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(Incorporated in the Cayman Islands with limited liabilities)

(Stock code: 2100)

## 2022 INTERIM RESULTS ANNOUNCEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of BAIIOO Family Interactive Limited (“**BAIOO**” or the “**Company**” or “**we**”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries and its controlled entity in the People’s Republic of China (“**PRC**”) (the “**Group**”) for the six months ended 30 June 2022 together with the comparative figures of last year, as follows:

### Financial Summary

#### INCOME STATEMENT HIGHLIGHT

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

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

# Management Discussion and Analysis

## BUSINESS OVERVIEW

For the six months ended 30 June 2022 (the “**Period**”), BAIOO continued to develop personal computer (“**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 research and development (“**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.

In addition, BAIIO's outstanding performance has been recognized by its cooperation partners, the gaming industry and the capital market. Specifically, BAIIO 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 BAIIO 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 BAIIO'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, BAIIO 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, BAIIO 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, BAIIO 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.

## 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 2022 <sup>(1)</sup>	30 June 2021	
average QAA <sup>(2)</sup>	6.3	12.2	(48.4%)
average QPA <sup>(3)</sup>	1.0	2.1	(52.4%)
average quarterly ARQPA <sup>(4)</sup>	149.1	127.9	16.6%

*Notes:*

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

1. 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.
2. 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 (“RSUs”) 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.

## **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.

## **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:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
(Loss)/profit for the period	<b>(39,851)</b>	46,241
Add:		
Share-based compensation	<b>32,017</b>	23,054
Adjusted net (loss)/profit	<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
Adjusted EBITDA	<b>(18,002)</b>	90,914

## 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:

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

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 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.

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

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

## 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.

## 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
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Capital Expenditures</b>		
— Purchase of property and equipment	<b>3,879</b>	2,054
— Purchase of intangible assets	<b>1,085</b>	1,307
	<hr/>	<hr/>
<b>Total</b>	<b>4,964</b>	3,361
	<hr/> <hr/>	<hr/> <hr/>

## 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 (“**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 (as defined below). Pursuant to the Post-IPO RSU Scheme, there were a total of 145,340,000 RSUs outstanding as of 30 June 2022.

## Dividend

At the Company’s annual general meeting (“**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 of the Company 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 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 2021.

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited	
		Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
<b>Revenue</b>	5	<b>289,641</b>	519,887
Cost of revenue		<u>(171,903)</u>	<u>(279,666)</u>
<b>Gross profit</b>		<b>117,738</b>	240,221
Selling and marketing expenses		(31,481)	(66,433)
Administrative expenses		(46,687)	(39,625)
Research and development expenses		(104,963)	(82,464)
Net impairment reversals of financial assets		1	397
Other income		1,786	1,325
Other gains — net	6	<u>1,722</u>	<u>3,574</u>
<b>Operating (loss)/profit</b>	7	<b>(61,884)</b>	56,995
Finance income		21,911	15,000
Finance costs		<u>(1,920)</u>	<u>(2,370)</u>
Finance income — net		19,991	12,630
Share of loss of an associate		<u>—</u>	<u>(2,406)</u>
<b>(Loss)/profit before income tax</b>		<b>(41,893)</b>	67,219
Income tax credit/(expense)	8	<u>2,042</u>	<u>(20,978)</u>
<b>(Loss)/profit for the period</b>		<b><u>(39,851)</u></b>	<b><u>46,241</u></b>
<b>(Loss)/profit attributable to:</b>			
— Shareholders of the Company		(39,928)	46,289
— Non-controlling interests		<u>77</u>	<u>(48)</u>
		<b><u>(39,851)</u></b>	<b><u>46,241</u></b>
<b>(Losses)/earnings per share for (loss)/profit attributable to shareholders of the Company</b> (expressed in RMB per share)	9		
Basic (losses)/earnings per share		(0.0152)	0.0177
Diluted (losses)/earnings per share		<u>(0.0152)</u>	<u>0.0173</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

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

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

## 1 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”).

## 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 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.

**2.2 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:**

		<b>Effective for accounting periods beginning on or after</b>
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.

### **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 2021.

### **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 2021.

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

## 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 <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total contractual cash flows <i>RMB'000</i>	Carrying amount liabilities <i>RMB'000</i>
<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
	<u>78,969</u>	<u>19,815</u>	<u>31,461</u>	<u>130,245</u>	<u>123,572</u>
<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
	<u>33,740</u>	<u>19,331</u>	<u>41,611</u>	<u>94,682</u>	<u>86,089</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 following table presents the Group's assets that are measured at fair value as at 30 June 2022 and 31 December 2021.

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

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
- 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).

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

	<b>Financial assets at fair value through profit or loss RMB'000</b>
<b>At 1 January 2022</b>	—
Addition	<b>50,000</b>
Net gains recognized in profit or loss (Note 6)	<b>325</b>
Settlement	<b>(50,325)</b>
	<hr/>
<b>At 30 June 2022</b>	<b>—</b>
	<hr/> <hr/>

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

<b>At 1 January 2021</b>	—
Addition	200,000
Net gains recognized in profit or loss (Note 6)	1,082
Settlement	(201,082)
	—
<b>At 30 June 2021</b>	—

## 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 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 the 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.

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:

	<b>Unaudited</b>		
	<b>Six months ended 30 June 2022</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	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>

	<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>

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

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

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**

	<b>2022</b>	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.

**6 Other gains — net**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Foreign exchange gain	<b>533</b>	253
Interest income of financial assets at fair value through profit or loss (Note 4.3)	<b>325</b>	1,082
Donation	<b>(224)</b>	(20)
Gains on disposals of fixed assets	<b>—</b>	4
Others	<b>1,088</b>	2,255
	<b>1,722</b>	3,574

**7 Operating (loss)/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>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Employee benefit expenses	<b>200,960</b>	174,954
Distribution cost and payment handling fees	<b>93,972</b>	194,167
Promotion and advertising expenses	<b>16,737</b>	52,236
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	<b>11,865</b>	12,777
Net impairment reversals of financial assets	<b>(1)</b>	(397)

## 8 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)
	<u>(2,042)</u>	<u>20,978</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 2022 (2021: same). Under the two-tiered profits tax rates regime, the first 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.

Baiduo 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).

## 9 (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.

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

(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.

	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)	<u>46,289</u>
<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
Adjustments for:	
— RSUs	<u>59,855,954</u>
Weighted average number of ordinary shares for diluted earnings per share	<u>2,670,674,300</u>
Diluted earnings per share (in RMB/share)	<u><u>0.0173</u></u>

## 10 Dividend

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
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>	<b>130,865</b>

Notes:

- (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).

## 11 Trade receivables

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

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:

	<b>Unaudited</b> <b>As at</b> <b>30 June</b> <b>2022</b> <i>RMB'000</i>	Audited As at 31 December 2021 <i>RMB'000</i>
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
	<u>30,112</u>	<u>29,526</u>

## 12 Trade payables

Trade payables primarily relate to advertising fees, game development outsourcing costs 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>2022</b> <i>RMB'000</i>	Audited As at 31 December 2021 <i>RMB'000</i>
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
	<u>7,252</u>	<u>7,094</u>

## Audit Committee and Review of Financial Statements

The audit committee of the Company (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 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 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 (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 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 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 2022, 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 2022 (six months ended 30 June 2021: nil).

## **Publication of 2022 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 2022 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, 30 August 2022

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