

赤子城

newborntown

Newborn Town Inc.

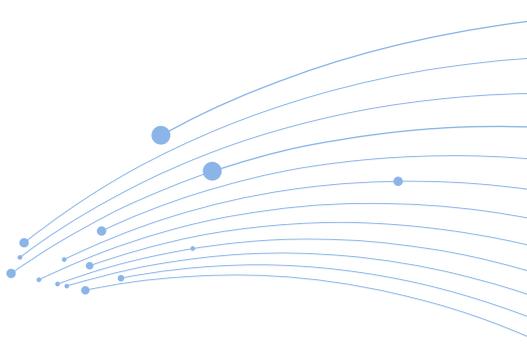
赤子城科技有限公司

Stock Code : 9911

(Incorporated in the Cayman Islands with limited liability)

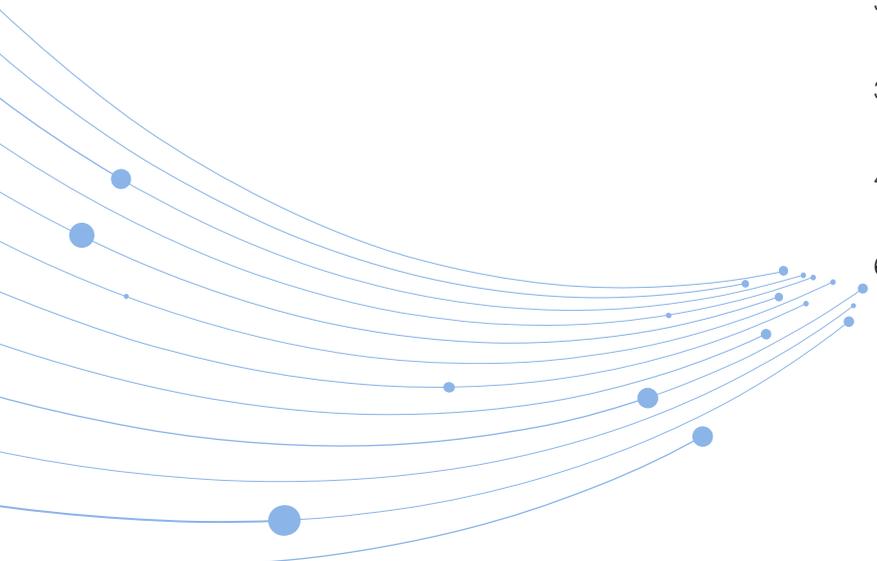
2022
INTERIM
REPORT





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LIU Chunhe (Chairman)
Mr. LI Ping
Mr. YE Chunjian
Mr. SU Jian

Independent Non-executive Directors

Mr. GAO Ming
Mr. CHI Shujin
Mr. HUANG Sichen

JOINT COMPANY SECRETARIES

Mr. SONG Pengliang
Mr. AU-YEUNG Wai Ki, Joseph

AUTHORISED REPRESENTATIVES

Mr. LI Ping
Mr. AU-YEUNG Wai Ki, Joseph

AUDIT COMMITTEE

Mr. CHI Shujin (Chairman)
Mr. HUANG Sichen
Mr. GAO Ming

REMUNERATION COMMITTEE

Mr. HUANG Sichen (Chairman)
Mr. SU Jian
Mr. GAO Ming

NOMINATION COMMITTEE

Mr. LIU Chunhe (Chairman)
Mr. HUANG Sichen
Mr. CHI Shujin

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong

REGISTERED OFFICE

The offices of Maples Corporate Services Limited
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Cayman Islands

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL BANKERS

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Central
Hong Kong

Industrial and Commercial Bank of China Limited
Beijing Academy of Sciences Sub-branch
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Haidian District
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PRC

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Hong Kong

As to Cayman Islands law:

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Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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Boundary Hall, Cricket Square
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HONG KONG SHARE REGISTRAR

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Wanchai
Hong Kong

STOCK CODE

09911

COMPANY'S WEBSITE

www.newborntown.com

FINANCIAL HIGHLIGHTS

- Revenue from contracts with customers for the six months ended 30 June 2022 amounted to RMB1,374.2 million, representing an increase of 32.3% from RMB1,038.5 million recorded for the six months ended 30 June 2021.
- Gross profit for the six months ended 30 June 2022 amounted to RMB482.4 million, representing a decrease of 7.8% from RMB523.0 million recorded for the six months ended 30 June 2021.
- Profit for the period for the six months ended 30 June 2022 amounted to RMB154.4 million, representing an increase of 11.6% from RMB138.4 million recorded for the six months ended 30 June 2021.
- Profit attributable to the owners of the Company for the six months ended 30 June 2022 amounted to RMB82.7 million, representing an increase of 121.3% from RMB37.4 million recorded for the six months ended 30 June 2021.
- Adjusted EBITDA for the six months ended 30 June 2022 amounted to RMB210.4 million, representing an increase of 19.5% from RMB176.1 million recorded for the six months ended 30 June 2021.

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers	1,374,210	1,038,484
Gross profit	482,361	523,016
Profit before income tax	154,094	131,298
Profit for the period	154,374	138,355
Basic earnings per share (expressed in RMB per share)	0.07	0.04
Diluted earnings per share (expressed in RMB per share)	0.07	0.04
Operating profit	153,750	134,362
<i>Add:</i>		
Share-based compensation expenses ^{(1) (2)}	30,565⁽²⁾	16,518 ⁽¹⁾
Depreciation and amortization	26,059	25,204
Adjusted EBITDA	210,374	176,084

Notes:

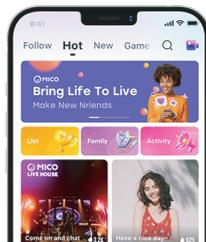
- (1) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB15,445,000 for the six months ended 30 June 2021, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB1,073,000 for the six months ended 30 June 2021 in relation to awards granted in 2018 pursuant to its share incentive plan.
- (2) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB7,576,000 for the six months ended 30 June 2022, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB5,465,000 for the six months ended 30 June 2022.

On 30 August 2021, the Board granted in aggregate 80,000,000 share options to 32 eligible persons. The grant includes performance-based share options to grantees, which are generally vested within 10 years. Share Options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2022 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB17,524,000 were recognized for the six months ended 30 June 2022.

BUSINESS HIGHLIGHTS



Yummy - Heartbeat social networking platform



MICO - Open social networking platform



YoHo - Audio social networking platform



Unit: RMB

SUBSTANTIAL REVENUE GROWTH



Revenue amounted to RMB**1.37** billion increased by **32.3%** YOY

SIGNIFICANT INCREASE IN PROFIT



Adjusted EBITDA amounted to RMB**0.21** billion increased by **19.5%** YOY



Profit attributable to the owners of the Company amounted to RMB**82.7** million increased by **121.3%** YOY

RAPID GROWTH OF SOCIAL NETWORKING BUSINESS



Revenue of social networking business amounted to RMB**1.27** billion increased by **52.4%** YOY



Total downloads of social media APPs reaching **419** million
Over **23.09** million average monthly active users of our social networking products

ACCELERATION OF UNLOCKING VALUE OF SOCIAL NETWORKING PRODUCTS



MICO **Top-15** social networking app in terms of sales in the **US** and **Japan**



YoHo Remaining stable at the top of the list in the **Middle East**, with breakthrough layout in the **global** market



Yummy **Top-10** social networking app in terms of sales in **50** countries/regions

INNOVATIVE BUSINESS FORMS THE SECOND GROWTH CURVE



Revenue of innovative business amounted to RMB**0.11** billion increased by **91.7%** as compared to H2 2021

NICHE GAMES WERE WELL POSITIONED



Synthesis handheld games achieved an S-grade **Top-30** decryption type of games in terms of sales in over **30** countries



Launched large-scale promotion and monetization

Dear Shareholders,

In the first half of 2022, Newborn Town Inc. adhered to the development strategy of “concerning profit and scaling up”, attained improvement in quality and efficiency of its businesses through continuous refinement of products, technology and business models as well as high-quality development, and achieved healthy growth in income and profit.

During the period under review, our total revenue amounted to RMB1.37 billion, an increase by 32.3% compared with the same period in previous year; the adjusted EBITDA was RMB0.21 billion, an increase by 19.5% year on year; and profit attributable to the owners of the Company amounted to RMB82.7 million, an increase by 121.3% year on year, representing a significant growth.

The increase in revenue and profit was mainly attributable to the contribution from social networking business. Newborn Town Inc. has been developing global open social networking sector for a long time. In the first half of 2022, the Company continued to carry forward the strategy of “diversifying products and scaling up market share” and continuously expanded the coverage of global open social networking through “country replication”. We are delighted that our products have made breakthroughs in strategic markets such as Japan and the United States, and by entering high-value markets and optimizing content ecology, the overall efficiency of our social networking business has improved, realizing higher value growth.

As of 30 June 2022, the total downloads of our social networking products reached 419 million. In the second quarter of 2022, the average monthly active users exceeded 23.09 million, an increase by 27% year on year. Benefiting from the successful replication of social networking apps in many global markets and the improvement of commercialization efficiency, our social networking business revenue amounted to RMB 1.27 billion, an increase by 52.4% year on year.

With the high-quality growth of the core social networking business, our innovative business was also beginning to show the second growth curve. At present, our innovative businesses such as niche games are progressing smoothly, with revenue for the first half of this year reaching RMB0.11 billion, an increase of 91.7% compared with the second half of 2021. The revenue of innovative businesses has increased significantly and we gradually entered the payback stage.

Meanwhile, we continued to practice “long-termism” around the world and actively undertook social responsibility. We donated anti-pandemic supplies of millions of Hong Kong dollars to Hong Kong government and school supplies to “African Hope Learning Centre”, and supported Egypt hospital – 57357 Children Cancer Hospital together with users. In the process of continuously integrating into overseas markets, we are deeply involved in the local industry development. In April this year, we launched the first local media meetup for the online social networking and entertainment industry in Egypt, and invited more than 20 local mainstream media to attend, which promoted the development of internet social networking industry in the Middle East.

As a leading overseas internet platform, Newborn Town Inc. has always been dedicating to contributing our Chinese solutions to digital life of global users. We will keep extending boundary with a focus on our social networking business, continuously explore diverse development opportunities at overseas market to achieve multi-dimensional development and forge head to the goal of becoming the largest global open social networking platform.

I hereby present the Company's financial position and operating highlights for the first half of 2022, and summarise strategies and outlook of the Company for the second half of 2022.

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

I. Social networking business: expanding global markets to maintain high-quality growth

Social networking is our core business. We have been focusing on global open social networking sector, connecting global users with diversified social networking products to satisfy their different needs, and have formed product portfolio including Yumy (a heartbeat social networking app), MICO (an open social networking platform), YoHo (an audio social networking app) and other audio and video social media products.

In the first half of 2022, our social networking business has achieved rapid development, making rapid progress in global markets. Yumy is a video social networking product we launched last year, which has the major feature of "10-second heartbeat and limited-time matching". It is a top-10 social networking app in terms of sales in 50 countries and regions, and has now entered into the stage of business model validation. MICO, one of our core products, continued to vigorously expand into high-value markets as Europe, the United States, Japan and South Korea in the first half of 2022. It was a top-15 social networking app in terms of sales in the United States and Japan, and made breakthroughs in many developed countries. YoHo, which started in the Middle East, continued to consolidate its leading position in the Middle East market while further exploring other markets, being a top-10 social networking app in terms of sales in the United States, France, Italy and other countries, and rapidly expanding its share in non-Middle East regions.

The rapid development of our social networking business globally is mainly benefited from our constant upgrade of product experience and optimization of content ecology, which is supported by our middle-office capabilities and localization capabilities. Refined operations supported the high-quality growth and greatly improved the commercialization efficiency of our social networking business. In the first half of the year, the average monthly active users of our social networking business increased by approximately 30% year-on-year, while revenue from social networking business increased by approximately 50% year-on-year, which demonstrated improvement in loyalty and payment willingness of our users.

In particular, we promoted the sustained rapid development of social networking business in the following five aspects:

Enriching social networking scenario

We have incorporated more social interaction gameplay into our products. For example, we launched light interactive games such as virtual pets in our products, and added vivid interactions such as high fives and pokes, which created a stronger interactive social atmosphere and significantly improved the retention rate of our products. Certainly, these functions and scenarios also opened up more commercialization potential for us.

