

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2100



Contents

Corporate Information	2
Company Profile	4
Financial Summary	5
Chairman Letter	7
Definitions and Glossaries	9
Management Discussion and Analysis	14
Report on Review of	
Interim Financial Information	28
Interim Condensed Consolidated	
Income Statement	29
Interim Condensed Consolidated	
Statement of Comprehensive Income	30
Interim Condensed Consolidated	
Balance Sheet	31
Interim Condensed Consolidated	
Statement of Changes in Equity	33
Interim Condensed Consolidated	
Statement of Cash Flows	34
Notes to the Interim Condensed	
Consolidated Financial Information	35
Other Information	59

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Jian (*Chairman*)

Mr. Wu Lili

Mr. Li Chong

Independent Non-executive Directors

Ms. Liu Qianli

Dr. Wang Qing

Mr. Ma Xiaofeng

Mr. Wei Kevin Cheng

AUDIT COMMITTEE

Ms. Liu Qianli (*Chairperson*)

Dr. Wang Qing

Mr. Ma Xiaofeng

Mr. Wei Kevin Cheng

NOMINATION COMMITTEE

Mr. Dai Jian (*Chairperson*)

Mr. Ma Xiaofeng

Ms. Liu Qianli

REMUNERATION COMMITTEE

Dr. Wang Qing (*Chairperson*)

Mr. Ma Xiaofeng

Mr. Wu Lili

CHIEF EXECUTIVE OFFICER

Mr. Dai Jian

ACTING CHIEF FINANCIAL OFFICER

Ms. Chen Xiao Hong

COMPANY SECRETARY

Ms. Lau Yee Wa

AUTHORIZED REPRESENTATIVES

Mr. Wu Lili

Mr. Dai Jian

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

22/F, Prince's Building

Central

Hong Kong

COMPANY'S WEBSITE

www.baioo.com.hk

STOCK CODE

2100

HEADQUARTERS IN THE PRC

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120 Huangpu W Ave, Tianhe

Guangzhou, Guangdong

China 510623

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Hutchins Drive
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Cayman Islands

HONG KONG SHARE REGISTRAR

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Hong Kong

REGISTERED OFFICE

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British West Indies

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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PRINCIPAL BANKS

China Minsheng Bank, Guangzhou Branch
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Guangzhou
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PRC

China Merchants Bank Guangzhou
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Tianhe District
Guangzhou
Guangdong 510620
PRC

The Hongkong and Shanghai Banking Corporation Limited
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LEGAL ADVISORS AS TO HONG KONG LAW

DLA Piper Hong Kong
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8 Connaught Place
Central
Hong Kong

LEGAL ADVISORS AS TO CAYMAN ISLANDS LAW

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

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Company Profile

Founded in 2009 and listed on the Hong Kong Stock Exchange in 2014, BAIOO Family Interactive Limited is a leading internet content and service provider in China. BAIOO primarily focuses on developing in accumulated advantageous areas, including niche game genres such as female-oriented games, pet collection and raising games. BAIOO has achieved a leading position in its targeted niche game segments in China and built a gaming brand that is popular among Generation Z users.

Since its establishment, BAIOO has been committed to developing and operating online content of various types, and has successfully launched a number of major self-developed IP products with cumulative registered users exceeding 100 million. Leveraging its track record of business growth and the emergence of the mobile internet market, BAIOO has launched a series of hit game titles in China. The Company's games have also been well-received by users in Mainland China, Hong Kong, Macau, Taiwan, Japan, South Korea, Europe and the United States.

Looking ahead, BAIOO will continue to focus on developing its accumulated advantages in niche game segments. Through its unique IP strategy, BAIOO will continue to leverage the IPs that have been developed and accumulated throughout the years to launch a series of innovative, differentiated and attractive products, provide young users with premium and differentiated IP-based experiences and services, and become a platform that brings great joy to young people.

Financial Summary

INCOME STATEMENT HIGHLIGHT

	Unaudited		Period over-period change
	six months ended 30 June		
	2024	2023	change
	RMB'000	RMB'000	%
Revenue	272,284	450,609	(39.6%)
Gross profit	125,490	169,229	(25.8%)
Operating loss	(25,675)	(38,905)	(34.0%)
Non-IFRS Accounting Standards Measures			
— Adjusted Net Loss ⁽¹⁾	(9,770)	(3,153)	209.9%
— Adjusted EBITDA ⁽²⁾	(12,978)	(10,485)	23.8%

Notes:

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

BALANCE SHEET HIGHLIGHT

	Unaudited As of 30 June 2024 RMB'000	Audited As of 31 December 2023 RMB'000
Assets		
Non-current assets	628,454	585,242
Current assets	1,258,106	1,334,857
Total assets	1,886,560	1,920,099
Equity and Liabilities		
Total equity	1,611,490	1,651,035
Non-current liabilities	20,261	29,846
Current liabilities	254,809	239,218
Total liabilities	275,070	269,064
Total Equity and Liabilities	1,886,560	1,920,099

Chairman Letter

Dear Shareholders,

In the first half of 2024, facing the increasingly competitive market environment, BAIOO insisted on the development of high-quality and excellent game content. While adhering to the long-term operation strategy of IP refinement, the Company actively sought new breakthroughs in content innovation, created high-quality content, and continuously consolidated its leading position in the niche game genres, namely female-oriented games, pet collection and raising games.

CONSISTENTLY PROMOTE GAME CONTENT INNOVATION, ACTIVELY INTEGRATE EXCELLENT CULTURE, AND CONTINUOUSLY EXPAND THE IP BRAND EFFECT

In the first half of the year, BAIOO continued to innovate content and continuously launched unique and high-quality game content. On the one hand, BAIOO insisted on taking users as the core, maintaining high-frequency version content updates, constantly optimizing gameplay and user experience, attracting users with gameplay that is more in line with current users' habits, enhancing community activity and user satisfaction and giving core IP new vitality. On the other hand, BAIOO actively inherited the excellent Chinese traditional culture, continued to promote cross-border linkage between IP and brands, and combined diversified online and offline communication channels, such as hosting exclusive meet-and-greet events for players, linkage theme restaurants and other activities, in order to enhance emotional links with users and further strengthen the brand effect of IP.

CONSISTENTLY STRENGTHEN INDEPENDENT INVESTMENT IN R&D, ACTIVELY EMBRACE CUTTING-EDGE TECHNOLOGY, AND CONTINUOUSLY IMPROVE RESEARCH AND OPERATION EFFICIENCY

BAIOO adhered to its original intention and maintained a large investment in R&D, while it kept up with market trends, actively invested in and applied cutting-edge technologies, and made certain progress in the integration and application of AI technology, especially in the areas such as automated programming, art visual effects generation, 3D modeling and rendering optimization, as well as AI assistant tools. These innovations not only optimized the project R&D process, but also significantly improved the efficiency and quality of ongoing research and operational projects.

Chairman Letter

OUTLOOK

Looking ahead to the second half of 2024, BAIOO will continue to deepen its accumulated advantages in game niches, actively expand domestic and overseas markets, continuously enrich game content and incorporate more excellent cultural elements, so as to bring more diversified and more interesting game experience to users. At the same time, BAIOO will continue to invest in R&D, strengthen its technical and operational capabilities, build a robust competitive edge, and consolidate BAIOO's market position in the niche gaming market.

ACKNOWLEDGEMENTS

On behalf of our management team, I would like to extend our sincerest appreciation to all employees for their continuous progress and efforts, as well as to our partners, users and investors for their support and trust in us. We will strive to make innovations and breakthroughs, continue to develop more high-quality content, continuously enhance the influence of IP and brands, create high-quality and unique game experience for users, maintain sustainable business development, and strive to create greater value for shareholders.

DAI Jian

Chairman, Chief Executive Officer and Executive Director

BAIOO Family Interactive Limited

29 August 2024

Definitions and Glossaries

DEFINITIONS

“2023 RSU Scheme”	the Company’s restricted share unit plan adopted by the Company on 3 March 2023 and approved by the Shareholders by passing an ordinary resolution at the AGM held on 27 June 2023
“AGM”	the annual general meeting of the Company to be convened and held in accordance with the Articles of Association
“AI”	artificial intelligence
“Articles of Association”	the articles of association of the Company as amended, supplemented or revised from time to time
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of Directors
“BVI”	the British Virgin Islands
“CEO” or “Chief Executive Officer”	the chief executive officer of the Company
“Chairman”	the chairman of the Board
“Company” or “us” or “our Company”	BAIOO Family Interactive Limited (百奧家庭互動有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 25 September 2009 with its Shares listed on the Main Board of the Stock Exchange on 10 April 2014
“Company Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Contractual Arrangements”	a series of agreements entered into among Guangzhou WFOE, Guangzhou Baitian and the Registered Shareholders on 4 December 2013 and amended on 20 March 2014
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, collectively refers to Mr. DAI Jian and Stmoritz Investment Limited
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules

Definitions and Glossaries

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

Definitions and Glossaries

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Option(s)”	an option or right to purchase Shares under the Pre-IPO Share Option Scheme
“Post-IPO RSU Scheme”	the post-IPO restricted share unit scheme adopted by the Company on 18 March 2014, which took effect on 10 April 2014 (as amended on 19 June 2015 and 17 December 2020) and was terminated by the Board’s resolution passed on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme
“PRC” or “China”	the People’s Republic of China
“Pre-IPO RSU Scheme”	the restricted share unit plan approved and adopted by the Company on 30 September 2013 and was terminated by the Board’s resolution passed on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme
“Pre-IPO Share Option Scheme”	the share option plan approved and adopted by the Company on 18 June 2010, details of which are set out in the prospectus of the Company dated 28 March 2014, and expired on 18 June 2020
“Prospectus”	the prospectus of the Company dated 28 March 2014
“R&D”	research and development
“Register of Members”	the register of members of the Company
“Registered Shareholders”	the registered shareholders of Guangzhou Baitian, namely Mr. DAI Jian, Mr. WU Lili, Mr. LI Chong, Mr. CHEN Ziming and Mr. WANG Xiaodong
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	the six months ended 30 June 2024
“RSU(s)”	restricted share unit(s), being a contingent right to receive Shares which is granted pursuant to the Pre-IPO RSU Scheme and/or the Post-IPO RSU Scheme and/or the 2023 RSU Scheme

