

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2100





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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Dai Jian (*Chairman*)

Mr. Wu Lili

Mr. Li Chong

Mr. Wang Xiaodong (resigned on 26 January 2022)

### Independent Non-executive Directors

Ms. Liu Qianli

Dr. Wang Qing

Mr. Ma Xiaofeng

## AUDIT COMMITTEE

Ms. Liu Qianli (*Chairperson*)

Dr. Wang Qing

Mr. Ma Xiaofeng

## NOMINATION COMMITTEE

Mr. Dai Jian (*Chairperson*)

Mr. Ma Xiaofeng

Ms. Liu Qianli

## REMUNERATION COMMITTEE

Dr. Wang Qing (*Chairperson*)

Mr. Ma Xiaofeng

Mr. Wu Lili

## CHIEF EXECUTIVE OFFICER

Mr. Dai Jian

## ACTING CHIEF FINANCIAL OFFICER

Ms. Chen Xiao Hong

## COMPANY SECRETARY

Ms. Lau Yee Wa

## AUTHORIZED REPRESENTATIVES

Mr. Wu Lili

Mr. Dai Jian

## AUDITOR

PricewaterhouseCoopers

*Certified Public Accountants and Registered PIE Auditor*

22/F, Prince's Building

Central

Hong Kong

## COMPANY'S WEBSITE

[www.baioo.com.hk](http://www.baioo.com.hk)

## STOCK CODE

2100

## HEADQUARTERS IN THE PRC

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120 Huangpu W Ave, Tianhe

Guangzhou, Guangdong

China 510623

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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348 Kwun Tong Road  
Kowloon  
Hong Kong

## PRINCIPAL BANKS

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

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

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

## LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong  
25/F, Three Exchange Square  
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Central  
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## LEGAL ADVISORS AS TO CAYMAN ISLANDS LAW

Conyers Dill & Pearman (Cayman) Limited  
Hutchins Drive  
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## INVESTOR RELATIONS

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# Company Profile

Founded in 2009 and listed on the Hong Kong Stock Exchange in 2014, BAIOO Family Interactive Limited is a leading internet content and service provider in China. BAIOO primarily focuses on niche game genres in which it excels, namely female-oriented games, pet collection and raising games, and “nijigen” (「二次元」) games. BAIOO has gained a leading position in the niche game segments in China and is a gaming brand that is prevailing among generation Z.

Since its establishment, BAIOO has been committed to the development and operation of various online content. The Company’s key products have attracted over 300 million registered users. Leveraging BAIOO’s business growth and the emerging mobile internet market, the Company has launched a series of hit game titles. The Company has also launched its gaming products in Hong Kong China, Macau China, Taiwan China, Japan, South Korea, Europe and the United States, which were well received by users.

Looking ahead, BAIOO will continue to focus on developing games in the niche gaming segments, namely female-oriented, pet collection and raising, and “nijigen” (「二次元」). Leveraging its “IP Super Evolution” strategy and its IP that were developed and accumulated throughout the years, BAIOO will continue to develop a series of creative and attractive products, provide young users with differentiated and upgraded IP experience and services, create successive hit titles and sequels, and become a joy-making platform for the youth.

# Financial Summary

## INCOME STATEMENT HIGHLIGHT

	Unaudited		Period- over-period change %
	six months ended 30 June		
	2022	2021	
	RMB'000	RMB'000	
Revenue	<b>289,641</b>	519,887	(44)%
Gross profit	<b>117,738</b>	240,221	(51)%
Operating (loss)/profit	<b>(61,884)</b>	56,995	(209)%
Non-International Financial Reporting Standards (“IFRSs”) Measures			
– Adjusted net (loss)/profit <sup>(1)</sup>	<b>(7,834)</b>	69,295	(111)%
– Adjusted EBITDA <sup>(2)</sup>	<b>(18,002)</b>	90,914	(120)%

### Notes:

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

## BALANCE SHEET HIGHLIGHT

	Unaudited As of 30 June 2022 RMB'000	Audited As of 31 December 2021 RMB'000
<b>Assets</b>		
Non-current assets	384,816	422,420
Current assets	1,562,172	1,571,922
<b>Total assets</b>	<b>1,946,988</b>	1,994,342
<b>Equity and liabilities</b>		
Total equity	1,629,719	1,682,640
Non-current liabilities	57,189	63,270
Current liabilities	260,080	248,432
<b>Total liabilities</b>	<b>317,269</b>	311,702
<b>Total equity and liabilities</b>	<b>1,946,988</b>	1,994,342

# Chairman Letter

Dear Shareholders,

In the first half of 2022, China's gaming market slowed down, and the market size is slightly down but making a steady progress. In particular, the mobile games segment continued to hold a dominant position but fell back in terms of market share. Amidst the trends toward differentiation and technological iteration in the gaming market, we have been gradually pursuing a high quality and diversified development.

Since its inception, BAIIO has been committed to focusing on developing differentiated hit games in three specific major niches, namely female-oriented games, pet collection and raising games, and “nijigen” (「二次元」) games. Thanks to our IP super-evolution strategy, we have continued our efforts to develop a series of innovative game products to provide users with an upgraded IP experience and to deliver high-quality games that are superior to previous generations. Leveraging our strengths in game innovation and R&D, we have built up high entry barriers and become a recognized leader in the niche gaming market in China. In addition, to promote traditional Chinese culture and enrich and diversify the gaming experience for global users, we have been actively creating differentiated game content and incorporating Chinese cultural elements into our games.

## **BAIOO CONTINUES TO REFINE ITS GAME CONTENT AND DEVELOP ITS R&D STRENGTH, AND ITS CORE MOBILE GAMES ARE HIGHLY RECEIVED BY THE MARKET AND USERS**

In the first half of 2022, we continued to focus our efforts on serving Generation Z users in the niche gaming segments by innovating game content to provide them with high-quality, entertaining and rewarding gaming experiences. As new technologies and the gaming market continue to evolve and as users place higher demands on game content and quality, we aggressively consolidated our strengths in innovation and R&D, which helped us increase user loyalty and grow our user base. Overall, we remained stable in terms of game operation and user reputation.

## Chairman Letter

For our domestic business, our signature mobile games, namely the female-oriented game Shiwuyu (「食物語」) and the pet collection and raising games Aola Star Mobile (「奧拉星手遊」) and “Legend of Aoqi Mobile” (「奧奇傳說手遊」), continued to enjoy increasing reputation. During the six months ended 30 June 2022 (the “**Period**”), to maximize the value of our IPs, we insisted on content innovation and actively worked with organizations promoting traditional Chinese culture and classic animation IPs for the development of new games. In association with well-known brands, we also organized offline activities for our users and launched peripheral merchandise to further enhance our brand awareness. Apart from actively expanding our mobile game business, we also continued to operate our web games. Moreover, we remain committed to updating the content of our games regularly in a bid to improve the web game experience and maintain user engagement.

For our business outside of Mainland China, we continued to expand our global presence by launching localized games in various places including Hong Kong China, Macau China and Taiwan China, as well as Japan, South Korea, Singapore, Malaysia, Europe and The United States. Thanks to our localized games, we have gained positive word-of-mouth among users in these markets.

Against the backdrop of an increasingly competitive gaming market and rising user demand for game content, we continued to invest in product R&D and attracting talent, and focused on optimizing the graphics, gameplay and operation of our games, which laid a solid foundation for our continued development in the niche gaming segments. BAIIO was recognized by the market for its business presence and development prospects. In January 2022, it was awarded the “Best Small and Medium-Cap Company” at the Sixth Hong Kong Golden Stocks Awards Ceremony, and its subsidiary, Guangzhou Baitian Information Technology Ltd. (廣州百田信息科技有限公司), was listed among the “Most Influential Companies” at the Golden Diamond Award 2021.

### OUTLOOK

Looking ahead to the second half of 2022, we will continue to focus on three game genres, namely, female-oriented games, pet collection and raising games, and “nijigen” (「二次元」) games. In addition, we will seize the development opportunities in the Chinese and overseas game markets and continue to invest in game content innovation and R&D, with a view to creating hit games that are superior to previous generations and providing users with high-quality, diversified and entertaining game content. Furthermore, we will continue to extensively explore cross-border integration of cultural and creative content, incorporate more traditional Chinese culture into our games, provide innovative, entertaining and rewarding game content to our global users, and communicate the spirit and value of Chinese culture to the rest of the world.

The mobile game “Aobi Island: Dreamland (「奧比島：夢想國度」)”, a derivative of our classic IP “Aobi Island (「奧比島」)”, was officially launched in Mainland China on 12 July 2022. The IP has been operating for thirteen years with a cumulative user base of over 300 million registered users. The mobile game won several industry awards before its launch and was highly anticipated by the market and users. It has continued to attract both existing and new users since its launch, which is expected to contribute revenue to BAIOO.

