021 were RMB66.4 million, a 134.6% increase from RMB28.3 million for the six months ended 30 June 2020. This was mainly driven by the increase in promoting and advertising expenses for the new mobile game launched.

Administrative Expenses

Our administrative expenses for the six months ended 30 June 2021 were RMB39.6 million, a 46.7% increase from RMB27.0 million for the six months ended 30 June 2020. The increase was mainly driven by the increase in staff benefit expenses.

Research and Development Expenses

Our research and development expenses for the six months ended 30 June 2021 were RMB82.5 million, an 80.9% increase from RMB45.6 million for the six months ended 30 June 2020. This was primarily driven by the Group's strategy to enhance in-house game development capabilities and improve user experience through continuously investment in the Group's Research and Development team.

Net Impairment Reversal of/(Losses on) Financial Assets

We recorded net impairment reversal of financial assets of RMB0.4 million for the six months ended 30 June 2021, which compares to RMB0.3 million net impairment losses for the six months ended 30 June 2020.

Management Discussion and Analysis

Other Income

The Company recognized RMB1.3 million in other income for the six months ended 30 June 2021, compared with RMB1.4 million for the six months ended 30 June 2020. The other income was generated from our fulfillment of certain performance conditions related to government grants.

Other Gains — net

The Company recognized net other gains of RMB3.6 million, primarily due to the interest income of structural deposits for the six months ended 30 June 2021 compared with net other gains of RMB0.8 million for the six months ended 30 June 2020.

Operating Profit

As a result of the foregoing, our operating profit for the six months ended 30 June 2021 was RMB57.0 million, compared with operating profit of RMB151.6 million for the six months ended 30 June 2020.

Finance Income — net

We had net finance income of RMB12.6 million for the six months ended 30 June 2021, compared with net finance income of RMB10.4 million for the six months ended 30 June 2020. Net finance income was primarily consisted of interest income on short-term deposit and cash and bank balance, as well as exchange gains on cash and bank balance, which was partly offset by interest expenses on lease liabilities.

Share of Loss of an Associate

We recorded share of loss of an associate of RMB2.4 million for the six months ended 30 June 2021 due to our investee company registered loss compared to share of loss of RMB1.5 million for the six months ended 30 June 2020.

Profit before Income Tax

As a result of the foregoing, we had a profit of RMB67.2 million for six months ended 30 June 2021, compared with a profit of RMB160.5 million for the six months ended 30 June 2020.

Income Tax Expense

Our income tax expense for the six months ended 30 June 2021 was RMB21.0 million, compared with income tax expense of RMB9.3 million for the six months ended 30 June 2020. This was primarily due to the Group's subsidiaries, Guangzhou Baitian Information Technology Limited and Guangzhou Tianti Internet Technology Limited, were no longer qualified as "Key Software Enterprises" since the application of new policies published in 2021, therefore they could not enjoy the preferential income tax rates of 10% and 0% in 2021 and 2020, respectively.

Profit for the Period

We had a profit of RMB46.2 million for the six months ended 30 June 2021, compared with a profit of RMB151.2 million for the six months ended 30 June 2020.

Management Discussion and Analysis

Non-IFRS Measure — Adjusted Net Profit/EBITDA

Our adjusted net profit for the six months ended 30 June 2021 was RMB69.3 million, representing a 55.3% decrease from RMB155.1 million for the six months ended 30 June 2020. Our adjusted EBITDA for the six months ended 30 June 2021 was RMB90.9 million, representing a 44.7% decrease from RMB164.3 million for the six months ended 30 June 2020.

The following table reconciles our adjusted net profit and adjusted EBITDA for the periods presented to the most directly comparable financial measure calculated and presented in accordance with IFRSs, which is net profit:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	46,241	151,184
Add:		
Share-based compensation	23,054	3,917
Adjusted net profit	69,295	155,101
Add:		
Depreciation and amortization	13,271	10,275
Finance income — net	(12,630)	(10,388)
Income tax	20,978	9,278
Adjusted EBITDA	90,914	164,266

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

During the Period, we met our working capital and other capital were requirements principally met from cash flow generated from our operating activities.

The Group's gearing ratios as of the dates below were as follows:

	Unaudited As of 30 June 2021 RMB'000	Audited As of 31 December 2020 RMB'000
Total liabilities	456,190	346,555
Total assets	2,128,949	2,080,884
Gearing ratio ⁽¹⁾	21%	17%

Note:

1. Gearing ratio is calculated by dividing total liabilities by total assets.

Cash and Cash Equivalents, Restricted Cash, Short-Term Deposits and Long-Term Deposits

As of 30 June 2021, our cash and cash equivalents consisted of cash in bank and cash on hand, which amounted to RMB1,360.6 million, compared with RMB1,382.0 million as of 31 December 2020. We had short-term deposits of RMB285.0 million as of 30 June 2021, compared with RMB229.6 million as of 31 December 2020, representing bank deposits which we intend to hold for over three months but less than two years, and those held for more than one year can be withdrawn in advance.

As of 30 June 2021, the Group had no restricted cash or long-term deposits.

The effective interest rate per annum for cash in bank balances and deposits as of 30 June 2021 was 2.5%, compared with 2.0% as of 31 December 2020. Our policy is to place our cash in interest-bearing principal-protected demand or deposits with reputable PRC or international banks.

Management Discussion and Analysis

Our cash and cash equivalents and short-term deposits are denominated in the following currencies:

Group	Unaudited	Audited
	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
RMB	1,505,575	1,484,112
HK\$	80,801	76,744
US\$	59,111	50,667
Others	95	103
	1,645,582	1,611,626

Bank Loans and Other Borrowings

The Group had no bank loans and other borrowing as of 30 June 2021.

Treasury Policies

As of 30 June 2021, the Group had conservative treasury policies in terms of cash and financial management. The Group does not use any financial instruments for hedging purposes.

Foreign Currency Risk

As of 30 June 2021, RMB140.0 million of our financial resources were held in deposits in non-RMB currencies. Since there are no cost-effective hedges against the fluctuations of the RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our cash in bank balances.

Management Discussion and Analysis

Capital Expenditures and Investments

Our capital expenditures consist of purchases of property and equipment such as servers and computers and intangible assets such as computer software. For the six months ended 30 June 2021, our total capital expenditures were RMB3.4 million, compared with RMB1.2 million for the six months ended 30 June 2020. The following table sets out our expenditures for the periods indicated:

	Unaudited	
	For the six months ended	
	2021	2020
	RMB'000	RMB'000
Capital Expenditures		
— Purchase of property and equipment	2,054	521
— Purchase of intangible assets	1,307	662
Total	3,361	1,183

Contingent Liabilities

As of 30 June 2021, the Group did not have any material contingent liabilities, guarantees or litigation against it.