Definitions and Glossaries

“SFO”	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)” or “Ordinary Share(s)”	ordinary share(s) in the share capital of our Company with par value US\$0.0000005 each (or of such other nominal amount as shall result from capitalization, subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time) with the rights ascribed in the Articles of Association
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“The Zhen Family Trust”	a discretionary trust set up by Mr. LI Chong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. LI and his family members
“WHZ Trust”	a discretionary trust set up by Mr. WU Lili for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. WU and his family members
“WSW Family Trust”	a discretionary trust set up by Mr. WANG Xiaodong for which TMF (Cayman) Ltd. acts as the trustee, and the beneficiaries of which are Mr. WANG and his family members

GLOSSARY

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

Management Discussion and Analysis

BUSINESS OVERVIEW

Adhered to IP refined long-term operation strategy, BAIOO continued to innovate game content

During the first half of 2024, BAIOO continued to focus on developing in its advantageous niche game genres, namely female-oriented games, pet collection and raising games. The Group further strengthened its investment in R&D, consolidated its product matrix, continued to refine operations and accelerated overseas layout, and continuously enhanced user recognition and trust with innovative and high-quality game content, thereby further consolidating its visibility and leading position in the niche game market.

BAIOO continued to adhere to the user-centered R&D concept, adhered to the long-term operation strategy of IP refinement, maintained high-quality and high-frequency content iterations, and made steady progress in the operation of core mobile games and web games. Through continuous innovation breakthroughs in version contents, excellent user operations, and active exploration of business models, BAIOO's long-term operation strategy of IP refinement received fruitful results. Its core self-developed IP Legend of Aoqi (「奧奇傳說」), which has been in operation for more than 12 years, showed strong vitality with continuous year-on-year revenue growth. Legend of Aoqi Mobile (「奧奇傳說手遊」), which has been in operation for more than 3 years, has launched the New Year version of “Arrival, Demise of the Holy Dragon!” (「降臨·終焉之聖龍！」) in the first half of the year and the 3rd anniversary version of “Blazing Frames Return to Heart” (「熾炎歸心」). The version contents have received positive recognition and feedback from players, and the rich activity content has also contributed to the significant growth of community activity. The web game Legend of Aoqi (「奧奇傳說頁遊」), which has been in operation for more than 12 years, has continuously innovated the game play mechanism and updated the game content after the consideration of players' demands, and continued to perform well for the year 2023 and during the Reporting Period with year-on-year revenue growth.

Management Discussion and Analysis

BAIOO actively promotes excellent traditional Chinese culture, integrates Chinese cultural elements into game contents to bring players an interesting and rich game experience, further enhances the reputation and market popularity of the games, and stimulates users' exploration and love for traditional Chinese culture. The core mobile game Aobi Island: Dreamland (「奧比島：夢想國度」) has been in operation for two years. Since its launch, it has conducted collaborations with a total of 23 brands and IPs. The rich and diverse linkage theme versions have gained the praise and love of many players. Among which, The World of the Palace (「宮裡的世界」) brought with the launch of the 2.7 version of “Forbidden Elegance” (「紫禁風華」) and replicated the “Forbidden City”, “Along the River During the Qingming Festival · Mirage” (「清明上河圖•幻景」) and the “Royal Cat in the Palace” (「宮廷御貓」), and launch exquisite cross-over fashion with the colors and elements of cultural relics, promoting the cross-border integration of Chinese cultural elements and the games.

Meanwhile, BAIOO continues to explore and apply cutting-edge technology, improving R&D efficiency while providing users with richer and more diverse gameplay experience. The 2.8 version of “Spring Resurgence” (「春日復蘇」) of Aobi Island: Dreamland (「奧比島：夢想國度」), which was launched in March 2024, introduces the “AI Intelligent Assistant” Shiwaxi (史瓦西), which provides AI consultation functions to achieve self-service Questions and Answers and emotional companionship. This not only reduces labor costs in information inquiry and customer service, but also brings innovation and enrichment to the gameplay.

During the Reporting Period, while continuing to deepen its efforts in the domestic game market, BAIOO also further accelerated its overseas layout, boosting the Company's global market competitiveness and influence. BAIOO restructured its global distribution department in 2023 to further enhance its independent R&D and distribution capabilities with a global focus on products. In addition, the Company was awarded the “Outstanding ESG Information Disclosure Enterprise” for its outstanding information disclosure practices in the Gelonghui ESG Golden Award selection event, demonstrating its leadership and sense of responsibility in the ESG field.

Management Discussion and Analysis

INDUSTRY TRENDS

The confidence in the game market has moderately recovered, and the wave of digitization empowers the industry to transform and optimize productivity

During the Reporting Period, the macro economy moderately rebounded. After experiencing the cycle test of weak supply and demand in 2023, the game industry gradually experienced a recovery in the first half of 2024. With further optimization of policies in the game industry, the normalization of publication numbers issuance continues to bring confidence to the market, and the prosperity of the game industry is steadily recovering, further developing its standardization, sustainability, quality, and refinement, showing a positive development trend, bringing new growth opportunities for enterprises with strong R&D capabilities and high-quality product content.

The wave of digitization continues to have a profound impact on the game industry, playing a significant role in improving production quality and efficiency. Game enterprises are constantly strengthening their layout in technology fields such as AI, digital twins and engine development, which gradually increase the technological attributes of the game industry. Generative AI has developed rapidly and has become a key driving force for improving the efficiency of game R&D. With continuous expansion of application scenarios and further deepen of the outcomes, generative AI brings unprecedented development opportunities to the game industry. By continuously strengthening product innovation and consolidating R&D capabilities, BAIOO has been actively exploring the latest breakthroughs and application scenarios of generative AI, leveraging technology advancements to strengthen its brand influence and maintain its leadership position in niche game segments.

OUTLOOK FOR THE SECOND HALF OF 2024

Consolidate core IP competitive advantages and continue to explore AI technology-enabled product R&D

Looking ahead to the second half of the year, BAIOO will focus on niche genres, adhere to the user-centered R&D concept and refined long-term operation strategy, strengthen the investment and application of independent game R&D and cutting-edge technology, enhance BAIOO's R&D and operation strength, continue to build a rich product matrix, strive to meet higher quality and diversified user needs efficiently, and continuously enhance the Group's competitive advantage and R&D barriers in the niche game market. Meanwhile, BAIOO will further accelerate its international market layout, with multiple products currently being actively developed and tested.

In the future, BAIOO will continue to practice its corporate social responsibilities, actively build the spirit and value of traditional Chinese culture, and strive to create high-quality game content with Chinese cultural heritage to bring rich and distinctive game experience to global users.

OPERATION INFORMATION

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

	For the six months ended		
	30 June 2024 ⁽¹⁾	30 June 2023	Period- over-period change
	<i>(QAA & QPA in millions, ARQPA in RMB)</i>		
average QAA ⁽²⁾	5.7	7.5	(24.0%)
average QPA ⁽³⁾	0.8	1.2	(33.3%)
average quarterly ARQPA ⁽⁴⁾	164.6	188.7	(12.8%)

Notes:

- (1) As of 30 June 2024, our online virtual worlds under commercial operation included Aobi Island, Aola Star, Dragon Knights, Light of Aoya, Legend of Aoqi, Shiwuyu (「食物語」), Aola Star Mobile (「奧拉星手遊」), Legend of Aoqi Mobile and Aobi Island Mobile (「奧比島手遊」).
- (2) The average QAA for online virtual worlds was approximately 5.7 million for the six months ended 30 June 2024, representing a decrease of approximately 24.0% compared with the same period last year. The decrease was primarily due to some of the games with a longer launch period have shown a natural decline in the growth of their life cycles.
- (3) The average QPA for online virtual worlds was approximately 0.8 million for the six months ended 30 June 2024, representing a decrease of approximately 33.3% compared with the same period last year. This decrease was primarily due to the decrease of QAA.
- (4) The average quarterly ARQPA for online virtual worlds was approximately RMB164.6 for the six months ended 30 June 2024, representing a decrease of approximately 12.8% compared with the same period last year. The decrease was primarily due to the decrease of revenue.

