

赤子城

newborntown

Newborn Town Inc.

赤子城科技有限公司

Stock Code : 9911

(Incorporated in the Cayman Islands with limited liability)

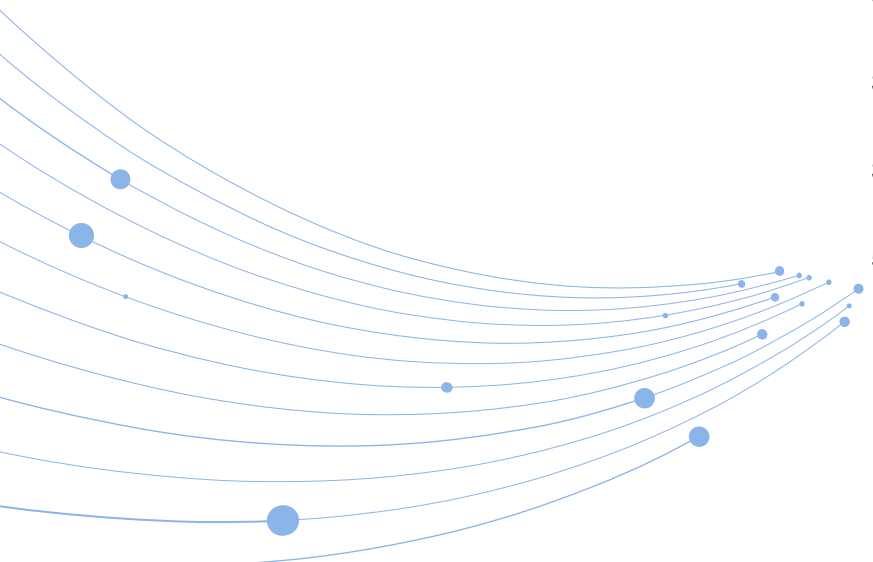
2021 INTERIM
REPORT





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. LIU Chunhe (Chairman) (resigned as Chief Executive Officer on 26 August 2021)
Mr. LI Ping (appointed as Chief Executive Officer on 26 August 2021)
Mr. WANG Kui (resigned on 1 April 2021)
Mr. YE Chunjian (appointed on 1 April 2021)
Mr. SU Jian (appointed on 1 April 2021)

Independent Non-executive Directors

Mr. PAN Xiya (resigned on 26 August 2021)
Mr. GAO Ming (appointed on 26 August 2021)
Mr. CHI Shujin
Mr. LIU Rong (resigned on 1 April 2021)
Mr. HUANG Sichen (appointed on 1 April 2021)

JOINT COMPANY SECRETARIES

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

AUTHORISED REPRESENTATIVES

Mr. WANG Kui (resigned on 1 April 2021)
Mr. LI Ping (appointed on 1 April 2021)
Mr. AU-YEUNG Wai Ki, Joseph

AUDIT COMMITTEE

Mr. CHI Shujin (Chairman)
Mr. LIU Rong (resigned on 1 April 2021)
Mr. HUANG Sichen (appointed on 1 April 2021)
Mr. PAN Xiya (resigned on 26 August 2021)
Mr. GAO Ming (appointed on 26 August 2021)

REMUNERATION COMMITTEE

Mr. LIU Rong (Chairman) (resigned on 1 April 2021)
Mr. HUANG Sichen (Chairman) (appointed on 1 April 2021)
Mr. WANG Kui (resigned on 1 April 2021)
Mr. YE Chunjian (appointed on 1 April 2021 and resigned on 26 August 2021)
Mr. SU Jian (appointed on 26 August 2021)
Mr. PAN Xiya (resigned on 26 August 2021)
Mr. GAO Ming (appointed on 26 August 2021)

NOMINATION COMMITTEE

Mr. PAN Xiya (Chairman) (resigned on 26 August 2021)
Mr. LIU Chunhe (Chairman) (appointed on 26 August 2021)
Mr. LI Ping (resigned on 26 August 2021)
Mr. HUANG Sichen (appointed on 26 August 2021)
Mr. CHI Shujin

AUDITOR

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

REGISTERED OFFICE

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Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Sanyuanqiao
Chaoyang District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1903-4, Floor 19
Hong Kong Trade Centre
161 Des Voeux Road Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL BANKERS

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

Industrial and Commercial Bank of China Limited
Beijing Academy of Sciences Sub-branch
2A Xinkexiangyuan
Haidian District
Beijing
PRC

LEGAL ADVISERS

As to Hong Kong law:

Herbert Smith Freehills
23/F Gloucester Tower
15 Queen's Road Central
Hong Kong

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shop 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

STOCK CODE

09911

COMPANY'S WEBSITE

www.newborntown.com/en

FINANCIAL HIGHLIGHTS

- Revenue from contracts with customers for the six months ended 30 June 2021 amounted to RMB1,038.5 million, representing an increase of 590.8% from RMB150.3 million recorded for the six months ended 30 June 2020.
- Gross profit for the six months ended 30 June 2021 amounted to RMB523.0 million, representing an increase of 348.3% from RMB116.7 million recorded for the six months ended 30 June 2020.
- Profit for the period for the six months ended 30 June 2021 amounted to RMB138.4 million, representing an increase of 3,950.2% from RMB3.4 million recorded for the six months ended 30 June 2020.
- Adjusted net profit for the six months ended 30 June 2021 amounted to RMB154.9 million, representing an increase of 729.2% from RMB18.7 million recorded for the six months ended 30 June 2020.
- Adjusted EBITDA for the six months ended 30 June 2021 amounted to RMB176.1 million, representing an increase of 753.2% from RMB20.6 million recorded for the six months ended 30 June 2020.

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(unaudited)</i>	2020 <i>RMB'000</i> <i>(unaudited)</i>
Revenue from contracts with customers	1,038,484	150,336
Gross profit	523,016	116,661
Profit before income tax	131,298	4,428
Profit for the period	138,355	3,416
Basic earnings per share (expressed in RMB per share)	0.037	0.003
Diluted earnings per share (expressed in RMB per share)	0.037	0.003
Profit for the period	138,355	3,416
<i>Add:</i>		
Share-based compensation expenses ⁽¹⁾	16,518⁽¹⁾	15,262 ⁽¹⁾
Adjusted net profit	154,873	18,678
Adjusted EBITDA ⁽²⁾	176,084⁽²⁾	20,638 ⁽²⁾

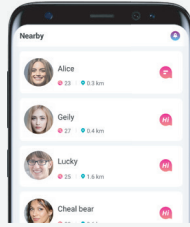
Notes:

- (1) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB15,445,000 for the six months ended 30 June 2021 and RMB15,262,000 for the six months ended 30 June 2020, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB1,073,000 for the six months ended 30 June 2021 in relation to awards granted in 2018 pursuant to its share incentive plan.
- (2) We define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortization.

BUSINESS HIGHLIGHTS



Yummy – Online chatting social networking platform



Yiyo – Video social networking platform



MICO – Livestreaming social networking platform



YoHo – Audio social networking platform

SIGNIFICANT PROGRESS IN EXPANSION OF SOCIAL NETWORKING BUSINESS



Total downloads of social media APPs

reaching **254 million**

17.41 million monthly active users

Increase of about **38%** as compared to 2020 H2

EXPLOSIVE INCREASE IN INCOME FROM VALUED-ADDED SERVICES



Income from valued-added services

RMB **0.82 billion**

increased by **5,088.9%** YoY

CONTINUE TO CREATE NEW POPULAR PRODUCTS



Yummy

Total downloads of over **10 million**
Breakthrough in high-value markets

Top 10 in terms of downloads and best sellers in more than ten countries

EXPANSION OF SOCIAL MEDIA APPS IN GLOBAL MARKET



MICO

Top 10 popular social media APPs

in nearly **100** countries

Breakthrough in European and US market

Top 20 popular social media APPs in the US

RAPID GROWTH OF TOTAL REVENUE



Total revenue amounted to

RMB **1.04 billion**

increased by **590.8%** YoY

RAPID INCREASE IN PROFIT FOR THE PERIOD



Profit for the period amounted to

RMB **0.14 billion**

increased by **3,950.2%** YoY

CHAIRMAN'S STATEMENT

Dear Shareholders,

For the first half of 2021, Newborn Town Inc. believes that it was a critical period to strive for social networking business development, expand scale and raise the market share. Through intensive investment in product research and development and market expansion, we have made breakthroughs in the developed markets. With our increasingly optimized global layout, the user value and monetization efficiency have been significantly improved, and our revenue has achieved substantial growth.

