

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

## 2021 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of BAIOO Family Interactive Limited (“**BAIOO**”, the “**Company**” or “**we**”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and its controlled entity in the PRC (the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures of last year, as follows:

### Financial Summary

#### INCOME STATEMENT HIGHLIGHT

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

Notes:

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

## BALANCE SHEET HIGHLIGHTS

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

# Management Discussion and Analysis

## BUSINESS OVERVIEW

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

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

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

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

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

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

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

## **INDUSTRY TRENDS**

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

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

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

## OUTLOOK FOR THE REST OF 2021

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

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

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

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

## OPERATION INFORMATION

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

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

*Notes:*

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

## OVERALL BUSINESS AND FINANCIAL PERFORMANCE

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

	(Unaudited)			
	30 June 2021 <i>RMB'000</i>	For the six months ended % of Revenue	30 June 2020 <i>RMB'000</i>	% of Revenue
<b>Revenue</b>	<b>519,887</b>	<b>100</b>	658,017	100
Online entertainment business	<b>519,428</b>	<b>100</b>	656,939	100
Other businesses	<b>459</b>	<b>0</b>	1,078	0
<b>Cost of revenue</b>	<b>(279,666)</b>	<b>(54)</b>	(407,431)	(62)
<b>Gross profit</b>	<b>240,221</b>	<b>46</b>	250,586	38
Selling and marketing costs	<b>(66,433)</b>	<b>(13)</b>	(28,285)	(4)
Administrative expenses	<b>(39,625)</b>	<b>(7)</b>	(27,014)	(4)
Research and development expenses	<b>(82,464)</b>	<b>(16)</b>	(45,610)	(7)
Net impairment reversal of/(losses on) financial assets	<b>397</b>	<b>0</b>	(337)	(0)
Other income	<b>1,325</b>	<b>0</b>	1,425	0
Other gains — net	<b>3,574</b>	<b>1</b>	836	0
<b>Operating profit</b>	<b>56,995</b>	<b>11</b>	151,601	23
Finance income — net	<b>12,630</b>	<b>2</b>	10,388	2
Share of loss of an associate	<b>(2,406)</b>	<b>(0)</b>	(1,527)	(0)
<b>Profit before income tax</b>	<b>67,219</b>	<b>13</b>	160,462	24
Income tax expense	<b>(20,978)</b>	<b>(4)</b>	(9,278)	(1)
<b>Profit for the period</b>	<b>46,241</b>	<b>9</b>	151,184	23
The following table sets forth our consolidated statement of comprehensive income for the six months ended 30 June 2021 and 2020, respectively:				
<b>Profit for the period</b>	<b>46,241</b>	<b>9</b>	151,184	23
Other comprehensive income, net of tax	—	—	—	—
<b>Total comprehensive income for the period</b>	<b>46,241</b>	<b>9</b>	151,184	23
<b>Other financial data</b>				
Adjusted net profit <sup>(1)</sup> (unaudited)	<b>69,295</b>	<b>13</b>	155,101	24
Adjusted EBITDA <sup>(2)</sup> (unaudited)	<b>90,914</b>	<b>17</b>	164,266	25