Optimizing content ecology

We have improved the incentive policy for content creators at our platform. Save for attracting KOL creators, we also focus on developing new creators and offering them more help and support. Meanwhile, we customized activities that conform to the preferences of local users based on the cultural characteristics of different markets, and identified more accurate and highly sticky user base in each market. Additionally, we have further strengthened the content review mechanism to create a healthy social environment for users around the world.

Upgrading recommendation algorithm

Since the deployment of social networking business, each of our product lines has accumulated reusable capabilities in the process of rapid development, and gradually formed our middle platform system. In the first half of this year, we continued to improve the middle platform and optimize the recommendation algorithm, and achieved more accurate social networking connections and content distribution. For example, we identified users with the same interests in more accurate manner and guided them to gather in a room, recommended content creators who are better at “breaking the ice” to new users of the platform, and guided new users to start interaction more quickly.

Extensively cultivating localized operation overseas

In the first half of 2022, we continued to consolidate the concept of “localization” into our corporate strategy and focus on various large markets overseas. Our product team also tried to gain deeper understanding of the needs of local users, and better communicate and collaborate with the operation team, so as to achieve coordination. In general, we carried out localization deeply in products usage, users services and social responsibilities, sparing no efforts to make our products satisfying for local users and offering better social networking products and services for global users.

Expanding global market

We endeavored efforts to develop developed markets. For example, in Japan, one of the strategic markets, we have perfected a local team composed of local employees, cooperated with local football teams, musicians, etc., and planed dozens of different types of operational activities every month, which has attracted a large number of content creators and users to participate, and continuously improved the local brand influence of our product. Meanwhile, we were also continuing our efforts in emerging markets to consolidate our leading position. In addition, based on our “country replication” approach, some products that once focused on a single market were expanding into a wider market, such as YoHo, which was shifting from the Middle East to Southeast Asia, Europe and the United States and other regions. Our global social networking ecosystem was expanding as a whole.

II. Innovative business: the second growth curve began to emerge

With the rapid growth of social networking business, we actively developed innovative business. In the first half of the year, good progress has been made in the deployment and exploration of niche games and metaverse field, which promoted the initial formation of the Company's second growth curve.

Niche games

The Company has launched two high-quality synthesis games, being Mergeland-Animal Adventure and Mergeland-Alice's Adventure, whose official versions were launched in April and June 2022, respectively. The Company maintained rapid iteration of such games to further enrich gameplay and optimize experience, and gradually entered the stage of large-scale promotion.

The downloads and revenue of Mergeland-Animal Adventure grew rapidly since the launch of their official versions, constantly refreshing the rankings of best-selling games in countries around the world. It is now a top 30 best-selling puzzle game of Google Play in more than 30 countries and regions including Canada, the United Kingdom, Portugal, and Australia.

Next, as the Company increases its efforts in promotion and level of users, the two products will enter the stage of large-scale monetization, opening up new space for us to grow in performance.

CHAIRMAN'S STATEMENT

Metauniverse

In the first half of this year, we launched the world's first video social digital collection for social networking product Yumy. We have also reached cooperation with a number of leading corporations in the field of virtual technology to jointly explore digital virtual character creation, virtual scene creation, AI virtual technology empowerment, among others, to help us create social networking and game products with more immersive experience. In addition, the Company also invested in smart wearable hardware, and headed to the hardware "entrance" of the metaverse effectively, seeking to achieve multi-dimensional collaboration in social networking, gaming and other fields in the future.

Nowadays, our innovative business has stepped out of the painful period of transformation and has started generating returns. We expect that through the deployment and exploration of innovative businesses, we can achieve sustainable growth in the Company's second growth curve.

STRATEGY AND OUTLOOK

I. Further exploring the global market

The global open social networking market is regarded as the US\$100 billion blue ocean super sector. Data showed that it is expected that the total global social media market will reach US\$300 billion in 2024, in particular, the proportion of audio and video social networking to the global social media market will increase from 33.48% in 2019 to 60.33% in 2024. The global internet social networking industry will maintain rapid growth and has broad potential for development.

With a global vision, we will keep developing global open social networking sector and build world's top open social networking products. Meanwhile, we will also keep paying attention to the young user group such as generation Z, explore merging product types, continuously enrich our social networking product portfolio to satisfy niche needs of young groups and serve more groups to offer richer social networking experience for global users and further expand global user groups.

II. Consolidating social networking business barrier

As a global enterprise, the Company has been consistently committed to bringing optimal social networking products to all parts of the world and enriching the social entertainment life of global users. We will keep consolidating the ecological and technical advantages of our products, consolidating localization capabilities, and bringing more valuable services to global users.

We will continue to optimize the social networking and content ecology of our products. In the future, we will add more interactive scenarios to our products to strengthen the social attributes of our products; attract more high-quality content creators to our platform through different forms to enrich the types of content on the platform; and continue to enrich the ways content creators interact with users, thereby adding more commercialization scenarios.

We will continue to refine products and technologies, improve the middle platform system, further optimize the algorithm model, improve the efficiency of social networking matching and content distribution, and help global users find their favorite friends and content.

We will also continue to resolutely and extensively promote localized operations, enhance the ability of "country replication", vigorously explore the markets in Europe, the United States, Japan and South Korea to acquire more high-value users, and continue to develop the markets in the Middle East and Southeast Asia to increase the penetration rate in emerging markets and continuously improve the global social networking ecology.

III. Keeping exploration of innovative business

We will continue to promote niche games strategy, rapidly iterate on existing game products, further enrich the gameplay, optimize the game experience, and promote large-scale promotion and monetization. On the basis of operating and iterating on the existing game products, we will keep vigorously develop middle and high-core game categories, expand game R&D teams, strengthen R&D strength, increase investment in R&D and promotion, expand user scale and market coverage, and improve game monetization ability. We expect that we can create more niche games and bring happiness to more players around the world.

In addition, we will continue to explore the metaverse, enrich metaverse elements in our products, and gradually build a metaverse social networking scene. We will also actively expand cooperation in the field of metaverse to bring a more immersive experience to users around the world.

Meanwhile, we will also actively explore diversified development opportunities in overseas markets, broaden the Company's business scope, inject new vitality into the Company's development, further expand the Company's business scale, and cultivate future performance growth points.

We firmly believe that the global open social networking sector is at its growth stage, with bright future despite difficulties in its development. Newborn Town Inc. has made sufficient reserves in terms of product, technology and talent, laying a solid foundation for the global expansion of the Company's social networking business. We will uphold the concept of long-termism, truly serve the market we are deeply developing, actively undertake our corporate social responsibility, propagate positive values, and enhance our global brand influence. We will also create more value for shareholders through sustained, diversified and high-quality performance growth.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Our total revenue increased by 32.3% to RMB1,374.2 million for the six months ended 30 June 2022 as compared to RMB1,038.5 million for the six months ended 30 June 2021. The following table sets forth a breakdown of our revenue by segments for the periods indicated:

	Six months ended 30 June				YoY Change
	2022		2021		
	<i>RMB'000</i>	<i>% of Total revenue</i>	<i>RMB'000</i>	<i>% of Total revenue</i>	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Social networking business	1,265,945	92.1	830,625	80.0	52.4%
Innovative business	108,265	7.9	207,859	20.0	-47.9%
Total	1,374,210	100.0	1,038,484	100.0	32.3%

The revenue from social networking business increased by 52.4% to RMB1,265.9 million for the six months ended 30 June 2022 as compared to RMB830.6 million for the six months ended 30 June 2021, primarily because of (i) the increase of commercialization scenarios through incorporating more social interaction gameplay and social scenario into our products; (ii) the optimized content ecology and enriched ways for content creators to interact with users, which have improved more commercialization efficiency; (iii) the improved operational efficiency around the world breakthroughs that our social networking products have achieved in developed markets such as Europe, America, Japan and Korea, with significantly increased user value and monetization efficiency; and (iv) continuous optimization of the middle platform systems and recommendation algorithm model to precisely target the segmented needs of users in each market, which have improved the efficiency of our social products matching and content distribution.

The revenue from innovative business decreased by 47.9% to RMB108.3 million for the six months ended 30 June 2022 as compared to RMB207.9 million for the six months ended 30 June 2021, which is primarily because we iterated the original traffic monetisation business, and the niche game business has not yet entered the stage of scale monetization.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF REVENUE

Our cost of revenue increased by 73.0% to RMB891.8 million for the six months ended 30 June 2022, as compared to RMB515.5 million for the six months ended 30 June 2021. The following table sets forth a breakdown of our cost of revenue by nature for the periods indicated:

	Six months ended 30 June				YoY Change
	2022		2021		
	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total</i> <i>revenue</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total</i> <i>revenue</i> <i>(unaudited)</i>	
Revenue sharing to streamers	625,095	45.5	311,470	30.0	100.7%
Payment handling costs	125,686	9.1	95,076	9.2	32.2%
Employee benefit expense	54,137	3.9	33,333	3.2	62.4%
Server capacity expense	31,509	2.3	18,502	1.8	70.3%
Intangible assets amortisation	20,383	1.5	20,419	2.0	-0.2%
Share-based compensation expenses	12,772	0.9	10,369	1.0	23.2%
Technical and other service fee	10,772	0.8	15,980	1.6	-32.6%
Others	11,495	0.8	10,319	1.0	11.4%
Total	891,849	64.8	515,468	49.8	73.0%

The following table sets forth a breakdown of our cost of revenue by segments for the periods indicated:

	Six months ended 30 June				YoY Change
	2022		2021		
	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>%</i> <i>(unaudited)</i>	
Social networking business	875,030	98.1	491,579	95.4	78.0%
Innovative business	16,819	1.9	23,889	4.6	-29.6%
Total	891,849	100.0	515,468	100.0	73.0%

The significant increase in the cost of revenue for the six months ended 30 June 2022 as compared with the corresponding period in 2021 was primarily attributable to the rapid development of social networking business and the corresponding increases in the cost.

MANAGEMENT DISCUSSION AND ANALYSIS

The cost of revenue for social networking business increased by 78.0% to RMB875.0 million for the six months ended 30 June 2022 as compared to RMB491.6 million for the six months ended 30 June 2021, primarily due to the increase in revenue sharing to streamers of our social networking business and payment handling cost.

The cost of revenue for innovative business decreased by 29.6% to RMB16.8 million for the six months ended 30 June 2022 as compared to RMB23.9 million for the six months ended 30 June 2021, primarily due to the decrease of the revenue from innovative business and the corresponding decreases in the cost.

GROSS PROFIT AND GROSS PROFIT MARGIN

The following table sets forth the gross profit and gross profit margin for the periods indicated:

	Six months ended 30 June						YOY Change in gross profit
	2022			2021			
	<i>Gross profit (unaudited)</i>	<i>% (unaudited)</i>	<i>Gross Profit margin (unaudited) (RMB'000,</i>	<i>Gross Profit (unaudited)</i>	<i>% (unaudited)</i>	<i>Gross Profit margin (unaudited)</i>	
			<i>except percentages)</i>				
Social networking business	390,915	81.0	30.9%	339,046	64.8	40.8%	15.3%
Innovative business	91,446	19.0	84.5%	183,970	35.2	88.5%	-50.3%
Total	482,361	100.0	35.1%	523,016	100.0	50.4%	-7.8%

Our gross profit decreased by 7.8% to RMB482.4 million for the six months ended 30 June 2022 as compared to RMB523.0 million for the six months ended 30 June 2021. The gross profit of our social networking business increased to RMB390.9 million for the six months ended 30 June 2022 from RMB339.0 million for the six months ended 30 June 2021, which was mainly because we kept deep-rooted into the open social networking sector in the global market. With the growth of revenue, gross profit also increased significantly. The decrease in the gross profit of our innovative business to RMB91.4 million for the six months ended 30 June 2022 from RMB184.0 million for the six months ended 30 June 2021 was mainly because we iterated the original traffic monetisation business, and the niche game business has not yet entered the stage of scale monetization.

Our gross profit margin decreased to 35.1% for the six months ended 30 June 2022 from 50.4% for the six months ended 30 June 2021. The gross profit margin of our social networking business decreased to 30.9% for the six months ended 30 June 2022 from 40.8% for the six months ended 30 June 2021, which was mainly attributable to the improvement of the incentive policy for content creators, resulting in an increase in the revenue sharing to streamers of social networking business. The gross profit margin of our innovative business decreased to 84.5% for the six months ended 30 June 2022 from 88.5% for the six months ended 30 June 2021.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2022, our selling and marketing expenses decreased by 31.8% to RMB198.8 million as compared to RMB291.7 million for the six months ended 30 June 2021, primarily because we iterated the original traffic monetisation business, and the niche game business has not yet entered the stage of scale promotion.

RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2022, our research and development expenses increased by 69.6% to RMB91.1 million as compared to RMB53.7 million for the six months ended 30 June 2021, primarily due to the increase in employee benefit expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2022, our general and administrative expenses increased by 43.6% to RMB51.1 million as compared to RMB35.6 million for the six months ended 30 June 2021, primarily due to (i) an increase of RMB11.6 million in share-based compensation expenses; (ii) an increase of RMB5.0 million in employee benefit expenses; and (iii) an decrease of RMB2.2 million in depreciation and amortisation.

OPERATING PROFIT

For the six months ended 30 June 2022, our operating profit increased by 14.4% to RMB153.8 million as compared to RMB134.4 million for the six months ended 30 June 2021, primarily due to (i) a decrease of RMB92.9 million in our selling and marketing expenses; (ii) a decrease of RMB40.7 million in our gross profit; and (iii) an increase of RMB37.4 million in our research and development expenses.

FINANCE INCOME/(COST), NET

For the six months ended 30 June 2022, we recorded a net finance income of RMB0.5 million as compared to a net finance cost of RMB3.0 million for the six months ended 30 June 2021. Such change was primarily due to the settlement of the deferred consideration for the acquisition of approximately 23.27% equity interest of a subsidiary and the decrease in related finance costs.

INCOME TAX

For the six months ended 30 June 2022, we recorded income tax credits of RMB0.3 million as compared to the income tax credits of RMB7.1 million for the six months ended 30 June 2021, primarily due to the preferential tax rates enjoyed by some of our subsidiaries which were accredited as Software Enterprise under the relevant PRC Laws.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit for the period increased by 11.6% to RMB154.4 million for the six months ended 30 June 2022 as compared to RMB138.4 million for the six months ended 30 June 2021.

NON-IFRS MEASURES

To supplement our consolidated statement of comprehensive income, which are presented in accordance with IFRS, we also use adjusted EBITDA as additional financial measure, which is not required by, or presented in accordance with IFRS. We believe that this non-IFRS measure helps our investors to identify underlying trends in our business and provides useful information to our investors in understanding and evaluating our results of operation by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance, which is in the same manner as the action of our management when comparing financial results across accounting periods. We also believe that this non-IFRS measure provides useful information about our operating results, enhances the overall understanding of our past performance and future prospects and allows for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

MANAGEMENT DISCUSSION AND ANALYSIS

We define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortization. When assessing our operating and financial performance, you should not consider adjusted EBITDA in isolation from or as a substitute for our financial performance or financial position as reported in accordance with IFRS. The term adjusted EBITDA is not defined under IFRS, and such term may not be comparable to other similarly titled measures used by other companies.

The following tables set forth the reconciliation of our non-IFRS financial measure for the periods indicated, to the nearest measures prepared in accordance with IFRS:

	Six months ended 30 June	
	2022 <i>RMB'000</i> <i>(unaudited)</i>	2021 <i>RMB'000</i> <i>(unaudited)</i>
Operating profit	153,750	134,362
<i>Add:</i>		
Share-based compensation expenses ⁽¹⁾⁽²⁾	30,565⁽²⁾	16,518 ⁽¹⁾
Depreciation and amortization	26,059	25,204
Adjusted EBITDA	210,374	176,084
Adjusted EBITDA growth	19.5%	753.2%

Notes:

- (1) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB15,445,000 for the six months ended 30 June 2021, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB1,073,000 for the six months ended 30 June 2021 in relation to awards granted in 2018 pursuant to its share incentive plan.
- (2) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB7,576,000 for the six months ended 30 June 2022, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB5,465,000 for the six months ended 30 June 2022.

On 30 August 2021, the Board granted in aggregate 80,000,000 share options to 32 eligible persons. The grant includes performance-based share options to grantees, which are generally vested within 10 years. Share Options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company. The performance targets were determined by the Board. For those awards, evaluations were made on 30 June 2022 to assess the likelihood of meeting the performance targets. Share-based compensation expenses amounting to RMB17,524,000 were recognized for the six months ended 30 June 2022.

CAPITAL STRUCTURE

We continued to maintain a healthy and sound financial position. Our total assets slightly decreased from RMB1,622.4 million as at 31 December 2021 to RMB1,620.4 million as at 30 June 2022, while our total liabilities decreased from RMB782.3 million as at 31 December 2021 to RMB307.9 million as at 30 June 2022. Liabilities-to-assets ratio decreased from 48.2% as at 31 December 2021 to 19.0% as at 30 June 2022.

FINANCIAL RESOURCES AND OPERATING CASH FLOW

We funded our cash requirement principally from capital contribution from shareholders and cash generated from our operations.

As at 30 June 2022, our cash and cash equivalents was RMB737.9 million, compared with RMB724.6 million as at 31 December 2021.

Compared with RMB161.7 million for the six months ended 30 June 2021, the cash generated from operations for the six months ended 30 June 2022 decreased to RMB80.9 million. Such change was mainly due to the payment of previous revenue sharing to streamers and promotion expenses.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in commercial bank wealth management products and funds issued by major and reputable financial institutions, which generate relatively low risk income for us. We recognised such investments as financial assets measured at fair value through profit or loss of current portion and manage such investments in accordance with our internal policies as disclosed in the Prospectus. As at 30 June 2022, the fair value of such investments decreased to RMB138.4 million, compared with RMB166.1 million as at 31 December 2021. Such decrease was primarily due to the disposal and maturity of our investments.

CAPITAL EXPENDITURE

For the six months ended 30 June 2022, our capital expenditure primarily consisted of expenditures on property and equipment, including purchases of computers and other office equipment. The capital expenditure increased from RMB2.9 million for the six months ended 30 June 2021 to RMB3.1 million for the six months ended 30 June 2022, primarily due to the increase in the purchase of computers and other electronic devices during the six months ended 30 June 2022.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

We did not have any investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2022.

PLEDGE OF ASSETS

As at 30 June 2022, we did not pledge any of our assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

We intend to pursue strategic investment or acquire businesses with an expectation to creating synergies with our own business. We aim to target companies that have competitive strengths in technology, data and other areas or participants in the upstream and downstream industries. We intend to use the cash generated from our operating activities to fund such investment or acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

During the first half of 2022, the Company obtained the approval from independent shareholders at an extraordinary general meeting to enter into the amended and restated exempted limited partnership agreement (“**Partnership Agreement**”) with Spriver and Chizicheng Strategy Investment Limited (“**Chizicheng Strategy Investment**”) and to establish the Fund. Pursuant to the Partnership Agreement, the total fund-raising target of the Fund to be established shall be in the amount of US\$100 million, of which, Chizicheng Strategy Investment (as the General Partner) shall make cash contribution in the amount of US\$0.1 million, Spriver (as the Limited Partner) shall make cash contribution in the amount of US\$49.9 million, and the Company (as the Limited Partner) shall make cash contribution in the amount of US\$50 million. The purposes of the Fund include, among other things, to participate in the going-private transaction of BlueCity Holdings Limited, a NASDAQ – listed company (“**BlueCity**”) by making equity investment in the buyer consortium which will be formed for the purpose of acquiring all of the outstanding ordinary shares of BlueCity that are not beneficially owned by the buyer consortium. On 12 August 2022, the Company made most of the contribution to the Fund. And on the same day, the closing of the going-private transaction of BlueCity was completed.

CONTINGENT LIABILITIES

As at 30 June 2022, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK MANAGEMENT

We operate our business internationally and our major receipts and payments are denominated in the U.S. dollar. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Hong Kong dollar. Therefore, foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of our Group’s entities. We managed foreign exchange risk by performing regular reviews of our foreign exchange exposures. We did not hedge against any fluctuations in foreign currency during the six months ended 30 June 2022.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

Our operations and future financial results could be materially and adversely affected by various risks. The following highlights the principal risks the Group is susceptible to and is not meant to be exhaustive:

- We face competition in the rapidly evolving industry and we may not be able to keep continuous research and development and innovation, and may not be able to compete successfully against our existing and future competitors.
- If the mobile internet industry fails to continue to develop, our profitability and prospects may be materially and adversely affected.
- Any failure to retain existing advertisers and media publishers or attract new advertisers and media publishers may negatively impact our revenue and business.
- We may be held liable for information or content displayed on, distributed by or linked to our mobile apps and may suffer a loss of users and damage to our reputation.
- Misappropriation or misuse of privacy information and failure to comply with laws and regulations on data protection, including the General Data Protection Regulation, could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in users and customers, or otherwise harm our business.
- If we fail to prevent security breaches, cyber-attacks or other unauthorised access to our systems or our users’ data, we may be exposed to significant consequences, including legal and financial exposure and loss of users, and our reputation.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, we had a total of 733 full-time employees, based in Beijing, Shenzhen and Jinan. Among all employees, 440 of them are in R&D department, representing 60% of the total fulltime employees. The number of employees employed by the Group varies from time to time depending on needs, and employees are remunerated with reference to market conditions and individual employees' performance, qualification and experience.

With a view to nurturing and retaining talents, the Group has formulated systematic recruitment procedures and offered competitive benefits and training opportunities. The remuneration policy and overall package of the employees are periodically reviewed by the Group. Employees will be rated according to their appraisals, which in turn affect the performance bonus and share awards.

OTHER INFORMATION

DIRECTORS

During the Relevant Period and up to the date of this interim report, the Board comprised four executive Directors and three independent non-executive Directors as set out below:

Executive Directors:

Mr. LIU Chunhe (Chairman)
Mr. LI Ping (Executive Director and Chief Executive Officer)
Mr. YE Chunjian (Executive Director and Chief Technology Officer)
Mr. SU Jian (Executive Director and Chief Executive Officer of Social Networking Business)

Independent Non-executive Directors:

Mr. HUANG Sichen
Mr. CHI Shujin
Mr. GAO Ming

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

During the Relevant Period and up to the date of this interim report, the Directors confirmed that the relevant information has been disclosed in accordance with Rule 13.51B (1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Name of Director	Capacity/ Nature of interest	Number of Shares and underlying Shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. Liu Chunhe ⁽³⁾ ⁽⁵⁾	Interest in a controlled corporation ⁽³⁾	238,706,646	20.04%
	Concert party ⁽⁵⁾	341,828,420	28.70%
	Beneficial owner ⁽⁶⁾	24,000,000	2.01%
Mr. Li Ping ⁽⁴⁾ ⁽⁵⁾	Interest in a controlled corporation ⁽⁴⁾	73,121,774	6.14%
	Concert party ⁽⁵⁾	341,828,420	28.70%
	Beneficial owner ⁽⁶⁾	6,000,000	0.50%
Mr. Su Jian	Beneficial owner ⁽⁷⁾	9,000,000	0.76%
Mr. Ye Chunjian	Beneficial owner ⁽⁸⁾	6,000,000	0.50%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,191,216,000 Shares in issue as of the Latest Practicable Date.
- (3) The Shares are registered under the name of Spriver Tech Limited, the issued share capital of which is owned as to 100% by Mr. Liu Chunhe. Accordingly, Mr. Liu Chunhe is deemed to be interested in all the Shares held by Spriver Tech Limited for the purpose of Part XV of the SFO.
- (4) The Shares are registered under the name of Parallel World Limited, the issued share capital of which is owned as to 100% by Mr. Li Ping. Accordingly, Mr. Li Ping is deemed to be interested in all the Shares held by Parallel World Limited for the purpose of Part XV of the SFO.
- (5) Mr. Liu Chunhe and Mr. Li Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code). Accordingly, Mr. Liu Chunhe, Spriver Tech Limited, Mr. Li Ping, Parallel World Limited are each deemed to be interested in the Shares held by them under the SFO.
- (6) On 30 August 2021, Mr. Liu Chunhe and Mr. Li Ping were granted 24,000,000 and 6,000,000 share options respectively by the Company under the share option scheme adopted by the Company on 31 May 2021 (the “**Share Option Scheme**”). The grant of 24,000,000 share options to Mr. Liu Chunhe and 6,000,000 share options to Mr. Li Ping was approved by the independent Shareholders at an extraordinary general meeting on 31 March 2022.
- (7) On 30 August 2021, Mr. Su Jian was granted 9,000,000 share options by the Company under the Share Option Scheme.
- (8) On 30 August 2021, Mr. Ye Chunjian was granted 6,000,000 share options by the Company under the Share Option Scheme.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or 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⁽¹⁾	Approximate percentage of shareholding⁽²⁾
BGFG ⁽³⁾	Beneficial owner ⁽³⁾	100,000,000	8.39%
Phoenix Auspicious FinTech Investment L.P. ⁽⁴⁾	Beneficial owner ⁽⁴⁾	89,210,948	7.49%
Phoenix Wealth (Cayman) Asset Management Limited ⁽⁴⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	7.49%
Phoenix Wealth (Hong Kong) Asset Management Limited. ⁽⁴⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	7.49%
Mr. Du Li ⁽⁴⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	7.49%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 1,191,216,000 Shares in issue as of the Latest Practicable Date.
- (3) BGFG is directly and wholly owned by Mr. Wang Xinming. Mr. Wang Xinming is therefore deemed to be interested in all the Shares held by BGFG under the Securities and Futures Ordinance.
- (4) Phoenix Auspicious FinTech Investment L.P. is an exempted limited partnership established under the laws of Cayman Islands, the general partner of which is Phoenix Wealth (Cayman) Asset Management Limited, an exempted company incorporated under the laws of Cayman Islands. Phoenix Wealth (Cayman) Asset Management Limited is wholly owned by Phoenix Wealth (Hong Kong) Asset Management Limited, a limited company incorporated under the laws of Hong Kong, which is in turn wholly owned by Mr. Du Li. Mr. Du Li is therefore deemed to be interested in all the Shares held by Phoenix Auspicious FinTech Investment L.P. under the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO.