In addition, the Company has increased its localized operations in many overseas markets, while actively developing games and other diversified businesses to open up more dimensional growth space.

Being a leading overseas social networking company in China, Newborn Town Inc. will maintain its position in the global market and focus on the social networking business while keep expanding our boundary, capturing market opportunities and uncovering greater values.

I hereby present the Company's financial position and operating highlights for the first half of 2021, and summarise strategies and outlook of the Company for the second half of 2021.

BUSINESS REVIEW

1. Continuous expansion in global social networking ecology and acceleration of unlocking value

For the first half of 2021, the Company continued to plough deeply into the open social networking sector, and strived to develop comprehensively in the social networking segment leveraging on the global traffic ecology. With the peak of product research and development and sophisticated operation, the scale of social networking product users achieved rapid growth, with a cumulative number of 254 million downloads as of 30 June 2021 and 17.41 million average monthly active users for the first half of 2021, representing an increase of approximately 38% from the second half of 2020. The effect of organic growth of global social networking is obvious.

Through intensive investment in social networking business, the ecological value of social networking was comprehensively unlocked. For the first half of 2021, the scale of revenue of the Company increased to RMB1.04 billion, representing an increase of 590.8% year on year, while the profit for the period increased to RMB0.14 billion, representing an increase of 3,950.2% year on year and the adjusted EBITDA amounted to RMB176.1 million, representing an increase of 753.2% year on year.

Currently, the monetisation models of premium social networking products of the Company are diversified, including purchase of virtual items, membership subscriptions, advanced function purchase, rewards and gifts, etc. For the first half of 2021, revenue from value-added services of the Company explosively grew by 5,088.9% to RMB0.82 billion, accounting for 79.1% of total revenue. It became the main cause of driving the revenue of the Company.

2. Expansion of social networking products in global market, with significant growth in developed markets

In early 2021, we launched Yumy, an online chatting social networking platform, which has quickly accumulated over 10 million users globally in a short period of time and has reached the top 10 in the Google Play among the social networking apps in terms of downloads in 27 countries and regions.

Through continuous research and development of new products, the Company has formed a social networking product matrix represented by Yumy, Yiyo, MICO and YoHo, creating a variety of video and audio social networking scenarios such as video matching, companion video social networking, open social networking and multi-party audio rooms, to meet the diversified social networking needs of global users.

Currently, MICO has become a top 10 social networking app in terms of sales in nearly 100 countries and regions. Yiyo has become a top 10 social networking app of Google Play in terms of sales in 15 countries and regions. YoHo has become a top 10 social networking app in terms of sales in 35 countries and regions and has become the top two audio social networking platforms in the Middle East.

We continue to deepen our efforts in the development of video and audio social networking in terms of product forms, build a content ecology, and create localised contents based on user cognition, demands and habits in different regions, providing users with an immersive experience, and increasing the average duration of users in ways that enhance user stickiness, and diversify forms of monetization of products.

Our social networking business has been focusing on the international market. Through continuous implementation of product localisation, operation localisation, and team localisation, we have broken the operational barriers of various markets, and thus have become the mainstream social networking platform in emerging markets such as Middle East, Southeast Asia, South Asia, etc..

In the first half of 2021, our social networking products made breakthroughs in high value markets such as North America and Europe. Both the iOS and Android versions of MICO are top 20 social networking apps in terms of sales in the United States, remaining stable at the top of the list, and also are top 10 social networking apps in terms of sales in several European and American countries such as Canada, Switzerland, Belgium, and Luxembourg. Another product, YoHo, has also successfully entered the markets of developed countries, and is a top 10 social networking app in terms of sales in certain countries in Europe and North America, such as Canada, Portugal, Denmark, Austria, etc..

Generally, diversified social networking products of the Company have gained strong momentum in high value markets, and the exploration is gradually showing results, which have significantly enhanced the user value, and accumulated a differentiated global user matrix. The global presence of the Company's social networking is being increasingly improved.

CHAIRMAN'S STATEMENT

3. Upgrade of user scenario engine and steady expansion towards diversified businesses

With the improvement of the ecology of social networking of the Company and the expansion in product types, the amount of data we continued to accumulate became bigger and Solo Aware, an artificial intelligence engine, has also continued to improve in various aspects including algorithm models and labelling. We have improved our middle platform and upgraded a more mature user scenario engine.

Our user scenario engine includes three core modules, being AI (artificial intelligence), BI (business intelligence), and DI (data intelligence). The global traffic pool of the Company, with more than 1.3 billion users, contributes to accurately meet the segmented demands of users in each market, and facilitates product research, operation and promotion, which have greatly improved the product success rate and shortened the cold boot cycle.

Leveraging on the ecology of global social networking and user scenario engine, the Company has achieved steady breakthroughs in each vertical business, such as the game business. As of 30 June 2021, the game products of the Company have a cumulative number of 209 million downloads, and monthly active users of the product has gained a steady growth.

STRATEGY AND OUTLOOK

1. Ploughing deeply into the global open social networking market and expanding the size of users

The size of the open social networking market is huge, and platform-level products with billions of users are expected to emerge, thus causing upheaval changes in the historical landscapes of the industry. We will continue to plough deeply into the open social networking sector, increase investment in product research and development, create world-leading open social networking products, and continue to enrich the product matrix to meet the diversified demands of global users, in order to enable more users to enjoy quality experience in social networking and continue to expand the scale of social networking business.

In terms of product content carriers, we will continue to focus on the form of video and audio, optimize core products, namely Yumy, Yiyo, MICO, YoHo, improve matching efficiency, optimize experience in social networking, continue to build content ecology, increase the duration per user and improve the user stickiness, enrich the form of monetisation and improve the efficiency of monetisation, whereby promoting the growth in revenue and enhancement in profitability of the Company.

In terms of product research and development, we will pay attention to young user groups such as generation Z, and explore innovative technology directions and product patterns such as multiverse, while meeting the segmented demands of different countries, regions and different young user groups, so as to maintain the leading position of the largest overseas social networking company in China.

2. Enhancing overseas localized operational capability and improving market coverage

As competition in the industry escalates, product localization, operation localization and service localization have become the standard for many companies going abroad. In the process of implementing in-depth localization, we have begun to gradually infuse the concept of “localization” from the operational level into our corporate strategy.

Currently, the Company is operating localized business in more than ten countries across the world. Through product promotion and operation, it makes active efforts to acquire local users and enhance brand awareness. Through exploration and practices, the Company has embarked on a road of “localized management” and formed a standardized and replicable global methodology. Next, the Company will continue to depend its local presence, improve operating efficiency and expand into new countries and regions, in ways that provide better social networking products and services to global users.

In addition, we will continue to focus on developed markets such as Europe, Japan and Korea to further capture shares from high value markets, while exploring the South American, Chinese and other markets to expand the user base and market coverage, optimising our global social networking coverage.

3. Continuing to upgrade scenario engines and achieving multi-dimension growth

We will keep increasing investments in research and development, and optimising our AI engine – Solo Aware, where algorithm models and the number of labels will continue to improve and enhance the efficiency of social networking matching and operation.

Relying on a growing social networking ecosystem, we will continue to improve the user scenario engine that extensively detects and uncovers the customisation requirements of users, so as to quickly empower the development and operation of various business verticals. At the same time, we are exploring and laying out cross-border e-commerce and other diversified businesses to achieve rapid breakthroughs in different verticals.

We will continue to develop the game business, stick to the policy of providing niche products, develop the layout of middle and high-core game product portfolio with stronger efforts on top of operating current products, expand the user base and market coverage, extend the life cycle of games while creating more hot games.

Going overseas is an inevitable path in order to expand the scale of internet products in the future. We will maintain close cooperation with various overseas companies, while identifying outstanding overseas teams as well as making timely investments in and acquisitions of quality products and teams.