Charges on Assets

As of 30 June 2021, there were no charges on the Group's assets.

Material Acquisitions and Future Plans for Major Investment

The Group currently has no specific plan for other major investments or acquisitions for significant capital assets or other businesses. However, the Group will continue to look for new opportunities for business development.

Employees and Staff Costs

As of 30 June 2021, the Group had 921 full-time employees. The following table sets forth the number of full-time employees by function as of 30 June 2021:

	As of 30 June 2021	
	Number of Employees	% of Total
Operations	52	5.6
R&D operations	333	36.2
Development and research	397	43.1
Sales and Marketing	77	8.4
General and administration	62	6.7
Total	921	100

In addition to salary, we also provide various incentives, including share-based awards, such as share options and RSUs granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. We are required by the PRC law to make contributions to these social insurance plans at specified percentages of the compensation of each employee, up to a maximum amount as may be specified by the local government from time to time. Such social insurance plans include defined contribution retirement benefit plans organized by the relevant governmental authorities. Forfeited contributions by the Group to these plans may not be used by the Group to reduce the existing level of contributions. The total amount of contributions we made for employee social insurance plans in the first half of 2021 were approximately RMB23.5 million, compared with RMB13.8 million in the first half of 2020. We incurred staff costs of approximately RMB163.7 million and RMB113.2 million, for the six months ended 30 June 2021 and 2020, representing 31.5% and 17.2% of our revenue for those periods respectively.

We also granted share options and RSUs to our employees to incentivize them to contribute to our growth. Pursuant to the Pre-IPO Share Option Scheme and the Pre-IPO RSU Scheme, there were no shares of Pre-IPO Share Options or the Pre-IPO RSUs outstanding as of 30 June 2021.

We will continue to grant RSUs to our employees to incentivize them pursuant to the Post-IPO RSU Scheme. The maximum aggregate number of the Shares underlying all the RSUs which we may grant pursuant to the Post-IPO RSU Scheme is 54,343,880 shares, representing approximately 2.0% of our share capital as of the date of the AGM. Pursuant to the Post-IPO RSU Scheme, there were a total of 123,890,000 RSUs outstanding as of 30 June 2021.

Management Discussion and Analysis

Dividend

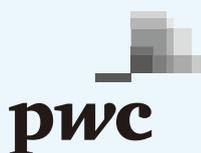
At the Company's AGM on 25 June 2021, Shareholders approved the Board recommended special dividend of HK\$0.06 (equivalent to approximately RMB0.05) per share for the year ended 31 December 2020. The special dividend was paid to Shareholders on 28 July 2021.

The Board did not propose any interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

CHANGES SINCE 31 DECEMBER 2020

Save as disclosed in this interim report, there were no other significant changes in the Group's financial position or from the information disclosed under management discussion and analysis in the annual report for the year ended 31 December 2020.

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF BAI00 FAMILY INTERACTIVE LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 30 to 60, which comprises the interim condensed consolidated balance sheet of BAI00 Family Interactive Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2021

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong
Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com*

Interim Condensed Consolidated Income Statement

	Notes	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue	6	519,887	658,017
Cost of revenue		(279,666)	(407,431)
Gross profit		240,221	250,586
Selling and marketing expenses		(66,433)	(28,285)
Administrative expenses		(39,625)	(27,014)
Research and development expenses		(82,464)	(45,610)
Net impairment reversal of/(losses on) financial assets		397	(337)
Other income		1,325	1,425
Other gains — net	7	3,574	836
Operating profit	8	56,995	151,601
Finance income		15,000	13,189
Finance costs		(2,370)	(2,801)
Finance income — net		12,630	10,388
Share of loss of an associate	12	(2,406)	(1,527)
Profit before income tax		67,219	160,462
Income tax expense	9	(20,978)	(9,278)
Profit for the period		46,241	151,184
Attributable to:			
— Shareholders of the Company		46,289	151,440
— Non-controlling interests		(48)	(256)
		46,241	151,184
Earnings per share for profit attributable to shareholders of the Company (expressed in RMB per share)	10		
Basic earnings per share		0.0177	0.0571
Diluted earnings per share		0.0173	0.0571

The notes on pages 37 to 60 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	46,241	151,184
Other comprehensive income	—	—
Total comprehensive income for the period	46,241	151,184
Attributable to:		
— Shareholders of the Company	46,289	151,440
— Non-controlling interests	(48)	(256)
	46,241	151,184

The notes on pages 37 to 60 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet

		Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
	Notes		
ASSETS			
Non-current assets			
Right-of-use assets	13	303,820	316,463
Property and equipment	13	21,101	21,637
Intangible assets	13	2,070	1,915
Investment in an associate	12	7,821	4,227
Prepayments and other receivables		8,574	6,063
Deferred income tax assets		11,316	4,706
		354,702	355,011
Current assets			
Contract costs		44,512	49,234
Trade receivables	14	66,354	50,551
Prepayments and other receivables		17,799	14,462
Short-term deposits	15	285,000	229,631
Cash and cash equivalents	15	1,360,582	1,381,995
		1,774,247	1,725,873
Total assets		2,128,949	2,080,884
EQUITY			
Share capital	16	8	8
Share premium	16	1,100,281	1,222,644
Treasury shares	16	—	(930)
Reserves	17	39,996	26,374
Retained earnings		525,975	479,686
Capital and reserves attributable to Shareholders of the Company		1,666,260	1,727,782
Non-controlling interests		6,499	6,547
Total equity		1,672,759	1,734,329

Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
		LIABILITIES	
Non-current liabilities			
Lease liabilities		59,906	69,477
Contract liabilities		6,066	11,598
		65,972	81,075
Current liabilities			
Trade payables	18	16,164	6,786
Other payables and accruals	19	175,420	60,580
Advances from distributors		37,839	43,712
Lease liabilities		17,641	18,627
Contract liabilities		134,403	121,919
Income tax liabilities		8,688	13,826
Bank overdrafts		63	30
		390,218	265,480
Total liabilities		456,190	346,555
Total equity and liabilities		2,128,949	2,080,884