*Notes:*

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

## **Revenue**

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

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

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

## **Cost of Revenue**

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

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

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

## **Gross Profit**

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

## **Selling and Marketing Expenses**

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

## **Administrative Expenses**

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

## **Research and Development Expenses**

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

## **Net Impairment Reversal of/(Losses on) Financial Assets**

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

## **Other Income**

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

## **Other Gains — net**

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

## **Operating Profit**

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

## **Finance Income — net**

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

## **Share of loss of an associate**

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

## **Profit before Income Tax**

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

## **Income Tax Expense**

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

## **Profit for the Period**

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

## **Non-IFRS Measure — Adjusted Net Profit/EBITDA**

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

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

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

## **LIQUIDITY AND CAPITAL RESOURCES**

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

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

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

*Note:*

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

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

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

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

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

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

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

## Bank Loans and Other Borrowings

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

## Treasury Policies

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

## Foreign Currency Risk

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

## Capital Expenditures and Investments

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

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

## Contingent Liabilities

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

## Charges on Assets

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

## Material Acquisitions and Future Plans for Major Investment

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

## Employees and Staff Costs

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

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

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

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

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

## **Dividend**

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

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

## **CHANGES SINCE 31 DECEMBER 2020**

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

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
<b>Revenue</b>	5	<b>519,887</b>	658,017
Cost of revenue		<u>(279,666)</u>	<u>(407,431)</u>
<b>Gross profit</b>		<b>240,221</b>	250,586
Selling and marketing expenses		(66,433)	(28,285)
Administrative expenses		(39,625)	(27,014)
Research and development expenses		(82,464)	(45,610)
Net impairment reversal of/(losses on) financial assets		397	(337)
Other income		1,325	1,425
Other gains — net	6	<u>3,574</u>	<u>836</u>
<b>Operating profit</b>	7	<b>56,995</b>	151,601
Finance income		15,000	13,189
Finance costs		<u>(2,370)</u>	<u>(2,801)</u>
Finance income — net		12,630	10,388
Share of loss of an associate	13	<u>(2,406)</u>	<u>(1,527)</u>
<b>Profit before income tax</b>		<b>67,219</b>	160,462
Income tax expense	8	<u>(20,978)</u>	<u>(9,278)</u>
<b>Profit for the period</b>		<b><u>46,241</u></b>	<b><u>151,184</u></b>
<b>Attributable to:</b>			
— Shareholders of the Company		46,289	151,440
— Non-controlling interests		<u>(48)</u>	<u>(256)</u>
		<b><u>46,241</u></b>	<b><u>151,184</u></b>
<b>Earnings per share for profit attributable to shareholders of the Company</b> (expressed in RMB per share)	9		
Basic earnings per share		0.0177	0.0571
Diluted earnings per share		<u>0.0173</u>	<u>0.0571</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

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

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>30 June</b>	31 December
		<b>2021</b>	2020
<i>Notes</i>		<b>RMB'000</b>	<b>RMB'000</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>59,906</b>	69,477
Contract liabilities		<b>6,066</b>	11,598
		<u><b>65,972</b></u>	<u>81,075</u>
<b>Current liabilities</b>			
Trade payables	<i>12</i>	<b>16,164</b>	6,786
Other payables and accruals		<b>175,420</b>	60,580
Advances from distributors		<b>37,839</b>	43,712
Lease liabilities		<b>17,641</b>	18,627
Contract liabilities		<b>134,403</b>	121,919
Income tax liabilities		<b>8,688</b>	13,826
Bank overdrafts		<b>63</b>	30
		<u><b>390,218</b></u>	<u>265,480</u>
<b>Total liabilities</b>		<u><b>456,190</b></u>	<u>346,555</u>
<b>Total equity and liabilities</b>		<u><b>2,128,949</b></u>	<u>2,080,884</u>

## 1 Basis of preparation

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

## 2 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.

### 2.1 The following new standards and amendments to existing standards and interpretation are mandatory for adoption for the financial year beginning 1 January 2020 for the Group:

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

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

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

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

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

### **3 Estimates**

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

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

### **4 Financial risk management and financial instruments**

#### **4.1 Financial risk factors**

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

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

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

#### **4.2 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.

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 2021</b>					
Trade payables	16,164	—	—	16,164	16,164
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	136,645	—	—	136,645	136,645
Bank overdrafts	63	—	—	63	63
Lease liabilities	18,117	18,871	51,276	88,264	77,547
	<u>170,989</u>	<u>18,871</u>	<u>51,276</u>	<u>241,136</u>	<u>230,419</u>
<b>As at 31 December 2020</b>					
Trade payables	6,786	—	—	6,786	6,786
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	10,281	—	—	10,281	10,281
Bank overdrafts	30	—	—	30	30
Lease liabilities	19,118	19,770	62,610	101,498	88,104
	<u>36,215</u>	<u>19,770</u>	<u>62,610</u>	<u>118,595</u>	<u>105,201</u>

### 4.3 Fair value estimation

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

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

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

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

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

Specific valuation techniques used to value financial instruments include:

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

There were no changes in valuation techniques.