Mr. Liu Chunhe
Chairman of the Board

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE

Our total revenue increased by 590.8% to RMB1,038.5 million for the six months ended 30 June 2021 as compared to RMB150.3 million for the six months ended 30 June 2020. The following table sets forth a breakdown of our revenue by segments for the periods indicated:

	Six months ended 30 June				YoY Change
	2021		2020		
	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total</i> <i>revenue</i> <i>(unaudited)</i>	<i>RMB'000</i> <i>(unaudited)</i>	<i>% of Total</i> <i>revenue</i> <i>(unaudited)</i>	
Value-added service business	821,136	79.1	15,825	10.5	5,088.9%
In-app purchase	821,136	79.1	15,825	10.5	5,088.9%
Traffic monetisation business	217,348	20.9	134,511	89.5	61.6%
In-app traffic monetisation business	217,348	20.9	121,640	80.9	78.7%
Mobile advertising platform and related business	–	–	12,871	8.6	-100.0%
Total	1,038,484	100.0	150,336	100.0	590.8%

The revenue from value-added service business increased by 5,088.9% to RMB821.1 million for the six months ended 30 June 2021 as compared to RMB15.8 million for the six months ended 30 June 2020, primarily because (i) through continuous research and development, we have formed a social networking product matrix, creating a variety of video and audio social networking scenarios to meet the diversified social networking needs of users, which has been of benefit to the rapid growth of our product users base and revenue; (ii) with the sophisticated and localized operations, we provide users with an immersive experience, enhance user stickiness and improve the realisation potential of products; (iii) through intensive investment in market expansion, our social networking products made breakthroughs in high value markets such as North America and Europe, the user value and realization efficiency have been significantly improved, and our revenue has achieved substantial growth.

The revenue from traffic monetisation business increased by 61.6% to RMB217.3 million for the six months ended 30 June 2021 as compared to RMB134.5 million for the six months ended 30 June 2020, which is primarily because Solo Aware, an artificial intelligence engine, has continued to improve in various aspects and upgraded a more mature user scenario engine, which have facilitated product research, operation and promotion, and improved realization efficiency of the products.

The decrease in the performance-based advertising services was primarily because we scaled down the development of the mobile advertising platform and related business in view of the outbreak of novel coronavirus pandemic and global economic downturn.

MANAGEMENT DISCUSSION AND ANALYSIS

COST OF REVENUE

Our cost of revenue increased by 1,430.7% to RMB515.5 million for the six months ended 30 June 2021, as compared to RMB33.7 million for the six months ended 30 June 2020. The following table sets forth a breakdown of our cost of revenue by nature for the periods indicated:

	Six months ended 30 June				
	2021		2020		YoY Change
	<i>RMB'000</i>	<i>% of Total revenue</i>	<i>RMB'000</i>	<i>% of Total revenue</i>	
<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>		
Revenue sharing to streamer	311,470	30.0	–	–	100.0%
Cost for advertising placement	–	–	6,356	4.2	-100.0%
Employee benefit expense	33,333	3.2	6,597	4.4	405.3%
Intangible assets amortisation	20,419	2.0	400	0.3	5,004.7%
Server capacity expense	18,502	1.8	4,174	2.8	343.3%
Share-based compensation expenses	10,369	1.0	9,287	6.2	11.7%
Payment handling cost	95,076	9.2	4,651	3.1	1,944.2%
Consultancy and professional service fee	9,879	1.0	–	–	100.0%
Technical and other service fee	6,101	0.6	–	–	100.0%
Others	10,319	1.0	2,210	1.5	366.9%
Total	515,468	49.8	33,675	22.5	1,430.7%

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

	Six months ended 30 June				
	2021		2020		YoY Change
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>	
<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>		
Value-added service business	490,458	95.1	5,723	17.0	8,469.9%
Traffic monetisation business	25,010	4.9	27,952	83.0	-10.5%
Total	515,468	100.0	33,675	100.0	1,430.7%

The significant increase in the cost of revenue for the six months ended 30 June 2021 as compared with the corresponding period in 2020 was primarily attributable to us vigorously promoting the social networking business by introducing the audio and video social networking products.

MANAGEMENT DISCUSSION AND ANALYSIS

The cost of revenue for value-added service business increased by 8,469.9% to RMB490.5 million for the six months ended 30 June 2021 as compared to RMB5.7 million for the six months ended 30 June 2020, primarily due to the increase in revenue sharing to streamer of our social networking business and payment handling cost.

The cost of revenue for traffic monetisation business decreased by 10.5% to RMB25.0 million for the six months ended 30 June 2021 as compared to RMB28.0 million for the six months ended 30 June 2020, primarily due to the downsize of mobile advertising platform and related business.

GROSS PROFIT AND GROSS PROFIT MARGIN

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

	Six months ended 30 June						YoY Change in gross profit
	2021			2020			
	Gross profit (<i>unaudited</i>)	% (<i>unaudited</i>)	Gross profit margin (<i>unaudited</i>) (RMB'000, except percentages)	Gross profit (<i>unaudited</i>)	% (<i>unaudited</i>)	Gross profit margin (<i>unaudited</i>)	
Value-added service business	330,678	63.2	40.3%	10,102	8.7	63.8%	3,173.4%
Traffic monetisation business	192,338	36.8	88.5%	106,559	91.3	79.2%	80.5%
Total	523,016	100.0	50.4%	116,661	100.0	77.6%	348.3%

Our gross profit increased by 348.3% to RMB523.0 million for the six months ended 30 June 2021 as compared to RMB116.7 million for the six months ended 30 June 2020 which was mainly because we continued to plough deeply into the open social networking sector and strived to develop comprehensively in the social networking segment. With the explosively growth of revenue, gross profit also increased significantly.

Our gross profit margin decreased to 50.4% for the six months ended 30 June 2021 from 77.6% for the six months ended 30 June 2020. The gross profit margin of our value-added service business decreased to 40.3% for the six months ended 30 June 2021 from 63.8% for the six months ended 30 June 2020, which was mainly driven by the increase in revenue sharing to streamer of our social networking business and payment handling cost. The increase in the gross profit margin of our traffic monetisation business to 88.5% for the six months ended 30 June 2021 from 79.2% for the six months ended 30 June 2020 was mainly because we “shrank” mobile advertising platform and related business, which recorded a lower gross profit margin.

SELLING AND MARKETING EXPENSES

For the six months ended 30 June 2021, our selling and marketing expenses increased by 208.0% to RMB291.7 million as compared to RMB94.7 million for the six months ended 30 June 2020, primarily due to we continued our promotional efforts in marketing our apps in the global market.

RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2021, our research and development expenses increased by 378.5% to RMB53.7 million as compared to RMB11.2 million for the six months ended 30 June 2020, primarily due to the increase in employee benefit expenses.

GENERAL AND ADMINISTRATIVE EXPENSES

For the six months ended 30 June 2021, our general and administrative expenses increased by 99.3% to RMB35.6 million as compared to RMB17.9 million for the six months ended 30 June 2020, primarily due to (i) an increase of RMB10.9 million in employee benefit expenses; and (ii) an increase of RMB3.1 million in amortisation of the rent expense.

OPERATING PROFIT

For the six months ended 30 June 2021, our operating profit increased by 4,160.1% to RMB134.4 million as compared to RMB3.2 million for the six months ended 30 June 2020, primarily due to (i) an increase of RMB406.4 million in our gross profit; (ii) an increase of RMB197.0 million in our selling and marketing expenses due to our increased promotional efforts in marketing our apps; (iii) an increase of RMB42.5 million in research and development expenses; (iv) an increase of RMB17.7 million in general and administrative expenses; and (v) a decrease of RMB13.1 million in our other gain due to decrease in the fair value change of financial assets measured at FVPL and exchange gain.

FINANCE INCOME/(COST), NET

For the six months ended 30 June 2021, we recorded a net finance cost of RMB3.0 million as compared to a net finance income of RMB1.3 million for the six months ended 30 June 2020. Such change was primarily due to the finance cost of RMB3.5 million recognized relating to the deferred consideration for the acquisition of approximately 23.27% equity interest of a subsidiary.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX

For the six months ended 30 June 2021, we recorded income tax credits of RMB7.1 million as compared to the income tax expense of RMB1.0 million for the six months ended 30 June 2020, primarily due to the change in tax rate. In 2021, one of our subsidiaries was accredited as a Software Enterprise under the relevant PRC laws and regulations since 2020 and is entitled to tax exemption in 2020 and 2021 pursuant to the EIT Law. The related deferred tax assets and deferred tax liabilities attributable to this subsidiary as at 30 June 2021 were calculated based on the applicable future tax rates accordingly, which led to RMB5.1 million of deferred income tax credits being recognized in current period.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit for the period increased by 3,950.2% to RMB138.4 million for the six months ended 30 June 2021 as compared to RMB3.4 million for the six months ended 30 June 2020.