Management Discussion and Analysis

OVERALL BUSINESS AND FINANCIAL PERFORMANCE

The following table sets forth our consolidated income statement for the six months ended 30 June 2024 and 2023, respectively:

	(Unaudited)			
	30 June 2024 RMB'000	% of Revenue	For the six months ended 30 June 2023 RMB'000	% of Revenue
Revenue	272,284	100	450,609	100
Online entertainment business	272,134	100	450,527	100
Other businesses	150	0	82	0
Cost of revenue	(146,794)	(54)	(281,380)	(62)
Gross profit	125,490	46	169,229	38
Selling and marketing expenses	(20,180)	(7)	(40,454)	(9)
Administrative expenses	(32,003)	(12)	(41,946)	(9)
Research and development expenses	(99,597)	(37)	(126,427)	(28)
Net impairment loss on financial assets	(103)	(0)	(312)	(0)
Other income	607	0	1,340	0
Other gain/(loss) — net	111	0	(335)	(0)
Operating loss	(25,675)	(9)	(38,905)	(9)
Finance income — net	13,705	5	21,060	5
Share of loss of an associate	(2,990)	(1)	—	—
Loss before income tax	(14,960)	(5)	(17,845)	(4)
Income tax credit/(expense)	79	0	(2,068)	(0)
Loss for the period	(14,881)	(5)	(19,913)	(4)

Management Discussion and Analysis

The following table sets forth our consolidated statement of comprehensive income for the six months ended 30 June 2024 and 2023 respectively:

	(Unaudited)			
	30 June 2024 RMB'000	% of Revenue	30 June 2023 RMB'000	% of Revenue
Loss for the period	(14,881)	(5)	(19,913)	(4)
Other comprehensive income, net of tax	—	—	—	—
Total comprehensive loss for the period	(14,881)	(5)	(19,913)	(4)
Other financial data				
Adjusted net loss ⁽¹⁾ (unaudited)	(9,770)	(4)	(3,153)	(1)
Adjusted EBITDA ⁽²⁾ (unaudited)	(12,978)	(5)	(10,485)	(2)

Notes:

- Adjusted net loss consists of loss for the period plus share-based compensation. Adjusted net loss eliminates the effect on non-cash share-based compensation expenses. The term of adjusted net loss is not defined under the IFRS Accounting Standards. The use of adjusted net loss has material limitations as an analytical tool, as adjusted net loss does not include all items that impact our net loss for the period.
- Adjusted EBITDA consists of adjusted net loss 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 2024 was RMB272.3 million, representing a 39.6% decrease from RMB450.6 million for the six months ended 30 June 2023.

Online Entertainment Business: Our online business revenue for the six months ended 30 June 2024 was RMB272.1 million, representing a 39.6% decrease from RMB450.5 million for the six months ended 30 June 2023. This was primarily due to 1) some of the Company's games with a longer launch period have shown a natural decline in the growth of their life cycles; and 2) no new games were launched during the Reporting Period.

Other Businesses: Revenue from other businesses for the six months ended 30 June 2024 was RMB0.15 million, compared with RMB0.08 million for the six months ended 30 June 2023.

Management Discussion and Analysis

Cost of Revenue

Our cost of revenue for the six months ended 30 June 2024 was RMB146.8 million, representing a 47.8% decrease from RMB281.4 million for the six months ended 30 June 2023.

Online Entertainment Business: Our cost of revenue on online entertainment business for the six months ended 30 June 2024 was RMB146.8 million, representing a 47.8% decrease from RMB281.3 million for the six months ended 30 June 2023. 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 2024 was RMB0.03 million, comparing with the cost of RMB0.04 million for the six months ended 30 June 2023.

Gross Profit

As a result of the foregoing, our gross profit for the six months ended 30 June 2024 was RMB125.5 million, compared with RMB169.2 million for the six months ended 30 June 2023. Gross profit margin was 46.1% for the six months ended 30 June 2024, compared with 37.6% for the six months ended 30 June 2023. The increased gross profit margin was mainly due to the proportion of revenue from entrusted third parties mobile games with high revenue sharing decreased.

Selling and Marketing Expenses

Our selling and marketing expenses for the six months ended 30 June 2024 were RMB20.2 million, representing a 50.1% decrease from RMB40.5 million for the six months ended 30 June 2023. This decrease was mainly driven by the decrease in promoting and advertising expenses.

Administrative Expenses

Our administrative expenses for the six months ended 30 June 2024 were RMB32.0 million, representing a 23.6% decrease from RMB41.9 million for the six months ended 30 June 2023. The decrease was mainly driven by the decrease in employee benefit expenses relating to restricted shares units granted to employees.

Research and Development Expenses

Our research and development expenses for the six months ended 30 June 2024 were RMB99.6 million, representing a 21.2% decrease from RMB126.4 million for the six months ended 30 June 2023. This decrease was primarily driven by the decrease in employee benefit expenses.

Net Impairment Loss on Financial Assets

We recorded net impairment loss of financial assets of RMB0.1 million for the six months ended 30 June 2024, compared with net impairment loss of financial assets of RMB0.3 million for the six months ended 30 June 2023.

Other Income

The Company recognized RMB0.6 million in other income for the six months ended 30 June 2024, compared with RMB1.3 million for the six months ended 30 June 2023. The other income was generated from our fulfillment of certain performance conditions related to government grants.

Other Gain/(Loss) – net

The Company recognized net other gain of RMB0.1 million primarily due to foreign exchange gain for the six months ended 30 June 2024 compared with net other loss of RMB0.3 million for the six months ended 30 June 2023.

Operating Loss

As a result of the foregoing, our operating loss for the six months ended 30 June 2024 was RMB25.7 million, compared with operating loss of RMB38.9 million for the six months ended 30 June 2023.

Finance Income – net

We had net finance income of RMB13.7 million for the six months ended 30 June 2024, compared with net finance income of RMB21.1 million for the six months ended 30 June 2023. 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

The Company recognized share of loss of an associate of RMB3.0 million for the six months ended 30 June 2024, while there was no losses or gains of an associate for the six months ended 30 June 2023.

Loss before Income Tax

As a result of the foregoing, we had a loss of RMB15.0 million for the six months ended 30 June 2024, compared with a loss of RMB17.8 million for the six months ended 30 June 2023.

Income Tax Credit/(Expense)

Our income tax credit for the six months ended 30 June 2024 was RMB0.1 million, compared with income tax expense of RMB2.1 million for the six months ended 30 June 2023.

Loss for the Period

We had a loss of RMB14.9 million for the six months ended 30 June 2024, compared with a loss of RMB20.0 million for the six months ended 30 June 2023.

Management Discussion and Analysis

Non-IFRS Accounting Standards — Adjusted Net Loss/EBITDA

Our adjusted net loss for the six months ended 30 June 2024 was RMB9.8 million, representing a 206.3% increase from net loss of RMB3.2 million for the six months ended 30 June 2023. Our adjusted EBITDA for the six months ended 30 June 2024 was loss of RMB13.0 million, representing a 23.8% increase from loss of RMB10.5 million for the six months ended 30 June 2023.

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(14,881)	(19,913)
Add:		
Share-based compensation	5,111	16,760
Adjusted net loss	(9,770)	(3,153)
Add:		
Depreciation and amortization	10,576	11,660
Finance income — net	(13,705)	(21,060)
Income tax (credit)/expense	(79)	2,068
Adjusted EBITDA	(12,978)	(10,485)

LIQUIDITY AND CAPITAL RESOURCES

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

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

	Unaudited As of 30 June 2024 RMB'000	Audited As of 31 December 2023 RMB'000
Total liabilities	275,070	269,064
Total assets	1,886,560	1,920,099
Gearing ratio ⁽¹⁾	15%	14%

Note:

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

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

As of 30 June 2024, our cash and cash equivalents consisted of cash in bank and cash on hand, which amounted to RMB821.2 million, compared with RMB966.0 million as of 31 December 2023. We had short-term deposits of RMB336.0 million as of 30 June 2024, compared with RMB261.8 million as of 31 December 2023, representing bank deposits which we intend to hold for over three months but less than one year. We had long-term deposits of RMB135.0 million as of 30 June 2024, compared with RMB135.0 million long-term deposit as of 31 December 2023, representing bank deposits which we intend to hold for over one year but less than three years.

As of 30 June 2024, the Group had no restricted cash.

Management Discussion and Analysis

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

Group	Unaudited	Audited
	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
RMB	1,137,714	1,214,942
US\$	72,973	73,227
HK\$	81,434	74,580
Others	72	81
	1,292,193	1,362,830

Bank Loans and Other Borrowings

The Group had no bank loans and other borrowings as of 30 June 2024.

Treasury Policies

As of 30 June 2024, 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 2024, RMB154.5 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

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 2024, our total capital expenditures were RMB43.5 million, compared with RMB52.6 million for the six months ended 30 June 2023. The following table sets out our expenditures for the periods indicated:

	Unaudited	
	For the six months ended	
	2024	2023
	RMB'000	RMB'000
Capital Expenditures		
— Payment for construction in progress and other long-term assets	41,644	50,300
— Purchase of intangible assets	1,679	1,253
— Purchase of property and equipment	207	1,067
Total	43,530	52,620

Contingent Liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities, guarantees or litigation against it.

Charges on Assets

As of 30 June 2024, there were no charges on the Group's assets.

Material Acquisitions and Future Plans for Major Investment

The Group had no major acquisition and disposal relating to its subsidiaries, associates and joint ventures during the Reporting Period. The Group had no significant investment activity during the Reporting Period.

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.

Management Discussion and Analysis

Employees and Staff Costs

As of 30 June 2024, the Group had 699 full-time employees. The following table sets forth the number of full-time employees by function as of 30 June 2024:

	As of 30 June 2024	
	Number of Employees	% of Total
Operations	21	3.0
R&D operations	187	26.8
Development and research	382	54.6
Sales and Marketing	51	7.3
General and administration	58	8.3
Total	699	100

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 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 and other employee benefits in the first half of 2024 were approximately RMB30.6 million, compared with RMB37.3 million in the first half of 2023. We incurred staff costs of approximately RMB151.6 million and RMB206.4 million, for the six months ended 30 June 2024 and 2023, representing 55.7% and 45.8% of our revenue for those periods respectively.

We will continue to grant RSUs to our employees to incentivize them pursuant to the 2023 RSU Scheme. The maximum number of Shares which we may grant pursuant to the 2023 RSU Scheme and all other share schemes as adopted by the Company from time to time shall not exceed 282,284,400 Shares, representing approximately 10% of our issued share capital as of the date of the AGM in 2023.

Under the Post-IPO RSU Scheme, there were a total of 36,206,250 RSUs outstanding as of 30 June 2024.

During the Reporting Period, there were no RSUs granted under the 2023 RSU Scheme. As of 30 June 2024, there was no outstanding RSU under the 2023 RSU Scheme.