Li Chong

Wang Xiaodong

The notes on pages 37 to 60 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited								
	Attributable to shareholders of the Company								
	Notes	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Treasury shares RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance as at 1 January 2020		8	1,326,987	10,302	205,638	—	1,542,935	7,506	1,550,441
Comprehensive income									
Profit/(loss) for the period		—	—	—	151,440	—	151,440	(256)	151,184
Other comprehensive income		—	—	—	—	—	—	—	—
Total comprehensive income		—	—	—	151,440	—	151,440	(256)	151,184
Transactions with owners, recognized directly in equity									
Share Option Scheme:									
— Exercise of share options		—	61	(28)	—	—	33	—	33
RSU Scheme:									
— Value of employee services	17	—	—	3,996	—	—	3,996	—	3,996
— Vesting of RSUs	17	—	13	(13)	—	—	—	—	—
Special dividend of 2019	11	—	(60,223)	—	—	—	(60,223)	—	(60,223)
Buy-back and cancellation of shares	16	—	(16,510)	—	—	—	(16,510)	—	(16,510)
Acquisition of treasury shares	16	—	—	—	—	(902)	(902)	—	(902)
Total transactions with owners, recognized directly in equity		—	(76,659)	3,955	—	(902)	(73,606)	—	(73,606)
Balance as at 30 June 2020		8	1,250,328	14,257	357,078	(902)	1,620,769	7,250	1,628,019

Interim Condensed Consolidated Statement of Changes in Equity

	Notes	Unaudited Attributable to shareholders of the Company							Non- controlling interests	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Treasury shares RMB'000	Subtotal RMB'000			
Balance as at 1 January 2021		8	1,222,644	26,374	479,686	(930)	1,727,782	6,547	1,734,329	
Comprehensive income										
Profit/(loss) for the period		—	—	—	46,289	—	46,289	(48)	46,241	
Other comprehensive income		—	—	—	—	—	—	—	—	
Total comprehensive income		—	—	—	46,289	—	46,289	(48)	46,241	
Transactions with owners, recognized directly in equity										
RSU Scheme:										
— Value of employee services	17	—	—	23,054	—	—	23,054	—	23,054	
— Vesting of RSUs	17	—	9,432	(9,432)	—	—	—	—	—	
Special dividend of 2020	11	—	(130,865)	—	—	—	(130,865)	—	(130,865)	
Cancellation of shares	16	—	(930)	—	—	930	—	—	—	
Total transactions with owners, recognized directly in equity		—	(122,363)	13,622	—	930	(107,811)	—	(107,811)	
Balance as at 30 June 2021		8	1,100,281	39,996	525,975	—	1,666,260	6,499	1,672,759	

The notes on pages 37 to 60 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		69,699	195,499
Interest received		13,855	8,520
Income tax paid		(32,726)	(12,646)
Net cash generated from operating activities		50,828	191,373
Cash flows from investing activities			
Purchase of property and equipment		(2,108)	(539)
Purchase of intangible assets		(1,307)	(662)
Payments for investment in an associate		(6,000)	—
Proceeds from disposals of fixed assets		4	—
Purchase of short-term deposits and structural deposits		(655,000)	(1,519,630)
Settlement of short-term deposits and structural deposits		599,631	1,516,007
Interest received from bank deposits		5,300	509
Interest received from a related party		—	11,337
Net cash (used in)/generated from investing activities		(59,480)	7,022
Cash flows from financing activities			
Exercise of share options		—	33
Buy-back of shares		—	(17,413)
Principal elements of lease payments		(8,953)	(12,620)
Interest paid for leases		(2,370)	(2,316)
Net cash used in financing activities		(11,323)	(32,316)
Net (decrease)/increase in cash and cash equivalents		(19,975)	166,079
Cash and cash equivalents at beginning of the period		1,381,965	1,273,998
Currency translation (losses)/gains on cash and cash equivalents		(1,471)	1,495
Cash and cash equivalents at end of the period		1,360,519	1,441,572
Cash and cash equivalents comprises:			
Bank overdrafts		(63)	(48)
Cash and bank balances	15	1,360,582	1,441,620
Cash and cash equivalents		1,360,519	1,441,572

The notes on pages 37 to 60 form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

1 General information

BAIOO Family Interactive Limited (the “Company” or “Baioo”) was incorporated in the Cayman Islands on 25 September 2009 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 Hutchins Drive, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies.

The Company and its subsidiaries and the PRC operating entities (collectively the “Group”) are principally engaged in the development and operation of online virtual world business for children in the People’s Republic of China (the “PRC”) and some other off-line businesses.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 10 April 2014.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board on 26 August 2021.

The interim condensed consolidated financial information has not been audited.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim financial reporting’. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”).

Notes to the Interim Condensed Consolidated Financial Information

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

3.1 The following new standards and amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2021 for the Group:

IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16 (Amendment)	Interest Rate Benchmark Reform — Phase 2
---	--

The Group has assessed the impact of the adoption of these new and amended standards that are effective for the first time for this interim period and there was no material impact on the Group.

3.2 The following new standards and amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2021 and have not been early adopted:

		Effective for accounting periods beginning on or after
IFRS 3, IAS 16 and IAS 37 (Amendments)	Narrow-scope amendments	1 January 2022
IFRS 3 (Amendment)	Reference to the Conceptual Framework	1 January 2022
IAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
IAS 37 (Amendment)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018–2020 Cycle	Improvements to IFRSs	1 January 2022
IAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 17 (Amendment)	Amendments to IFRS 17	1 January 2023
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between An Inventory and its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2021 and have not been applied in preparing this interim condensed consolidated financial information. None of these is expected to have a significant effect on the interim condensed consolidated financial information of the Group.

Notes to the Interim Condensed Consolidated Financial Information

4 Estimates

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

5 Financial risk management and financial instruments

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (mainly representing currency risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management department or in any risk management policies since 31 December 2020.

5.2 Liquidity risk

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

Notes to the Interim Condensed Consolidated Financial Information

5 Financial risk management and financial instruments (continued)

5.2 Liquidity risk (continued)

The table below analyses the Group's financial liabilities into the relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
As at 30 June 2021					
Trade payables	16,164	—	—	16,164	16,164
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	136,645	—	—	136,645	136,645
Bank overdrafts	63	—	—	63	63
Lease liabilities	18,117	18,871	51,276	88,264	77,547
	170,989	18,871	51,276	241,136	230,419
As at 31 December 2020					
Trade payables	6,786	—	—	6,786	6,786
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	10,281	—	—	10,281	10,281
Bank overdrafts	30	—	—	30	30
Lease liabilities	19,118	19,770	62,610	101,498	88,104
	36,215	19,770	62,610	118,595	105,201

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation

Financial instruments are carried at fair value within a fair value hierarchy that categorizes, into three levels, inputs to valuation techniques used to measure the fair value. The three different levels are as follows:

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate
- A combination of observable inputs and unobservable inputs, including discount rate, risk-free interest rate, expected volatility and market multiples.