NON-IFRS MEASURES

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

We define adjusted net profit as profit for the period adjusted by share-based compensation expenses, excluding its tax effect. And we define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortization. The use of adjusted net profit and adjusted EBITDA has limitations as an analytical tool because they do not reflect all items of income and expenses that affect our operations. When assessing our operating and financial performance, you should not consider adjusted net profit or adjusted EBITDA in isolation from or as a substitute for our financial performance or financial position as reported in accordance with IFRS. The terms adjusted net profit or adjusted EBITDA are not defined under IFRS, and such terms may not be comparable to other similarly titled measures used by other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The following tables set forth the reconciliations of our non-IFRS financial measures, net of tax effects on the adjustments, for the periods indicated, to the nearest measures prepared in accordance with IFRS:

	Six months ended 30 June	
	2021 <i>RMB'000</i> <i>(unaudited)</i>	2020 <i>RMB'000</i> <i>(unaudited)</i>
Profit for the period	138,355	3,416
<i>Add:</i>		
Share-based compensation expenses ⁽¹⁾	16,518⁽¹⁾	15,262 ⁽¹⁾
Adjusted net profit	154,873	18,678
Adjusted net profit growth	729.2%	-70.1%
Adjusted EBITDA⁽²⁾	176,084⁽²⁾	20,638 ⁽²⁾
Adjusted EBITDA growth	753.2%	-72.4%

Notes:

- (1) In May 2020 and March 2021, the Board approved the grant of an aggregate of 55,227,573 RSUs and 957,333 RSUs respectively to certain employees and management pursuant to the RSU Schemes. Share-based compensation expenses was recognized based on the vesting period of the RSU Schemes, and amounted to RMB15,445,000 for the six months ended 30 June 2021 and RMB15,262,000 for the six months ended 30 June 2020, tantamount to the economic benefits in relation to the benefit of the certain employees and management obtained from the Company. For further details, please refer to the announcements dated 28 May 2020 and 24 March 2021 of the Company. A subsidiary of the Company has recognized share-based compensation expenses amounting to RMB1,073,000 for the six months ended 30 June 2021 in relation to awards granted in 2018 pursuant to its share incentive plan.
- (2) We define adjusted EBITDA as operating profit adjusted by share-based compensation expenses, depreciation and amortization.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

We continued to maintain a healthy and sound financial position. Our total assets grew from RMB1,268.2 million as at 31 December 2020 to RMB1,396.4 million as at 30 June 2021, while our total liabilities decreased from RMB481.2 million as at 31 December 2020 to RMB458.9 million as at 30 June 2021. Liabilities-to-assets ratio decreased from 37.9% as at 31 December 2020 to 32.9% as at 30 June 2021.

FINANCIAL RESOURCES AND OPERATING CASH FLOW

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

As at 30 June 2021, our cash and cash equivalents was RMB607.6 million, compared with RMB431.0 million as at 31 December 2020.

Compared with RMB63.5 million for the six months ended 30 June 2020, the cash generated from operations for the six months ended 30 June 2021 increased to RMB161.7 million.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

To preserve funds for future capital expenditure and new business opportunities, we continue to invest surplus cash in commercial bank wealth management products and funds issued by major and reputable financial institutions, which generate relatively low risk income for us. We recognized such investments as financial assets measured at fair value through profit or loss of current portion and manage such investments in accordance with our internal policies as disclosed in the Prospectus. As at 30 June 2021, the fair value of such investments decreased to RMB152.2 million, compared with RMB178.0 million as at 31 December 2020. Such decrease was primarily due to the disposal and maturity of our investments.

CAPITAL EXPENDITURE

For the six months ended 30 June 2021, our capital expenditure primarily consisted of expenditures on property and equipment, including purchases of computers and other office equipment. The capital expenditure increased from RMB0.1 million for the six months ended 30 June 2020 to RMB2.9 million for the six months ended 30 June 2021, primarily due to the increase in the purchase of vehicle, computers and other electronic devices, and the office equipment during the six months ended 30 June 2021.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

We did not have any material investment, acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2021.

PLEDGE OF ASSETS

As at 30 June 2021, we did not pledge any of our assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

CONTINGENT LIABILITIES

As at 30 June 2021, we did not have any material contingent liabilities.

FOREIGN EXCHANGE RISK MANAGEMENT

We operate our business internationally and our major receipts and payments are denominated in the U.S. dollar. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Hong Kong dollar. Therefore, foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of our Group's entities. We managed foreign exchange risk by performing regular reviews of our foreign exchange exposures. We did not hedge against any fluctuations in foreign currency during the six months ended 30 June 2021.

OTHER PRINCIPAL RISKS AND UNCERTAINTIES

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2021, we had a total of 515 full-time employees, based in Beijing, Shenzhen, Jinan and Guangzhou. Among all employees, 276 of them are in R&D department, representing 54% of the total fulltime employees. The number of employees employed by the Group varies from time to time depending on needs, and employees are remunerated with reference to market conditions and individual employees' performance, qualification and experience.

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

DIRECTORS

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

Executive Directors:

Mr. LIU Chunhe (Chairman)(resigned as Chief Executive Officer on 26 August 2021)
 Mr. LI Ping (Executive Director and Chief Executive Officer) (appointed as Chief Executive Officer on 26 August 2021)
 Mr. WANG Kui (Executive Director and Chief Financial Officer) (resigned on 1 April 2021)
 Mr. YE Chunjian (Executive Director and Chief Technology Officer) (appointed on 1 April 2021)
 Mr. SU Jian (Executive Director and Mico Chief Executive Officer) (appointed on 1 April 2021)

Independent Non-executive Directors:

Mr. LIU Rong (resigned on 1 April 2021)
 Mr. HUANG Sichen (appointed on 1 April 2021)
 Mr. CHI Shujin
 Mr. PAN Xiya (resigned on 26 August 2021)
 Mr. GAO Ming (appointed on 26 August 2021)

CHANGE IN INFORMATION IN RESPECT OF DIRECTORS

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

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

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

Name of Director	Capacity/Nature of interest	Number of Shares and underlying shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Mr. Liu Chunhe ⁽³⁾ ⁽⁵⁾	Interest in a controlled corporation ⁽³⁾	235,806,646	23.61%
	Concert party ⁽⁵⁾	338,928,420	33.93%
	Beneficial owner ⁽⁶⁾	24,000,000	2.40%
Mr. Li Ping ⁽⁴⁾ ⁽⁵⁾	Interest in a controlled corporation ⁽⁴⁾	73,121,774	7.32%
	Concert party ⁽⁵⁾	338,928,420	33.93%
	Beneficial owner ⁽⁶⁾	6,000,000	0.60%
Mr. Su Jian	Beneficial owner ⁽⁷⁾	9,000,000	0.90%
Mr. Ye Chunjian	Beneficial owner ⁽⁸⁾	6,000,000	0.60%

Notes:

- (1) All interests stated are long positions.
 (2) The calculation is based on the total number of 998,850,000 Shares in issue as of the date of this interim report.

OTHER INFORMATION

- (3) The Shares are registered under the name of Spriver Tech Limited, the issued share capital of which is owned as to 100% by Mr. Liu Chunhe. Accordingly, Mr. Liu Chunhe is deemed to be interested in all the Shares held by Spriver Tech Limited for the purpose of Part XV of the SFO.
- (4) The Shares are registered under the name of Parallel World Limited, the issued share capital of which is owned as to 100% by Mr. Li Ping. Accordingly, Mr. Li Ping is deemed to be interested in all the Shares held by Parallel World Limited for the purpose of Part XV of the SFO.
- (5) Mr. Liu Chunhe and Mr. Li Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) and form part of the Controlling Shareholders Group. Accordingly, Mr. Liu Chunhe, Spriver Tech Limited, Mr. Li Ping, Parallel World Limited are each deemed to be interested in the Shares held by other members of the Controlling Shareholders Group under the SFO.
- (6) On 30 August 2021, Mr. Liu Chunhe and Mr. Li Ping were granted 24,000,000 and 6,000,000 share option respectively by the Company under the share option scheme adopted by the Company on 31 May 2021 (the “Share Option Scheme”). The grant of 24,000,000 share options to Mr. Liu Chunhe and 6,000,000 share options to Mr. Li Ping are subject to the approval by the independent Shareholders at an extraordinary general meeting to be convened in due course.
- (7) On 30 August 2021, Mr. Su Jian was granted 9,000,000 share options by the Company under the Share Option Scheme.
- (8) On 30 August 2021, Mr. Ye Chunjian was granted 6,000,000 share options by the Company under the Share Option Scheme.