### ACKNOWLEDGEMENTS

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

**DAI Jian**

*Chairman, Chief Executive Officer and Executive Director*

**BAIOO Family Interactive Limited**

30 August 2022

# Definitions and Glossaries

## DEFINITIONS

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

## Definitions and Glossaries

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

## Definitions and Glossaries

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Option(s)”	an option or right to purchase Shares under the Pre-IPO Share Option Scheme
“PC(s)”	personal computer(s)
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on 10 April 2014 and was amended on 19 June 2015 and 17 December 2020
“PRC” or “China”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit plan approved and adopted by the Company on 30 September 2013
“Pre-IPO Share Option Scheme”	the share option plan approved and adopted by the Company on 18 June 2010
“Prospectus”	the prospectus of the Company dated 28 March 2014
“R&D”	research and development
“Register of Members”	the register of members of the Company
“Registered Shareholders”	the registered shareholders of Guangzhou Baitian, namely Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong, Mr. CHEN Ziming and Mr. WANG Xiaodong
“Remuneration Committee”	the remuneration committee of the Company
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Pre-IPO RSU Scheme and/or the Post-IPO RSU Scheme
“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the share capital of our Company with par value US\$0.0000005 each (or of such other nominal amount as shall result from capitalization, subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time) with the rights ascribed in the Articles of Association

## Definitions and Glossaries

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

\* English names are for identification purpose only

## Definitions and Glossaries

### GLOSSARY

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

# Management Discussion and Analysis

## BUSINESS OVERVIEW

During the Period, BAIOO continued to develop PC and mobile games, and exploited development opportunities in the three main game segments of female-oriented games, pet collection and raising games, and “nijigen” (「二次元」) games. By enhancing innovation and R&D strength, BAIOO successfully built a high barrier to entry and further consolidated the Company’s reputation and leadership in key market segments.

During the Period, the operation of BAIOO’s core mobile games and web games remained steady. BAIOO actively cooperated with different cultural groups and classic animation IPs, continuously updated its game content and launched new versions with new themes, and remained committed to providing users with more diversified and interesting game content. In particular, BAIOO’s signature mobile games, namely Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」) and Legend of Aoqi Mobile (「奧奇傳說手遊」) continued to be well-received by users and the market, and the reputation of these products continued to improve.

In terms of content creation, BAIOO adhered to the concept of “users prevail & content matters” (「用戶至上、內容為王」), and remained committed to promoting the deep integration of games with traditional Chinese culture. BAIOO also continued to provide users with innovative, interesting and beneficial game content, and actively showcased Chinese characteristics, Chinese spirit and Chinese wisdom to the younger generation and the world. During the Period, BAIOO’s Shiwuyu (「食物語」) cooperated with Yuyuan Shopping Mall and Yuyuan Cultural and Catering Group (豫園文化飲食集團) to hold online and offline activities to fully display Shanghai culture and local food culture. In addition, BAIOO and the Guangdong Institute of Arts and Crafts (廣東省工藝美術研究所) jointly launched Aola Star Mobile (「奧拉星手遊」) x Cloisonne special edition to promote the time-honored traditional Chinese arts and crafts.

In order to provide users with creative and interesting game experiences, BAIOO vigorously promoted the diversified operation of IP, and actively cooperated with other classic animation IPs. During the Period, Aola Star Mobile (「奧拉星手遊」) and Legend of Luo Xiao-hei (「羅小黑戰記」) launched a new game edition called “Go Home Together” (「一起回家」), in which the protagonists are voiced by the voice actors from the original drama, bringing fresh and exciting game content to users. BAIOO’s other star mobile game, Legend of Aoqi Mobile (「奧奇傳說手遊」) teamed up with Chow Tai Fook, a well-known jewelry group, to launch exclusive peripheral products, including designing the customized silver jewelry “Yinuo’s Covenant” (「一諾之約」) based on the game’s protagonist “Xiao Nuo”, to enhance the IP brand effect.

In addition to continuing to expand the domestic game market, BAIOO persisted in continuously updating and optimizing localized game content, allowing more overseas users to experience BAIOO’s games whilst showing them Chinese characteristics and culture. In recent years, BAIOO has been actively expanding overseas market, and its mobile games have been successfully launched in Hong Kong China, Macau China and Taiwan China, Japan, South Korea, Europe and the United States.

## Management Discussion and Analysis

In addition, BAIOO's outstanding performance has been recognized by its cooperation partners, the gaming industry and the capital market. Specifically, BAIOO won three awards at the 7th Blackstone Awards Ceremony, namely, its subsidiary Guangzhou Tianti Internet Technology Limited (廣州天梯網絡科技有限公司) won the "Hardcore Annual Excellent Cooperation Company" (「硬核年度優秀合作公司」); the mobile games Aobi Island (「奧比島」) and Legend of Aoqi (「奧奇傳說」) were recognised as the "Most Anticipated Hardcore Game of the Year" (「硬核年度最受期待遊戲」) and "Hardcore Superstar Game" (「硬核超明星遊戲」), respectively; its subsidiary Guangzhou Baitian Information Technology Limited (廣州百田信息科技有限公司) was successfully selected as the "Most Influential Enterprise" (「最具影響力企業」) in the 2021 Game Gold Diamond List (遊戲金鑽榜); and BAIOO won the "Best Small and Medium Market Cap Company" (「最佳中小市值公司」) award in Hong Kong stock market, which reflects the recognition by the industry and investors of BAIOO's rapid development and the company's future potential.

In order to actively respond to the Chinese government's policies on anti-addiction and protection of underage users, BAIOO has continuously committed resources to improve the quality of game content, develop high-quality games, actively fulfill corporate social responsibility, strive to provide users with a beneficial gaming environment, and contribute to the long-term health and sustainable development of the industry.

## INDUSTRY TRENDS

During the Period, the game market in China slowed down, mainly due to the decrease in users' income during COVID-19, which led to a decrease in users' willingness to consume. According to the latest China's Gaming Industry Report released by the China Audio-Video and Digital Publishing Association (中國音數協遊戲工委) ("GPC"), the number of gaming users in China was 670 million, representing a year-on-year decrease of 0.1%, while the revenue generated by the gaming industry reached RMB147.79 billion, representing a year-on-year decrease of 1.8%. In particular, the mobile gaming market continued to expand and occupy the largest share of the industry, accounting for 74.7% of the gaming industry's total revenue.

According to the GPC report, the gaming industry is actively promoting the deep integration of digital technologies such as big data, cloud computing, and artificial intelligence with industrial development. In addition, the gaming industry actively responded to the challenging environment, and achieved outstanding performance in enhancing the protection of minors, improving R&D and operation capabilities, strengthening the application of digital technology, and accelerating the cross-border integration of industries, which has alleviated the adverse impact of the epidemic to a certain extent. Many game companies have fulfilled their social responsibilities by donating and developing anti-pandemic content to help society overcome the difficulties together.

Niche market segment is still the key development area of the gaming industry. For many years, BAIOO has persisted in cultivating the three niche game segments of female-oriented games, pet collection and raising games, and "nijigen" games. With its strong strength in operations and R&D, as well as its in-depth perspective on users in these game segments, BAIOO has further consolidated its brand influence and its market position.

### OUTLOOK FOR THE SECOND HALF OF 2022

Looking ahead to the second half of 2022, BAIOO will continue to explore development opportunities in the niche game segments, launch high-quality and differentiated game products, and further enrich its game product portfolio to meet the ever-increasing users' expectations on game content and quality. By using the IPs that have been accumulated for many years and carefully incubated, BAIOO continues to develop a series of innovative and interesting games through the IP super-evolution strategy.

The mobile game Aobi Island: Dreamland (「奧比島：夢想國度」), derived from BAIOO's classic IP, was officially launched in China on 12 July 2022. On the first day after its launch, it topped the iOS list of free game downloads and dominated many mainstream channels, while the hashtags # Aobi Island, # Aobi Island ID#, # Aobi Island mobile game launch#, etc. were all listed on Weibo Hot Search. At the same time, the game surged into the top 6 on the iOS list of best-selling games the day after its launch, and it ranked among the top 10 best-sellers for six days. At present, BAIOO has a number of blockbuster iterative products under development, including in the female-oriented, nijigen and pet battle fields. They are expected to be launched in the next two to three years which will provide stable support for the Company's performance growth.

BAIOO will actively seize the development opportunities domestically and abroad. The Hong Kong, Macau and Taiwan versions of Legend of Aoqi Mobile (「奧奇傳說手遊」) are also scheduled to be launched in the second half of this year. In the future, new mobile games will be launched every year to continue to enrich the product matrix. We will also continuously improve our independent R&D and operation capabilities, fulfill our corporate social responsibility, integrate more traditional Chinese culture into game content, provide innovative, interesting and beneficial products to users around the world, and further consolidate the Group's brand awareness and market position in the gaming industry.