Notes to the Interim Condensed Consolidated Financial Information

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation (continued)

There were no changes in valuation techniques.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2021.

	Financial assets at fair value through profit or loss RMB'000
At 1 January 2021	—
Addition	200,000
Net gains recognized in profit or loss	1,082
Settlement	(201,082)
At 30 June 2021	—
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period, under “Other gains — net”	—
	Financial assets at fair value through profit or loss RMB'000
At 1 January 2020	5,071
Addition	670,000
Net gains recognized in profit or loss	2,502
Settlement	(677,573)
At 30 June 2020	—
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under “Other gains — net”	(5,071)

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions.

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group's other businesses are mainly licensing income.

The CODM assesses the performance of the operating segments mainly based on segment revenue of each operating segment. The selling and marketing expenses, administrative expenses, research and development expenses, net impairment reversal of/(losses on) financial assets, other income, other gains — net, finance income — net, income tax expense and share of loss of an associate are not included in the measure of the segments' performance.

There were no material inter-segment sales during six months ended 30 June 2021 and 2020, respectively. The revenues from external customers reported to CODM are measured as segment revenue.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the financial information. There was no separate segment assets and segment liabilities information provided to the CODM.

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

The segment revenue provided to the Group's CODM for the reportable segments for the six months ended 30 June 2021 and 2020, respectively, are as follows:

	Unaudited		
	Six months ended 30 June 2021		
	Online	Other	Total
	entertainment	businesses	
business	businesses		
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
– At a point in time	97,041	–	97,041
– Over time	422,387	459	422,846
Total	519,428	459	519,887

	Unaudited		
	Six months ended 30 June 2020		
	Online	Other	Total
	entertainment	businesses	
business	businesses		
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
– At a point in time	103,390	–	103,390
– Over time	553,549	1,078	554,627
Total	656,939	1,078	658,017

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and outside Mainland China. For six months ended 30 June 2021 and 2020, the geographical information on the total revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
— Mainland China	465,298	544,092
— Outside Mainland China	54,589	113,925
Total	519,887	658,017

	Six months ended 30 June	
	2021	2020
Legend of Aoqi Mobile	31.0%	—
Shiwuyu	23.8%	50.3%
Aola Star Mobile	19.3%	18.8%
Legend of Aoqi	11.8%	10.5%

As at 30 June 2021, the total non-current assets, other than financial instruments and deferred tax assets, located in Mainland China and Hong Kong were RMB339,470,000 (31 December 2020: RMB346,498,000) and RMB117,000 (31 December 2020: RMB7,000), respectively.

Notes to the Interim Condensed Consolidated Financial Information

7 Other gains – net

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income of financial assets at fair value through profit or loss	1,082	7,573
Gains on disposals of fixed assets	4	—
Foreign exchange gain/(loss)	253	(256)
Financial assets at fair value through profit or loss:		
— Fair value loss	—	(5,071)
Donation	(20)	(1,500)
Others	2,255	90
	3,574	836

8 Operating profit

An analysis of the amounts presented as operating items in the financial information is given below.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Distribution cost and payment handling fees	194,167	339,418
Employee benefit expenses	174,954	120,147
Promotion and advertising expenses	52,236	16,752
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	12,777	10,275
Net impairment (reversal of)/losses on financial assets	(397)	337

Notes to the Interim Condensed Consolidated Financial Information

9 Income tax expense

The income tax expense of the Group for the six months ended 30 June 2021 and 2020 is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current income tax expense/(credit)		
– Current year	7,062	10,058
– Under/(over)-provision in prior year	20,526	(12,075)
Deferred income tax (credit)/expense	(6,610)	11,295
	20,978	9,278

(a) Cayman Islands income tax

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.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided with the two-tiered profits tax rates regime for the six months ended 30 June 2021 (2020: same). Under the two-tiered profits tax rates regime, the first HKD2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HKD2 million are taxed at 16.5%.

(c) PRC enterprise income tax (“EIT”)

The Group’s subsidiaries in the PRC are subject to corporate income tax at the rate of 25% except Guangzhou Baitian Information Technology Limited (“Guangzhou Baitian”), Guangzhou Tianti Internet Technology Limited (“Guangzhou Tianti”), Baiduo (Guangzhou) Information Technology Limited (“Baiduo”) and Guangzhou Xiaoyunxiong Interactive Education Limited (“Xiaoyunxiong”).

Guangzhou Baitian was qualified as “High and New Technology Enterprise” in 2021 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the six months ended 30 June 2021 (2020: note 9(e)).

Guangzhou Tianti could enjoy the preferential EIT policy for software enterprise in 2021, for it’s the 5th year since it started to make profits, which could adopt half of the 25% statutory tax rate (i.e. 12.5%) on its estimated assessable profits for the six months ended 30 June 2021 (2020: note 9(e)).

9 Income tax expense (continued)

(c) PRC enterprise income tax (“EIT”) (continued)

Baidu and Xiaoyunxiong were qualified as “Small Low-Profit Enterprise” in 2021. The provision for EIT was calculated in accordance with the three-tiered tax rates regime. Under the three-tiered tax rates regime, the first RMB1 million of profits of qualifying corporations are taxed at 2.5%, profits above RMB1 million but within RMB3 million are taxed at 10%, and profits above RMB3 million are taxed at 25%.

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The additional tax deducting amount of the qualified research and development expenses has been increased from 150% to 175%, effective from 2018 to 2023, according to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in March 2021. The Group has considered the Super Deduction to be claimed for the Group entities in ascertaining their assessable profits for the six months ended 30 June 2021 (2020: same).

(d) PRC withholding tax (“WHT”)

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% WHT. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

For the six months ended 30 June 2021, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings to the Company. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each of the reporting periods (2020: same).

9 Income tax expense (continued)

(e) Change of applicable tax rates of two PRC subsidiaries for year ended 31 December 2020

Guangzhou Baitian

During the six months ended 30 June 2021, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance and the General Administration of Customs jointly issued a new Public Notice [2021] No.413 (the “Notice”) with respect to the qualification of “Key Software Enterprise” for tax assessment purposes. Pursuant to the Notice, the relevant tax authorities confirmed that Guangzhou Baitian was not qualified as a “Key Software Enterprise” for the year ended 31 December 2020. As a result, the applicable income tax rate on Guangzhou Baitian’s profit for the year ended 31 December 2020 was revised from 10% to 15% and an under-provision of EIT of approximately RMB8,348,000 was recorded for the six months ended 30 June 2021.