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

As of the Latest Practicable Date, to the best knowledge of the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity/Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage of shareholding ⁽²⁾
Phoenix Auspicious FinTech Investment L.P. ⁽³⁾	Beneficial owner ⁽⁴⁾	89,210,948	8.92%
Phoenix Wealth (Cayman) Asset Management Limited ⁽³⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	8.92%
Phoenix Wealth (Hong Kong) Asset Management Limited ⁽³⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	8.92%
Mr. Du Li ⁽³⁾	Interest in a controlled corporation ⁽⁴⁾	89,210,948	8.92%

Notes:

- (1) All interests stated are long positions.
- (2) The calculation is based on the total number of 998,850,000 Shares in issue as of the date of this interim report.
- (3) Phoenix Auspicious FinTech Investment L.P. is an exempted limited partnership established under the laws of Cayman Islands, the general partner of which is Phoenix Wealth (Cayman) Asset Management Limited, an exempted company incorporated under the laws of Cayman Islands. Phoenix Wealth (Cayman) Asset Management Limited is wholly owned by Phoenix Wealth (Hong Kong) Asset Management Limited, a limited company incorporated under the laws of Hong Kong, which is in turn wholly owned by Mr. Du Li. Mr. Du Li is therefore deemed to be interested in all the Shares held by Phoenix Auspicious FinTech Investment L.P. under the SFO.

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

RSU SCHEMES

Employee RSU Scheme

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

Participants in the Employee RSU Scheme

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

Term of the Employee RSU Scheme

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

Maximum number of Shares under the Employee RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Employee RSU Scheme) under the Employee RSU Scheme shall not exceed 32,540,356 Shares, representing approximately 3.25% of the issued share capital of the Company.

Details of the RSUs granted under the Employee RSU Scheme

The Board approved the grant of an aggregate of 30,451,573 RSUs to 31 grantees and 5 grantees pursuant to the Employee RSU Scheme on 28 May 2020 and 24 March 2021 respectively. To the best of knowledge of the Directors, none of the grantees of RSUs is a connected person of the Company under Chapter 14A of the Listing Rules.

As at 30 June 2021, the aggregate number of Shares underlying the granted RSUs under the Employee RSU Scheme was 30,451,573, representing approximately 3.05% of the issued share capital of the Company as at 30 June 2021. Up to the Latest Practicable Date, the aggregate number of shares involved in RSUs vested under the Employee RSU Scheme was 14,296,000 and under the Employee RSU Scheme 2,188,001 RSUs previously granted to a grantee were forfeited at the date of his resignation.

OTHER INFORMATION

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

Management RSU Scheme

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

Participants in the Management RSU Scheme

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

Term of the Management RSU Scheme

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

Maximum number of Shares under the Management RSU Scheme

Unless otherwise approved by Shareholders, the total number of Shares underlying RSUs (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the Management RSU Scheme) under the Management RSU Scheme shall not exceed 27,795,210 Shares, representing approximately 2.78% of the issued share capital of the Company.

Details of the RSUs granted under the Management RSU Scheme

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

As at 30 June 2021, the aggregate number of Shares underlying the granted RSUs under the Management RSU Scheme was 25,733,333, representing approximately 2.57% of the issued share capital of the Company as at 30 June 2021, and none of the granted RSUs under the Management RSU Scheme has been forfeited. Up to the Latest Practicable Date, the aggregate number of shares involved in RSUs vested under the Management RSU Scheme was 12,876,000.

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

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

SHARE OPTION SCHEME

Pursuant to the ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 31 May 2021, the Company adopted a Share Option Scheme (the “**Share Option Scheme**”).

The purpose of the Share Option Scheme is to attract, retain and motivate talented employees to strive towards long term performance targets set by the Group and to provide them with an incentive to work better for the interest of the Group. The Share Option Scheme will link the value of the Company with the interests of the eligible participants, enabling the eligible participants and the Company to develop together and promote the Company’s corporate culture. For further information regarding the Share Option Scheme, please refer to circular of the Company dated 14 April 2021. As at the date of this interim report, the remaining life of the Share Option Scheme is around 9 years and 8 months.

As of 30 June 2021, no share option has been granted or agreed to be granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

Grant of Share Options after the Reporting Period

On 30 August 2021, the Company has granted 80,000,000 share options to 32 eligible persons, out of which 45,000,000 share options were granted to four executive Directors. In particular, the grant of 24,000,000 share options to Mr. Liu Chunhe and 6,000,000 share options to Mr. Li Ping are subject to the approval by the independent Shareholders at an extraordinary general meeting to be convened in due course. For details of the grant of share options, please refer to the announcement of the Company dated 30 August 2021.

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

For the six months ended 30 June 2021, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company’s listed securities as of the date of the announcement.

OTHER INFORMATION

BANK BORROWING

As at 30 June 2021, the Group did not have any short-term or long term bank borrowings. As of the Latest Practicable Date, we did not have any bank facilities.

AUDIT COMMITTEE

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

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

CORPORATE GOVERNANCE PRACTICES

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

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

Pursuant to A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. For the six months ended 30 June 2021, Mr. LIU Chunhe is the chairman of the Board and the chief executive officer of our Company. With extensive experience in the mobile app development and mobile advertising platform services industry, Mr. LIU Chunhe is responsible for the overall strategic planning, management and decision-making of the Group and is instrumental to the growth and business expansion since our establishment. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently comprises four executive Directors (including Mr. LIU Chunhe) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders of the Company accordingly.

Save as the above, the Company has complied with the principles and code provisions as set out in the Corporate Governance Code during the Relevant Period.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

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

INTERIM DIVIDEND

The Board has resolved that the interim dividend for the six months ended 30 June 2021 would not be declared.

EVENT OCCURRING AFTER THE REPORTING PERIOD

On 31 May 2021, we entered into an investment agreement and an equity transfer agreement with Beijing AFunTeam Technology Limited (“**Beijing AFunTeam**”) and Beijing AFunTeam’s then shareholders to acquire an aggregate of 22.5% equity interest in Beijing AFunTeam at a total consideration of RMB13,000,000. Upon the fulfilment of a series of conditions laid out in the agreements in July 2021, we paid RMB8,000,000 in aggregate to Beijing AFunTeam and one of Beijing AFunTeam’s shareholders, and the remaining RMB5,000,000 will be paid by 31 December 2021 based on the payment terms set out in the agreements.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

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

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

	Budget <i>HK\$ million</i> (approximately)	Amount that had been utilised as at 30 June 2021 <i>HK\$ million</i> (approximately)	Remaining balance as at 30 June 2021 <i>HK\$ million</i> (approximately)	Proposed timetable for the use of unutilised net proceeds
To develop, expand and upgrade our Solo X product matrix	126.0	83.5	42.5	On or before 31 December 2022
To enhance the big data and AI capabilities of our Solo Aware AI engine	28.4	11.1	17.3	On or before 31 December 2022
To be used for working capital and other general corporate purposes	10.7	5.6	5.1	On or before 31 December 2022
To upgrade our Solo Math programmatic advertising platform	1.8	1.8	–	On or before 31 December 2022
Total	166.9	102.0	64.9	On or before 31 December 2022

Note: The remaining proceeds of approximately HK\$64.9 million are expected to be utilised on or before 31 December 2022, and is based on the Directors’ best estimation of the future market conditions and thus subject to change.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of Newborn Town Inc.
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 27 to 53, which comprises the interim condensed consolidated balance sheet of Newborn Town Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other 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, 25 August 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021
(Expressed in Renminbi ("RMB"))

	Note	Unaudited Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Revenue from contracts with customers	7	1,038,484	150,336
Cost of revenue	8	(515,468)	(33,675)
Gross profit		523,016	116,661
Selling and marketing expenses	8	(291,715)	(94,709)
Research and development expenses	8	(53,693)	(11,220)
General and administrative expenses	8	(35,587)	(17,852)
Net impairment losses on financial assets	9	(9,504)	153
Other income	10	5,099	301
Other (loss)/gain – net	10	(3,254)	9,820
Operating profit		134,362	3,154
Finance income		550	1,405
Finance cost		(3,530)	(131)
Finance (cost)/income, net		(2,980)	1,274
Share of net loss of associates accounted for using the equity method		(84)	–
Profit before income tax		131,298	4,428
Income tax credits/(expenses)	11	7,057	(1,012)
Profit for the period		138,355	3,416
Profit attributable to:			
Owners of the Company		37,377	3,416
Non-controlling interests		100,978	–

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

(Expressed in RMB)

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
Other comprehensive (loss)/income, net of tax			
Items that will not be reclassified to profit or loss			
Currency translation differences		(292)	–
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences		(4,113)	5,498
Total comprehensive income for the period		133,950	8,914
Total comprehensive income attributable to:			
Owners of the Company		34,528	8,914
Non-controlling interests		99,422	–
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic/diluted earnings per share	12	0.037	0.003