RSU SCHEMES

Employee RSU Scheme

We adopted and revised the Employee RSU Scheme on 11 December 2019 and 28 May 2020 to incentivise employees and consultants (not being core connected persons of the Company under Listing Rules) of the Group and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The Company has appointed TMF Trust (HK) Limited as the Employee RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Employee RSU Scheme. A summary of the terms of the Employee RSU Scheme has been set out in the Appendix IV of the Prospectus and the announcement dated 28 May 2020 of the Company for the amendments to the Employee RSU Scheme.

Participants in the Employee RSU Scheme

Persons eligible to receive RSUs under the Employee RSU Scheme (“**Employee RSU Eligible Persons**”) include existing employees and consultants (not being core connected persons of the Company under Listing Rules) of the Company or any of their subsidiaries, excluding any person who is a Director, member of senior management, core connected persons of the Company or who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Employee RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Employee RSU Administrator or the Employee RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. Consultants refer to any person that provides research, development, consultancy and other technical or operational support to the Group and has contributed or will contribute to the Group. The Employee RSU Administrator selects the Employee RSU Eligible Persons to receive RSUs under the Employee RSU Scheme at its discretion.

Term of the Employee RSU Scheme

The Employee RSU Scheme will be valid and effective for a period of ten (10) years, commencing from the date of the adoption of the Employment RSU Scheme (unless it is terminated earlier in accordance with its terms).

Maximum number of Shares under the Employee RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Employee RSU Scheme) under the Employee RSU Scheme shall not exceed 32,540,356 Shares, representing approximately 2.73% of the issued share capital of the Company as of the Latest Practicable Date.

Details of the RSUs granted under the Employee RSU Scheme

The Board approved the grant of an aggregate of 30,451,573 RSUs to 36 grantees pursuant to the Employee RSU Scheme on 28 May 2020 and 24 March 2021 respectively. To the best of knowledge of the Directors, none of the grantees of RSUs is a connected person of the Company under Chapter 14A of the Listing Rules.

As at 30 June 2022, the aggregate number of Shares underlying the granted RSUs under the Employee RSU Scheme was 30,451,573, representing approximately 2.56% of the issued share capital of the Company as at 30 June 2022, and the aggregate number of shares involved in RSUs vested under the Employee RSU Scheme was 14,296,000. Up to the Latest Practicable Date, under the Employee RSU Scheme 2,188,001 RSUs previously granted to a grantee were forfeited at the date of his resignation.

Details of movements in the RSUs under the RSU Schemes are also set out in note 25 to the condensed consolidated interim financial information.

OTHER INFORMATION

Management RSU Scheme

We adopted and revised the Management RSU Scheme on 11 December 2019 and 28 May 2020 to incentivise Directors, senior management and officers for their contribution to the Group, and to attract and retain skilled and experienced personnel for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The Company has appointed TMF Trust (HK) Limited as the RSU Trustee to assist with the administration and vesting of RSUs granted pursuant to the Management RSU Scheme. A summary of the terms of the Management RSU Scheme has been set out in the Appendix IV of the Prospectus and the announcement dated 28 May 2020 of the Company for the amendments to the Management RSU Scheme.

Participants in the Management RSU Scheme

Persons eligible to receive RSUs under the Management RSU Scheme (“**Management RSU Eligible Persons**”) include senior management, Directors (whether executive or non-executive, but excluding independent non-executive directors) and officers of the Company or any of their subsidiaries, excluding any person who is resident in a place where the award of the Shares and/or the vesting of the transfer of the Shares pursuant to the Management RSU Scheme is not permitted under the laws and regulations of such place or where in the view of the Management RSU Administrator or the Management RSU Trustee as the case may be, compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such person. The Management RSU Administrator selects the Management RSU Eligible Persons to receive RSUs under the Management RSU Scheme at its discretion.

Term of the Management RSU Scheme

The Management RSU Scheme will be valid and effective for a period of ten (10) years, commencing from the date of the adoption of the Management RSU Scheme (unless it is terminated earlier in accordance with its terms).

Maximum number of Shares under the Management RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Management RSU Scheme) under the Management RSU Scheme shall not exceed 27,795,210 Shares, representing approximately 2.33% of the issued share capital of the Company.

Details of the RSUs granted under the Management RSU Scheme

On 28 May 2020, the Board approved the grant of an aggregate of 25,733,333 RSUs to 5 grantees pursuant to the Management RSU Scheme. To the best of knowledge of the Directors, none of the grantees of RSUs is a connected person of the Company under Chapter 14A of the Listing Rules.

As at 30 June 2022, the aggregate number of Shares underlying the granted RSUs under the Management RSU Scheme was 25,733,333, representing approximately 2.16% of the issued share capital of the Company as at 30 June 2022, and none of the granted RSUs under the Management RSU Scheme has been forfeited. The aggregate number of shares involved in RSUs vested under the Management RSU Scheme was 12,876,000.

Details of movements in the RSUs under the RSU Schemes are also set out in note 25 to the condensed consolidated interim financial information.

The RSU Schemes are not subject to the provisions of Chapter 17 of the Listing Rules as the RSU Schemes do not involve the grant of options by the Company to subscribe for new Shares.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “**Share Option Scheme**”) on 31 May 2021. The Board shall be entitled at any time during the life of the Share Option Scheme to make an Offer to any Participant as the Board may in its absolute discretion select to take up Options entitling him or her to subscribe for such number of Shares as the Board may determine at the Exercise Price.

Purpose

The Share Option Scheme proposes to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Scheme will link the value of the Company with the interests of the Participants, enabling the Participants and the Company to develop together and promote the Company’s corporate culture.

Participants

Any Director or Employee who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

Total number of shares which may be issued

The total number of shares which may be issued upon exercise of all options granted by the Company under the Share Option Scheme must not exceed 10% of the total number of shares in issued on the adoption date (99,885,000 shares as at the date).

The Company may refresh the 10% limit set out in the above with Shareholders’ approval provided that each such limit (as refreshed) may not exceed the 10% of the Shares in issue as at the date of the Shareholders’ approval. Options previously granted under the Scheme and any other share option schemes adopted by the Company (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised options) will not be counted for the purpose of calculating the limit to be refreshed.

As at the date of the interim report, the total number of shares which may be issued under the Share Option Scheme is 99,885,500 shares, accounting for approximately 8.39% of the issued shares (i.e. 1,191,216,000 shares) as at the date of the interim report.

Notwithstanding the foregoing, the total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the Share Option Scheme or any other share option schemes adopted by the Company must not exceed 30% of the Shares in issue from time to time. No Options may be granted under the Scheme and any other share option schemes of the Company if this will result in such limit being exceeded.

Maximum entitlement to each participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised, cancelled and outstanding Options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue unless the same is approved by the shareholders.

OTHER INFORMATION

Where any grant of Options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (as defined under the Listing Rules), would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date of such grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange), such grant of Options shall be subject to prior approval by the Shareholders (voting by way of poll) in general meeting.

Time of acceptance and exercise of options

An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the Scheme and shall remain open for acceptance by the Participant to whom an Offer is made for a period of 28 days from the Offer Date, provided that no such Offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Scheme has been terminated in accordance with its provisions.

An Offer shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Offer is duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 (receipt of which shall be deemed to be acknowledged by the Company upon receipt of the duplicate letter comprising acceptance of the offer letter duly signed by the Grantee) by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable.

An Option may be exercised during the Option Period which shall not be more than ten (10) years commencing on the Offer Date. Subject to such terms and conditions as the Board may determine, there is no minimum period for which an Option must be held before it can be exercised.

Basis for determination the Exercise Price

Subject to any adjustments made pursuant to the terms of the Scheme, the Exercise Price shall be at a price determined by the Board at its absolute discretion and notified to the Participant and shall be at least the highest of:

- (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the Offer Date;
- (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the Offer Date; and
- (iii) the nominal value of a Share on the Offer Date.

The remaining life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date after which period no further Options will be granted but the provisions of the Scheme shall in all other respects remain in full force and effect and Options which are granted during the life of the Scheme may continue to be exercisable in accordance with their terms of issue unless the Share Option Scheme is terminated by ordinary resolution of the Board or Shareholders.

OTHER INFORMATION

The details of Options previously granted to, but not yet exercised by, under the Share Option Scheme for the six months ended 30 June 2022 are as follows:

Grantee and position	Held on	Granted for the six months ended	Expired for the six months ended	Exercisable for the six months ended	Lapsed for the six months ended	Held on	Exercise Price	The closing price immediately before the Date of Grant	Date of Grant	Exercisable from	Exercisable until
	1 January 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	30 June 2022	(HK\$) ⁽²⁾	(HK\$)			
Directors											
Mr. LIU Chunhe	24,000,000 ⁽¹⁾	-	-	-	-	24,000,000	4.81	4.73	30 August 2021	31 March 2022	29 August 2031
Mr. LI Ping	6,000,000 ⁽¹⁾	-	-	-	-	6,000,000	4.81	4.73	30 August 2021	31 March 2022	29 August 2031
Mr. SU Jian	9,000,000	-	-	-	-	9,000,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Mr. YE Chunjian	6,000,000	-	-	-	-	6,000,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Sub-total	45,000,000	-	-	-	-	45,000,000					
Other employees											
Employee	35,000,000	-	-	-	(770,000)	34,230,000	4.81	4.73	30 August 2021	30 August 2021	29 August 2031
Total	80,000,000	-	-	-	(770,000)	79,230,000					

Notes:

- The Options granted to Mr. Liu Chunhe and Mr. Li Ping were approved by independent Shareholders at the extraordinary general meeting of the Company on 31 March 2022.
- The Exercise Price shall be at least the highest of (i) the closing price of HK \$4.67 per share as stated in the daily quotation sheet issued by the Stock Exchange on the Grant Date; (ii) the average closing price of HK \$4.81 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately before the Date of Grant; and (iii) the nominal value of US\$0.0001 each.

As at 30 June 2022, 80,000,000 share options granted by the Company will be vested in four phases after several performance objectives related to the Company are achieved. A total of 45,00,000 options granted to Mr. Liu Chunhe, Mr. Li Ping, Mr. Su Jian and Mr. Ye Chunjian will be vested in four phases according to the proportion of 30%, 25%, 25% and 20% of the Options granted, that is, the 30% granted will be vested when the audited income of the Group in the financial year exceeds RMB2.3 billion or the average market value of the Company in three months exceeds HK\$12 billion, 25% will be attributed when the audited income of the Group in the financial year exceeds RMB3.5 billion or the three-month average market value of the Company exceeds HK\$20 billion, and the other 25% will be attributed when the audited income of the Group in the financial year exceeds RMB5 billion or the three-month average market value of the Company exceeds HK\$30 billion, The remaining 20% will be vested when the audited revenue of the Group in the financial year exceeds RMB6.5 billion or the three-month average market value of the company exceeds HK\$40 billion. For other employees, the Board has set the performance objectives above or performance objectives that require grantees to meet certain revenue objectives of the Company's products.