In addition, an adjustment of approximately RMB2,339,000 was also recorded on the deferred income tax assets brought forward as at 31 December 2020 using the applicable income tax rate of 15% which was charged to the interim condensed consolidated income statement for the six months ended 30 June 2021.

Guangzhou Tianti

Pursuant to the Notice, the relevant tax authorities confirmed that Guangzhou Tianti was not qualified as a “Key Software Enterprise” for the year ended 31 December 2020. As a result, the applicable income tax rate on Guangzhou Tianti’s profit for the year ended 31 December 2020 was revised from 0% to 12.5% and an under-provision of EIT of approximately RMB12,145,000 was recorded for the six months ended 30 June 2021.

In addition, an adjustment of approximately RMB2,985,000 was also recorded on the deferred income tax assets brought forward as at 31 December 2020 using the applicable income tax rate of 12.5% which was charged to the interim condensed consolidated income statement for the six months ended 30 June 2021.

Notes to the Interim Condensed Consolidated Financial Information

10 Earnings per share

(a) Basic

Basic earnings per share for profit attributable to shareholders of the Company

Basic earnings per share is calculated by dividing the profit operations attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue less shares held for RSU Schemes during the period.

	Unaudited Six months ended 30 June	
	2021	2020
Profit attributable to shareholders of the Company (RMB'000)	46,289	151,440
Weighted average number of ordinary shares in issue less shares held for RSU Schemes	2,610,818,346	2,650,292,290
Basic earnings per share (in RMB/share)	0.0177	0.0571

(b) Diluted

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

For the six months ended 30 June 2021 and 2020, the Company had two categories of potential ordinary shares, the share options and the RSUs, which had to be considered for calculating diluted earnings per share. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average market price per share for the period) based on the total proceeds receivable upon exercising the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs. The difference is added to the denominator as the number of shares issued for no consideration.

Notes to the Interim Condensed Consolidated Financial Information

10 Earnings per share (continued)

(b) Diluted (continued)

Diluted earnings per share for profit attributable to shareholders of the Company

	Unaudited	
	Six months ended 30 June	
	2021	2020
Earnings		
Profit attributable to shareholders of the Company and profit used to determine diluted earnings per share (RMB'000)	46,289	151,440
Weighted average number of ordinary shares		
Weighted average number of ordinary shares in issue less shares held for RSU Scheme	2,610,818,346	2,650,292,290
Adjustments for:		
— Share options	—	325,982
— RSUs	59,855,954	1,612,600
Weighted average number of ordinary shares for diluted earnings per share	2,670,674,300	2,652,230,872
Diluted earnings per share (in RMB/share)	0.0173	0.0571

Notes to the Interim Condensed Consolidated Financial Information

11 Dividend

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Special dividend of HK\$0.06 (2020: HK\$0.025) per ordinary share (Note a)	135,986	62,788
Less: dividend for shares held for the RSU Schemes	(5,121)	(2,565)
	130,865	60,223

- (a) The 2020 special dividend of HK\$0.06 (equivalent to approximately RMB0.05) per ordinary share, totaling HK\$163,032,000 (equivalent to approximately RMB135,986,000), was approved at the Company's annual general meeting held on 25 June 2021 and was paid on 28 July 2021.
- (b) The 2019 special dividend of HK\$0.025 (equivalent to approximately RMB0.023) per ordinary share, totaling HK\$68,741,000 (equivalent to approximately RMB62,788,000), was approved at the Company's annual general meeting held on 26 June 2020 and was paid on 22 July 2020.

The Company did not declare an interim dividend for the six months ended 30 June 2021 (2020: nil).

Notes to the Interim Condensed Consolidated Financial Information

12 Investment in an associate

	Unaudited	
	Six months ended 30 June	
	2021	2020
As at 1 January	4,227	60,910
Addition	6,000	—
Share of loss of an associate	(2,406)	(1,527)
As at 30 June	7,821	59,383

As at 30 June 2020, the associate of the Group was Guangzhou Baiman Culture Communications Company Limited, which was totally disposed by the Group to a third party in October 2020.

As at 30 June 2021, the Group's associate is Chengdu Constmotion Interactive Entertainment Network Technology Company Limited ("Chengdu Constmotion"), which is a mobile game development company in the PRC. The Group acquired 40% equity interest in Chengdu Constmotion in July 2020. During the six months period ended 30 June 2021, the Group increased its investment in Chengdu Constmotion at cash consideration of RMB6,000,000.

13 Property and equipment, intangible assets and right-of-use assets

	Property and equipment RMB'000	Unaudited	
		Intangible assets RMB'000	Right-of-use assets RMB'000
Six months ended 30 June 2021			
Opening net book amount	21,637	1,915	316,463
Additions	2,054	1,307	—
Termination of lease	—	—	(3,114)
Depreciation and amortization charge	(2,590)	(1,152)	(9,529)
Closing net book amount	21,101	2,070	303,820
Six months ended 30 June 2020			
Opening net book amount	26,631	2,796	84,905
Additions	521	662	—
Depreciation and amortization charge	(2,508)	(1,054)	(7,370)
Closing net book amount	24,644	2,404	77,535

Notes to the Interim Condensed Consolidated Financial Information

14 Trade receivables

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Receivables from third parties	67,023	51,617
Less: allowance for impairment	(669)	(1,066)
	66,354	50,551

Trade receivables mainly arose from online payment agencies, third party web-based platforms and mobile platforms.

The credit terms of trade receivables granted to third party platforms are usually 30 to 120 days. The ageing analysis of trade receivables is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
0–30 days	38,960	22,244
31–60 days	20,248	10,897
61–90 days	4,403	11,587
91–180 days	3,203	6,574
181–365 days	61	149
Over 365 days	148	166
	67,023	51,617

Notes to the Interim Condensed Consolidated Financial Information

15 Cash and cash equivalents and short-term deposits

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Short-term deposits (Note a)	285,000	229,631
Cash and cash equivalents		
– Cash at bank and on hand (Note b)	1,360,582	1,381,995
	1,645,582	1,611,626
Maximum exposure to credit risk (Note d)	1,645,483	1,611,523

- (a) Short-term deposits represent the Group's deposits placed in banks with an expected maturity of over three months but less than two years, and those held for more than one year can be withdrawn in advance.
- (b) Cash and bank balances as at 30 June 2021 and 31 December 2020 were demand deposits in nature.
- (c) The effective interest rate per annum for all bank balances and term deposits as at 30 June 2021 was approximately 2.49% (31 December 2020: 1.96%).
- (d) To manage the credit risk, bank deposits are mainly placed with state-owned or reputable listed financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

Notes to the Interim Condensed Consolidated Financial Information

16 Share capital and share premium

As at 30 June 2021, the total number of issued ordinary shares of the Company was 2,717,194,000 shares (30 June 2020: 2,750,634,000 shares) which included 102,332,320 shares (30 June 2020: 112,343,705 shares) held under the RSU Scheme.