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2021
(Expressed in RMB)

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
ASSETS			
Non-current assets			
Property and equipment	14	12,658	6,886
Intangible assets	15	246,800	267,189
Goodwill	16	197,287	197,287
Financial assets measured at fair value through profit or loss	17	8,911	6,495
Investments accounted for using the equity method		2,910	2,994
Other receivable	19	18,633	11,381
Deferred tax assets	23	248	13,237
Total non-current assets		487,447	505,469
Current assets			
Other current assets		4,880	2,073
Accounts receivable	18	135,363	144,386
Other receivable	19	7,666	6,020
Financial assets measured at fair value through profit or loss	17	152,218	178,009
Cash and cash equivalents		607,619	431,015
Restricted bank deposits		1,180	1,192
Total current assets		908,926	762,695
Total assets		1,396,373	1,268,164
LIABILITIES			
Current liabilities			
Accounts payable	20	156,799	155,937
Other payable	21	224,164	234,593
Lease liabilities		3,852	3,234
Contract liabilities	22	17,713	14,872
Bank overdraft		34	17
Tax payable		409	834
Total current liabilities		402,971	409,487

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

as at 30 June 2021
(Expressed in RMB)

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
Non-current liabilities			
Deferred tax liabilities	23	51,516	71,567
Lease liabilities		4,410	102
Total non-current liabilities		55,926	71,669
Total liabilities		458,897	481,156
EQUITY			
Equity attributable to the owners of the Company			
Share capital	24	695	695
Share premium	24	93,701	93,701
Other reserves		328,619	314,950
Retained earnings		164,503	127,126
		587,518	536,472
Non-controlling interests		349,958	250,536
Total equity		937,476	787,008
Total liabilities and equity		1,396,373	1,268,164

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

(Expressed in RMB)

	Attributable to owners of the Company				Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000			
Balance at 1 January 2020	696	95,221	451,190	87,438	634,545	–	634,545
Profit for the period	–	–	–	3,416	3,416	–	3,416
Other comprehensive income	–	–	5,498	–	5,498	–	5,498
Total comprehensive income	–	–	5,498	3,416	8,914	–	8,914
Transaction with owners:							
Non-controlling interests on acquisition of a subsidiary	–	–	–	–	–	262,299	262,299
Share-based compensation scheme: value of employee services	–	–	15,262	–	15,262	–	15,262
Balance at 30 June 2020	696	95,221	471,950	90,854	658,721	262,299	921,020
Balance at 1 January 2021	695	93,701	314,950	127,126	536,472	250,536	787,008
Profit for the period	–	–	–	37,377	37,377	100,978	138,355
Other comprehensive loss	–	–	(2,849)	–	(2,849)	(1,556)	(4,405)
Total comprehensive income	–	–	(2,849)	37,377	34,528	99,422	133,950
Transaction with owners:							
Share-based compensation scheme: value of employee services	–	–	16,518	–	16,518	–	16,518
Balance at 30 June 2021	695	93,701	328,619	164,503	587,518	349,958	937,476

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021

(Expressed in RMB)

	Unaudited	
	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Cash generated from operations	161,713	63,517
Payment of income tax	(740)	(4,781)
Net cash inflow from operating activities	160,973	58,736
Cash flows from investing activities		
Purchase of Wealth Management Products ("WMP") measured at fair value through profit or loss	(137,449)	(309,691)
Maturity of WMPs measured at fair value through profit or loss	163,545	338,798
Acquisition of a subsidiary, net of cash acquired	–	19,374
Purchase of property and equipment	(2,853)	(70)
Net cash inflow from investing activities	23,243	48,411
Cash flows from financing activities		
Net proceeds from issuance of shares upon Initial Public Offering	–	78,605
Repayment of lease liabilities (including interest paid)	(2,947)	(1,721)
Net cash (outflow)/inflow from financing activities	(2,947)	76,884
Net increase in cash and cash equivalents	181,269	184,031
Cash and cash equivalents at beginning of period	430,998	182,815
Effects of exchange rate changes on cash and cash equivalents	(4,682)	4,826
Cash and cash equivalents at end of period	607,585	371,672
Including:		
Cash and cash equivalents	607,619	371,744
Bank overdraft	(34)	(72)

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Newborn Town Inc. (the “Company”) was incorporated in the Cayman Islands on 12 September 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as the “Group”) are principally engaged in providing value-added service business (mainly including in-app purchase), and traffic monetisation business (mainly including in-app traffic monetisation business and mobile advertising platform and related business).

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

The interim condensed consolidated financial information comprises the interim condensed consolidated balance sheet as at 30 June 2021, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2021, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

This Interim Financial Information was approved by the board of directors of the Company for issuance on 25 August 2021.

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

2 BASIS OF PREPARATION

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

The Interim Financial Information does not include all the notes of the type normally included in annual financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), as set out in the 2020 annual report of the Group (the “2020 Financial Statements”).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied in the preparation of the Interim Financial Information are consistent with those used in the preparation of the 2020 Financial Statements.

The following amended and revised standards are mandatory for the first time for the Group's financial year beginning on 1 January 2021 and are applicable for the Group:

- Covid-19-related Rent Concessions – Amendments to IFRS 16
- Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

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

In addition, the IASB also published a number of new standards and amendments to standards which are effective for the financial year beginning on or after 1 January 2022 and have not been early adopted by the Group. Management is assessing the impact of such standards and will adopt the relevant standards in the subsequent periods as required.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's policies on financial risk management were set out in the 2020 Financial Statements and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2021.

4.2 Fair value estimation

(i) Fair value hierarchy

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(i) Fair value hierarchy (continued)

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

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

The following table presents the Group's asset that are measured at fair value at 30 June 2021 and 31 December 2020.

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2021				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	152,218	152,218
– Equity interests of certain private companies	–	–	8,911	8,911
	–	–	161,129	161,129
As at 31 December 2020				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	178,009	178,009
– Equity interests of certain private companies	–	–	6,495	6,495
	–	–	184,504	184,504

The changes in level 3 instruments for the six months ended 30 June 2021 are presented in Note 17.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

(i) *Fair value hierarchy (continued)*

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

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

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

Specific valuation techniques used to value financial instruments include:

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

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

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

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

Income approach was adopted to determine the fair value of the equity interest in the private companies.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.2 Fair value estimation (continued)

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

Significant unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair values
	As at 30 June 2021	As at 31 December 2020	
Investment in WMP Expected return rate	1.92% – 4.2%	1.46% – 2.84%	The higher the expected return rate, the higher the fair value
Investment in equity interests of certain private companies	52%	48%	The higher the expected volatility, the lower the fair value
	18%	18%	The higher the DLOM, the lower the fair value
Risk-free Rate	3.5%	3.7%	The higher the risk-free rate, the higher the fair value
Discount rate	21%	21%	The higher the discount rate, the lower the fair value
Revenue growth rate	3% – 25%	3% – 25%	The higher the revenue growth rate, the higher the fair value
Perpetual growth rate	3%	3%	The higher the perpetual growth rate, the higher the fair value

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

5 CRITICAL ESTIMATES AND JUDGMENTS

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2020 Financial Statements.

6 SEGMENT INFORMATION

The Group's business activities are regularly reviewed and evaluated by the chief operating decision maker ("CODM") and the Group is organised into segments according to the revenue streams of the Group. Prior to 1 January 2020, mobile advertising platform and related business, and proprietary applications traffic monetisation business were identified as the segments of the Group. Upon the completion of the acquisition of Beijing Mico World Technology Co., Ltd. ("Mico") in June 2020, the CODM revisited its assessment of segment and updated its segments to value-added services business and traffic monetisation business to better reflect the operating structure of the Group, and the segment information for the six months ended 30 June 2020 has also been retrospectively adjusted.