# Management Discussion and Analysis

## OPERATION INFORMATION

The following table sets out average quarterly active accounts, average quarterly paying accounts and average quarterly average revenue per quarterly paying accounts for our online virtual worlds for the periods indicated below (Notes):

	For the six months ended		
	30 June 2022 <sup>(1)</sup>	30 June 2021	Period- over-period change
	<i>(QAA &amp; QPA in millions, ARQPA in RMB)</i>		
Average QAA <sup>(2)</sup>	<b>6.3</b>	12.2	(48.4%)
Average QPA <sup>(3)</sup>	<b>1.0</b>	2.1	(52.4%)
Average quarterly ARQPA <sup>(4)</sup>	<b>149.1</b>	127.9	16.6%

Notes:

1. As of 30 June 2022, our online virtual worlds under commercial operation included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Helix Waltz, Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」), and Legend of Aoqi Mobile (「奧奇傳說手遊」).
2. The average QAA for online virtual worlds was approximately 6.3 million for the six months ended 30 June 2022, representing a decrease of approximately 48.4% compared with the same period last year. The decrease was primarily due to new mobile game, Legend of Aoqi Mobile (「奧奇傳說手遊」), launched in the second quarter of 2021 and hit very high popularity in the first half of 2021.
3. The average QPA for online virtual worlds was approximately 1.0 million for the six months ended 30 June 2022, representing a decrease of approximately 52.4% compared with the same period last year. This was primarily due to outstanding performance of successful new mobile game, Legend of Aoqi Mobile (「奧奇傳說手遊」), launched in April 2021.
4. The average quarterly ARQPA for online virtual worlds was approximately RMB149.1 for the six months ended 30 June 2022, representing an increase of approximately 16.6% compared with the same period last year. The increase was primarily due to the existing games' successful operation and increased willingness of users to pay for virtual items in these games.

## OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated income statements for the six months ended 30 June 2022 and 2021, respectively:

	(Unaudited)			
	30 June 2022 RMB'000	% of Revenue	30 June 2021 RMB'000	% of Revenue
<b>Revenue</b>	289,641	100	519,887	100
Online entertainment business	289,565	100	519,428	100
Other businesses	76	0	459	0
<b>Cost of revenue</b>	(171,903)	(59)	(279,666)	(54)
<b>Gross profit</b>	117,738	41	240,221	46
Selling and marketing costs	(31,481)	(11)	(66,433)	(13)
Administrative expenses	(46,687)	(16)	(39,625)	(8)
Research and development expenses	(104,963)	(36)	(82,464)	(16)
Net impairment reversals of financial assets	1	0	397	0
Other income	1,786	1	1,325	0
Other gains — net	1,722	1	3,574	1
<b>Operating (loss)/profit</b>	(61,884)	(21)	56,995	11
Finance income — net	19,991	7	12,630	2
Share of loss of an associate	—	—	(2,406)	(0)
<b>(Loss)/profit before income tax</b>	(41,893)	(14)	67,219	13
Income tax credit/(expense)	2,042	1	(20,978)	(4)
<b>(Loss)/profit for the period</b>	(39,851)	(14)	46,241	9

## Management Discussion and Analysis

The following table sets forth our consolidated statement of comprehensive income for the six months ended 30 June 2022 and 2021, respectively:

	(Unaudited)			
	30 June 2022 RMB'000	% of Revenue	30 June 2021 RMB'000	% of Revenue
<b>(Loss)/profit for the period</b>	<b>(39,851)</b>	<b>(14)</b>	46,241	9
Other comprehensive income, net of tax	—	—	—	—
<b>Total comprehensive (loss)/income for the period</b>	<b>(39,851)</b>	<b>(14)</b>	46,241	9
<b>Other financial data</b>				
Adjusted net (loss)/profit <sup>(1)</sup> (unaudited)	<b>(7,834)</b>	<b>(3)</b>	69,295	13
Adjusted EBITDA <sup>(2)</sup> (unaudited)	<b>(18,002)</b>	<b>(6)</b>	90,914	17

Notes:

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

### Revenue

Our revenue for the six months ended 30 June 2022 was RMB289.6 million, representing a 44.3% decrease from RMB519.9 million for the six months ended 30 June 2021.

*Online Entertainment Business:* Our online entertainment business revenue for the six months ended 30 June 2022 was RMB289.6 million, representing a 44.2% decrease from RMB519.4 million for the six months ended 30 June 2021. This was primarily due to (i) the new game, Legend of Aoqi Mobile (「奧奇傳說手遊」), was launched in the first half of 2021 and made excellent performance at its debut, whilst there was no new game launched for the first half of 2022; (ii) the revenue from the existing games has a usual decline as a result of life cycle.

*Other Businesses:* Revenue from other businesses for the six months ended 30 June 2022 was RMB0.08 million, representing a 84.0% decrease from RMB0.5 million for the six months ended 30 June 2021, which was primarily due to the decrease of licensing services.

## Cost of Revenue

Our cost of revenue for the six months ended 30 June 2022 was RMB171.9 million, representing a 38.5% decrease from RMB279.7 million for the six months ended 30 June 2021.

*Online Entertainment Business:* Our cost of revenue on online entertainment business for the six months ended 30 June 2022 was RMB171.9 million, representing a 38.3% decrease from RMB278.6 million for the six months ended 30 June 2021. The decrease was mainly due to the decrease of third-party revenue sharing.

*Other Businesses:* Our cost of revenue on other businesses for the six months ended 30 June 2022 was nil, comparing with the cost of RMB1.1 million for the six months ended 30 June 2021. The decrease primarily reflected a decrease of employee cost and benefit expenses.

## Gross Profit

As a result of the foregoing, our gross profit for the six months ended 30 June 2022 was RMB117.7 million, compared with RMB240.2 million for the six months ended 30 June 2021. Gross profit margin was 40.6% for the six months ended 30 June 2022, compared with 46.2% for the six months ended 30 June 2021. The gross profit margin decreased mainly due to the proportion of revenue from entrusted third parties mobile games with high revenue sharing increased.

## Selling and Marketing Expenses

Our selling and marketing expenses for the six months ended 30 June 2022 were RMB31.5 million, a 52.6% decrease from RMB66.4 million for the six months ended 30 June 2021. This was mainly driven by the decrease in promoting and advertising expenses primarily because no new game was launched for the first half of 2022.

## Administrative Expenses

Our administrative expenses for the six months ended 30 June 2022 were RMB46.7 million, a 17.9% increase from RMB39.6 million for the six months ended 30 June 2021. The increase was mainly driven by the increase in staff benefit expenses relating to restricted shares units granted to employees.

## Research and Development Expenses

Our research and development expenses for the six months ended 30 June 2022 were RMB105.0 million, a 27.3% increase from RMB82.5 million for the six months ended 30 June 2021. This was primarily driven by the Group's strategy to enhance in-house game development capabilities and improve user experience through continuous investment in the Group's research and development team.

## Net Impairment Reversals of Financial Assets

We recorded net impairment reversals of financial assets of RMB0.001 million for the six months ended 30 June 2022, comparing to net impairment reversals of financial assets of RMB0.4 million for the six months ended 30 June 2021.

## Management Discussion and Analysis

### **Other Income**

The Company recognized RMB1.8 million in other income for the six months ended 30 June 2022, compared with RMB1.3 million for the six months ended 30 June 2021. The other income was generated from our fulfillment of certain performance conditions related to government grants.

### **Other Gains — net**

The Company recognized net other gains of RMB1.7 million primarily due to foreign exchange gain and the interest income of structural deposits for the six months ended 30 June 2022, compared with net other gains of RMB3.6 million for the six months ended 30 June 2021.

### **Operating (Loss)/Profit**

As a result of the foregoing, our operating loss for the six months ended 30 June 2022 was RMB61.9 million, compared with operating profit of RMB57.0 million for the six months ended 30 June 2021.

### **Finance Income — net**

We had net finance income of RMB20.0 million for the six months ended 30 June 2022, compared with net finance income of RMB12.6 million for the six months ended 30 June 2021. Net finance income was primarily consisted of interest income on term deposits and cash and bank balance, as well as exchange gains on cash and bank balance, which was partly offset by interest expenses on lease liabilities.

### **Share of Loss of an Associate**

We recorded no share of loss of an associate for the six months ended 30 June 2022, compared with share of loss of RMB2.4 million for the six months ended 30 June 2021.

### **(Loss)/Profit before Income Tax**

As a result of the foregoing, we had a loss of RMB41.9 million for the six months ended 30 June 2022, compared with a profit of RMB67.2 million for the six months ended 30 June 2021.

### **Income Tax Credit/(Expense)**

Our income tax credit for the six months ended 30 June 2022 was RMB2.0 million, compared with income tax expense of RMB21.0 million for the six months ended 30 June 2021.

### **(Loss)/Profit for the Period**

We had a loss of RMB39.9 million for the six months ended 30 June 2022, compared with a profit of RMB46.2 million for the six months ended 30 June 2021.

## Management Discussion and Analysis

### Non-IFRSs Measure — Adjusted Net (Loss)/Profit/EBITDA

Our adjusted net loss for the six months ended 30 June 2022 was RMB7.8 million, representing a 111.3% decrease from net profit of RMB69.3 million for the six months ended 30 June 2021. Our adjusted EBITDA for the six months ended 30 June 2022 was loss of RMB18.0 million, representing a 119.8% decrease from profit of RMB90.9 million for the six months ended 30 June 2021.