	Number of shares	Nominal value of shares US\$'000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2021	2,718,394,000	2	8	1,222,644	(930)	1,221,722
Share Option Scheme:						
RSU Scheme:						
— Vesting of RSUs	—	—	—	9,432	—	9,432
2020 special dividend payable to equity holders of the Company (Note 11)	—	—	—	(130,865)	—	(130,865)
Cancellation of treasury shares	(1,200,000)	—	—	(930)	930	—
As at 30 June 2021	2,717,194,000	2	8	1,100,281	—	1,100,289

Notes to the Interim Condensed Consolidated Financial Information

16 Share capital and share premium (continued)

	Number of shares	Nominal value of shares US\$'000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
As at 1 January 2020	2,770,894,000	2	8	1,326,987	—	1,326,995
Share Option Scheme:						
— Proceeds from shares issued upon exercise of share options	526,000	—	—	61	—	61
RSU Scheme:						
— Vesting of RSUs	—	—	—	13	—	13
2019 special dividend payable to equity holders of the Company (Note 11)	—	—	—	(60,223)	—	(60,223)
Acquisition of treasury shares	—	—	—	—	(902)	(902)
Buy-back and cancellation of shares	(20,786,000)	—	—	(16,510)	—	(16,510)
As at 30 June 2020	2,750,634,000	2	8	1,250,328	(902)	1,249,434

Notes to the Interim Condensed Consolidated Financial Information

17 Reserves

	Other reserves RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Total RMB'000
As at 1 January 2021	2,069	6,366	17,939	26,374
RSU Scheme:				
– Value of employee services	–	–	23,054	23,054
– Vesting of RSUs	–	–	(9,432)	(9,432)
As at 30 June 2021	2,069	6,366	31,561	39,996
As at 1 January 2020	2,069	6,224	2,009	10,302
Share Option Scheme:				
– Exercise of share options	–	–	(28)	(28)
RSU Scheme:				
– Value of employee services	–	–	3,996	3,996
– Vesting of RSUs	–	–	(13)	(13)
As at 30 June 2020	2,069	6,224	5,964	14,257

In accordance with the relevant laws and regulations in the PRC and the Articles of Association of the companies incorporated in the PRC now comprising the Group, the companies are required to appropriate 10% of the annual net profits, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing any net profit. When the balance of the statutory surplus reserve reaches 50% of the registered capital of the companies, any further appropriation is at the discretion of shareholders. The statutory surplus reserve can be used to offset prior years' losses, if any, and may be capitalized as capital, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer needs not be made.

Notes to the Interim Condensed Consolidated Financial Information

18 Trade payables

Trade payables primarily relate to advertising fees and bandwidth fees.

The ageing analysis of trade payables based on recognition date is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
0–30 days	14,978	5,494
31–60 days	476	599
61–180 days	128	87
181–365 days	24	62
Over 365 days	558	544
	16,164	6,786

19 Other payables and accruals

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Dividend payable (Note 11)	130,865	—
Staff costs and welfare accruals	34,295	46,702
Professional service fees payable	3,248	4,316
Other tax liabilities	4,480	3,597
Others	2,532	5,965
	175,420	60,580

Notes to the Interim Condensed Consolidated Financial Information

20 Significant related party transactions

The ultimate parent of the Group is TMF (Cayman) Ltd. (incorporated in the Cayman Islands).

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

(a) Key management personnel compensations

Key management compensation amounted to RMB6,401,000 for the six months ended 30 June 2021 (2020: RMB4,005,000).

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	4,164	3,803
Pension costs — defined contribution plans	132	68
Other social security costs, housing benefits and other employee benefits	164	134
Share-based compensation expenses	1,941	—
	6,401	4,005

21 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2021 and 31 December 2020.

Other Information

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the Group's auditing, internal control and financial reporting matters. The Audit Committee has also reviewed the Group's unaudited Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021 and this interim report. Based on this review and discussions with the management, the Audit Committee was satisfied that the financial statements were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The Company's Auditor has reviewed the Interim Condensed Consolidated Financial Information in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own securities dealing code to regulate all Directors' dealings of securities in the Company and other matters covered by the Model Code. The Company has made specific enquiry with all Directors and the Directors have confirmed that they had complied with all relevant requirements as set out in the Model Code during the period under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business and to ensure that its affairs are conducted in accordance with the applicable laws and regulations. The Company has adopted the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

Save as the deviation from code provision A.2.1 of the CG Code, the Company has applied the principles and complied with all applicable code provisions of the CG Code during the six months ended 30 June 2021.

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and CEO should be segregated and should not be performed by the same individual. Mr. DAI Jian currently acts as the CEO and the Chairman. Mr. DAI, as one of the founders of the Group, is instrumental to the Group's growth and business expansion since 2009. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Other Information

BOARD OF DIRECTORS AND BOARD COMMITTEES

The compositions of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee remain the same as set out in the annual report of the Company for the year ended 31 December 2020.

CHANGES IN A DIRECTOR'S BIOGRAPHICAL DETAILS

Changes in a Director's biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Mr. LI Chong (李冲) has ceased to be the Chief Operating Officer of the Company since 17 August 2021.

Saved as disclosed above, the Company is not aware of other changes in the Directors' information which are required to be disclosed pursuant to rule 13.51B(1) of the listing Rules.