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

The segment results for six months ended 30 June 2021 and 2020 are as follows:

	Traffic monetisation business RMB'000	Value-added service business RMB'000	Total RMB'000
Six months ended 30 June 2021			
Revenue	217,348	821,136	1,038,484
Cost of revenue	(25,010)	(490,458)	(515,468)
Gross profit	192,338	330,678	523,016
Six months ended 30 June 2020			
Revenue	134,511	15,825	150,336
Cost of revenue	(27,952)	(5,723)	(33,675)
Gross profit	106,559	10,102	116,661

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

7 REVENUE FROM CONTRACTS WITH CUSTOMERS

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<i>Recognised at a point in time</i>		
Value-added service business	805,626	11,720
Traffic monetisation business	217,348	134,511
<i>Recognised over time</i>		
Value-added service business	15,510	4,105
Total	1,038,484	150,336

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

8 EXPENSES BY NATURE

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Revenue sharing to streamers	311,470	–
Cost for advertising placement:		
– Selling and marketing expense	288,121	93,569
– Cost of revenue	–	6,356
Employee benefit expense	104,726	22,591
Payment handling costs	95,076	4,651
Depreciation and amortisation	25,204	2,222
Server capacity expense	19,306	4,309
Share-based compensation expenses (Note 25)	16,518	15,262
Consultancy and professional service fee	14,563	3,476
Technical and other service fee	7,198	1,025
Rent expense	2,539	39
Travel expense	2,899	577
Office supplies expense	1,124	171
Others	7,719	3,208
Total	896,463	157,456

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

9 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Impairment loss provided related to accounts receivable	9,504	(153)

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

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Other income		
Government grants	4,232	273
Others	867	28
Total	5,099	301

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Other (loss)/gain – net		
Fair value change of financial assets measured at FVPL	3,833	6,247
Exchange (loss)/gain	(6,986)	3,690
Others	(101)	(117)
Total	(3,254)	9,820

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

11 INCOME TAX CREDITS/(EXPENSES)

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
Current tax on profits for the period	(5)	(409)
Deferred income tax		
Changes in deferred tax assets/liabilities (Note 23)	7,062	(603)
Income tax credits/(expenses)	7,057	(1,012)

12 EARNINGS PER SHARE

12a Basic

Basic earnings per share for the six months ended 30 June 2021 and 2020 were calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Net profit attributable to the owners of the Company	37,377	3,416
Weighted average number of ordinary shares in issue (thousand)	998,850	1,000,000
Basic earnings per share (expressed in RMB per share)	0.037	0.003

12b Diluted

For the six months ended 30 June 2021, there were no dilutive potential ordinary shares of the Company outstanding (for the six months ended 30 June 2020: nil), therefore, there was no dilution impact on weighted average number of shares on the Company.

13 DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

14 PROPERTY AND EQUIPMENT

	Electronic equipment <i>RMB'000</i>	Furniture and fixtures <i>RMB'000</i>	Motor Vehicles <i>RMB'000</i>	Leasehold improvement <i>RMB'000</i>	Right-of- use asset <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2020						
Cost	4,187	617	533	1,902	7,241	14,479
Accumulated depreciation	(2,309)	(135)	(42)	(1,159)	(3,949)	(7,593)
Net book amount	1,878	482	491	743	3,292	6,886
Period ended 30 June 2021						
Opening net book amount	1,878	482	491	743	3,292	6,886
Additions	1,271	263	–	1,318	7,795	10,647
Disposals	(40)	–	–	–	–	(40)
Depreciation charge	(465)	(88)	(51)	(1,119)	(3,092)	(4,815)
Currency translation difference	–	–	–	–	(20)	(20)
Closing net book amount	2,644	657	440	942	7,975	12,658
As at 30 June 2021						
Cost	5,056	880	533	3,220	14,570	24,259
Accumulated depreciation	(2,412)	(223)	(93)	(2,278)	(6,595)	(11,601)
Net book amount	2,644	657	440	942	7,975	12,658

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

	Unaudited Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of revenue	907	1,150
General and administrative expenses	3,557	630
Research and development expenses	346	42
Selling and marketing expenses	5	–
	4,815	1,822

For the six months ended 30 June 2021 and 2020, the Group obtains right to control the use of properties through entering respective lease arrangements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

15 INTANGIBLE ASSETS

	Software <i>RMB'000</i>	Brand name <i>RMB'000</i>	User base <i>RMB'000</i>	Technology <i>RMB'000</i>	Total <i>RMB'000</i>
As at 31 December 2020					
Cost	8,048	231,000	47,000	6,000	292,048
Accumulated amortisation	(4,876)	(11,550)	(7,833)	(600)	(24,859)
Net book amount	3,172	219,450	39,167	5,400	267,189
Period ended 30 June 2021					
Opening net book amount	3,172	219,450	39,167	5,400	267,189
Amortisation charge	(406)	(11,550)	(7,833)	(600)	(20,389)
Closing net book amount	2,766	207,900	31,334	4,800	246,800
As at 30 June 2021					
Cost	8,048	231,000	47,000	6,000	292,048
Accumulated amortisation	(5,282)	(23,100)	(15,666)	(1,200)	(45,248)
Net book amount	2,766	207,900	31,334	4,800	246,800

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

	Unaudited Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of revenue	20,383	400
General and administrative expenses	3	–
Selling and marketing expenses	3	–
	20,389	400

16 GOODWILL

Included in the balance is a goodwill amounting to RMB197,287,000 recognized from the acquisition of Mico which was completed in June 2020. As at 30 June 2021, as there was no impairment indicator being identified by the management, the impairment assessment of goodwill was not necessary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Financial assets			
Financial assets at amortised cost	(a)		
Accounts and other receivable	18, 19	161,662	161,787
Cash and cash equivalents		607,619	431,015
Restricted bank deposits		1,180	1,192
Financial assets at fair value through profit or loss			
Investment in WMPs	(b)	152,218	178,009
Investment in equity interests of certain private companies		8,911	6,495
		931,590	778,498
Financial liabilities			
Financial liabilities at amortised cost			
Accounts and other payable (excluding non-financial liabilities)	20, 21	291,435	290,032
Lease liabilities		8,262	3,336
Bank overdraft		34	17
		299,731	293,385

(a) As at 30 June 2021 and 31 December 2020, the fair values of the financial assets and financial liabilities at amortised cost approximated their respective carrying amounts.

(b) The WMPs were not principal guaranteed, and were therefore classified as financial assets as FVPL. The fair value measurement of these assets is disclosed in Note 4.2.

18 ACCOUNTS RECEIVABLE

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Current assets		
Gross carrying amount	163,798	163,463
Less: impairment provision	(28,435)	(19,077)
Total accounts receivable	135,363	144,386

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

18 ACCOUNTS RECEIVABLE (CONTINUED)

An aging analysis of the gross accounts receivable as at 30 June 2021 and 31 December 2020, based on date of recognition, is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Up to 6 months	128,550	134,954
6 months to 1 year	9,539	3,169
1 year to 2 years	11,736	12,311
2 years to 3 years	8,910	10,035
Over 3 years	5,063	2,994
	163,798	163,463

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

19 OTHER RECEIVABLE

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Other receivable – current	7,666	6,020
Other receivable – non-current	18,633	11,381
	26,299	17,401

In order to retain the high-performance employees within the Group, the Group adopted an employee interest-free loan scheme. Interest-free loans are granted to certain employees with fixed repayment terms. The classification of balance into current and non-current is based on the payment schedule agreed between the Company and these employees.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

20 ACCOUNTS PAYABLE

Aging analysis of the accounts payable as at 30 June 2021 and 31 December 2020 based on the date of recognition is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Up to 3 months	138,897	85,239
3 months to 6 months	5,188	24,336
6 months to 1 year	3,359	37,016
1 year to 2 years	1,356	1,368
2 years to 3 years	2,461	1,789
More than 3 years	5,538	6,189
	156,799	155,937

Accounts payable are usually paid within 1 year of recognition.

21 OTHER PAYABLE

	Notes	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Deferred consideration	(a)	129,625	126,153
Other tax payables	(b)	56,532	58,845
Employee benefits payable		32,996	41,653
Refundable advances from customers		236	303
Others		4,775	7,639
		224,164	234,593

(a) Deferred consideration is related to the transaction with non-controlling interests to acquire addition equity interest in Mico from Mr. Ye Chunjian. Based on the agreement between Mr. Ye Chunjian and NewBornTown Network Technology (Beijing) Co., Ltd. ("NewBornTown Network Technology"), a subsidiary of the Company, the total consideration shall be settled in cash by NewBornTown Network Technology by four instalments, which will be fully settled before 31 December 2021.

(b) Other tax payables include RMB53,499,000 withholding income tax for Mr. Ye Chunjian relating to the transaction above.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

22 CONTRACT LIABILITIES

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Contract Liabilities	17,713	14,872

Contract liabilities represent advance payments received from customers for services that have not yet been transferred to the customers. As at 30 June 2021 and 31 December 2020, the contract liabilities mainly included the advances for the purchase of virtual items. These services are mainly expected to be recognised as revenue to the customers within one year.