Dividend

At the Company's AGM held on 26 June 2024, the Shareholders approved the Board recommended special dividend of HK\$0.012 (equivalent to approximately RMB0.011) per Share for the year ended 31 December 2023. The special dividend was paid to the Shareholders on 30 July 2024.

The Board did not propose any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

CHANGES SINCE 31 DECEMBER 2023

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 2023.

SIGNIFICANT EVENTS AFTER 30 JUNE 2024

To the best knowledge of the Board, there are no significant events which have occurred after 30 June 2024.

Report on Review of Interim Financial Information



羅兵咸永道

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

Introduction

We have reviewed the interim financial information set out on pages 28 to 57, which comprises the interim condensed consolidated balance sheet of BAIIO Family Interactive Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2024

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Interim Condensed Consolidated Income Statement

	Note	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	6	272,284	450,609
Cost of revenue		(146,794)	(281,380)
Gross profit		125,490	169,229
Selling and marketing expenses		(20,180)	(40,454)
Administrative expenses		(32,003)	(41,946)
Research and development expenses		(99,597)	(126,427)
Net impairment loss on financial assets		(103)	(312)
Other income		607	1,340
Other gain/(loss) — net		111	(335)
Operating loss	7	(25,675)	(38,905)
Finance income		14,329	22,538
Finance costs		(624)	(1,478)
Finance income — net		13,705	21,060
Share of loss of an associate	15	(2,990)	—
Loss before income tax		(14,960)	(17,845)
Income tax credit/(expense)	8	79	(2,068)
Loss for the period		(14,881)	(19,913)
Loss attributable to:			
— Shareholders of the Company		(14,908)	(19,988)
— Non-controlling interests		27	75
		(14,881)	(19,913)
Loss per share for loss attributable to shareholders of the Company (expressed in RMB per share)			
Basic and diluted loss per share	9	(0.0055)	(0.0075)

The notes on pages 34 to 57 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Comprehensive Income

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(14,881)	(19,913)
Other comprehensive income	—	—
Total comprehensive loss for the period	(14,881)	(19,913)
Loss attributable to:		
— Shareholders of the Company	(14,908)	(19,988)
— Non-controlling interests	27	75
	(14,881)	(19,913)

The notes on pages 34 to 57 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Balance Sheet

		Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
	Note		
ASSETS			
Non-current assets			
Property and equipment	11	192,076	149,884
Right-of-use assets	11	246,759	255,163
Intangible assets	11	3,823	4,114
Prepayments and other receivables		3,637	4,560
Long-term bank deposits	14	135,000	135,000
Deferred tax assets		14,951	14,823
Investment in an associate	15	27,208	16,698
Financial assets at fair value through profit or loss	13	5,000	5,000
		628,454	585,242
Current assets			
Inventories		80	114
Contract costs	6	40,858	47,820
Trade receivables	12	26,098	29,225
Prepayments and other receivables		33,877	29,868
Short-term bank deposits	14	336,000	261,788
Cash and cash equivalents (excluding bank overdrafts)	14	821,193	966,042
		1,258,106	1,334,857
Total assets		1,886,560	1,920,099
EQUITY			
Share capital	16	8	8
Share premium	16	1,099,160	1,108,922
Reserves	17	35,624	50,526
Retained earnings		469,405	484,313
Capital and reserves attributable to shareholders of the Company		1,604,197	1,643,769
Non-controlling interests		7,293	7,266
Total equity		1,611,490	1,651,035

Interim Condensed Consolidated Balance Sheet

		Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Contract liabilities	6	11,577	11,869
Lease liabilities		8,684	17,186
Other payables and accruals		—	791
		20,261	29,846
Current liabilities			
Trade payables	18	4,786	4,661
Other payables and accruals	19	97,525	78,343
Advances from distributors		18,045	17,889
Contract liabilities	6	116,947	121,249
Income tax liabilities		3	—
Lease liabilities		17,498	17,076
Bank overdrafts		5	—
		254,809	239,218
Total liabilities		275,070	269,064
Total equity and liabilities		1,886,560	1,920,099

The notes on pages 34 to 57 form an integral part of this interim condensed consolidated financial information.

Li Chong

Wu Lili

Interim Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	Attributable to shareholders of the Company							
	Note	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		8	1,099,859	75,034	515,993	1,690,894	7,190	1,698,084
Comprehensive loss								
Loss for the period		–	–	–	(19,988)	(19,988)	75	(19,913)
Total comprehensive loss		–	–	–	(19,988)	(19,988)	75	(19,913)
Transactions with owners, recognized directly in equity								
RSU Scheme:								
– Value of employee services	17	–	–	16,760	–	16,760	–	16,760
– Vesting of RSUs	17	–	17,757	(17,757)	–	–	–	–
Special dividend of 2022	10	–	(36,967)	–	–	(36,967)	–	(36,967)
Total transactions with owners, recognized directly in equity		–	(19,210)	(997)	–	(20,207)	–	(20,207)
Balance at 30 June 2023		8	1,080,649	74,037	496,005	1,650,699	7,265	1,657,964
Balance at 1 January 2024		8	1,108,922	50,526	484,313	1,643,769	7,266	1,651,035
Comprehensive loss								
Loss for the period		–	–	–	(14,908)	(14,908)	27	(14,881)
Total comprehensive loss		–	–	–	(14,908)	(14,908)	27	(14,881)
Transactions with owners, recognized directly in equity								
RSU Scheme:								
– Value of employee services	17	–	–	5,111	–	5,111	–	5,111
– Vesting of RSUs	17	–	20,013	(20,013)	–	–	–	–
Special dividend of 2023	10	–	(29,775)	–	–	(29,775)	–	(29,775)
Total transactions with owners, recognized directly in equity		–	(9,762)	(14,902)	–	(24,664)	–	(24,664)
Balance at 30 June 2024		8	1,099,160	35,624	469,405	1,604,197	7,293	1,611,490

The notes on pages 34 to 57 form an integral part of this interim condensed consolidated financial information.

Interim Condensed Consolidated Statement of Cash Flows

	Note	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash used in operations		(18,888)	(15,382)
Interest received from cash and cash equivalents		7,404	14,771
Income tax refund/(paid)		2,862	(749)
Net cash used in operating activities		(8,622)	(1,360)
Cash flows from investing activities			
Purchase of property and equipment		(41,851)	(51,367)
Purchase of intangible assets		(1,679)	(1,253)
Payments for investment in an associate		(13,500)	—
Investment in term bank deposits		(276,000)	(178,729)
Maturity of term bank deposits		201,788	175,000
Interest received from term bank deposits and financial assets at fair value through profit or loss		2,748	2,621
Net cash used in investing activities		(128,494)	(53,728)
Cash flows from financing activities			
Principal elements of lease payments		(8,080)	(8,187)
Interest elements of lease payments		(624)	(1,478)
Net cash used in financing activities		(8,704)	(9,665)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the period		966,042	1,303,705
Foreign exchange gains on cash and cash equivalents		966	5,136
Cash and cash equivalents at end of the period		821,188	1,244,088
Cash and cash equivalents comprises:			
Bank overdrafts		(5)	(1)
Cash and bank balances	14	821,193	1,244,089
Cash and cash equivalents		821,188	1,244,088

The notes on pages 34 to 57 form an integral part of this interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

1 General information

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

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

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

The interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated, and have been approved for issue by the Board of the Directors on 29 August 2024.

The interim condensed consolidated financial information has not been audited.

2 Basis of preparation of the interim report

This interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023, which have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Notes to the Interim Condensed Consolidated Financial Information

3 Accounting policies

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

3.1 Amended IFRS Accounting Standards adopted by the Group

The Group has applied the following amendments for the first time from 1 January 2024

IAS 1 (Amendment)	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
IAS 7 and IFRS 7 (Amendments)	Supplier finance arrangements

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

3.2 Impact of IFRS Accounting Standards issued but not yet applied by the Group

		Effective for accounting periods beginning on or after
IAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
IFRS 9 and IFRS 7 (Amendments)	Classification and measurement of financial instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

The above new standards and amendments to existing standards are effective for annual periods beginning on or after 1 January 2025 and have not been applied in preparing this interim condensed consolidated financial information. None of these is expected to have a significant effect on the interim condensed consolidated financial information of the Group.

Notes to the Interim Condensed Consolidated Financial Information

4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

5 Financial risk management and financial instruments

5.1 Financial risk factors

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

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2023.

There have been no changes in the risk management department or in any risk management policies since 31 December 2023.

5.2 Liquidity risk

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

Notes to the Interim Condensed Consolidated Financial Information

5 Financial risk management and financial instruments (continued)

5.2 Liquidity risk (continued)

The table below analyses the Group's financial liabilities into the relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Total contractual cash flows RMB'000	Carrying amount RMB'000
As at 30 June 2024				
Trade payables	4,786	—	4,786	4,786
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	59,486	—	59,486	59,486
Bank overdraft	5	—	5	5
Lease liabilities	17,844	9,139	26,983	26,182
	82,121	9,139	91,260	90,459
At 31 December 2023				
Trade payables	4,661	—	4,661	4,661
Other payables and accruals (excluding other tax liabilities and staff costs and welfare accruals)	29,837	791	30,628	30,628
Lease liabilities	17,409	18,279	35,688	34,262
	51,907	19,070	70,977	69,551

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation

(a) 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 (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. The quoted market price incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. 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.

5 Financial risk management and financial instruments (continued)

5.3 Fair value estimation (continued)

- (a) 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: (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

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.

- (b) Fair value of financial assets at fair value through profit or loss (Note 13)

Investment in a private equity fund ("the Fund")

The Group invested in the Fund which was valued based on the net asset value. As at 30 June 2024 and 31 December 2023, the Fund was financial instruments in level 3.