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>(Loss)/profit for the period</b>	<b>(39,851)</b>	46,241
Add:		
Share-based compensation	<b>32,017</b>	23,054
<b>Adjusted net (loss)/profit</b>	<b>(7,834)</b>	69,295
Add:		
Depreciation and amortization	<b>11,865</b>	13,271
Finance income — net	<b>(19,991)</b>	(12,630)
Income tax (credit)/expense	<b>(2,042)</b>	20,978
<b>Adjusted EBITDA</b>	<b>(18,002)</b>	90,914

# Management Discussion and Analysis

## LIQUIDITY AND CAPITAL RESOURCES

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

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

	Unaudited As of 30 June 2022 RMB'000	Audited As of 31 December 2021 RMB'000
Total liabilities	317,269	311,702
Total assets	1,946,988	1,994,342
Gearing ratio <sup>(1)</sup>	16%	16%

Note:

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

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

As of 30 June 2022, our cash and cash equivalents consisted of cash in bank and cash on hand, which amounted to RMB1,174.6 million, compared with RMB1,429.2 million as of 31 December 2021. We had short-term deposits of RMB295.0 million as of 30 June 2022, compared with RMB54.0 million as of 31 December 2021, representing bank deposits which we intend to hold for over three months but less than one year. We had long-term deposits of RMB30.0 million as of 30 June 2022, compared with RMB65.0 million long-term deposit as of 31 December 2021, representing bank deposits which we intend to hold for over one year but less than three years.

As of 30 June 2022, the Group had no restricted cash.

The effective interest rate per annum for cash in bank balances and deposits as of 30 June 2022 was 2.4%, compared with 2.3% as of 31 December 2021. Our policy is to place our cash in interest-bearing principal-protected call or deposits with reputable domestic or international banks.

## Management Discussion and Analysis

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

Group	Unaudited As of 30 June 2022 RMB'000	Audited As of 31 December 2021 RMB'000
RMB	1,383,162	1,427,957
US\$	74,956	82,215
HK\$	41,433	37,928
Others	80	90
	<b>1,499,631</b>	1,548,190

### Bank Loans and Other Borrowings

The Group had no bank loans and other borrowings as of 30 June 2022.

### Treasury Policies

As of 30 June 2022, the Group had conservative treasury policies in terms of cash and financial management. The Group does not use any financial instruments for hedging purposes.

### Foreign Currency Risk

As of 30 June 2022, RMB116.5 million of our financial resources were held in deposits in non-RMB currencies. Since there are no cost-effective hedges against the fluctuations of the RMB, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our cash in bank balances.

## Management Discussion and Analysis

### Capital Expenditures and Investments

Our capital expenditures consist of purchases of property and equipment, such as servers, computers and construction in progress, and intangible assets, such as computer software and license. For the six months ended 30 June 2022, our total capital expenditures were RMB5.0 million, compared with RMB3.4 million for the six months ended 30 June 2021. The following table sets out our expenditures for the periods indicated:

	Unaudited	
	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Capital Expenditures</b>		
— Purchase of property and equipment	3,879	2,054
— Purchase of intangible assets	1,085	1,307
<b>Total</b>	<b>4,964</b>	<b>3,361</b>

### Contingent Liabilities

As of 30 June 2022, the Group did not have any material contingent liabilities, guarantees or litigation against it.

### Charges on Assets

As of 30 June 2022, there were no charges on the Group's assets.

### Material Acquisitions and Future Plans for Major Investment

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

## Employees and Staff Costs

As of 30 June 2022, the Group had 1,036 full-time employees. The following table sets forth the number of full-time employees by function as of 30 June 2022:

	As of 30 June 2022	
	Number of Employees	% of Total
Operations	36	3.5
R&D operations	332	32.0
Development and research	515	49.7
Sales and marketing	88	8.5
General and administration	65	6.3
<b>Total</b>	<b>1,036</b>	<b>100</b>

In addition to salary, we also provide various incentives, including share-based awards, such as RSUs granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by the PRC law, we contribute to housing funds, termination benefits and maintain mandatory social insurance plans for our employees, covering pension, medical, unemployment, work injury and maternity leave. We are required by the PRC law to make contributions to these social insurance plans at specified percentages of the compensation of each employee, up to a maximum amount as may be specified by the local government from time to time. Such social insurance plans include defined contribution retirement benefit plans organized by the relevant governmental authorities. Forfeited contributions by the Group to these plans may not be used by the Group to reduce the existing level of contributions. The total amount of contributions we made for housing funds, termination benefits and social insurance plans in the first half of 2022 were approximately RMB30.8 million, compared with RMB23.5 million in the first half of 2021. We incurred staff costs of approximately RMB201.0 million and RMB163.7 million, for the six months ended 30 June 2022 and 2021, representing 69.4% and 31.5% of our revenue for those periods respectively.

We will continue to grant RSUs to our employees to incentivize them pursuant to the Post-IPO RSU Scheme. The maximum aggregate number of the Shares underlying all the RSUs which we may grant pursuant to the Post-IPO RSU Scheme is 55,423,880 shares, representing approximately 2.0% of our share capital as of the date of the AGM held on 6 June 2022. Pursuant to the Post-IPO RSU Scheme, there were a total of 145,340,000 RSUs outstanding as of 30 June 2022.

# Management Discussion and Analysis

## **Dividend**

At the Company's AGM on 6 June 2022, Shareholders approved the Board recommended special dividend of HK\$0.02 (equivalent to approximately RMB0.017) per Share for the year ended 31 December 2021. The special dividend was paid to Shareholders on 28 July 2022.

The Board did not propose any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

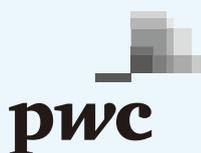
## **CHANGES SINCE 31 DECEMBER 2021**

Save as disclosed in this interim report, there were no other significant changes in the Group's financial position or from the information disclosed under Management Discussion and Analysis in the Annual Report of the Company for the year ended 31 December 2021.

## **SIGNIFICANT EVENTS AFTER 30 JUNE 2022**

To the best knowledge of the Board, the Group did not have any significant events which have occurred after 30 June 2022.

# Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF BAI00 FAMILY INTERACTIVE LIMITED  
(incorporated in the Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 30 to 60, which comprises the interim condensed consolidated balance sheet of BAI00 Family Interactive Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months 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, 30 August 2022

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Tel: +852 2289 8888, Fax: +852 2810 9888, www.pwchk.com*

# Interim Condensed Consolidated Income Statement

	Notes	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Revenue</b>	6	<b>289,641</b>	519,887
Cost of revenue		<b>(171,903)</b>	(279,666)
<b>Gross profit</b>		<b>117,738</b>	240,221
Selling and marketing expenses		<b>(31,481)</b>	(66,433)
Administrative expenses		<b>(46,687)</b>	(39,625)
Research and development expenses		<b>(104,963)</b>	(82,464)
Net impairment reversals of financial assets		<b>1</b>	397
Other income		<b>1,786</b>	1,325
Other gains — net	7	<b>1,722</b>	3,574
<b>Operating (loss)/profit</b>	8	<b>(61,884)</b>	56,995
Finance income		<b>21,911</b>	15,000
Finance costs		<b>(1,920)</b>	(2,370)
Finance income — net		<b>19,991</b>	12,630
Share of loss of an associate		<b>—</b>	(2,406)
<b>(Loss)/profit before income tax</b>		<b>(41,893)</b>	67,219
Income tax credit/(expense)	9	<b>2,042</b>	(20,978)
<b>(Loss)/profit for the period</b>		<b>(39,851)</b>	46,241
<b>(Loss)/profit attributable to:</b>			
— Shareholders of the Company		<b>(39,928)</b>	46,289
— Non-controlling interests		<b>77</b>	(48)
		<b>(39,851)</b>	46,241
<b>(Losses)/earnings per share for (loss)/profit attributable to shareholders of the Company (expressed in RMB per share)</b>	10		
Basic (losses)/earnings per share		<b>(0.0152)</b>	0.0177
Diluted (losses)/earnings per share		<b>(0.0152)</b>	0.0173

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

# Interim Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
(Loss)/profit for the period	(39,851)	46,241
Other comprehensive income	—	—
<b>Total comprehensive (loss)/income for the period</b>	<b>(39,851)</b>	<b>46,241</b>
<b>(Loss)/profit attributable to:</b>		
— Shareholders of the Company	(39,928)	46,289
— Non-controlling interests	77	(48)
	<b>(39,851)</b>	<b>46,241</b>

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

# Interim Condensed Consolidated Balance Sheet

		Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
	Notes		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	12	285,431	294,558
Property and equipment	12	33,011	25,399
Intangible assets	12	2,282	2,542
Prepayments and other receivables		12,737	18,251
Long-term bank deposits	15	30,000	65,000
Deferred income tax assets		16,355	11,670
Financial assets at fair value through profit or loss	14	5,000	5,000
		<b>384,816</b>	422,420
<b>Current assets</b>			
Contract costs		41,948	41,203
Trade receivables	13	29,792	29,153
Prepayments and other receivables		20,801	18,376
Short-term deposits	15	295,000	54,000
Cash and cash equivalents	15	1,174,631	1,429,190
		<b>1,562,172</b>	1,571,922
<b>Total assets</b>		<b>1,946,988</b>	1,994,342
<b>EQUITY</b>			
Share capital	16	8	8
Share premium	16	1,076,454	1,106,699
Reserves	17	80,086	62,911
Retained earnings		466,076	506,004
<b>Capital and reserves attributable to Shareholders of the Company</b>		<b>1,622,624</b>	1,675,622
Non-controlling interests		7,095	7,018
<b>Total equity</b>		<b>1,629,719</b>	1,682,640