INTERIM DIVIDEND

The Directors do not recommend the payment of 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

During the six months ended 30 June 2021, the Group did not purchase, sell or redeem any of the listed securities of the Company.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Relevant company (including associated corporation)	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding ⁽⁹⁾
DAI Jian (戴堅) ⁽¹⁾	Chairman, Executive Director and Chief Executive Officer	The Company	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L) ⁽⁸⁾	25.32%(L)
		The Company	Beneficial owner	10,000,000(L)	0.37%(L)
WU Lili (吳立立) ⁽²⁾	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	13.45%(L)
LI Chong (李沖) ⁽³⁾	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	114,816,360(L)	4.23%(L)
		The Company	Beneficial owner	10,000,000(L)	0.37%(L)
WANG Xiaodong (王曉東) ⁽⁴⁾	Executive Director	The Company	Beneficial Owner	15,000,000(L)	0.55%(L)
LIU Qianli (劉千里) ⁽⁵⁾	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
WANG Qing (王慶) ⁽⁶⁾	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
MA Xiaofeng (馬肖風) ⁽⁷⁾	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)

Other Information

Notes:

- (1) Mr. DAI Jian established DAE Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of DAE Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of DAE Holding Investments Limited, a trust holding company owns 100% of equity interest in Stmoritz Investment Limited. In addition, 10,000,000 RSUs were granted to Mr. DAI Jian under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2021, all the RSUs granted to Mr. DAI Jian were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (2) Mr. WU Lili established WHZ Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of WHZ Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of WHEZ Holding Ltd., a trust holding company owns 100% of equity interest in Bright Stream Holding Limited.
- (3) Mr. LI Chong established the Zhen Family Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of The Zhen Family Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of Golden Water Management Limited, a trust holding company owns 100% of equity interest in LNZ Holding Limited. In addition, 10,000,000 RSUs were granted to Mr. LI Chong under the Post-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. These RSUs shall start to vest on 1 July 2022. For details, please refer to the Company's announcement dated 12 April 2021, the circular dated 21 May 2021 and the poll results announcement dated 25 June 2021.
- (4) 15,000,000 RSUs were granted to Mr. WANG Xiaodong under the Post-IPO RSU Scheme entitling him to receive 15,000,000 Shares and subject to vesting. These RSUs shall start to vest on 1 July 2022. For details, please refer to the Company's announcement dated 12 April 2021, the circular dated 21 May 2021 and the poll results announcement dated 25 June 2021.
- (5) Ms. LIU Qianli was interested in 200,000 RSUs granted to her under the Pre-IPO RSU Scheme entitling her to receive 200,000 Shares subject to vesting. As at 30 June 2021, all the RSUs granted to Ms. LIU were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) Dr. WANG Qing was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2021, all the RSUs granted to Dr. WANG were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (7) Mr. MA Xiaofeng was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2021, all the RSUs granted to Mr. MA were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (8) The Letter "L" denotes the person's Long position in such Shares.
- (9) These percentages are calculated on the basis of 2,717,194,000 Shares in issue as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company and their respective associates had registered an interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2021, the following persons had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company ⁽⁷⁾
TMF (Cayman) Ltd. ⁽¹⁾	Trustee of trusts	1,193,824,720(L) ⁽⁷⁾	43.94%(L)
DAE Holding Investments Limited ⁽²⁾	Trust holding company	687,944,180(L)	25.32%(L)
Stmoritz Investment Limited ⁽²⁾	Registered owner	687,944,180(L)	25.32%(L)
DAI Jian (戴堅) ⁽²⁾⁽⁵⁾	Founder of a discretionary trust Interest of a controlled corporation	687,944,180(L)	25.32%(L)
	Beneficial owner	10,000,000(L)	0.37%(L)
Bright Stream Holding Limited ⁽³⁾	Registered owner	365,596,180(L)	13.45%(L)
WHEZ Holding Ltd. ⁽³⁾	Trust holding company	365,596,180(L)	13.45%(L)
WU Lili (吳立立) ⁽³⁾	Founder of a discretionary trust	365,596,180(L)	13.45%(L)
THL H Limited ⁽⁴⁾	Registered owner	326,063,280(L)	12.00%(L)
Tencent Holdings Limited ⁽⁴⁾	Interest of controlled corporation	326,063,280(L)	12.00%(L)

Other Information

Notes:

- (1) TMF (Cayman) Ltd. is the trustee of DAE Trust, WHZ Trust, The Zhen Family Trust and WSW Family Trust.
- (2) The entire share capital of Stmoritz Investment Limited is wholly-owned by DAE Holding Investments Limited and ultimately owned by TMF (Cayman) Ltd. as the trustee of the DAE Trust, which is a discretionary trust set up by Mr. DAI Jian ("Mr. DAI") on 27 December 2013 for the benefit of himself and his family members, and Mr. DAI is a settlor and protector. Mr. DAI (as founder of the DAE Trust), DAE Holding Investments Limited and TMF (Cayman) Ltd. are taken to be interested in 687,944,180 Shares held by Stmoritz Investment Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (3) The entire share capital of Bright Stream Holding Limited is wholly-owned by WHEZ Holding Ltd. and ultimately owned by TMF (Cayman) Ltd. as the trustee of the WHZ Trust, which is a discretionary trust set up by Mr. WU Lili ("Mr. WU") on 27 December 2013 for the benefit of himself and his family members, and Mr. WU is a settlor and protector. Mr. WU (as founder of the WHZ Trust), WHEZ Holding Ltd. and TMF (Cayman) Ltd. are taken to be interested in 365,596,180 Shares held by Bright Stream Holding Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (4) The entire share capital of THL H Limited is owned by Tencent Holdings Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 700). Tencent Holdings Limited is taken to be interested in 326,063,280 Shares held by THL H Limited pursuant to Part XV of the SFO.
- (5) 10,000,000 RSUs were granted to Mr. DAI under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2021, all the RSUs granted to Mr. DAI were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) The Letter "L" denotes the person's Long position in such Shares.
- (7) These percentages are calculated on the basis of 2,717,194,000 Shares in issue as of 30 June 2021.

Save as disclosed above, as at 30 June 2021, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEMES

In order to incentivize the Directors, senior management and other employees of the Group for their contribution to the Group and to attract and retain suitable personnel of our Group, the Company adopted the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme, respectively.

Summaries of the terms of the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme have been disclosed in the sections headed “Statutory and General Information — Pre-IPO Share Option Scheme”, “Statutory and General Information — Pre-IPO RSU Scheme” and “Statutory and General Information — Post-IPO RSU Scheme” in Appendix IV to the Prospectus, the previous annual reports of the Company, the circular of the Company dated 24 April 2015, the supplementary circular of the Company dated 14 May 2015 and the circular of the Company dated 26 November 2020.

Outstanding Share Options

During the six months ended 30 June 2021, no Options has been lapsed and cancelled. As at 30 June 2021, there were no Options outstanding under the Pre-IPO Share Option Scheme. Save as set out above, no further Options have been or would be granted by the Company after the Listing pursuant to the Pre-IPO Share Option Scheme.