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information

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

The Group determined that it has operating segments as follows:

- Online entertainment business
- Other businesses

The Group's online entertainment business involves development, operation and exclusive distribution of online virtual world business through its own web-based platform and mobile platforms. Other businesses mainly include sales of peripheral products 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 loss on financial assets, other income, other gain/(loss) — net, finance income — net and income tax credit/(expense) are not included in the measure of the segments' performance.

There were no material inter-segment sales during six months ended 30 June 2024 and 2023, respectively. The revenues from external customers reported to CODM are measured as segment revenue.

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

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

The segment revenue provided to the Group's CODM for the reportable segments for the six months ended 30 June 2024 and 2023, respectively, are as follows:

	Unaudited		
	Six months ended 30 June 2024		
	Online	Other	Total
	entertainment	businesses	
business	businesses		
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
– At a point in time	87,571	88	87,659
– Over time	184,563	62	184,625
	272,134	150	272,284

	Unaudited		
	Six months ended 30 June 2023		
	Online	Other	Total
	entertainment	businesses	
business	businesses		
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
– At a point in time	89,901	50	89,951
– Over time	360,626	32	360,658
	450,527	82	450,609

Notes to the Interim Condensed Consolidated Financial Information

6 Segment information (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the Mainland China. For six months ended 30 June 2024 and 2023, the geographical information on the total revenue is as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
— Mainland China	263,894	425,220
— Outside Mainland China	8,390	25,389
	272,284	450,609

As summarized in the table below, the online virtual worlds revenue contributing more than 10% of the Group's total revenue account for 73.9% and 81.7% of the total revenue for the six months ended 30 June 2024 and 2023, respectively.

	Six months ended 30 June	
	2024	2023
Aobi Island Mobile	27.8%	38.8%
Legend of Aoqi	26.6%	15.4%
Legend of Aoqi Mobile	19.5%	10.2%
Shiwuyu	*	17.3%

*: Game revenue is less than 10% of total revenue for the six months ended 30 June 2024.

As at 30 June 2024, the total non-current assets, other than financial instruments and deferred tax assets, located in Mainland China were RMB469,940,000 (31 December 2023: RMB425,859,000).

Contract liabilities primarily consists of the unamortized revenue from sales of virtual items of online virtual worlds, where there is still an implied obligation to be fulfilled by the Group over time.

Contract costs are mainly related to the distribution costs charged by third party platforms.

Notes to the Interim Condensed Consolidated Financial Information

7 Operating loss

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

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Employee benefit expenses	151,613	206,397
Distribution cost and payment handling fees	97,219	210,369
Depreciation of property and equipment and right-of-use assets and amortization of intangible assets	10,576	11,660
Promotion and advertising expenses	9,860	22,742
Net impairment loss on financial assets	103	312

8 Income tax credit/(expense)

The income tax credit/(expense) of the Group for the six months ended 30 June 2024 and 2023 is analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current income tax expense	(49)	(756)
Deferred income tax credit/(expense)	128	(1,312)
	79	(2,068)

Notes to the Interim Condensed Consolidated Financial Information

8 Income tax credit/(expense) (continued)

(a) PRC corporate income tax

Guangzhou Baitian Information Technology Ltd. (“Guangzhou Baitian”) and Guangzhou Tianti Internet Technology Ltd. (“Guangzhou Tianti”)

Guangzhou Baitian and Guangzhou Tianti were qualified as “High and New Technology Enterprise” and were entitled to a preferential income tax rate of 15% on its estimated assessable profits for the six months ended 30 June 2024 (2023: same).

Baiduo (Guangzhou) Information Technology Limited (“Guangzhou WFOE”) and Guangzhou Xiaoyunxiong Interactive Education Limited (“Xiaoyunxiong”)

Guangzhou WFOE and Xiaoyunxiong was qualified as “Small Low-Profit Enterprise” and the provision for income tax was calculated in accordance with the two-tiered tax rates regime.

In 2023, the State Tax Bureau of the PRC issued the Public Notice [2023] No.6 with respect to the change of preferential tax rate for the profits for Small Low-Profit Enterprise under the two-tiered tax rate regime. The tax rate of profits below RMB3 million is 5% and profits above RMB3 million were taxed at 20% for the six months ended 30 June 2024 (2023: same).

Other Subsidiaries

Except for subsidiaries of the Group mentioned above, the Group’s subsidiaries in mainland China are subject to corporate income tax at the rate of 25%.

Super Deduction

On 26 March 2023, the State Tax Bureau of the PRC issued the Public Notice [2023] No.7, announcing that the enterprises engaging in research and development activities are entitled to claim 200% of their research and development (“R&D”) expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards (“Super Deduction”). Certain qualified subsidiaries of the Group have claimed such Super Deduction in ascertaining its tax assessable profits/(losses) for the six months ended 30 June 2024 (2023: same).

Notes to the Interim Condensed Consolidated Financial Information

8 Income tax credit/(expense) (continued)

(b) Cayman Islands income tax

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

(c) Hong Kong profits tax

The provision for Hong Kong profits tax for the six months ended 30 June 2024 are calculated in accordance with the two-tiered profits tax rates regime (2023: same). Under the two-tiered profits tax rates regime, the first Hong Kong Dollar ("HKD") 2 million of profit of a qualifying corporation is taxed at 8.25%, and profit above HKD2 million is taxed at 16.5%.

(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 mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

For the six months ended 30 June 2024, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings to the Company or its HK subsidiaries. Accordingly, no deferred income tax liability on WHT was accrued as at end of each of the reporting periods (2023: Same).

Notes to the Interim Condensed Consolidated Financial Information

9 Loss per share

(a) Basic

Basic loss per share for loss attributable to shareholders of the Company

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

	Unaudited Six months ended 30 June	
	2024	2023
Loss attributable to shareholders of the Company (RMB'000)	(14,908)	(19,988)
Weighted average number of ordinary shares in issue less shares held for RSU Schemes	2,713,858,048	2,665,958,981
Basic loss per share (in RMB/share)	(0.0055)	(0.0075)

(b) Diluted

Diluted loss 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 2024, the Company had potential ordinary shares, the RSUs, which had to be considered for calculating diluted loss per share. No adjustment was made to basic loss per share to derive the diluted loss per share for the six months ended 30 June 2024 as potential ordinary shares was anti-dilutive (2023: same).

Notes to the Interim Condensed Consolidated Financial Information

10 Dividend

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Special dividend of HKD0.012 (2023: 0.015) per ordinary share (Note a)	31,453	39,038
Less: dividend for shares held for the RSU Schemes	(1,678)	(2,071)
	29,775	36,967

(a) The 2023 special dividend of HKD0.012 (equivalent to approximately RMB0.011) per ordinary share, totaling HKD34,474,000 (equivalent to approximately RMB31,453,000), was approved at the Company's annual general meeting held on 26 June 2024 and was paid on 30 July 2024.

(b) The 2022 special dividend of HKD0.015 (equivalent to approximately RMB0.014) per ordinary share, totaling HKD42,343,000 (equivalent to approximately RMB39,038,000), was approved at the Company's annual general meeting held on 27 June 2023 and was paid on 20 July 2023.

The Company did not declare an interim dividend for the six months ended 30 June 2024 (2023: nil).

Notes to the Interim Condensed Consolidated Financial Information

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

	Unaudited		
	Property and equipment RMB'000	Intangible assets RMB'000	Right-of-use assets RMB'000
Six months ended 30 June 2024			
Opening net book amount	149,884	4,114	255,163
Additions	45,656	888	—
Depreciation and amortization charge	(3,464)	(1,179)	(8,404)
Closing net book amount	192,076	3,823	246,759
Six months ended 30 June 2023			
Opening net book amount	71,816	2,820	276,304
Additions	49,279	2,836	—
Depreciation and amortization charge	(3,909)	(1,095)	(9,127)
Closing net book amount	117,186	4,561	267,177

During the six months ended 30 June 2024, the depreciation of RMB2,471,000 from right-of-use assets was recognized in construction in progress (during the six months ended 30 June 2023: RMB2,471,000).

Notes to the Interim Condensed Consolidated Financial Information

12 Trade receivables

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Receivables from third parties	26,351	29,579
Less: allowance for impairment	(253)	(354)
	26,098	29,225

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

The credit period for trade receivables was generally 30 days from the date of billing. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0–30 days	8,703	19,895
31–60 days	13,290	7,064
61–90 days	3,685	1,181
91–180 days	537	1,270
181–365 days	—	127
Over 365 days	136	42
	26,351	29,579

Notes to the Interim Condensed Consolidated Financial Information

13 Financial assets at fair value through profit or loss

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Opening and Closing amount	5,000	5,000

The amount comprised the Group's investment in private equity funds amounting to RMB5,000,000 as at 30 June 2024 and 31 December 2023. Please refer to Note 5.3 for information about the methods used in determining fair value of the investment in private equity funds of the Group.

14 Cash and cash equivalents and term bank deposits

	Unaudited	Audited
	As at 30 June	As at 31 December
	2024	2023
	RMB'000	RMB'000
Short-term bank deposits (Note a)	336,000	261,788
Long-term bank deposits (Note b)	135,000	135,000
Cash and cash equivalents		
— Cash at banks and on hand	821,193	966,042
	1,292,193	1,362,830
Maximum exposure to credit risk (Note d)	1,292,107	1,362,754

(a) Short-term bank deposits represent the Group's deposits placed in banks with an expected maturity of over three months but less than one year.

(b) Long-term bank deposits represent the Group's deposit placed in a bank with an expected maturity of over one year but less than three years.