## Interim Condensed Consolidated Balance Sheet

	Notes	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		45,101	52,828
Contract liabilities		12,088	10,442
		<b>57,189</b>	63,270
<b>Current liabilities</b>			
Trade payables	18	7,252	7,094
Other payables and accruals	19	89,326	64,545
Advances from distributors		25,679	32,998
Lease liabilities		18,373	17,931
Contract liabilities		119,428	117,010
Income tax liabilities		22	8,854
		<b>260,080</b>	248,432
<b>Total liabilities</b>		<b>317,269</b>	311,702
<b>Total equity and liabilities</b>		<b>1,946,988</b>	1,994,342

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Li Chong

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Wu Lili

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

# Interim Condensed Consolidated Statement of Changes in Equity

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

## Interim Condensed Consolidated Statement of Changes in Equity

	Notes	Unaudited Attributable to shareholders of the Company						Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000			
Balance as at 1 January 2022		8	1,106,699	62,911	506,004	1,675,622	7,018	1,682,640	
<b>Comprehensive loss</b>									
(Loss)/profit for the period		–	–	–	(39,928)	(39,928)	77	(39,851)	
Other comprehensive income		–	–	–	–	–	–	–	
<b>Total comprehensive loss</b>		–	–	–	(39,928)	(39,928)	77	(39,851)	
<b>Transactions with owners, recognized directly in equity</b>									
RSU Scheme:									
– Value of employee services	17	–	–	32,017	–	32,017	–	32,017	
– Vesting of RSUs	17	–	14,842	(14,842)	–	–	–	–	
Special dividend of 2021	11	–	(45,087)	–	–	(45,087)	–	(45,087)	
<b>Total transactions with owners, recognized directly in equity</b>		–	(30,245)	17,175	–	(13,070)	–	(13,070)	
<b>Balance as at 30 June 2022</b>		<b>8</b>	<b>1,076,454</b>	<b>80,086</b>	<b>466,076</b>	<b>1,622,624</b>	<b>7,095</b>	<b>1,629,719</b>	

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

# Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(44,733)	69,699
Interest received		14,280	13,855
Income tax paid		(11,475)	(32,726)
<b>Net cash (used in)/generated from operating activities</b>		<b>(41,928)</b>	<b>50,828</b>
<b>Cash flows from investing activities</b>			
Purchase of property and equipment		(3,879)	(2,108)
Purchase of intangible assets		(1,085)	(1,307)
Payments for investment in an associate		—	(6,000)
Proceeds from disposals of fixed assets		—	4
Purchase of term deposits and financial assets at fair value through profit or loss		(430,000)	(655,000)
Settlement of term deposits and financial assets at fair value through profit or loss		224,000	599,631
Interest received on financial assets held as investments		2,020	5,300
<b>Net cash used in investing activities</b>		<b>(208,944)</b>	<b>(59,480)</b>
<b>Cash flows from financing activities</b>			
Principal elements of lease payments		(7,285)	(8,953)
Interest paid for leases		(1,920)	(2,370)
<b>Net cash used in financing activities</b>		<b>(9,205)</b>	<b>(11,323)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		1,429,190	1,381,965
Currency translation gains/(losses) on cash and cash equivalents		5,518	(1,471)
<b>Cash and cash equivalents at end of the period</b>		<b>1,174,631</b>	<b>1,360,519</b>
Cash and cash equivalents comprises:			
Bank overdrafts		—	(63)
Cash and bank balances	15	1,174,631	1,360,582
<b>Cash and cash equivalents</b>		<b>1,174,631</b>	<b>1,360,519</b>

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

# Notes to the Interim Condensed Consolidated Financial Information

## 1 General information

BAIOO Family Interactive Limited (the “Company” or “Baioo”) was incorporated in the Cayman Islands on 25 September 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Hutchins Drive, Cricket Square, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies.

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

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

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board on 30 August 2022.

The interim condensed consolidated financial information has not been audited.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“IAS”) 34, ‘Interim financial reporting’. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board.

# Notes to the Interim Condensed Consolidated Financial Information

## 3 Accounting policies

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

### 3.1 The following new standards and amendments to existing standards and interpretations are mandatory for adoption for the financial year beginning 1 January 2022 for the Group:

IFRS 3 (Amendment)	Reference to the Conceptual Framework
IAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before intended use
IAS 37 (Amendment)	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to IFRSs 2018–2020 Cycle	Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

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

### 3.2 The following new standards and amendments to existing standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2022 and have not been early adopted:

		Effective for accounting periods beginning on or after
IAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 17 (Amendment)	Amendments to IFRS 17	1 January 2023
IAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendment)	Disclosure of Accounting Policies	1 January 2023
IFRS 10 and IAS 28 (Amendment)	Sale or Contribution of Assets between An Inventory and its Associate or Joint Venture	To be determined

The above new standards, amendments to existing standards and interpretations are effective for annual periods beginning on or after 1 January 2022 and have not been applied in preparing this interim condensed consolidated financial information. None of these is expected to have a significant effect on the interim condensed consolidated financial information of the Group.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

## 5 Financial risk management and financial instruments

### 5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2021.

There have been no changes in the risk management department or in any risk management policies since 31 December 2021.

### 5.2 Liquidity risk

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

# Notes to the Interim Condensed Consolidated Financial Information

## 5 Financial risk management and financial instruments (continued)

### 5.2 Liquidity risk (continued)

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

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual cash flows RMB'000	Carrying amount liabilities RMB'000
<b>As at 30 June 2022</b>					
Trade payables	7,252	—	—	7,252	7,252
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	52,846	—	—	52,846	52,846
Lease liabilities	18,871	19,815	31,461	70,147	63,474
	<b>78,969</b>	<b>19,815</b>	<b>31,461</b>	<b>130,245</b>	<b>123,572</b>
<b>As at 31 December 2021</b>					
Trade payables	7,094	—	—	7,094	7,094
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	8,236	—	—	8,236	8,236
Lease liabilities	18,410	19,331	41,611	79,352	70,759
	<b>33,740</b>	<b>19,331</b>	<b>41,611</b>	<b>94,682</b>	<b>86,089</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 5 Financial risk management and financial instruments (continued)

### 5.3 Fair value estimation

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

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

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2022</b>				
FVPL	—	5,000	—	5,000
<b>As at 31 December 2021</b>				
FVPL	—	5,000	—	5,000

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

# Notes to the Interim Condensed Consolidated Financial Information

## 5 Financial risk management and financial instruments (continued)

### 5.3 Fair value estimation (continued)

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate
- The latest round financing, i.e. the prior transaction price or the third-party pricing information
- A combination of observable inputs and unobservable inputs, including discount rate, risk-free interest rate, expected volatility and market multiples.

There were no changes in valuation techniques.

The valuation of the level 2 instruments included investment in private equity funds (“the Investment”) at fair value through profit or loss. The Investment was valued based on the net asset value as at 30 June 2022 and 31 December 2021.

The Group invested in short-term structural deposits that contained derivatives which are level 3 financial instruments. As these structural deposits were not traded in an active market, their fair values have been determined using various applicable valuation techniques, including comparable transactions approaches, equity allocation model and other option pricing models, etc. Such structural deposits are recognized as financial assets at fair value through profit or loss. The fair value gain related to the structural deposits for the six months ended 30 June 2022 comprised realized gain of RMB325,000 (2021: RMB1,082,000).

# Notes to the Interim Condensed Consolidated Financial Information

## 5 Financial risk management and financial instruments (continued)

### 5.3 Fair value estimation (continued)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2022 and 2021.

	Financial assets at fair value through profit or loss RMB'000
<b>At 1 January 2022</b>	—
Addition	50,000
Net gains recognized in profit or loss (Note 7)	325
Settlement	(50,325)
<b>At 30 June 2022</b>	—
<b>At 1 January 2021</b>	—
Addition	200,000
Net gains recognized in profit or loss (Note 7)	1,082
Settlement	(201,082)
<b>At 30 June 2021</b>	—

# Notes to the Interim Condensed Consolidated Financial Information

## 6 Segment information

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

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group's online entertainment business involves development, operation and exclusive distribution of online virtual world business through its own web-based platform and mobile platforms. Other businesses mainly include licensing and other services.

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

There were no material inter-segment sales during six months ended 30 June 2022 and 2021, respectively. The revenues from external customers reported to CODM are measured as segment revenue.

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

# Notes to the Interim Condensed Consolidated Financial Information

## 6 Segment information (continued)

The segment revenue provided to the Group's CODM for the reportable segments for the six months ended 30 June 2022 and 2021, respectively, are as follows:

	Unaudited		
	Six months ended 30 June 2022		
	Online	Other	Total
	entertainment	businesses	
business	businesses		
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
– At a point in time	88,725	–	88,725
– Over time	200,840	76	200,916
<b>Total</b>	<b>289,565</b>	<b>76</b>	<b>289,641</b>

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

# Notes to the Interim Condensed Consolidated Financial Information

## 6 Segment information (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC and outside Mainland China. For six months ended 30 June 2022 and 2021, the geographical information on the total revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
— Mainland China	<b>262,946</b>	465,298
— Outside Mainland China	<b>26,695</b>	54,589
<b>Total</b>	<b>289,641</b>	519,887

As summarized in the table below, the online virtual worlds revenue contributing more than 10% of the Group's total revenue account for 92.2% and 85.9% of the total revenue for the six months ended 30 June 2022 and 2021, respectively.