OTHER INFORMATION

Details of the Share Option Scheme and movements in Share Options during the Reporting Period are disclosed in note 25 to the condensed consolidated interim financial information.

RSU AWARD SCHEME

The Company has adopted the RSU Award Scheme on 7 June 2022. The purpose is to incentivize the Group's directors (excluding independent non-executive Directors), senior management, officers and consultants for their contribution to the Group, to attract and retain skilled and experienced personnel to strive for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The Company has appointed RSU trustee ("**RSU Trustee**") to help the management and vesting of the RSU Awards granted under the RSU Award Scheme. A summary of the terms of the RSU Award Scheme has been set out in the announcement dated 9 June 2022 of the Company in relation to the adoption of RSU scheme.

RSU Award Scheme Participants

The participants of RSU Award Scheme ("**RSU Award Scheme Participants**") include directors (excluding independent non-executive Directors), senior management, officers and consultants of the Company or its subsidiaries. Consultants refer to any person that provides research, development, consultancy and other technical or operational support to the Group and has contributed or will contribute to the Group. The RSU Administrator selects the RSU Participants to grant RSU Award under the RSU Award Scheme at its discretion.

Term of RSU Award Scheme

The RSU Award Scheme will be valid and effective for a period of ten (10) years, commencing from the adoption date of the RSU Award Scheme, unless it is terminated earlier in accordance with its terms.

Maximum Number of Shares that may be Granted under the RSU Award Scheme

The aggregate number of Shares involved in the RSU Awards under the RSU Award Scheme (excluding the RSU Awards that have lapsed or been cancelled in accordance with the rules of the RSU Award Scheme) shall not exceed 3% of the Company's share capital in issue on the adoption date of the RSU Award Scheme, being 35,736,480 Shares.

Grant and Acceptance

(i) Making an offer

Relevant Shares of the RSU Awards will be granted in accordance with the RSU Award Scheme Participants' contribution to the Group and the overall business performance of the Group. An offer to grant the RSU Awards will be made to a RSU Participant selected by the RSU Administrator (the "**RSU Selected Person**") by a letter (the "**RSU Grant Letter**"). The RSU Grant Letter should specify the RSU Selected Person's name, the manner of acceptance of the RSU Award, the number of RSU Award granted and the number of underlying Shares represented by the RSU Award, the vesting criteria and conditions, the vesting schedule and such other details as the RSU Administrator considers necessary.

(ii) Acceptance of an offer

A RSU Selected Person may accept an offer of the grant of the RSU Awards in such manner as set out in the RSU Grant Letter. Once accepted, the RSU Award is deemed granted from the date of the RSU Grant Letter (the "**RSU Grant Date**").

Vesting of the RSU Awards

The RSU Administrator determined the vesting criteria, conditions and time schedule for the RSU Awards at the time of vesting of the RSU Awards as follows:

(i) Lock-up of the RSU Awards

The RSU Awards are subject to lock-up once granted to RSU Award Scheme Participants. The Lock-up Period of the RSU Awards are from the date on which the RSU Award Scheme Participants are granted the RSU Awards and until three years after the date of the first unlocking of the RSU Awards.

The date of the first unlocking is within six months after the grant of the RSU Awards and shall be at the discretion of Mr. LIU Chunhe under the authorization of the Board.

(ii) Unlock of the RSU Awards

(a) Unlock time schedule

Unless the Board shall otherwise determine and so notify the RSU Award Scheme Participant in writing, the RSU Awards will be unlocked in four successive equal proportions. The RSU Award Scheme Participant may unlock the RSU Awards in equal shares at the rate of 25% year by year after the date of the first unlocking; thereafter, the RSU Award Scheme Participant unlocks the RSU Awards successively and proportionally at the first anniversary, the second anniversary and the third anniversary of the date of the first unlocking.

(b) Requirements for unlock

Until the RSU Awards can be unlocked in the current period, where a RSU Award Scheme Participant is an employee of the Group who is under the employment of the Group, then he/she may perform the unlock of RSU Awards in current period; where a RSU Award Scheme Participant is an external consultant of the Group who is under the employment of the Group, he/she may perform the unlock of RSU Award in current period. As agreed under the RSU Award Scheme, where a RSU Award Scheme Participant falls under the circumstance that “the unvested portion of the RSU Awards granted to the RSU Award Scheme Participant is automatically and immediately terminated”, “the unvested portion of the RSU Awards granted to the RSU Award Scheme Participant” will be revoked by Three D Partners Limited or the Company, and the RSU Award Scheme Participant ceases to have any right to “the unvested portion of the RSU Awards granted to the RSU Award Scheme Participant”. As agreed under the RSU Award Scheme, where a RSU Award Scheme Participant falls under the circumstance that “the vested and unvested RSU Awards are automatically and immediately terminated”, “the vested and unvested RSU Awards” of the RSU Award Scheme Participant will be revoked by Three D Partners Limited or the Company, and the RSU Award Scheme Participant ceases to have any right to “the vested and unvested RSU Awards”.

Unless otherwise arranged in the RSU Award Scheme or permitted by a Board resolution of the Company, the locked part of the RSU Awards may not be used to pledge, guarantee or repay debts.

Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the RSU Administrator shall send the vesting notice (“**Vesting Notice on RSU**”) to each of the relevant RSU Award Scheme Participants. The Vesting Notice on RSU will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares involved and, if applicable, cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares.

As at the date of this interim report, no RSU Awards have been granted to any RSU Award Scheme Participants pursuant to the RSU Award Scheme.

OTHER INFORMATION

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

For the six months ended 30 June 2022, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's listed securities as of the date of the interim report.

SHARE REPURCHASE PURSUANT TO RSU AWARD SCHEME

The details of Shares purchased by Three D Partners Limited pursuant to RSU Award Scheme as at 30 June 2022 are as follows:

Total number of Shares purchased: 5,154,000

Percentage of the Shares purchased to the existing total number of Shares in issue: Approximately 0.43%

Average consideration per Share: Approximately HK\$2.88

Total consideration of Shares purchased: Approximately HK\$14,856,780

For further details, please refer to the announcements dated 9 June 2022, 16 June 2022 and 30 June 2022 of the Company.

BANK BORROWING

As at 30 June 2022, the Group did not have any short-term or long term bank borrowings. As of the Latest Practicable Date, we did not have any bank facilities.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial information for the Reporting Period. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

The Audit Committee was of view that the Company's unaudited interim condensed consolidated financial information was prepared in accordance with the applicable accounting standards.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its affairs are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders.

The Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). The Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

The Company has complied with the principles and code provisions as set out in the Corporate Governance Code during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the Relevant Period.

INTERIM DIVIDEND

The Board has resolved that the interim dividend for the six months ended 30 June 2022 would not be declared.

EVENT OCCURRING AFTER THE REPORTING PERIOD

On 11 July 2022, the Group, as the lessee, entered into lease agreements with Beijing Wanhai Xingchen Enterprise Management Co., Ltd, as the lessor, in relation to the lease of certain floors of a building. The Group will recognise additions as right-of-use asset amounting to approximately RMB112 million in aggregate for the proposed lease term of 64 months.

USE OF PROCEEDS

Use of Proceeds from the Global Offering

The shares of the Company were listed on the main board of the Stock Exchange on 31 December 2019 by way of global offering, raising total net proceeds of HK\$166.9 million after deducting professional fees, underwriting commissions and other related listing expenses.

The Group will gradually utilise the net proceeds in accordance with the intended purposes and expected timeline as disclosed in the Prospectus and the announcement dated 24 March 2021 of the Company. The breakdown of the intended use and amount utilised as at 30 June 2022 were as follows:

	Budget <i>HK\$ million</i> <i>(approximately)</i>	Amount that had been utilised as at 30 June 2022 <i>HK\$ million</i> <i>(approximately)</i>	Remaining balance as at 30 June 2022 <i>HK\$ million</i> <i>(approximately)</i>	Proposed timetable for the use of unutilised net proceeds
To develop, expand and upgrade our Solo X product matrix	126.0	126.0	–	On or before 31 December 2022
To enhance the big data and AI capabilities of our Solo Aware AI engine	28.4	27.8	0.6	On or before 31 December 2022
To be used for working capital and other general corporate purposes	10.7	10.7	–	On or before 31 December 2022
To upgrade our Solo Math programmatic advertising platform	1.8	1.8	–	On or before 31 December 2022
Total	166.9	166.3	0.6	On or before 31 December 2022

OTHER INFORMATION

Use of Proceeds from the Completion of Placing of Existing Shares and Subscription of New Shares Under General Mandate

On 24 January 2022, the Company, Spriver Tech Limited (the “**Seller**”) and CLSA Limited (the “**Sole Placing Agent**”) entered into the Placing and Subscription Agreement, pursuant to which, (i) the Seller agreed to sell, and the Sole Placing Agent agreed, as agent of the Seller, to procure on a best effort basis not less than six purchasers to purchase 92,366,000 Shares held by the Seller at a price of HK\$3.80 per Share, and (ii) the Seller conditionally agreed to subscribe for, and the Company conditionally agreed to issue, 92,366,000 new Shares at a price, which is equivalent to the Purchase Price of HK\$3.80 per Share.

The Directors considered that (i) the net proceeds from the Subscription will strengthen the financial position of the Group and provide additional working capital to the Group; (ii) the Placing and Subscription Agreement will be entered into upon normal commercial terms following arm’s length negotiations among the Company, the Seller and the Sole Placing Agent; and (iii) the Placing and the Subscription also will represent good opportunities to broaden the shareholder base and the capital base of the Company. Accordingly, the Directors considered that the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

The completion of the Placing and the Subscription took place on 27 January 2022 and 4 February 2022, respectively. An aggregate of 92,366,000 Sale Shares have been successfully placed at the Purchase Price of HK\$3.80 per Sale Share to no less than six professional, institutional and/or other investors procured by the Sole Placing Agent. The aggregate nominal value of the Sale Shares was US\$9,236.60.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the date of this interim report, the placees and their respective ultimate beneficial owners are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial shareholder of the Company as a result of the Placing.

The Company received total net proceeds from the Placing and the Subscription, after deducting all the applicable costs and expenses of HK\$347.1 million.

OTHER INFORMATION

The Group will gradually utilise the net proceeds in accordance with the intended use and expected timetable disclosed in the announcement dated 25 January 2022. The breakdown of the intended use and amount utilised as at 30 June 2022 were as follows:

	Budget <i>HK\$ million</i> <i>(approximately)</i>	Amount that had been utilised as at 30 June 2022 <i>HK\$ million</i> <i>(approximately)</i>	Remaining balance as at 30 June 2022 <i>HK\$ million</i> <i>(approximately)</i>	Proposed timetable for the use of unutilised net proceeds
Promoting the Company's business development and improving the efficiency in monetisation of social networking business and game business	173.6	173.6	–	On or before 31 December 2022
Pursuing strategic alliances, investments and acquisitions	173.5	7.8	165.7	On or before 31 December 2022
Total	347.1	181.4	165.7	On or before 31 December 2022

Note: The remaining proceeds are expected to be utilised on or before 31 December 2022, and is based on the Directors' best estimation of the future market conditions and thus subject to change.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Newborn Town Inc.