Notes to the Interim Condensed Consolidated Financial Information

14 Cash and cash equivalents and term bank deposits (continued)

- (c) The effective interest rate per annum for all bank balances and term deposits as at 30 June 2024 was approximately 2.05%.
- (d) As at 30 June 2024, substantially all the Group's bank deposits included in cash and bank balances were deposited with major reputable financial institutions incorporated in the PRC. There has been no recent history of default in relation to these financial institutions.

15 Investment in an associate

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Associate	27,208	16,698

Movement of the investment in an associate is analysed as follows:

	Unaudited As at 30 June 2024 RMB'000
Beginning of the period	16,698
Capital injection	13,500
Share of loss	(2,990)
End of the period	27,208

Notes to the Interim Condensed Consolidated Financial Information

15 Investment in an associate (continued)

Set out below are the details of an associate of the Group. The associate as listed below has share capital consisting solely of registered capital, which are held directly by the Group.

Name of entity	Place of business/ country of incorporation	% of ownership interest 2024	Nature of relationship	Measurement method
上海趣糖網絡科技有限公司 ("Shanghai Qutang")	The PRC	23.08	Associate	Equity method

In August 2023, the Group made investment in Shanghai Qutang with amount of RMB18,000,000. In April 2024, the Group increased its investment of ownership interest in Shanghai Qutang from 14.60% to 23.08% with amount of RMB13,500,000. The Group has designated a member in the board of directors which enables the Group to exercise significant influence in Shanghai Qutang through the participation in operational, investing and financing actions. Consequently, Shanghai Qutang has been accounted for as an associate of the Group.

Notes to the Interim Condensed Consolidated Financial Information

16 Share capital and share premium

As at 30 June 2024, the total number of issued ordinary shares of the Company was 2,872,844,000 shares (31 December 2023: 2,872,844,000 shares) which included 153,239,936 shares (31 December 2023: 172,811,062 shares) held under the RSU Scheme.

	Number of shares	Nominal value of shares US\$'000	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 1 January 2024	2,872,844,000	2	8	1,108,922	1,108,930
RSU Scheme:					
– Vesting of RSUs	–	–	–	20,013	20,013
2023 special dividend payable to equity holders of the Company (Note 10)	–	–	–	(29,775)	(29,775)
As at 30 June 2024	2,872,844,000	2	8	1,099,160	1,099,168
As at 1 January 2023	2,822,844,000	2	8	1,099,859	1,099,867
RSU Scheme:					
– Vesting of RSUs	–	–	–	17,757	17,757
2022 special dividend payable to equity holders of the Company (Note 10)	–	–	–	(36,967)	(36,967)
As at 30 June 2023	2,822,844,000	2	8	1,080,649	1,080,657

Notes to the Interim Condensed Consolidated Financial Information

17 Reserves

	Other reserves RMB'000	Statutory reserves RMB'000	Share-based compensation reserve RMB'000	Total RMB'000
As at 1 January 2024	2,069	6,863	41,594	50,526
RSU Scheme:				
– Value of employee services	–	–	5,111	5,111
– Vesting of RSUs	–	–	(20,013)	(20,013)
As at 30 June 2024	2,069	6,863	26,692	35,624
As at 1 January 2023	2,069	6,661	66,304	75,034
RSU Scheme:				
– Value of employee services	–	–	16,760	16,760
– Vesting of RSUs	–	–	(17,757)	(17,757)
As at 30 June 2023	2,069	6,661	65,307	74,037

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

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

Notes to the Interim Condensed Consolidated Financial Information

18 Trade payables

Trade payables primarily relate to the purchase of services for server custody, advertising fees, game development outsourcing fees.

The credit period for trade payables was generally 30 days from the date of billing. The ageing analysis of trade payables based on recognition date is as follows:

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
0–30 days	4,710	4,154
31–60 days	53	105
61–180 days	—	351
181–365 days	2	6
Over 365 days	21	45
	4,786	4,661

Notes to the Interim Condensed Consolidated Financial Information

19 Other payables and accruals

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Current		
Staff costs and welfare accruals	34,871	44,627
Dividend payable (Note 10)	29,775	—
Construction cost payable	23,399	22,988
Professional service fees payable	4,241	5,045
Other tax liabilities	3,168	3,879
Purchase of intangible assets	791	791
Others	1,280	1,013
	97,525	78,343
Non-Current		
Purchase of intangible assets	—	791

20 Capital commitments

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

	Unaudited As at 30 June 2024 RMB'000	Audited As at 31 December 2023 RMB'000
Construction in progress	12,636	51,747

Notes to the Interim Condensed Consolidated Financial Information

21 Significant related party transactions

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

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

(a) Key management personnel compensations paid or payable for employee services

	Unaudited	
	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Wages, salaries and bonuses	3,785	4,647
Pension costs — defined contribution plans	103	117
Other social security costs, housing benefits and other employee benefits	141	168
Share-based compensation expenses	3,105	8,308
	7,134	13,240

22 Contingencies

The Group did not have any material contingent liabilities as at 30 June 2024 and 31 December 2023.

Other Information

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the accounting principles and practices as adopted by the Group and discussed the Group's auditing, risk management, 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 2024 and this interim report. Based on this review and discussions with the management, the Audit Committee was satisfied that the financial statements were prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting".

The Company's auditor has reviewed the interim condensed consolidated financial information in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own securities dealing code to regulate all Directors' dealings of securities in the Company and other matters as 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 Reporting Period.

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 CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

Save as the deviation from code provision C.2.1 of Part 2 of the CG Code, the Company has applied the principles and complied with all applicable code provisions of the CG Code during the Reporting Period.

Code provision C.2.1 of Part 2 of the CG Code provides that the responsibilities between the chairman and the 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 a more effective and efficient overall strategic planning for the Group. The Board further believes that the balance of power and authority for the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number thereof being independent non-executive Directors.

Other Information

BOARD OF DIRECTORS AND BOARD COMMITTEES

The compositions of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee remain the same as set out in the annual report of the Company for the year ended 31 December 2023.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

The Company is not aware of any changes in the Directors' information which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDEND

The Directors do not recommend the payment of dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

During the six months ended 30 June 2024, the Group did not purchase, sell or redeem any of the listed securities (including sale of treasury shares) of the Company.

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

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows

Name	Position	Relevant company (including associated corporation)	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding ⁽⁹⁾
DAI Jian (戴堅) ⁽¹⁾	Chairman, Executive Director and Chief Executive Officer	The Company	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L) ⁽⁸⁾	23.95%(L)
		The Company	Beneficial owner	10,000,000(L)	0.35%(L)
WU Lili (吳立立) ⁽²⁾	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	12.73%(L)
LI Chong (李冲) ⁽³⁾⁽⁴⁾	Executive Director	The Company	Founder of a discretionary trust Interest of controlled corporation	114,816,360(L)	4.00%(L)
		The Company	Beneficial owner	15,000,000(L)	0.52%(L)
LIU Qianli (劉千里) ⁽⁵⁾	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
WANG Qing (王慶) ⁽⁶⁾	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)
MA Xiaofeng (馬肖風) ⁽⁷⁾	Independent Non-Executive Director	The Company	Beneficial owner	200,000(L)	0.01%(L)

Other Information

Notes:

- (1) Mr. DAI Jian established DAE Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of DAE Trust is TMF (Cayman) Ltd., an independent third party and sole shareholder of DAE Holding Investments Limited, a trust holding company which owns 100% of equity interest in Stmoritz Investment Limited. In addition, 10,000,000 RSUs were granted to Mr. DAI under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2024, all the RSUs granted to Mr. DAI were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (2) Mr. WU Lili established WHZ Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of WHZ Trust is TMF (Cayman) Ltd., an independent third party and sole shareholder of WHEZ Holding Ltd., a trust holding company which owns 100% of equity interest in Bright Stream Holding Limited.
- (3) Mr. LI Chong established The Zhen Family Trust on 27 December 2013 for the benefit of himself and his family members, and acts as its settlor and protector. The trustee of The Zhen Family Trust is TMF (Cayman) Ltd., an independent third party and sole shareholder of Golden Water Management Limited, a trust holding company which owns 100% of equity interest in LNZ Holding Limited.
- (4) Mr. Li Chong was interested in 15,000,000 RSUs granted to him under the Post-IPO RSU Scheme entitling him to receive 15,000,000 Shares subject to vesting. For details, please refer to the Company's announcements dated 12 April 2021 and 30 March 2022, the circulars dated 21 May 2021 and 27 April 2022 and the poll results announcements dated 25 June 2021 and 6 June 2022. As at 30 June 2024, 62.5% of the RSUs granted to Mr. Li on 12 April 2021 and 20% of RSUs granted to Mr. Li on 30 March 2022 under the Post-IPO RSU Scheme were vested.
- (5) Ms. LIU Qianli was interested in 200,000 RSUs granted to her under the Pre-IPO RSU Scheme entitling her to receive 200,000 Shares subject to vesting. As at 30 June 2024, all the RSUs granted to Ms. LIU were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) Dr. WANG Qing was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2024, all the RSUs granted to Dr. WANG were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (7) Mr. MA Xiaofeng was interested in 200,000 RSUs granted to him under the Pre-IPO RSU Scheme entitling him to receive 200,000 Shares subject to vesting. As at 30 June 2024, all the RSUs granted to Mr. MA were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (8) The Letter "L" denotes the person's Long position in such Shares.
- (9) These percentages are calculated on the basis of 2,872,844,000 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executive of the Company and their respective associates had registered an interest or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that are required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules.