	Six months ended 30 June	
	2022	2021
Shiwuyu	<b>26.8%</b>	23.8%
Legend of Aoqi	<b>18.2%</b>	11.8%
Aola Star Mobile	<b>17.0%</b>	19.3%
Legend of Aoqi Mobile	<b>15.3%</b>	31.0%
Aola Star	<b>14.9%</b>	*

\* The online virtual worlds revenue is less than 10% of the Group's total revenue in a particular period.

As at 30 June 2022, the total non-current assets, other than financial instruments and deferred tax assets, located in Mainland China and Hong Kong were RMB329,180,000 (31 December 2021: RMB336,295,000) and RMB383,000 (31 December 2021: RMB557,000), respectively.

# Notes to the Interim Condensed Consolidated Financial Information

## 7 Other gains – net

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Foreign exchange gain	533	253
Interest income of financial assets at fair value through profit or loss (Note 5.3)	325	1,082
Donation	(224)	(20)
Gains on disposals of fixed assets	–	4
Others	1,088	2,255
	<b>1,722</b>	<b>3,574</b>

## 8 Operating (loss)/profit

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

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses	200,960	174,954
Distribution cost and payment handling fees	93,972	194,167
Promotion and advertising expenses	16,737	52,236
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	11,865	12,777
Net impairment reversals of financial assets	(1)	(397)

# Notes to the Interim Condensed Consolidated Financial Information

## 9 Income tax (credit)/expense

The income tax (credit)/expense of the Group for the six months ended 30 June 2022 and 2021 is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax expense		
– Current year	1,246	7,062
– Under provision in prior year	1,397	20,526
Deferred income tax credit	(4,685)	(6,610)
	<b>(2,042)</b>	20,978

### (a) Cayman Islands income tax

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

### (b) Hong Kong profits tax

Hong Kong profits tax has been provided with the two-tiered profits tax rates regime for the six months ended 30 June 2022 (2021: same). Under the two-tiered profits tax rates regime, the first Hong Kong dollar (“HK\$”) 2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%.

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

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

Guangzhou Baitian was qualified as “High and New Technology Enterprise” in 2022 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the six months ended 30 June 2022 (2021: same).

Guangzhou Tianti was qualified as “High and New Technology Enterprise” in 2022 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the six months ended 30 June 2022, while it could enjoy the preferential EIT policy for software enterprise in 2021, for it’s the 5th year since it started to make profits, which could adopt half of the 25% statutory tax rate (i.e. 12.5%) on its estimated assessable profits for the six months ended 30 June 2021.

## 9 Income tax (credit)/expense (continued)

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

Baidu and Xiaoyunxiong were qualified as “Small Low-Profit Enterprise” in 2022 and 2021. The provision for EIT was calculated in accordance with the two-tiered tax rates regime. Under the two-tiered tax rates regime, the first RMB1 million of profits of qualifying corporations are taxed at 2.5% (2021: 2.5%), profits above RMB1 million but within RMB3 million are taxed at 5% (2021: 10%).

According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprises engaging in research and development activities are entitled to claim 150% of their eligible research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). The additional tax deducting amount of the qualified research and development expenses has been increased from 150% to 175%, effective from 2018 to 2023, according to a new tax incentives policy promulgated by the State Tax Bureau of the PRC in March 2021. The Group has considered the Super Deduction to be claimed for the Group entities in ascertaining their assessable profits for the six months ended 30 June 2022 (2021: same).

### (d) PRC withholding tax (“WHT”)

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

For the six months ended 30 June 2022, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings to the Company. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each of the reporting periods (2021: same).

# Notes to the Interim Condensed Consolidated Financial Information

## 10 (Losses)/earnings per share

### (a) Basic

#### Basic (losses)/earnings per share for (loss)/profit attributable to shareholders of the Company

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

	Unaudited Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to shareholders of the Company (RMB'000)	<b>(39,928)</b>	46,289
Weighted average number of ordinary shares in issue less shares held for RSU Schemes	<b>2,626,702,445</b>	2,610,818,346
Basic (losses)/earnings per share (in RMB/share)	<b>(0.0152)</b>	0.0177

### (b) Diluted

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

For the six months ended 30 June 2022, the Company had potential ordinary shares, the RSUs, which had to be considered for calculating diluted losses per share. No adjustment was made to basic losses per share to derive the diluted losses per share for the six months ended 30 June 2022 as potential ordinary shares was anti-dilutive.

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

# Notes to the Interim Condensed Consolidated Financial Information

## 10 (Losses)/earnings per share (continued)

### (b) Diluted (continued)

	Unaudited Six months ended 30 June 2021
<b>Earnings</b>	
Profit attributable to shareholders of the Company and profit used to determine diluted earnings per share (RMB'000)	46,289
<b>Weighted average number of ordinary shares</b>	
Weighted average number of ordinary shares in issue less shares held for RSU Scheme	2,610,818,346
<b>Adjustments for:</b>	
— RSUs	59,855,954
Weighted average number of ordinary shares for diluted earnings per share	2,670,674,300
Diluted earnings per share (in RMB/share)	0.0173

# Notes to the Interim Condensed Consolidated Financial Information

## 11 Dividend

	Unaudited	
	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Special dividend of HK\$0.02 (2020: HK\$0.06) per ordinary share (Note a)	<b>47,109</b>	135,986
Less: dividend for shares held for the RSU Schemes	<b>(2,022)</b>	(5,121)
	<b>45,087</b>	130,865

- (a) The 2021 special dividend of HK\$0.02 (equivalent to approximately RMB0.017) per ordinary share, totaling HK\$55,424,000 (equivalent to approximately RMB47,109,000), was approved at the Company's annual general meeting held on 6 June 2022 and was paid on 28 July 2022.
- (b) The 2020 special dividend of HK\$0.06 (equivalent to approximately RMB0.05) per ordinary share, totaling HK\$163,032,000 (equivalent to approximately RMB135,986,000), was approved at the Company's annual general meeting held on 25 June 2021 and was paid on 28 July 2021.

The Company did not declare an interim dividend for the six months ended 30 June 2022 (2021: nil).

## Notes to the Interim Condensed Consolidated Financial Information

### 12 Property and equipment, intangible assets and right-of-use assets

	Unaudited		
	Property and equipment RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000
<b>Six months ended 30 June 2022</b>			
Opening net book amount	25,399	2,542	294,558
Additions	11,065	672	—
Depreciation and amortization charge	(3,453)	(932)	(9,127)
<b>Closing net book amount</b>	<b>33,011</b>	<b>2,282</b>	<b>285,431</b>
<b>Six months ended 30 June 2021</b>			
Opening net book amount	21,637	1,915	316,463
Additions	2,054	1,307	—
Termination of lease	—	—	(3,114)
Depreciation and amortization charge	(2,590)	(1,152)	(9,529)
<b>Closing net book amount</b>	<b>21,101</b>	<b>2,070</b>	<b>303,820</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 13 Trade receivables

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Receivables from third parties	30,112	29,526
Less: allowance for impairment	(320)	(373)
	<b>29,792</b>	29,153

Trade receivables mainly arose from online payment agencies and mobile platforms.

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
0–30 days	15,214	16,894
31–60 days	8,957	3,023
61–90 days	2,435	760
91–180 days	3,384	8,709
181–365 days	84	109
Over 365 days	38	31
	<b>30,112</b>	29,526

## Notes to the Interim Condensed Consolidated Financial Information

### 14 Financial assets at fair value through profit or loss

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
<b>Non-current assets</b>		
Private equity funds	5,000	5,000

The amount comprised the Group's investment in private equity funds amounting to RMB5,000,000 as at 30 June 2022 and 31 December 2021. For information about the methods used in determining fair value please refer to Note 5.3.

# Notes to the Interim Condensed Consolidated Financial Information

## 15 Cash and cash equivalents and term deposits

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Short-term deposits (Note (a))	295,000	54,000
Long-term bank deposits (Note (b))	30,000	65,000
Cash and cash equivalents		
— Cash at banks and on hand	1,174,631	1,429,190
	<b>1,499,631</b>	1,548,190
Maximum exposure to credit risk (Note (e))	<b>1,499,555</b>	1,548,106

- (a) Short-term deposits represent the Group's deposits placed in banks with an expected maturity of over three months but less than one year.
- (b) Long-term deposits represent the Group's deposit placed in a bank with an expected maturity of over one year but less than three years.
- (c) All cash and bank balances as at 30 June 2022 and 31 December 2021 were demand deposits in nature.
- (d) The effective interest rate per annum for all bank balances and term deposits as at 30 June 2022 was approximately 2.44% (31 December 2021: 2.27%).
- (e) To manage the credit risk, bank deposits are mainly placed with state-owned or reputable listed financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

# Notes to the Interim Condensed Consolidated Financial Information

## 16 Share capital and share premium

As at 30 June 2022, the total number of issued ordinary shares of the Company was 2,771,194,000 shares (30 June 2021: 2,717,194,000 shares) which included 136,565,676 shares (30 June 2021: 102,332,320 shares) held under the RSU Scheme.