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 35 to 68, which comprises the interim condensed consolidated balance sheet of Newborn Town Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and 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 notes, comprising significant accounting policies and other explanatory information. 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, 25 August 2022

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2022

(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue from contracts with customers	7	1,374,210	1,038,484
Cost of revenue	8	(891,849)	(515,468)
Gross profit		482,361	523,016
Selling and marketing expenses	8	(198,820)	(291,715)
Research and development expenses	8	(91,059)	(53,693)
General and administrative expenses	8	(51,117)	(35,587)
Net impairment losses on financial assets	9	(235)	(9,504)
Other income	10	1,009	5,099
Other gain/(loss) – net	10	11,611	(3,254)
Operating profit		153,750	134,362
Finance income		630	550
Finance cost		(124)	(3,530)
Finance income/(cost), net		506	(2,980)
Share of net loss of associates accounted for using the equity method		(162)	(84)
Profit before income tax		154,094	131,298
Income tax credits	11	280	7,057
Profit for the period		154,374	138,355
Profit attributable to:			
Owners of the Company		82,705	37,377
Non-controlling interests		71,669	100,978
Other comprehensive income/(loss), net of tax			
Items that will not be reclassified to profit or loss			
Currency translation differences		4,299	(292)
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences		12,768	(4,113)
Total comprehensive income for the period		171,441	133,950
Total comprehensive income attributable to:			
Owners of the Company		102,531	34,528
Non-controlling interests		68,910	99,422
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic earnings per share	12.1	0.07	0.04
Dilutive earnings per share	12.2	0.07	0.04

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2022
(Expressed in RMB)

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment	14	13,049	16,107
Intangible assets	15	206,023	226,412
Goodwill	16	197,287	197,287
Financial assets measured at fair value through profit or loss	17	26,063	26,756
Investments accounted for using the equity method		2,628	2,789
Other receivable	19	23,934	21,835
Deferred tax assets	23	248	248
Other non-current assets		11,500	5,000
Total non-current assets		480,732	496,434
Current assets			
Other current assets		8,274	5,283
Accounts receivable	18	157,730	146,810
Other receivable	19	96,103	82,031
Financial assets measured at fair value through profit or loss	17	138,426	166,119
Cash and cash equivalents		737,951	724,588
Restricted bank deposits		1,222	1,163
Total current assets		1,139,706	1,125,994
Total assets		1,620,438	1,622,428

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2022
(Expressed in RMB)

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
LIABILITIES			
Current liabilities			
Accounts payable	20	175,082	226,120
Other payable	21	60,729	478,759
Lease liabilities		5,416	7,504
Contract liabilities	22	14,737	14,882
Bank overdraft		41	32
Tax payable		2,319	–
Total current liabilities		258,324	727,297
Non-current liabilities			
Deferred tax liabilities	23	49,207	51,808
Lease liabilities		416	3,229
Total non-current liabilities		49,623	55,037
Total liabilities		307,947	782,334
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	818	759
Share premium	24	669,523	387,156
Treasury shares	24	(12,719)	–
Other reserves		294,563	248,046
Accumulated losses		(76,453)	(159,158)
		875,732	476,803
Non-controlling interests		436,759	363,291
Total equity		1,312,491	840,094
Total liabilities and equity		1,620,438	1,622,428

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

(Expressed in RMB)

	Attributable to owners of the Company							
	Share capital	Share premium	Treasury Shares	Other reserves	Retained earnings/ (Accumulated losses)	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	695	93,701	–	314,950	127,126	536,472	250,536	787,008
Profit for the period	–	–	–	–	37,377	37,377	100,978	138,355
Other comprehensive loss	–	–	–	(2,849)	–	(2,849)	(1,556)	(4,405)
Total comprehensive income	–	–	–	(2,849)	37,377	34,528	99,422	133,950
Transaction with owners:								
Share-based compensation expenses	–	–	–	16,518	–	16,518	–	16,518
Balance at 30 June 2021	695	93,701	–	328,619	164,503	587,518	349,958	937,476
Balance at 1 January 2022	759	387,156	–	248,046	(159,158)	476,803	363,291	840,094
Profit for the period	–	–	–	–	82,705	82,705	71,669	154,374
Other comprehensive income/(loss)	–	–	–	19,826	–	19,826	(2,759)	17,067
Total comprehensive income	–	–	–	19,826	82,705	102,531	68,910	171,441
Transaction with owners:								
Issuance of shares upon placement (Note 24)	59	282,367	–	–	–	282,426	–	282,426
Share-based compensation expenses (Note 25)	–	–	–	26,691	–	26,691	4,558	31,249
Purchase of own shares (Note 24)	–	–	(12,719)	–	–	(12,719)	–	(12,719)
Balance at 30 June 2022	818	669,523	(12,719)	294,563	(76,453)	875,732	436,759	1,312,491

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

(Expressed in RMB)

	Note	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		80,858	161,713
Payment of income tax		(2)	(740)
Net cash inflow from operating activities		80,856	160,973
Cash flows from investing activities			
Purchase of Wealth Management Products ("WMP") measured at fair value through profit or loss		(119,931)	(137,449)
Maturity of WMPs measured at fair value through profit or loss		153,373	163,545
Prepayment for investment in equity interest of a private company measured at fair value through profit or loss		(6,500)	–
Purchase of property and equipment		(3,112)	(2,853)
Loans to third parties		(1,160)	–
Proceeds of loans repayments from third parties		6,000	–
Net cash inflow from investing activities		28,670	23,243
Cash flows from financing activities			
Issuance of shares upon placement	24	285,567	–
Transaction costs relating to issuance of shares upon placement		(3,141)	–
Repayment of lease liabilities (including interest paid)		(4,545)	(2,947)
Purchase of own shares	24	(12,719)	–
Transactions with non-controlling interests	21	(395,217)	–
Net cash outflow from financing activities		(130,055)	(2,947)
Net (decrease)/increase in cash and cash equivalents		(20,529)	181,269
Cash and cash equivalents at beginning of period		724,556	430,998
Effects of exchange rate changes on cash and cash equivalents		33,883	(4,682)
Cash and cash equivalents at end of period		737,910	607,585
Including:			
Cash and cash equivalents		737,951	607,619
Bank overdraft		(41)	(34)

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

1 GENERAL INFORMATION

Newborn Town Inc. (the “Company”) was incorporated in the Cayman Islands on 12 September 2018 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 Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as the “Group”) are principally engaged in providing social networking business (mainly through social networking apps such as MICO, Yummy and YoHo) and innovative business (mainly through niche games and casual games).

Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian are the founders of the Group.

The interim condensed consolidated financial information comprises the interim condensed consolidated balance sheet as at 30 June 2022, 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 months ended 30 June 2022, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in RMB, unless otherwise stated.

This Interim Financial Information was approved by the board of directors of the Company for issuance on 25 August 2022.

The Interim Financial Information has not been audited but has been reviewed by the external auditor of the Company.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim financial reporting”, issued by the International Accounting Standards Board (“IASB”).

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), as set out in the 2021 annual report of the Group (the “2021 Financial Statements”).

The Interim Financial Information has been prepared under the historical cost convention, as modified by the, revaluation of financial instruments measured at fair value through profit and loss (“FVPL”).

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2021 Financial Statements.

The following amended and revised standards are mandatory for the first time for the Group’s financial year beginning on 1 January 2022 and are applicable for the Group:

- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 – Reference to the Conceptual Framework

The adoption of the above amended and revised standards did not have any significant impact on the Group’s Interim Financial Information.

In addition, the IASB also published a number of new standards and amendments to standards which are effective for the financial year beginning on or after 1 January 2023 and have not been early adopted by the Group. Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's policies on financial risk management were set out in the 2021 Financial Statements and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2022.

4.2 Fair value estimation

(i) Fair value hierarchy

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2022.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the year. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

The following table presents the Group's asset that are measured at fair value at 30 June 2022 and 31 December 2021.

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2022				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	138,426	138,426
– Equity interests of certain private companies	–	–	26,063	26,063
	–	–	164,489	164,489

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2021				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	166,119	166,119
– Equity interests of certain private companies	–	–	26,756	26,756
	–	–	192,875	192,875

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

There were no transfers between levels for recurring fair value measurements during all periods presented.

The following table presents the changes in level 3 instruments of investment in WMPs measured at fair value through profit or loss for the six months ended 30 June 2022:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	166,119	178,009
Additions	119,931	137,449
Disposals	(153,373)	(163,545)
Changes in fair value	1,457	1,417
Exchange gains/(losses)	4,292	(1,112)
At the end of the period	138,426	152,218
Net unrealized gains for the period	1,457	1,417

The following table presents the changes in level 3 instruments of investments in equity interests of certain private companies measured at fair value through profit or loss for the six months ended 30 June 2022:

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	26,756	6,495
Changes in fair value	(693)	2,416
At the end of the period	26,063	8,911
Net unrealized (losses)/gains for the period	(693)	2,416

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(ii) Valuation process and valuation techniques used to determine level 3 fair value

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purpose. The team manages the valuation exercise of level 3 instrument on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

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; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

(iii) Fair value measurements using significant unobservable inputs

The valuation of level 3 instruments mainly included investment in WMPs issued by banks and financial institutions and equity investments in private companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques.

All the WMPs will mature within one year with variable return rates indexed to the performance of underlying assets. The fair values were determined based on cash flow discounted assuming the expected return will be obtained upon maturity.

Market approach or income approach was adopted to determine the fair value of the equity interest in the private companies.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

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

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
		As at 30 June 2022	As at 31 December 2021	
Investment in WMPs	Expected return rate	0.50%-3.03%	1.45%-3.46%	The higher the expected return rate, the higher the fair value
Investment in equity interests of certain private companies	Expected volatility	60%-63%	47%-65%	The higher the expected volatility, the lower the fair value
	Discount for lack of marketability ("DLOM")	23%-25%	20%-25%	The higher the DLOM, the lower the fair value
	Risk-free Rate	2.5%	3.3%	The higher the risk-free rate, the higher the fair value
	Discount rate	21%	21%	The higher the discount rate, the lower the fair value
	Revenue growth rate	5%-15%	3%-5%	The higher the revenue growth rate, the higher the fair value
	Perpetual growth rate	3%	2.5%	The higher the perpetual growth rate, the higher the fair value

5 CRITICAL ESTIMATES AND JUDGMENTS

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

In preparing this Interim 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 2021 Financial Statements.

6 SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision maker ("CODM") and the Group is organised into segments according to the revenue streams of the Group. Prior to 1 January 2022, value-added service business and traffic monetisation business were identified as the segments of the Group. With the upgrading of the Group's strategy, the social networking business has become the main business and core revenue source of the Group, therefore the CODM revisited its assessment of the segment and updated its segments according to the Group's product matrix, namely social networking business and innovative business during the current period for the six months ended 30 June 2022, to better reflect the development of each business line. The segment information for the six months ended 30 June 2021 has also been retrospectively adjusted.

The CODM assesses the performance of the operating segments based on the gross profit/loss. The reconciliation of gross profit to profit before income tax is shown in the interim condensed consolidated statement of comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

6 SEGMENT INFORMATION (CONTINUED)

The segment results for six months ended 30 June 2022 and 2021 are as follows:

	Social Networking business RMB'000	Innovative business RMB'000	Total RMB'000
Six months ended 30 June 2022			
Revenue	1,265,945	108,265	1,374,210
Cost of revenue	(875,030)	(16,819)	(891,849)
Gross profit	390,915	91,446	482,361
Six months ended 30 June 2021			
Revenue	830,625	207,859	1,038,484
Cost of revenue	(491,579)	(23,889)	(515,468)
Gross profit	339,046	183,970	523,016

7 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<i>Recognised at a point in time</i>		
Social networking business	1,255,894	815,115
Innovative business	108,265	207,859
<i>Recognised over time</i>		
Social networking business	10,051	15,510
Total	1,374,210	1,038,484

The Group generally enters into service contracts with customers for a contract term less than one year. Therefore, the Group has applied the practical expedient permitted under IFRS 15 not to disclose the transaction price allocated to the unsatisfied performance obligations.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 EXPENSES BY NATURE

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue sharing to streamers	625,095	311,470
Promotion expenses	194,097	288,121
Employee benefit expenses	168,461	104,726
Payment handling costs	125,686	95,076
Server capacity expenses	31,509	19,306
Share-based compensation expenses (Note 25)	30,565	16,518
Depreciation and amortisation	26,059	25,204
Technical and other service fee	14,874	18,935
Travel expense	2,432	2,899
Rent expense	1,940	2,539
Consultancy and professional service fee	1,392	2,557
Auditor's remuneration		
– Audit and audit related services	1,000	1,000
– Non-audit services	298	–
Others	9,437	8,112
Total	1,232,845	896,463

9 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment loss provided related to accounts receivable	515	9,504
Reversal of impairment loss provided related to other receivable	(280)	–
	235	9,504

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 OTHER INCOME AND OTHER GAIN/(LOSS) – NET

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Other income		
Government grants	579	4,232
Others	430	867
Total	1,009	5,099

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Other gain/(loss) – net		
Fair value change of financial assets measured at FVPL	764	3,833
Exchange gain/(loss)	11,630	(6,986)
Others	(783)	(101)
Total	11,611	(3,254)

11 INCOME TAX CREDITS

	Unaudited Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax		
Current tax on profits for the period	(2,321)	(5)
Deferred income tax		
Changes in deferred tax assets/liabilities (Note 23)	2,601	7,062
Income tax credits	280	7,057

12 EARNINGS PER SHARE

12.1 Basic

Basic earnings per share for the six months ended 30 June 2022 were calculated by dividing the profit attributable to owners of the Company of RMB82,705,000 (for the six months ended 30 June 2021: RMB37,377,000) by the weighted average number of ordinary shares of 1,140,310,000 (for the six months ended 30 June 2021: 998,850,000) in issue during the period.