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

As at 30 June 2024, the following persons had interests or short positions in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the total issued share capital of the Company ⁽⁸⁾
TMF (Cayman) Ltd. ⁽¹⁾	Trustee of trusts	1,193,824,720(L) ⁽⁷⁾	41.56%(L)
DAE Holding Investments Limited ⁽²⁾	Trust holding company	687,944,180(L)	23.95%(L)
Stmoritz Investment Limited ⁽²⁾	Registered owner	687,944,180(L)	23.95%(L)
DAI Jian (戴堅) ⁽²⁾⁽⁵⁾	Founder of a discretionary trust Interest of controlled corporation	687,944,180(L)	23.95%(L)
	Beneficial owner	10,000,000(L)	0.35%(L)
Bright Stream Holding Limited ⁽³⁾	Registered owner	365,596,180(L)	12.73%(L)
WHEZ Holding Ltd. ⁽³⁾	Trust holding company	365,596,180(L)	12.73%(L)
WU Lili (吳立立) ⁽³⁾	Founder of a discretionary trust Interest of controlled corporation	365,596,180(L)	12.73%(L)
THL H Limited ⁽⁴⁾	Registered owner	326,063,280(L)	11.35%(L)
Tencent Holdings Limited ⁽⁴⁾	Interest of controlled corporation	326,063,280(L)	11.35%(L)
The Core Trust Company Limited ⁽⁶⁾	Trustee of a trust	269,815,163(L)	9.39%(L)

Other Information

Notes:

- (1) TMF (Cayman) Ltd. is the trustee of DAE Trust, WHZ Trust, The Zhen Family Trust and WSW Family Trust.
- (2) The entire share capital of Stmoritz Investment Limited is wholly-owned by DAE Holding Investments Limited and ultimately owned by TMF (Cayman) Ltd. as the trustee of the DAE Trust, which is a discretionary trust set up by Mr. DAI Jian ("**Mr. DAI**") on 27 December 2013 for the benefit of himself and his family members, and Mr. DAI is a settlor and protector. As at 30 June 2024, Mr. DAI (as founder of the DAE Trust), DAE Holding Investments Limited and TMF (Cayman) Ltd. are taken to be interested in 687,944,180 Shares held by Stmoritz Investment Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (3) The entire share capital of Bright Stream Holding Limited is wholly-owned by WHEZ Holding Ltd. and ultimately owned by TMF (Cayman) Ltd. as the trustee of the WHZ Trust, which is a discretionary trust set up by Mr. WU Lili ("**Mr. WU**") on 27 December 2013 for the benefit of himself and his family members, and Mr. WU is a settlor and protector. As at 30 June 2024, Mr. WU (as founder of the WHZ Trust), WHEZ Holding Ltd. and TMF (Cayman) Ltd. are taken to be interested in 365,596,180 Shares held by Bright Stream Holding Limited (without taking into account any Shares to be issued upon exercise of any share options and/or any vesting of the RSUs under the Pre-IPO Share Option Scheme, Pre-IPO RSU Scheme and/or Post-IPO RSU Scheme) pursuant to Part XV of the SFO.
- (4) The entire share capital of THL H Limited is owned by Tencent Holdings Limited, which is a company listed on the Main Board of the Stock Exchange (stock code: 700). Tencent Holdings Limited is taken to be interested in 326,063,280 Shares held by THL H Limited pursuant to Part XV of the SFO.
- (5) 10,000,000 RSUs were granted to Mr. DAI under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 Shares and subject to vesting. As at 30 June 2024, all the RSUs granted to Mr. DAI were vested in accordance with the vesting schedule as specified under the relevant grant letter and the rules relating to the Pre-IPO RSU Scheme.
- (6) The Core Trust Company Limited is the trustee to administer the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme, the Post-IPO RSU Scheme and the 2023 RSU Scheme.
- (7) The Letter "L" denotes the person's Long position in such Shares.
- (8) These percentages are calculated on the basis of 2,872,844,000 Shares in issue as of 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors and the chief executive of the Company are not aware of any other persons who had an interest or short position in the Shares, underlying Shares or debentures of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE INCENTIVE SCHEMES

In order to incentivize the Directors, senior management and other employees of the Group for their contribution to the Group and to attract and retain suitable personnel of our Group, the Company adopted the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme, the Post-IPO RSU Scheme and the 2023 RSU Scheme, respectively.

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

(1) Pre-IPO RSU Scheme

The eligible participants under the Pre-IPO RSU Scheme includes existing employees, Directors, or officers of the Group and any other persons as selected by the Board at its discretion.

Unless otherwise duly approved by the Shareholders, the total number of Shares underlying RSUs under the Pre-IPO RSU Scheme shall not exceed 188,733,600 Shares (excluding Shares underlying RSUs that have lapsed or been cancelled in accordance with this Pre-IPO RSU Scheme). There is no requirement regarding the maximum entitlement of each participant under the Pre-IPO RSU Scheme. The Board has sole discretion to determine the vesting period and vesting criteria (if any) for any grant of RSU(s) under the Pre-IPO RSU Scheme, which may also be adjusted and re-determined by the Board from time to time. The grantee(s) shall not be required to bear or pay any price or fee for the grant of RSU(s) under the Pre-IPO RSU Scheme. Prior to its termination, the Pre-IPO RSU Scheme shall be valid and effective until 30 September 2023. It was terminated by the Board’s resolution on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme.

No more RSU was and will be granted after the Listing under the Pre-IPO RSU Scheme. As at 30 June 2024, there were no outstanding RSU under the Pre-IPO RSU Scheme.

Prior to the Listing on 10 April 2014, the Company appointed The Core Trust Company Limited as the trustee (the “**Pre-IPO RSU Trustee**”) and Peto Holding Limited, a company incorporated in the BVI and an independent third party, as its nominee (the “**Pre-IPO RSU Nominee**”) to administer the Pre-IPO RSU Scheme. To increase the public float, the Company further engaged The Core Services Limited, as the new trustee (the “**New RSU Trustee**”), and ZEA Holding Limited, a company incorporated in the BVI and an independent third party, as the new nominee (the “**New RSU Nominee**”), to administer certain RSUs granted to the Directors and the senior management under our Pre-IPO RSU Scheme on 10 June 2014. As at 30 June 2024, the Pre-IPO RSU Nominee holds 75,015,620 Shares and the New RSU Nominee holds 22,802,000 Shares respectively, underlying the RSUs granted under the Pre-IPO RSU Scheme for the benefit of eligible participants pursuant to the Pre-IPO RSU Scheme.

Other Information

(2) Post-IPO RSU Scheme

The eligible participants under the Post-IPO RSU Scheme includes existing and former employees, directors or officers of the Company, Guangzhou Baitian Information Technology Ltd. (廣州百田信息科技有限公司) or other companies in the Group, or any other persons as selected by the Board or the Remuneration Committee at its sole discretion.

The maximum number of Shares which may be awarded under the Scheme may not exceed 2% of the issued share capital of the Company as of the date of approval of the refreshed scheme limit. The maximum number of Shares which may be awarded to any one grantee under the Post-IPO RSU Scheme may not exceed 2% of the issued share capital of the Company as of the date of approval of the refreshed scheme limit. The Board or the Remuneration Committee has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of RSU(s) to any grantee(s), which may also be adjusted and re-determined by the Board from time to time. The grantee(s) shall not be required to bear or pay any price or fee for the grant of RSU(s) under the Post-IPO RSU Scheme. The Post-IPO RSU Scheme shall be valid and effective until 1 October 2030. It was terminated by the Board's resolution on 3 March 2023, effective on 27 June 2023 following the adoption of the 2023 RSU Scheme.

During the six months ended 30 June 2024, there were no RSUs granted under the Post-IPO RSU Scheme. No more RSU was and will be granted under the Post-IPO RSU Scheme following its termination on 3 March 2023. As at 31 December 2023 and 30 June 2024, there were a total of 57,511,250 and 36,206,250 RSUs outstanding (i.e. granted but unvested) under the Post-IPO RSU Scheme, respectively.

The Company appointed The Core Trust Company Limited as the trustee and Baiduo Investment Holding Limited, a company incorporated in the BVI and an independent third party, as the nominee to administer the Post-IPO RSU Scheme pursuant to its scheme rules. On 27 May 2021, the Company further appointed Ms. Zhang Xiaoting as the trustee and Gusto Limited, a limited liability company incorporated under the laws of the BVI and an independent third party as the nominee to administer the RSUs granted to the Directors and CEO under the Post-IPO RSU Scheme. As at 30 June 2024, Baiduo Investment Holding Limited and Gusto Limited holds 171,997,543 and 40,000,000 Shares respectively, underlying the RSUs granted under the Post-IPO RSU Scheme for the benefit of eligible participants pursuant to the Post-IPO RSU Scheme.

(3) 2023 RSU Scheme

Since 1 January 2023, Chapter 17 of the Listing Rules governs both share option schemes and share award schemes.

According to their respective scheme rules, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme (collectively, the “**Previous RSU Schemes**”) remains valid and effective until 30 September 2023 and 1 October 2030, respectively, unless terminated. The Board considered that (i) the Pre-IPO RSU Scheme would expire soon; and (ii) any amendments to the Post-IPO RSU Scheme to comply with Chapter 17 of the Listing Rules would be costly and unduly burdensome and such amendments will result in the Post-IPO RSU Scheme expiring on or before 10 April 2024 under Chapter 17 of the Listing Rules. Accordingly, the Board resolved on 3 March 2023 to terminate the Previous RSU Schemes, effective upon the approval of the 2023 RSU Scheme by the Shareholders. The Previous RSU Schemes remain in full force and effect to the extent necessary to give effect to the exercise of any awards granted prior to its termination or otherwise as may be required in accordance with the provisions of the Previous RSU Schemes. All awards granted prior to such termination and not vested on the date of termination shall remain valid.