The Company appointed The Core Trust Company Limited as the trustee and Duoduo Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Pre-IPO Share Option Scheme pursuant to its scheme rules. As at 30 June 2021, Duoduo Holding Limited holds 2,000 Shares underlying the Options granted under the Pre-IPO Share Option Scheme for the benefit of eligible participants pursuant to the Pre-IPO Share Option Scheme.

As disclosed in the section headed “Waivers from Strict Compliance with the Listing Rules and Exemption from Strict Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to the Pre-IPO Share Option Scheme” in the Prospectus, the Company had applied for, and had been granted, an exemption from the SFC from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous) Ordinance, and a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules in connection with the particulars of the grantees under the Pre-IPO Share Option Scheme.

Further details of the Pre-IPO Share Option Scheme are set out in the Prospectus and the previous annual reports of the Company.

Other Information

Outstanding RSUs

(1) Pre-IPO RSU Scheme

As at 30 June 2021, there were no outstanding RSU under the Pre-IPO RSU Scheme.

Prior to the Listing on 10 April 2014, the Company appointed The Core Trust Company Limited as the trustee (the “Pre-IPO RSU Trustee”) and Peto Holding Limited, a company incorporated in the BVI and an independent third party, as its nominee (the “Pre-IPO RSU Nominee”) to administer the Pre-IPO RSU Scheme. To increase the public float, the Company further engaged The Core Services Limited, as the new trustee (the “New RSU Trustee”), and ZEA Holding Limited, a company incorporated in the BVI and an independent third party, as the new nominee (the “New RSU Nominee”), to administer certain RSUs granted to the Directors and the senior management under our Pre-IPO RSU Scheme on 10 June 2014. As at 30 June 2021, the Pre-IPO RSU Nominee holds 75,527,787 Shares and the New RSU Nominee hold 24,098,000 Shares respectively, underlying the RSUs granted under the Pre-IPO RSU Scheme for the benefit of eligible participants pursuant to the Pre-IPO RSU Scheme.

(2) Post-IPO RSU Scheme

As at 30 June 2021, there were a total of 123,890,000 RSUs outstanding under the Post-IPO RSU Scheme. If all the outstanding RSUs under the Post-IPO RSU Scheme are vested according to the relevant vesting schedules, there would be a dilution effect on the issued share capital of the Company of approximately 4.56% as at 30 June 2021.

The Company appointed The Core Trust Company Limited as the trustee and Baiduo Investment Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Post-IPO RSU Scheme pursuant to its scheme rules. On 27 May 2021, the Company further appointed Ms. Zhang Xiaoting as the trustee and Gusto Limited, a limited liability company incorporated under the laws of the BVI and an independent third party, as the nominee to administer the RSUs granted to the Directors and CEO under our Post-IPO RSU Scheme. As at 30 June 2021, Baiduo Investment Holding Limited and Gusto Limited holds 55,353,306 Shares and 0 Share underlying the RSUs granted under the Post-IPO RSU Scheme for the benefit of eligible participants pursuant to the Post-IPO RSU Scheme.

Movements of the RSUs under the Post-IPO RSU Scheme during the six month ended 30 June 2021

Name of Grantees	Nature	Number of Shares underlying the RSUs as at 31 December 2020	Granted during the period Date of grant	Date of grant	Consideration (US\$)	Vested during the period	Lapsed during the period	Number of Shares underlying the RSUs as at 30 June 2021	Vesting Schedule	Approximate percentage of issued Shares of the Company ⁽⁶⁾
Post-IPO RSU scheme										
(a) Directors of the Company										
Mr. Li Chong	RSUs	—	10,000,000	12 April 2021	—	—	—	10,000,000	Note 1	0.368%
Mr. WANG Xiaodong	RSUs	—	15,000,000	12 April 2021	—	—	—	15,000,000	Note 1	0.552%
Sub-total		—	25,000,000	—	—	—	—	25,000,000	—	—
(b) Other grantees										
1 employee	RSUs	30,000	—	10 November 2017	—	30,000	—	—	Note 2	—
36 employees	RSUs	55,300,000	—	2 April 2020	—	11,060,000	—	44,240,000	Note 3	1.628%
12 employees	RSUs	35,650,000	—	11 September 2020	—	—	—	35,650,000	Note 4	1.312%
42 employees	RSUs	—	19,000,000	11 June 2021	—	—	—	19,000,000	Note 5	0.699%
Sub-total		90,980,000	19,000,000	—	—	11,090,000	—	98,890,000	—	—
Total		90,980,000	44,000,000	—	—	11,090,000	—	123,890,000	—	4.559%

Notes:

- (1) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 12 April 2021.
- (2) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 10 November 2017.
- (3) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 2 April 2020.
- (4) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 11 September 2020.
- (5) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 11 June 2021.
- (6) Approximate percentage of issued Shares of the Company is calculated by dividing the RSUs held by the relevant grantees by the issued and outstanding Shares of the Company (as enlarged by the vest in full of all the RSUs granted under the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme) as at 30 June 2021.

Further details of the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme are set out in the Prospectus and the previous annual reports of the Company.

Other Information

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the six months ended 30 June 2021.

PUBLIC FLOAT

As of the date of this report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Shares of the Company were listed on the main board of the Stock Exchange on 10 April 2014 with net proceeds from the initial public offering of approximately RMB1,121.2 million, after deducting underwriting fees and commissions and other expenses paid by the Company in connection with the initial public offering.

As of 31 December 2020, unutilised proceeds from the abovementioned issuances amounted to RMB401.0 million. During the reporting period, a total of RMB14.5 million had been utilised in accordance with the intended use as disclosed in the Prospectus. Unutilised proceeds from the aforementioned issuances as of 30 June 2021, being RMB386.5 million, are intended to be applied in the manner consistent with the intended use as disclosed in the Prospectus in the coming financial year.

COMPLIANCE WITH THE QUALIFICATION REQUIREMENT

As set out in the section headed “Contractual Arrangements – Legality of the Contractual Arrangements” in the Prospectus, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “Qualification Requirement”). Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have been gradually building up our track record of overseas business operations to comply with the Qualification Requirement. We have continued to engage a local distributor in Hong Kong through whom our overseas users can purchase our physical prepaid cards. In addition, we have launched a Hong Kong website offering investor relations and other corporate information. Save as above, as of 30 June 2021, the Company has no further update to disclose in relation to the Qualification Requirement.

MATERIAL LITIGATION

As of 30 June 2021, the Company was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.