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

	<b>Financial assets at fair value through profit or loss RMB'000</b>
<b>At 1 January 2021</b>	—
Addition	<b>200,000</b>
Net gains recognized in profit or loss	<b>1,082</b>
Settlement	<b>(201,082)</b>
	<hr/>
<b>At 30 June 2021</b>	<b>—</b>
	<hr/> <hr/>
Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period, under “Other gains — net”	<b>—</b>
	<hr/> <hr/>

Financial assets  
at fair value  
through profit  
or loss  
*RMB'000*

<b>At 1 January 2020</b>	5,071
Addition	670,000
Gains recognized in profit or loss	2,502
Repayment of structural deposits	<u>(677,573)</u>
<b>At 30 June 2020</b>	<u><u>—</u></u>
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period, under “Other gains — net”	<u><u>(5,071)</u></u>

## 5 Segment information

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

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group’s other businesses are mainly licensing income.

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

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

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

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

	<b>Unaudited</b>		
	<b>Six months ended 30 June 2021</b>		
	<b>Online entertainment business RMB'000</b>	<b>Other businesses RMB'000</b>	<b>Total RMB'000</b>
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>

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

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

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

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

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

## 6 Other gains — net

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

## 7 Operating profit

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

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

## 8 Income tax expense

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

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

(a) Cayman Islands income tax

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

(b) Hong Kong profits tax

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

(c) PRC enterprise income tax (“EIT”)

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

Guangzhou Baitian was qualified as “High and New Technology Enterprise” in 2021 and was entitled to a preferential income tax rate of 15% on its estimated assessable profits for the six months ended 30 June 2021 (2020: note 8(e)).

Guangzhou Tianti could enjoy the preferential EIT policy for software enterprise in 2021, for it’s the 5th year since it started to make profits, which could adopt half of the 25% statutory tax rate (i.e. 12.5%) on its estimated assessable profits for the six months ended 30 June 2021 (2020: note 8(e)).

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

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

(d) PRC withholding tax (“WHT”)

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

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

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

Guangzhou Baitian

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

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

Guangzhou Tianti

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

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

## 9 Earnings per share

### (a) Basic

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

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

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

### (b) Diluted

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

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

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

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<b>Earnings</b>		
Profit attributable to shareholders of the Company and profit used to determine diluted earnings per share (RMB'000)	<u>46,289</u>	<u>151,440</u>
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares in issue less shares held for RSU Scheme	<b>2,610,818,346</b>	2,650,292,290
Adjustments for:		
— Share options	—	325,982
— RSUs	<u>59,855,954</u>	<u>1,612,600</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,671,874,300</u>	<u>2,652,230,872</u>
Diluted earnings per share (in RMB/share)	<u><b>0.0173</b></u>	<u>0.0571</u>

## 10 Dividend

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

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

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

## 11 Trade receivables

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

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

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

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

## 12 Trade payables

Trade payables primarily relate to advertising fees and bandwidth fees.

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

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

## 13 Investment in an associate

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

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

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

## **Audit Committee and Review of Financial Statements**

The audit committee of the Company (the “**Audit Committee**”) had 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 had also reviewed the Group’s unaudited Interim Condensed Consolidated Financial Information for the six months ended 30 June 2021 and this interim results. 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own securities dealing code to regulate all dealings by directors 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 (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance.

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

Code provision A.2.1 of the CG Code provides that the responsibilities between the chairman and chief executive officer (“**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.

## **Purchase, Sale or Redemption of the Company's Listed Securities**

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

## **Interim Dividend**

The Directors do not recommend the payment of dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

## **Publication of 2021 Interim Results and Interim Report**

The interim results announcement is published on the Company's website (<http://www.baioo.com.hk>) and the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>). The 2021 interim report of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

By order of the Board  
**BAIOO Family Interactive Limited**  
**DAI Jian**

*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 26 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong and Mr. WANG Xiaodong; the independent non-executive directors of the Company are Ms. LIU Qianli, Dr. WANG Qing and Mr. MA Xiaofeng.*