Issuance of ordinary shares upon placement in February 2022 and repurchase of ordinary shares in June 2022 were accounted at time portion basis.

12.2 Diluted

For the six months ended 30 June 2022, the Group has considered the impact from the restricted share unit ("RSU") and share options issued by the Group (Note 25). The RSUs issued by the Group had a dilutive effect during the period, while as the exercise price of the share options exceeded the average price of ordinary shares during the period for which the share options were in issue, such share options did not have any dilutive effect on earnings per share.

For the six months ended 30 June 2022, dilutive earnings per share were calculated by dividing the profit attributable to owners of the Company of RMB82,636,000 (for the six months ended 30 June 2021: RMB37,377,000) by the weighted average number of ordinary shares of 1,164,114,000 (for the six months ended 30 June 2021: 998,850,000) to assume conversion of all dilutive potential ordinary shares in issue during the period, including the RSUs issued by a subsidiary of the Company. As the dilutive effect on earnings per share resulting from the assumed exercise of RSUs was negligible, diluted earnings per share were the same as basic earnings per share.

13 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

14 PROPERTY AND EQUIPMENT

	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor Vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Right-of-use asset <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2021						
Cost	6,430	983	533	3,252	22,749	33,947
Accumulated depreciation	(3,382)	(319)	(143)	(2,320)	(11,676)	(17,840)
Net book amount	3,048	664	390	932	11,073	16,107
Period ended 30 June 2022						
Opening net book amount	3,048	664	390	932	11,073	16,107
Additions	3,106	6	–	–	846	3,958
Disposals	–	–	–	–	(1,348)	(1,348)
Depreciation charge	(838)	(91)	(51)	(264)	(4,426)	(5,670)
Currency translation difference	–	–	–	–	2	2
Closing net book amount	5,316	579	339	668	6,147	13,049
As at 30 June 2022						
Cost	9,536	989	533	3,252	22,247	36,557
Accumulated depreciation	(4,220)	(410)	(194)	(2,584)	(16,100)	(23,508)
Net book amount	5,316	579	339	668	6,147	13,049

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation charges were expensed off (Note 8) in the following categories in the interim condensed consolidated statement of comprehensive income:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cost of revenue	3,183	907
General and administrative expenses	1,356	3,557
Research and development expenses	1,028	346
Selling and marketing expenses	103	5
	5,670	4,815

For the six months ended 30 June 2022 and 2021, the Group obtains right to control the use of properties through entering respective lease arrangements.

15 INTANGIBLE ASSETS

	Software	Brand name	User base	Technology	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2021					
Cost	8,048	231,000	47,000	6,000	292,048
Accumulated amortisation	(5,686)	(34,650)	(23,500)	(1,800)	(65,636)
Net book amount	2,362	196,350	23,500	4,200	226,412
Period ended 30 June 2022					
Opening net book amount	2,362	196,350	23,500	4,200	226,412
Amortisation charges	(406)	(11,550)	(7,833)	(600)	(20,389)
Closing net book amount	1,956	184,800	15,667	3,600	206,023
As at 30 June 2022					
Cost	8,048	231,000	47,000	6,000	292,048
Accumulated amortisation	(6,092)	(46,200)	(31,333)	(2,400)	(86,025)
Net book amount	1,956	184,800	15,667	3,600	206,023

15 INTANGIBLE ASSETS (CONTINUED)

Amortisation charges were expensed off (Note 8) in the following categories in the interim condensed consolidated statement of comprehensive income:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of revenue	20,383	20,383
General and administrative expenses	3	3
Selling and marketing expenses	3	3
	20,389	20,389

16 GOODWILL

Included in the balance is a goodwill amounting to RMB197,287,000 recognized from the acquisition of Beijing Mico World Technology Co., Ltd. ("Mico") which was completed in June 2020. In accordance with IAS 36 "Impairment of Assets", the Group is required to perform goodwill impairment assessment both annually and whenever there is an indication that a cash-generating unit to which goodwill has been allocated may be impaired. As at 30 June 2022, as there was no impairment indicator being identified by the management, the impairment assessment of goodwill was not necessary.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Financial assets			
Financial assets at amortised cost	(i)		
Accounts and other receivable	18, 19	277,767	250,676
Cash and cash equivalents		737,951	724,588
Restricted bank deposits		1,222	1,163
Financial assets at fair value through profit or loss			
Investment in WMPs	(ii)	138,426	166,119
Investment in equity interests of certain private companies		26,063	26,756
		1,181,429	1,169,302
Financial liabilities			
Financial liabilities at amortised cost			
Accounts and other payable (excluding non-financial liabilities)	20, 21	185,001	582,921
Lease liabilities		5,832	10,733
Bank overdraft		41	32
		190,874	593,686

Notes:

- (i) As at 30 June 2022 and 31 December 2021, the fair values of the financial assets and financial liabilities at amortised cost approximated their respective carrying amounts.
- (ii) The WMPs were not principal guaranteed, and were therefore classified as financial assets as FVPL. The fair value measurement of these assets is disclosed in Note 4.2.

18 ACCOUNTS RECEIVABLE

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Current assets		
Gross carrying amount	193,656	180,534
Less: impairment provision	(35,926)	(33,724)
Total accounts receivable	157,730	146,810

An aging analysis of the gross accounts receivable as at 30 June 2022 and 31 December 2021, based on date of recognition, is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Up to 6 months	158,422	145,760
6 months to 1 year	50	538
1 year to 2 years	9,825	12,033
2 years to 3 years	11,839	9,352
Over 3 years	13,520	12,851
	193,656	180,534

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics. The expected credit losses also incorporate forward looking information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 OTHER RECEIVABLE

	Notes	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Deposits placed at foreign licensed platform	(i)	42,830	25,679
Loans to third parties	(ii)	42,388	45,214
Other receivables from employees	(iii)	29,186	31,900
Rental deposit		6,709	3,149
Others		1,911	1,095
Less: impairment provision		(2,987)	(3,171)
		120,037	103,866
Including:			
current portion		96,103	82,031
non-current portion		23,934	21,835

Notes:

- (i) The balance mainly represents the deposits placed at foreign licensed platform such as PayPal, Payoneer, etc..
- (ii) The balance mainly represents interest-free short-term loans lent to one third party, amounting to RMB40,268,400.
- (iii) In order to retain the high-performance employees within the Group, the Group adopted an employee interest-free loan arrangement, under which employees can receive interest-free loans from the Group and repay such amount based on the terms agreed with the Group.

20 ACCOUNTS PAYABLE

An aging analysis of the accounts payable as at 30 June 2022 and 31 December 2021 based on the date of recognition is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Up to 3 months	151,105	203,821
3 months to 6 months	6,165	12,279
6 months to 1 year	8,871	1,034
1 year to 2 years	175	2,750
2 years to 3 years	2,184	570
More than 3 years	6,582	5,666
	175,082	226,120

Accounts payable are usually paid within 1 year of recognition.

21 OTHER PAYABLE

	Notes	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Deferred consideration	(i)	–	112,545
Acquisition and investment consideration	(ii)	–	230,220
Employee benefits payable		45,470	65,136
Other tax payables		5,340	56,822
Refundable advances from customers		649	218
Others		9,270	13,818
		60,729	478,759

Notes:

- (i) Deferred consideration is related to the transaction with non-controlling interests to acquire addition equity interest in Mico from Mr. Ye Chunjian. Based on the agreement between Mr. Ye Chunjian and NewBornTown Network Technology (Beijing) Co., Ltd. ("NewBornTown Network Technology"), a subsidiary of the Company, the total consideration shall be settled in cash by NewBornTown Network Technology by four instalments. The consideration has been fully paid in 2022.
- (ii) Consideration payable to BGFG Limited ("BGFG") is related to the acquisition of 11.50% equity interest of NBT Social Networking Inc., which has been fully paid in January 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 CONTRACT LIABILITIES

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Contract Liabilities	14,737	14,882

Contract liabilities represent advance payments received from customers for services that have not yet been transferred to the customers. As at 30 June 2022 and 31 December 2021, the contract liabilities mainly included the advances for the purchase of virtual items. These services are mainly expected to be recognised as revenue to the customers within one year.

23 DEFERRED INCOME TAX

The amount of offsetting deferred income tax assets/liabilities is RMB5,078,000 and RMB5,079,000 as at 30 June 2022 and 31 December 2021. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Deferred tax assets		
to be recovered after 12 months	–	–
to be recovered within 12 months	5,326	5,327
	5,326	5,327

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Deferred tax liabilities		
to be recovered after 12 months	49,546	51,659
to be recovered within 12 months	4,739	5,228
	54,285	56,887

23 DEFERRED INCOME TAX (CONTINUED)

23a Deferred tax assets

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
The balance comprises temporary differences attributable to:		
Accrued operating expenses	3,841	3,841
Others	1,485	1,486
Total deferred tax assets	5,326	5,327

The gross movement on the deferred tax assets is as follows:

	Unaudited Six months ended June 30 2022 RMB'000	2021 RMB'000
At the beginning of the period	5,327	15,521
Charged to profit or loss	(1)	(10,612)
At the end of the period	5,326	4,909

23 DEFERRED INCOME TAX (CONTINUED)

23b Deferred tax liabilities

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
The balance comprises temporary differences attributable to:		
Fair value changes	12,820	12,924
Intangible assets identified in acquisition of a subsidiary	41,465	43,963
Total deferred tax liabilities	54,285	56,887

The gross movement on the deferred tax liabilities is as follows:

	Unaudited Six months ended June 30	
	2022 RMB'000	2021 RMB'000
At the beginning of the period	56,887	73,851
Charged to profit or loss	(2,602)	(17,674)
At the end of the period	54,285	56,177

24 SHARE CAPITAL

	Number of shares authorized for issue	Number of shares in issue	Share capital <i>USD'000</i>	Share capital <i>RMB'000</i>	Treasury Shares <i>RMB'000</i>	Share premium <i>RMB'000</i>
As at 31 December 2020 and 30 June 2021	3,000,000,000	998,850,000	99	695	–	93,701
As at 31 December 2021	3,000,000,000	1,098,850,000	109	759	–	387,156
Issuance of shares upon placement (i)	–	92,366,000	9	59	–	282,367
Purchase of own shares (ii)	–	–	–	–	(12,719)	–
As at 30 June 2022	3,000,000,000	1,191,216,000	118	818	(12,719)	669,523

Share premium

The share premium mainly comprises the portion of contributions from owners of the Group in excess of share capital.

Notes:

- (i) On 27 January 2022, Spriver Tech Limited (“Spriver”) successfully placed an aggregate of 92,366,000 ordinary shares at HK\$3.80 per share to no less than six professional, institutional and/or other investors procured by the sole placing agent, CLSA Limited. On 4 February 2022, a total of 92,366,000 ordinary shares were allotted and issued to Spriver at the net subscription price, after deducting all the applicable costs and expenses, of HK\$3.76 per share under the general mandate. The subscribed shares represent approximately 7.75% of the issued share capital of the Company as enlarged by the allotment.
- (ii) In June 2022, the Company purchased a total of 5,154,000 ordinary shares through Three D Partners Limited pursuant to RSU Award Scheme adopted by the Company in June 2022 (Note 25), at a total consideration of HK\$14,856,780.

25 SHARE-BASED PAYMENTS

RSUs granted to employees

On 11 December 2019, the Board of Directors of the Company approved and adopted the restricted share unit scheme to employees (“Employee RSU Scheme”) and the restricted share unit scheme to management (“Management RSU Scheme”) to incentivise employees, consultants, directors, senior management and officers for their contribution to the Company. On 28 May 2020, the Board of Directors further resolved to amend the forfeiture provisions of the Management RSU Scheme and the Employee RSU Scheme for the purpose of better attracting and incentivising participants of the RSU Schemes in the long term.

On 28 May 2020 (“Grant Date”), the Board of Directors resolved and approved the grant of 25,733,333 RSUs to 5 grantees pursuant to the Management RSU Scheme and the grant of 29,494,240 RSUs to 31 grantees pursuant to the Employee RSU Scheme (the “Grant”), subject to acceptance by the grantees. The total 55,227,573 RSUs granted to the grantees represented 55,227,573 underlying ordinary share(s) in the share capital of the Company with a par value of USD0.0001 each (“Shares”), which amounted to approximately 5.52% of the issued share capital of the Company as at the Grant Date. The fair value of RSUs as at the Grant Date were HK\$91.1 million. The first batch of the RSUs (being 25% of the total RSUs granted) vested on 20 July 2020, and the second to fourth batches of the RSUs (being 25% of the total RSUs granted respectively) will be vested on 20 July 2021, 20 July 2022 and 20 July 2023 respectively.