	Number of shares	Nominal value of shares US\$'000	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	<b>2,771,194,000</b>	<b>2</b>	<b>8</b>	<b>1,106,699</b>	<b>—</b>	<b>1,106,707</b>
RSU Scheme:						
— Vesting of RSUs	—	—	—	14,842	—	14,842
2021 special dividend payable to equity holders of the Company (Note 11)	—	—	—	(45,087)	—	(45,087)
<b>As at 30 June 2022</b>	<b>2,771,194,000</b>	<b>2</b>	<b>8</b>	<b>1,076,454</b>	<b>—</b>	<b>1,076,462</b>
<b>As at 1 January 2021</b>	<b>2,718,394,000</b>	<b>2</b>	<b>8</b>	<b>1,222,644</b>	<b>(930)</b>	<b>1,221,722</b>
RSU Scheme:						
— Vesting of RSUs	—	—	—	9,432	—	9,432
2020 special dividend payable to equity holders of the Company (Note 11)	—	—	—	(130,865)	—	(130,865)
Cancellation of treasury shares	(1,200,000)	—	—	(930)	930	—
<b>As at 30 June 2021</b>	<b>2,717,194,000</b>	<b>2</b>	<b>8</b>	<b>1,100,281</b>	<b>—</b>	<b>1,100,289</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 17 Reserves

	Other reserves RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	<b>2,069</b>	<b>6,483</b>	<b>54,359</b>	<b>62,911</b>
RSU Scheme:				
– Value of employee services	–	–	<b>32,017</b>	<b>32,017</b>
– Vesting of RSUs	–	–	<b>(14,842)</b>	<b>(14,842)</b>
<b>As at 30 June 2022</b>	<b>2,069</b>	<b>6,483</b>	<b>71,534</b>	<b>80,086</b>
<b>As at 1 January 2021</b>	2,069	6,366	17,939	26,374
RSU Scheme:				
– Value of employee services	–	–	23,054	23,054
– Vesting of RSUs	–	–	(9,432)	(9,432)
<b>As at 30 June 2021</b>	2,069	6,366	31,561	39,996

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

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

# Notes to the Interim Condensed Consolidated Financial Information

## 18 Trade payables

Trade payables primarily relate to advertising fees, game development outsourcing fees and bandwidth fees.

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

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
0–30 days	6,946	6,316
31–60 days	118	174
61–180 days	181	70
181–365 days	—	1
Over 365 days	7	533
	<b>7,252</b>	<b>7,094</b>

## 19 Other payables and accruals

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Dividend payable (Note 11)	45,087	—
Staff costs and welfare accruals	33,768	53,527
Professional service fees payable	3,900	4,158
Other tax liabilities	2,712	2,782
Others	3,859	4,078
	<b>89,326</b>	<b>64,545</b>

# Notes to the Interim Condensed Consolidated Financial Information

## 20 Commitments

### (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	Unaudited As at 30 June 2022 RMB'000	Audited As at 31 December 2021 RMB'000
Construction in progress	160,968	162,432

## 21 Significant related party transactions

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

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

### (a) Key management personnel compensations

Key management compensation amounted to RMB21,673,000 for the six months ended 30 June 2022 (2021: RMB6,401,000).

	Unaudited Six months ended 30 June 2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses	5,245	4,164
Pension costs — defined contribution plans	166	132
Other social security costs, housing benefits and other employee benefits	207	164
Share-based compensation expenses	16,055	1,941
	21,673	6,401

## 22 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2022 and 31 December 2021.

# Other Information

## AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed the Group's auditing, internal control, and financial reporting matters. The Audit Committee has also reviewed the Group's unaudited Interim Condensed Consolidated Financial Information for the six months ended 30 June 2022 and this interim report. Based on this review and discussions with the management, the Audit Committee was satisfied that the financial statements were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

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

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

Save as the deviation from code provision C.2.1 of the CG Code, the Company has applied the principles and complied with all applicable code provisions of the CG Code during the six months ended 30 June 2022. Code provision C.2.1 of the CG Code provides that the responsibilities between the chairman and CEO should be segregated and should not be performed by the same individual. Mr. DAI Jian currently acts as the CEO and the Chairman. Mr. DAI, as one of the founders of the Group, is instrumental to the Group's growth and business expansion since 2009. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

## Other Information

### BOARD OF DIRECTORS AND BOARD COMMITTEES

Mr. WANG Xiaodong has resigned as an executive Director of the Company on 26 January 2022. The compositions of the Audit Committee, the Nomination Committee and the Remuneration Committee remain the same as set out in the annual report of the Company for the year ended 31 December 2021.

### CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

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

Name of Director	Information
Ms. LIU Qianli	Ms. Liu has been appointed as an independent non-executive director of Luckin Coffee Inc. (stock code: LKNCY), a company incorporated in the Cayman Islands and listed on NASDAQ, since 20 May 2022.
Dr. WANG Qing	Dr. Wang has been appointed as an independent director of Bank of Taizhou Co., Ltd. since 27 April 2022.
Mr. DAI Jian	The annual basic salary of Mr. Dai has been adjusted to RMB1,080,000 per annum since 1 April 2022.
Mr. LI Chong	The annual basic salary of Mr. Li has been adjusted to RMB960,000 per annum since 1 April 2022.
Mr. WU Lili	The annual basic salary of Mr. Wu has been adjusted to RMB960,000 per annum since 1 April 2022.

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

### INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

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

During the six months ended 30 June 2022, the Group did not purchase, sell or redeem any of the listed securities of the Company.

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Relevant company (including associated corporation)	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding <sup>(9)</sup>
DAI Jian (戴堅) <sup>(1)</sup>	Chairman, Executive Director and Chief Executive Officer	The Company	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L) <sup>(8)</sup>	24.82%(L)
		The Company	Beneficial owner	10,000,000(L)	0.36%(L)
WU Lili (吳立立) <sup>(2)</sup>	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	13.19%(L)
LI Chong (李冲) <sup>(3)(4)</sup>	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	114,816,360(L)	4.14%(L)
		The Company	Beneficial owner	15,000,000(L)	0.54%(L)
LIU Qianli (劉千里) <sup>(5)</sup>	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
WANG Qing (王慶) <sup>(6)</sup>	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
MA Xiaofeng (馬肖風) <sup>(7)</sup>	Independent Non-executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)

## Other Information

### Notes:

- (1) Mr. DAI Jian established DAE Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of DAE Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of DAE Holding Investments Limited, a trust holding company owns 100% of equity interest in Stmoritz Investment Limited. In addition, 10,000,000 RSUs were granted to Mr. DAI Jian under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2022, all the RSUs granted to Mr. DAI Jian were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (2) Mr. WU Lili established WHZ Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of WHZ Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of WHEZ Holding Ltd., a trust holding company owns 100% of equity interest in Bright Stream Holding Limited.
- (3) Mr. LI Chong established the Zhen Family Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of The Zhen Family Trust is TMF (Cayman) Ltd., and independent third party and sole shareholder of Golden Water Management Limited, a trust holding company owns 100% of equity interest in LNZ Holding Limited.
- (4) Mr. LI Chong was interested in 15,000,000 RSUs granted to him under the Post-IPO RSU Scheme entitling him to receive 15,000,000 Shares subject to vesting. For details, please refer to the Company's announcements dated 12 April 2021 and 30 March 2022, the circulars dated 21 May 2021 and 27 April 2022 and the poll results announcements dated 25 June 2021 and 6 June 2022.
- (5) Ms. LIU Qianli was interested in 200,000 RSUs granted to her under the Pre-IPO RSU Scheme entitling her to receive 200,000 Shares subject to vesting. As at 30 June 2022, all the RSUs granted to Ms. LIU were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) Dr. WANG Qing was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2022, all the RSUs granted to Dr. WANG were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (7) Mr. MA Xiaofeng was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2022, all the RSUs granted to Mr. MA were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (8) The Letter "L" denotes the person's Long position in such Shares.
- (9) These percentages are calculated on the basis of 2,771,194,000 Shares in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company and their respective associates had registered an interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company <sup>(8)</sup>
TMF (Cayman) Ltd. <sup>(1)</sup>	Trustee of trusts	1,193,824,720(L) <sup>(7)</sup>	43.08%(L)
DAE Holding Investments Limited <sup>(2)</sup>	Trust holding company	687,944,180(L)	24.82%(L)
Stmoritz Investment Limited <sup>(2)</sup>	Registered owner	687,944,180(L)	24.82%(L)
DAI Jian (戴堅) <sup>(2)(5)</sup>	Founder of a discretionary trust Interest of a controlled corporation	687,944,180(L)	24.82%(L)
	Beneficial owner	10,000,000(L)	0.36%(L)
Bright Stream Holding Limited <sup>(3)</sup>	Registered owner	365,596,180(L)	13.19%(L)
WHEZ Holding Ltd. <sup>(3)</sup>	Trust holding company	365,596,180(L)	13.19%(L)
WU Lili (吳立立) <sup>(3)</sup>	Founder of a discretionary trust	365,596,180(L)	13.19%(L)
THL H Limited <sup>(4)</sup>	Registered owner	326,063,280(L)	11.77%(L)
Tencent Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	326,063,280(L)	11.77%(L)
The Core Trust Company Limited <sup>(6)</sup>	Trustee of a trust	181,564,926(L)	6.55%(L)