23 DEFERRED INCOME TAX

The amount of offsetting deferred income tax assets/liabilities is RMB4,661,000 and RMB2,284,000 as at 30 June 2021 and 31 December 2020. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Deferred tax assets		
– to be recovered after 12 months	–	14,876
– to be recovered within 12 months	4,909	645
	4,909	15,521

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Deferred tax liabilities		
– to be recovered after 12 months	53,430	67,857
– to be recovered within 12 months	2,747	5,994
	56,177	73,851

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

23 DEFERRED INCOME TAX (CONTINUED)

23a Deferred tax assets

	Unaudited	Audited
	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	<i>RMB'000</i>
The balance comprises temporary differences attributable to:		
Accrued operating expenses	3,448	1,060
Accumulated tax loss	–	645
Restricted shares granted (Note)	–	12,343
Others	1,461	1,473
Total deferred tax assets	4,909	15,521

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

	Unaudited	
	Six months ended June 30	
	2021	2020
	RMB'000	<i>RMB'000</i>
At the beginning of the period	15,521	1,633
(Charged)/credited to profit or loss	(10,612)	215
Acquisition of a subsidiary	–	30,642
At the end of the period	4,909	32,490

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

23 DEFERRED INCOME TAX (CONTINUED)

23b Deferred tax liabilities

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
The balance comprises temporary differences attributable to:		
Fair value changes	12,214	11,844
Intangible assets identified in acquisition of subsidiary (Note)	43,963	62,007
Total deferred tax liabilities	56,177	73,851

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

	Unaudited Six months ended June 30 2021 RMB'000	2020 RMB'000
At the beginning of the period	73,851	10,547
(Charged)/credited to profit or loss	(17,674)	818
Acquisition of a subsidiary	–	65,005
At the end of the period	56,177	76,370

Note:

The deferred income tax assets relating to restricted shares granted and the deferred income tax liabilities relating to intangible assets identified in acquisition of a subsidiary were attributable to one subsidiary of the Company. On 29 May 2021, this subsidiary was accredited as a software enterprise under the relevant PRC laws and regulations since 2020. Accordingly, this subsidiary is exempt from Enterprise Income Tax for two consecutive years for the years ended/ending 31 December 2020 and 2021, followed by a 50% reduction in the statutory income tax rate of 25% for the next three years from 2022 to 2024. The related deferred tax assets and deferred tax liabilities as at 30 June 2021 were calculated based on the applicable future tax rates accordingly.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

24 SHARE CAPITAL

	Number of shares authorised for issue	Number of shares in issue	Share capital <i>USD'000</i>	Equivalent share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>
As at 31 December 2020 and 30 June 2021	3,000,000,000	998,850,000	99	695	93,701

Share premium

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

25 SHARE-BASED PAYMENTS

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

25 SHARE-BASED PAYMENTS (CONTINUED)

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

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

	Number of RSU	Weighted average grant date fair value per RSU (HK\$)
Outstanding as at 1 January 2020	–	–
Granted during the period	55,227,573	1.65
Forfeited during the period	(66,667)	1.65
Exercised during the period	–	–
Outstanding as at 30 June 2020	55,160,906	1.65

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

For the six months ended 30 June 2021, the total expenses recognised in the interim condensed consolidated statement of comprehensive income for RSUs granted under Employee RSU Scheme and Management RSU Scheme were RMB15,445,000 (for the six months ended 30 June 2020: RMB15,262,000).

For the six months ended 30 June 2021, a subsidiary of the Group has recognised share-based compensation expenses RMB1,073,000 for related to the RSU Scheme awarded by the subsidiary in 2018 (for the six months ended 30 June 2020: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

26 COMMITMENTS

Non-cancellable leases commitment

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

	Unaudited As at 30 June 2021 RMB'000	Audited As at 31 December 2020 RMB'000
Within 1 year	1,228	115

Capital commitment

On 31 May 2021, NewBornTown Network Technology entered into an investment agreement and an equity transfer agreement with Beijing AFunTeam Technology Limited ("Beijing AFunTeam") and Beijing AFunTeam's then shareholders to acquire an aggregate of 22.5% equity interest in Beijing AFunTeam at a total consideration of RMB13,000,000. Upon the fulfilment of a series of conditions laid out in the agreements in July 2021, NewBornTown Network Technology paid RMB8,000,000 in aggregate to Beijing AFunTeam and one of Beijing AFunTeam's shareholders, and the remaining RMB5,000,000 will be paid by 31 December 2021 based on the payment terms set out in the agreements.

27 RELATED PARTY TRANSACTIONS

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

27 RELATED PARTY TRANSACTIONS (CONTINUED)

27a Names and relationships with related parties

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

Companies	Relationship
Beijing Phoenix Fortune Interconnection Investment Fund (Limited Partnership) (“Phoenix Fortune”)	Shareholder of the Company

27b Transactions with related parties

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

On 17 April 2020, NewBornTown Network Technology, entered into the Equity Transfer Agreement with Phoenix Fortune, pursuant to which NewBornTown Network Technology has conditionally agreed to acquire, and Phoenix Fortune has conditionally agreed to sell, approximately 8.85% equity interest of Mico for a cash consideration of RMB100,000,000. The acquisition was completed on 29 June 2020.

27c Key management personnel remuneration

	Unaudited Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Wages, salaries and bonus	1,922	1,200
Discretionary bonuses	—	—
Contributions to pension plans	148	19
Other social security costs, housing allowance and other allowance	219	150
Share-based compensation expenses	1,923	1,894
Total employee benefit expense	4,212	3,263

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

28 EVENT OCCURRING AFTER THE REPORTING PERIOD

In July 2021, NewBornTown Network Technology paid part of the consideration relating to the investment in Beijing AFunTeam. Further details are disclosed in note 26.

DEFINITION

“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”, “our Company” or “the Company”	Newborn Town Inc. (赤子城科技有限公司), a company with limited liability incorporated in the Cayman Islands on 12 September 2018
“Controlling Shareholders Group”	Mr. Liu Chunhe and Mr. Li Ping, together with their respective close associates, including Spriver Tech Limited and Parallel World Limited, a group of individuals acting in concert with each other, which constitute the controlling shareholder of our Company
“Convertible Loan Investment Agreement”	the convertible loan investment agreement entered into between NewBornTown Network Technology, Mr. Ye Chunjian and Mico on 17 April 2020
“Director(s)”	the director(s) of our Company or any one of them
“Employee RSU Scheme”	the restricted share unit scheme of the Company adopted by our Board on 11 December 2019
“Employee RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Employee RSU Scheme
“Equity Transfer Agreement”	the equity transfer agreement in relation to Beijing Mico World Technology Co., Ltd. entered into between NewBornTown Network Technology and Phoenix Fortune on 17 April 2020
“Group,” “our Group,” or “the Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	the International Financial Reporting Standards, amendments and interpretation issued from time to time by the International Accounting Standards Board
“Latest Practicable Date”	17 September 2021, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining certain information contained herein

“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	31 December 2019, the date on which the Company was listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Management RSU Scheme”	the restricted share unit scheme of the Company adopted by our Board on 11 December 2019
“Management RSU Trustee”	TMF Trust (HK) Limited, an independent and professional trustee appointed by our Company to act as the trustee of the Management RSU Scheme
“Mico”	Beijing Mico World Technology Co., Ltd. (北京米可世界科技有限公司) (formerly known as Beijing Zhongluo Technology Co., Ltd. (北京眾絡科技有限公司)), a company incorporated under the laws of the PRC with limited liability
“NewBornTown Network Technology”	NewBornTown Network Technology (Beijing) Co., Ltd. (赤子城網絡技術(北京)有限公司), a company incorporated under the laws of the PRC with limited liability on 28 February 2014
“Nomination Committee”	the nomination committee of the Company
“Phoenix Fortune”	Beijing Phoenix Fortune Interconnection Investment Fund (Limited Partnership) (北京鳳凰祥瑞互聯投資基金(有限合夥)), a limited partnership established under the laws of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this interim report only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 17 December 2019
“Relevant Period” or “Reporting Period”	the period from the Listing Date and up to the date of this interim report
“Remuneration Committee”	the remuneration committee of the Company

DEFINITION

“RMB”	Renminbi yuan, the lawful currency of China
“RSU”	a restricted share unit award granted to a participant under the RSU Scheme
“RSU Schemes”	the Employee RSU Scheme and the Management RSU Scheme
“SFO”	the Securities and Futures Ordinance
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.0001 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by SFC, as amended or supplemented from time to time
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“We”, “us” or “our”	our Company or our Group, as the context may require
“%”	per cent