On 24 March 2021 (“Grant Date”), the Board of Directors resolved and approved the grant of 957,333 RSUs to 5 grantees pursuant to the Employee RSU Scheme, which amounted to approximately 0.10% of the issued share capital of the Company as at the Grant Date. The fair value of RSUs as at the Grant Date were HK\$4.2 million. The first batch of the RSUs vested on 20 July 2021, and the second to fourth batches of the RSUs will be vested on 20 July 2022, 20 July 2023 and 20 July 2024 respectively.

On 7 June 2022, the Board of Directors resolved and approved the adoption of the restricted share unit award scheme (“RSU Award Scheme”). The purpose of the RSU Award Scheme is to incentivize the Group’s directors (excluding independent non-executive directors), senior management, officers and consultants for their contribution to the Group, to attract and retain skilled and experienced personnel to strive for the future growth of the Group by providing them with the opportunity to own equity interests in the Company. The aggregate number of Shares involved in the RSUs under the RSU Award Scheme (excluding the RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Award Scheme) shall not exceed 3% of the Company’s share capital in issue on the adoption date of the RSU Award Scheme, being 35,736,480 Shares. The Company will provide funds to TMF Trust (HK) Limited (the “RSU Trustee”) and Three D Partners Limited, a wholly-owned subsidiary of the RSU Trustee to purchase Shares in the market at the prevailing market price which will be used to satisfy the relevant Shares upon the exercise of the RSUs.

25 SHARE-BASED PAYMENTS (CONTINUED)

RSUs granted to employees (Continued)

Movements in the number of RSUs granted to the Company's employees and management under RSU Scheme as below:

	Number of RSU	Weighted average grant date fair value per RSU (HK\$)
Outstanding as at 1 January 2022	26,824,905	2.57
Granted during the period	–	–
Forfeited during the period	–	–
Exercised during the period	–	–
Outstanding as at 30 June 2022	26,824,905	2.57

	Number of RSU	Weighted average grant date fair value per RSU (HK\$)
Outstanding as at 1 January 2021	39,468,905	1.65
Granted during the period	957,333	4.33
Forfeited during the period	(249,333)	1.65
Exercised during the period	–	–
Outstanding as at 30 June 2021	40,176,905	1.71

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

For the six months ended 30 June 2022, the total expenses recognised in the interim condensed consolidated statement of comprehensive income for RSUs granted under Employee RSU Scheme and Management RSU Scheme were RMB7,576,000 (for the six months ended 30 June 2021: RMB15,445,000).

For the six months ended 30 June 2022, a subsidiary of the Group has recognised share-based compensation expenses RMB5,465,000 related to the RSU Scheme awarded by the subsidiary in 2022 and 2018 (for the six months ended 30 June 2021: RMB1,073,000).

25 SHARE-BASED PAYMENTS (CONTINUED)

Share options granted to executive directors and employees

On 31 May 2021, the shareholders of the Company approved the adoption of Share Option Scheme with the purpose of attracting, retaining and motivating eligible participants to strive towards long term performance target set by the Group and to provide them with an incentive to work better for the interest of the Group.

On 30 August 2021, the Board of Directors proposed to grant in aggregate 80,000,000 share options to 32 eligible persons, including four executive directors under the Share Option Scheme adopted on 31 May 2021 to subscribe for a total of 80,000,000 ordinary shares of US\$0.0001 each in the share capital of the Company at the exercise price of HK\$4.81 per share, of which the grant of 30,000,000 share options was approved by the Independent Shareholders at an extraordinary general meeting of the Company on March 2022. The grant includes performance-based share options to grantees, which are generally vested over 10 years. Share Options of each grantee will be vested in four tranches subject to the fulfilment of certain performance targets relating to the Company. The performance target is determined by the Board of Directors. For those awards, evaluations are made as of each reporting period to assess the likelihood of performance criteria being met. Share-based compensation expenses are then adjusted to reflect the revision of original estimates.

Movements in the number of share options granted to employees and their related weighted average exercise prices are as below:

	Number of share options	Average exercise price per share option (HK\$)
Outstanding as at 1 January 2022	80,000,000	4.81
Granted during the year	–	–
Forfeited during the year	(770,000)	4.81
Exercised during the year	–	–
Outstanding as at 30 June 2022	79,230,000	4.81
Exercisable as at 30 June 2022	23,400,000	4.81

For the six months ended 30 June 2022, the total expenses recognised in the interim condensed consolidated statement of comprehensive income for Share Option Scheme were RMB17,524,000 (for the six months ended 30 June 2021: nil).

26 COMMITMENTS

Non-cancellable leases commitment

The Group leases some offices under non-cancellable lease contract with lease term less than one year and has been exempted from recognition of right-of-use assets permitted under IFRS 16. The future aggregate minimum lease payment under the relevant non-cancellable lease contract are as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Within 1 year	522	47

Capital commitment

On 10 June 2022, NewBornTown Network Technology entered into an investment agreement and an equity transfer agreement with Shenzhen Shimi Network Technology Limited ("Shenzhen Shimi") and Shenzhen Shimi's then shareholders to acquire an aggregate of 4.0% equity interest in Shenzhen Shimi at a total consideration of RMB13,000,000. NewBornTown Network Technology paid RMB6,500,000 in June 2022 and paid the remaining RMB6,500,000 in August 2022 upon the fulfilment of all the conditions laid out in the agreement.

During the first half of 2022, the Company obtained the approval from Independent Shareholders at an extraordinary general meeting to enter into the amended and restated exempted limited partnership agreement ("Partnership Agreement") with Spriver and Chizicheng Strategy Investment Limited ("Chizicheng Strategy Investment") and to establish Metaclass Management ELP (the "Fund"). Pursuant to the Partnership Agreement, the total fund-raising target of the Fund to be established shall be in the amount of US\$100 million, of which, the Chizicheng Strategy Investment (as the General Partner) shall make cash contribution in the amount of US\$0.1 million, Spriver (as the Limited Partner) shall make cash contribution in the amount of US\$49.9 million, and the Company (as the Limited Partner) shall make cash contribution in the amount of US\$50 million. The purposes of the Fund include, among other things, to participate in the going-private transaction of BlueCity Holdings Limited, a NASDAQ – listed company ("BlueCity") by making equity investment in the buyer consortium which will be formed for the purpose of acquiring all of the outstanding ordinary shares of BlueCity that are not beneficially owned by the buyer consortium. On 12 August 2022, the Company made the majority of its contribution to the Fund. And on the same day, the closing of the going-private transaction of BlueCity was completed.

27 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

27a Names and relationships with related parties

The following companies are significant related parties of the Group that had transactions and/or balances with the Group during all periods presented.

Companies	Relationship
Ye Chunjian	Director of the Company
Phoenix Fortune	Shareholder of the Company
BGFG	Shareholder of a subsidiary of the Company
Spriver	Shareholder of the Company
Chizicheng Strategy Investment	A subsidiary of Spriver

27b Transactions with related parties

As disclosed in Note 26, the Company entered into a Partnership Agreement with Spriver and Chizicheng Strategy Investment and established the Fund upon the approval from Independent Shareholders at an extraordinary general meeting.

There were no transactions occurred with related parties for the six months ended 30 June 2021.

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27c Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
<i>Other payable to related party</i>		
BGFG (Note 21)	–	230,220
Ye Chunjian (Note 21)	–	112,545

27d Key management personnel remuneration

	Unaudited Six months ended 30 June 2022 RMB'000	2021 RMB'000
Wages, salaries and bonus	1,805	1,922
Contributions to pension plans	141	148
Other social security costs, housing allowance and other allowance	205	219
Share-based compensation expenses	12,409	1,923
Total employee benefit expenses	14,560	4,212

The related party transactions in respect of Note 27b above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

28 EVENT OCCURRING AFTER THE REPORTING PERIOD

On 11 July 2022, the Group, as the lessee, entered into lease agreements with Beijing Wanhai Xingchen Enterprise Management Co., Ltd, as the lessor, in relation to the lease of certain floors of a building. The Group will recognise additions as right-of-use asset amount to approximately RMB112 million in aggregate for the proposed lease term of 64 months.

“AGM”	the annual general meeting of the Company held on 31 May 2021
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Chizicheng Strategy Investment”	Chizicheng Strategy Investment Limited, an exempted company with limited liability incorporated in the Cayman Islands on 11 January 2022 and was wholly owned by Spriver as of the date of this interim report
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”, “our Company” or “the Company”	Newborn Town Inc. (赤子城科技有限公司), a company with limited liability incorporated in the Cayman Islands on 12 September 2018
“Director(s)”	the director(s) of our Company or any one of them
“Employee RSU Scheme”	the restricted share unit scheme of the Company adopted by our Board on 11 December 2019
“Employee RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Employee RSU Scheme
“Fund”	a private fund to be established in the form of an exempted limited partnership under the laws of the Cayman Islands pursuant to the Partnership Agreement
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the total number of issued Shares of the Company as at the date of the AGM
“General Partner”	Chizicheng Strategy Investment
“Group”, “our Group” or “the Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Latest Practicable Date”	16 September 2022, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information contained herein

DEFINITION

“Lock-up Period”	from the date on which the RSU Award Scheme Participant is granted the RSU Awards to the date that expires three years after the date of the first unlock of the RSU Awards
“Limited Partner(s)”	any person who has been admitted by the General Partner as a limited partner of the Fund in accordance with the terms of the Partnership Agreement and has not ceased to be a limited partner of the Fund in accordance with such terms
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	31 December 2019, the date on which the Company was listed on the Stock Exchange
“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)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Management RSU Scheme”	the restricted share unit scheme of the Company adopted by our Board on 11 December 2019
“Management RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Management RSU Scheme
“Mico”	Beijing Mico World Technology Co., Ltd. (北京米可世界科技有限公司) (formerly known as Beijing Zhongluo Technology Co., Ltd. (北京眾絡科技有限公司)), a company incorporated under the laws of the PRC with limited liability
“NASDAQ”	National Association of Securities Dealer Automated Quotations
“NewBornTown Network Technology”	NewBornTown Network Technology (Beijing) Co., Ltd. (赤子城網絡技術(北京)有限公司), a company incorporated under the laws of the PRC with limited liability on 28 February 2014
“Nomination Committee”	the nomination committee of the Company
“Phoenix Fortune”	Beijing Phoenix Fortune Interconnection Investment Fund (Limited Partnership) (北京鳳凰祥瑞互聯投資基金(有限合夥)), a limited partnership established under the laws of the PRC
“Placing”	the placing of Sale Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement

“Placing and Subscription Agreement”	the agreement entered into among the Company, the Seller, the Sole Placing Agent in relation to the Placing and the Subscription on 24 January 2022
“PRC”	the People’s Republic of China, which for the purpose of this interim report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 17 December 2019
“Relevant Period” or “Reporting Period”	for the six months ended 30 June 2022
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi yuan, the lawful currency of China
“RSU”	a restricted share unit award granted to a participant under the RSU Scheme
RSU Award”	restricted share unit which gives the RSU Award Scheme Participant a conditional right when the RSU Award vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSU Award, less any tax, stamp duty and other charges applicable, as determined by the RSU Administrator in its absolute discretion, and may include (where appropriate), cash and non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares, as determined by the RSU Administrator in its absolute discretion
“RSU Award Scheme”	RSU award scheme adopted by the Company on 7 June 2022
“RSU Schemes”	the Employee RSU Scheme and the Management RSU Scheme
“Sale Shares”	92,366,000 Shares that the Seller agrees to sell, and the Sole Placing Agent agrees, as agent of the Seller, to procure on a best effort basis not less than six purchasers to purchase, subject to the terms and conditions of the Placing and Subscription Agreement
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Spriver”	Spriver Tech Limited, an investment holding company incorporated in the British Virgin Islands with limited liability

DEFINITION

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Seller
“Subscription Shares”	92,366,000 new Shares to be issued by the Company to the Seller under the Subscription pursuant to the General Mandate
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by SFC, as amended or supplemented from time to time
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“We”, “us” or “our”	our Company or our Group, as the context may require
“%”	per cent