## Other Information

### Notes:

- (1) TMF (Cayman) Ltd. is the trustee of DAE Trust, WHZ Trust, The Zhen Family Trust and WSW Family Trust.
- (2) The entire share capital of Stmoritz Investment Limited is wholly-owned by DAE Holding Investments Limited and ultimately owned by TMF (Cayman) Ltd. as the trustee of the DAE Trust, which is a discretionary trust set up by Mr. DAI Jian ("Mr. DAI") on 27 December 2013 for the benefit of himself and his family members, and Mr. DAI is a settlor and protector. Mr. DAI (as founder of the DAE Trust), DAE Holding Investments Limited and TMF (Cayman) Ltd. are taken to be interested in 687,944,180 Shares held by Stmoritz Investment Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (3) The entire share capital of Bright Stream Holding Limited is wholly-owned by WHEZ Holding Ltd. and ultimately owned by TMF (Cayman) Ltd. as the trustee of the WHZ Trust, which is a discretionary trust set up by Mr. WU Lili ("Mr. WU") on 27 December 2013 for the benefit of himself and his family members, and Mr. WU is a settlor and protector. Mr. WU (as founder of the WHZ Trust), WHEZ Holding Ltd. and TMF (Cayman) Ltd. are taken to be interested in 365,596,180 Shares held by Bright Stream Holding Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (4) The entire share capital of THL H Limited is owned by Tencent Holdings Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 700). Tencent Holdings Limited is taken to be interested in 326,063,280 Shares held by THL H Limited pursuant to Part XV of the SFO.
- (5) 10,000,000 RSUs were granted to Mr. DAI under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2022, all the RSUs granted to Mr. DAI were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) The Core Trust Company Limited is the trustee to administer, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme.
- (7) The Letter "L" denotes the person's Long position in such Shares.
- (8) These percentages are calculated on the basis of 2,771,194,000 Shares in issue as of 30 June 2022.

Save as disclosed above, as at 30 June 2022, the Directors and the chief executive of the Company are not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## SHARE INCENTIVE SCHEMES

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

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

### Outstanding Share Options

The Pre-IPO Share Option Scheme expired on 18 June 2020 and no further Options shall be granted by the Company after the Listing pursuant to the Pre-IPO Share Option Scheme thereafter.

### Outstanding RSUs

#### (1) Pre-IPO RSU Scheme

As at 30 June 2022, there were no outstanding RSU under the Pre-IPO RSU Scheme.

Prior to the Listing on 10 April 2014, the Company appointed The Core Trust Company Limited as the trustee (the “**Pre-IPO RSU Trustee**”) and Peto Holding Limited, a company incorporated in the BVI and an independent third party, as its nominee (the “**Pre-IPO RSU Nominee**”) to administer the Pre-IPO RSU Scheme. To increase the public float, the Company further engaged The Core Services Limited, as the new trustee (the “**New RSU Trustee**”), and ZEA Holding Limited, a company incorporated in the BVI and an independent third party, as the new nominee (the “**New RSU Nominee**”), to administer certain RSUs granted to the Directors and the senior management under our Pre-IPO RSU Scheme on 10 June 2014. As at 30 June 2022, the Pre-IPO RSU Nominee holds 75,015,620 Shares and the New RSU Nominee hold 22,802,000 Shares respectively, underlying the RSUs granted under the Pre-IPO RSU Scheme for the benefit of eligible participants pursuant to the Pre-IPO RSU Scheme.

## Other Information

### (2) Post-IPO RSU Scheme

As at 30 June 2022, there were a total of 145,340,000 RSUs outstanding under the Post-IPO RSU Scheme. If all the outstanding RSUs under the Post-IPO RSU Scheme are vested according to the relevant vesting schedules, there would be a dilution effect on the issued share capital of the Company of approximately 5.24% as at 30 June 2022.

The Company appointed The Core Trust Company Limited as the trustee and Baiduo Investment Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Post-IPO RSU Scheme pursuant to its scheme rules, On 27 May 2021, the Company further appointed Ms. Zhang Xiaoting as the trustee and Gusto Limited, a limited liability company incorporated under the laws of the BVI and an independent third party as the nominee to administer the RSUs granted to the Directors and CEO under our Post-IPO RSU Scheme. As at 30 June 2022, Baiduo Investment Holding Limited and Gusto Limited hold 83,747,306 Shares and 25,000,000 Shares respectively, underlying the RSUs granted under the Post-IPO RSU Scheme for the benefit of eligible participants pursuant to the Post-IPO RSU Scheme

### Movements of the RSUs under the Post-IPO RSU Scheme during the six months ended 30 June 2022

Name of Grantees	Nature	Number of Shares underlying the RSUs as at 31 December 2021	Granted during the period Date of grant	Date of grant	Consideration (US\$)	Vested during the period	Lapsed during the period	Number of Shares underlying the RSUs as at 30 June 2022	Vesting Schedule	Approximate percentage of issued Shares of the Company <sup>(7)</sup>
<b>Post-IPO RSU Scheme</b>										
<b>(a) Director of the Company</b>										
Mr. Li Chong	RSUs	10,000,000	—	12 April 2021	—	—	—	10,000,000	Note 1	0.36%
	RSUs	—	5,000,000	30 March 2022	—	—	—	5,000,000	Note 1	0.18%
	<b>Sub-total</b>	<b>10,000,000</b>	<b>5,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,000,000</b>	<b>—</b>	<b>0.54%</b>
<b>(b) Senior management of the Company</b>										
Mr. WANG Xiaodong	RSUs	15,000,000	—	12 April 2021	—	—	—	15,000,000	Note 1	0.54%
	RSUs	—	10,000,000	30 March 2022	—	—	—	10,000,000	Note 1	0.36%
	<b>Sub-total</b>	<b>15,000,000</b>	<b>10,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25,000,000</b>	<b>—</b>	<b>0.90%</b>
<b>(c) Other grantees</b>										
34 employees	RSUs	44,000,000	—	2 April 2020	—	11,000,000	600,000	32,400,000	Note 2	1.17%
12 employees	RSUs	28,520,000	—	11 September 2020	—	—	—	28,520,000	Note 3	1.03%
41 employees	RSUs	18,900,000	—	11 June 2021	—	3,780,000	—	15,120,000	Note 4	0.55%
30 employees	RSUs	14,000,000	—	3 September 2021	—	—	—	14,000,000	Note 5	0.51%
18 employees	RSUs	—	15,300,000	12 May 2022	—	—	—	15,300,000	Note 6	0.55%
	<b>Sub-total</b>	<b>105,420,000</b>	<b>15,300,000</b>	<b>—</b>	<b>—</b>	<b>14,780,000</b>	<b>600,000</b>	<b>105,340,000</b>	<b>—</b>	<b>—</b>
	<b>Total</b>	<b>130,420,000</b>	<b>30,300,000</b>	<b>—</b>	<b>—</b>	<b>14,780,000</b>	<b>600,000</b>	<b>145,340,000</b>	<b>—</b>	<b>5.24%</b>

### Notes:

- (1) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcements of the Company dated 12 April 2021 and 30 March 2022.
- (2) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 2 April 2020.
- (3) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 11 September 2020.
- (4) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 11 June 2021.
- (5) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 3 September 2021.
- (6) For details of the vesting schedules for the RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme, please refer to the announcement of the Company dated 12 May 2022.
- (7) Approximate percentage of issued Shares of the Company is calculated by dividing the RSUs held by the relevant grantees by the issued and outstanding Shares of the Company (as enlarged by the vest in full of all the RSUs granted under the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme) as at 30 June 2022.

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

## EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the six months ended 30 June 2022.

## PUBLIC FLOAT

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

## Other Information

### USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

As of 31 December 2021, unutilised proceeds from the abovementioned issuances amounted to RMB398.5 million. During the Period, a total of RMB13,000 had been utilised in accordance with the intended use as disclosed in the Prospectus. Unutilised proceeds from the aforementioned issuances as of 30 June 2022, being RMB398.5 million, are intended to be applied in the manner consistent with the intended use as disclosed in the Prospectus in the coming financial year.

### COMPLIANCE WITH THE QUALIFICATION REQUIREMENT

As set out in the section headed “Contractual Arrangements — Legality of the Contractual Arrangements” in the Prospectus, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement**”). Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have been gradually building up our track record of overseas business operations to comply with the Qualification Requirement. We have continued to engage a local distributor in Hong Kong through whom our overseas users can purchase our physical prepaid cards. In addition, we have launched a Hong Kong website offering investor relations and other corporate information. Save as above, as of 30 June 2022, the Company has no further update to disclose in relation to the Qualification Requirement.

### MATERIAL LITIGATION

As at 30 June 2022, the Company was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.