As approved by the Shareholders an ordinary resolution at the AGM of the Company held on 27 June 2023 (the “**2023 AGM**”), the 2023 RSU Scheme which is in compliance with Chapter 17 of the Listing Rules was adopted. The objectives of the 2023 RSU Scheme are (i) to recognize the contributions by the grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. Eligible persons under the 2023 RSU Scheme include any employee participant, related entity participant or a service provider who are selected by the Board or the Remuneration Committee at its sole discretion from time to time and permissible under applicable laws and regulations (including Listing Rules), but excluding excluded persons as defined under the 2023 RSU Scheme. The Core Trust Company Limited has been appointed by the Board to administer the granting and vesting of RSUs pursuant to the 2023 RSU Scheme. The 2023 RSU Scheme is valid and effective for ten (10) years from the adoption date (i.e. 27 June 2023).

The aggregate number of Shares underlying all grants made pursuant to the 2023 RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the same scheme) and all other share schemes as adopted by the Company from time to time for a three-year period from the date of approval of the limit by the Shareholders at the 2023 AGM (unless otherwise refreshed within such three-year period by the Shareholders’ prior approval) shall not exceed 282,284,400 Shares, representing 10% of the number of Shares in issue as at the same date.

The aggregate number of Shares underlying all grants made to the service providers pursuant to the 2023 RSU Scheme (excluding awards that have lapsed or been cancelled in accordance with the rules of the 2023 RSU Scheme) and all other share schemes as adopted by the Company granting options and/or awards to the service providers from time to time for a three-year period from the date of approval of the limit by the Shareholders at the 2023 AGM (unless otherwise refreshed within such three-year period by the Shareholders’ prior approval) shall not exceed 28,228,440 Shares, representing 1% of the number of Shares in issue as at the same date (the “**Service Provider Sub-limit**”).

Other Information

The maximum number of Shares which may be awarded to any one selected person may not exceed 1% of the issued share capital of the Company, taking into account of the Shares issued and to be issued in respect of all options and awards granted to such grantee under all share schemes as adopted by the Company in aggregate (excluding any awards lapsed in accordance with terms of the scheme) in the 12-month period up to and including the date of relevant grant, unless such grant is otherwise separately approved by the Shareholders in general meeting, with such grantee and his close associates (or associates if the participant is a connected person) abstaining from voting.

The vesting period for the award(s) shall not be less than twelve (12) months, subject to terms and conditions of the 2023 RSU Scheme. Award(s) granted to employee participants may be subject to a shorter vesting period at the discretion of the Board or the Remuneration Committee under circumstances as specified under the relevant scheme rules. The grantee(s) shall not be required to bear or pay any price or fee for the application or acceptance of the grant of the award(s), or the vesting of the RSU(s) under the 2023 RSU Scheme. The basis of determining such purchase price of the award(s) aligns with the purposes of the 2023 RSU Scheme as the eligible persons will receive an award at no cost, which is much more competitive than purchasing Shares in the market, thus incentivising them to contribute to the Group's development.

As at 30 June 2024, there were no RSUs granted or outstanding (i.e. granted but unvested) under the 2023 RSU Scheme.

The number of Shares underlying RSUs available for grant under the share schemes as adopted by the Company as at 30 June 2024 was 282,284,400. The number of Shares underlying RSUs available for grant under the Service Provider Sub-limit as adopted by the Company as at 30 June 2024 was 28,228,440. The number of Shares that may be issued in respect of the RSUs granted under the share schemes as adopted by the Company for the six months ended 30 June 2024, divided by the weighted average number of Shares for the six months ended 30 June 2024, is 10.4%.

Movements of the RSUs under the share schemes of the Company during the six-month ended 30 June 2024

Name of Grantees	Nature	Number of Shares underlying the RSUs as at 31 December 2023	Granted during the period (note 10)	Date of grant	Vesting Schedule	Consideration (US\$) (note 11)	Vested during the period	Lapsed during the period	Number of Shares underlying the RSUs as at 30 June 2024	Approximate percentage of issued Shares of the Company (note 9)	The exercise/ purchase price on which the RSU were exercised or vested during the period	The weighted average closing price of the shares immediately before the dates on which the RSU were exercised or vested
Post-IPO RSU Scheme (before termination)												
(a) Director												
Mr. LI Chong	RSUs	5,250,000	—	12 April 2021	Note 1	—	1,500,000	—	3,750,000	0.13%	HK\$0.00	HK\$0.25
	RSUs	4,000,000	—	30 March 2022	Note 2	—	—	—	4,000,000	0.14%	HK\$0.00	NA
	Sub-total	9,250,000	—	—		—	1,500,000	—	7,750,000	0.27%		
(b) Senior management												
Mr. WANG Xiaodong	RSUs	7,875,000	—	12 April 2021	Note 1	—	2,250,000	—	5,625,000	0.20%	HK\$0.00	HK\$0.25
	RSUs	8,000,000	—	30 March 2022	Note 2	—	—	—	8,000,000	0.28%	HK\$0.00	NA
	Sub-total	15,875,000	—	—		—	2,250,000	—	13,625,000	0.48%		
(c) Other grantees												
30 employees	RSUs	6,855,000	—	2 April 2020	Note 3	—	6,855,000	—	—	—	—	HK\$0.25
10 employees	RSUs	5,771,250	—	11 September 2020	Note 4	—	4,222,500	—	1,548,750	0.05%	HK\$0.0	HK\$0.25
34 employees	RSUs	7,065,000	—	11 June 2021	Note 5	—	2,295,000	570,000	4,200,000	0.15%	HK\$0.00	HK\$0.24
28 employees	RSUs	6,015,000	—	3 September 2021	Note 6	—	1,852,500	—	4,162,500	0.15%	HK\$0.00	HK\$0.25
13 employees	RSUs	6,080,000	—	12 May 2022	Note 7	—	1,440,000	320,000	4,320,000	0.15%	HK\$0.00	HK\$0.23
2 employees	RSUs	600,000	—	9 December 2022	Note 8	—	—	—	600,000	0.02%	HK\$0.00	NA
	Sub-total	32,386,250	—	—		—	16,665,000	890,000	14,831,250	0.53%		
	Total	57,511,250	—	—		—	20,415,000	890,000	36,206,250	1.28%		

Notes:

- (1) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 1 July 2022;
 - 20% of the RSUs granted shall vest on 1 July 2023;
 - 30% of the RSUs granted shall vest on quarterly basis from 1 July 2023 to July 2024; and
 - 30% of the RSUs granted shall vest on quarterly basis from 1 July 2024 to July 2025.
- (2) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 1 July 2023;
 - 20% of the RSUs granted shall vest on 1 July 2024;
 - 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2024 to July 2025; and
 - 30% of the RSUs granted shall vest on quarterly basis from on 1 July 2025 to July 2026.

Other Information

- (3) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 2 April 2021;
 - 20% of the RSUs granted shall vest on 2 April 2022; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 2 April 2022 to 2 April 2024.
- (4) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 1 July 2021;
 - 20% of the RSUs granted shall vest on 1 July 2022; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 July 2022 to 1 July 2024.
- (5) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 11 June 2022;
 - 20% of the RSUs granted shall vest on 11 June 2023; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 11 June 2023 to 11 June 2025.
- (6) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 1 July 2022;
 - 20% of the RSUs granted shall vest on 1 July 2023; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 July 2023 to 1 July 2025.
- (7) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 1 April 2023;
 - 20% of the RSUs granted shall vest on 1 April 2024; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 1 April 2024 to 1 April 2026.
- (8) The RSUs granted to the subjected RSU grantees under the Post-IPO RSU Scheme shall be vested in accordance with the vesting schedule as follow:
- 20% of the RSUs granted shall vest on 9 December 2023;
 - 20% of the RSUs granted shall vest on 9 December 2024; and
 - 7.5% of the RSUs granted shall vest on a quarterly basis commencing from 9 December 2024 to 9 December 2026.
- (9) Approximate percentage of issued Shares of the Company is calculated by dividing the RSUs held by the relevant grantees by the issued and outstanding Shares of the Company (as enlarged by the vest in full of all the RSUs granted under the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme) as at 30 June 2024.
- (10) The grantee(s) are not required to bear or pay any price or fee for the grant of RSU under the Post-IPO RSU Scheme.
- (11) No performance targets were set out for the above grants during the six months ended 30 June 2024.
- (12) There were no RSU(s) cancelled during the six months ended 30 June 2024.

Further details of the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme are set out in note 26 to the section headed “Notes to the Consolidated Financial Statements” of the previous annual report of the Company and note 23 to the section headed “Notes to the Financial Information” of the Prospectus. Further details of the 2023 RSU Scheme are set out in the announcement and the circular of the Company dated 3 March 2023 and 27 April 2023, respectively.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the six months ended 30 June 2024.

PUBLIC FLOAT

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

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

As of 31 December 2023, unutilised proceeds from the abovementioned issuances amounted to RMB398.5 million. During the Reporting Period, a total of RMB0.007 million had been utilised in accordance with the intended use as disclosed in the Prospectus. Unutilised proceeds from the aforementioned issuances as of 30 June 2024, being RMB398.5 million, are intended to be applied in the manner consistent with the intended use as disclosed in the Prospectus in the coming financial year.

COMPLIANCE WITH THE QUALIFICATION REQUIREMENT

As set out in the section headed “Contractual Arrangements – Legality of the Contractual Arrangements” in the Prospectus, a foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement**”). Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have been gradually building up our track record of overseas business operations to comply with the Qualification Requirement. We have continued to engage a local distributor in Hong Kong through whom our overseas users can purchase our physical prepaid cards. In addition, we have launched a Hong Kong website offering investor relations and other corporate information. Save as above, as of 30 June 2024, the Company has no further update to disclose in relation to the Qualification Requirement.

MATERIAL LITIGATION

As at 30 June 2024, the Company was not involved in any material litigation or arbitration, nor were the Directors aware of any material litigation or claims that were pending or threatened against the Company.