

AdTiger

虎視傳媒有限公司

ADTIGER CORPORATIONS LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1163

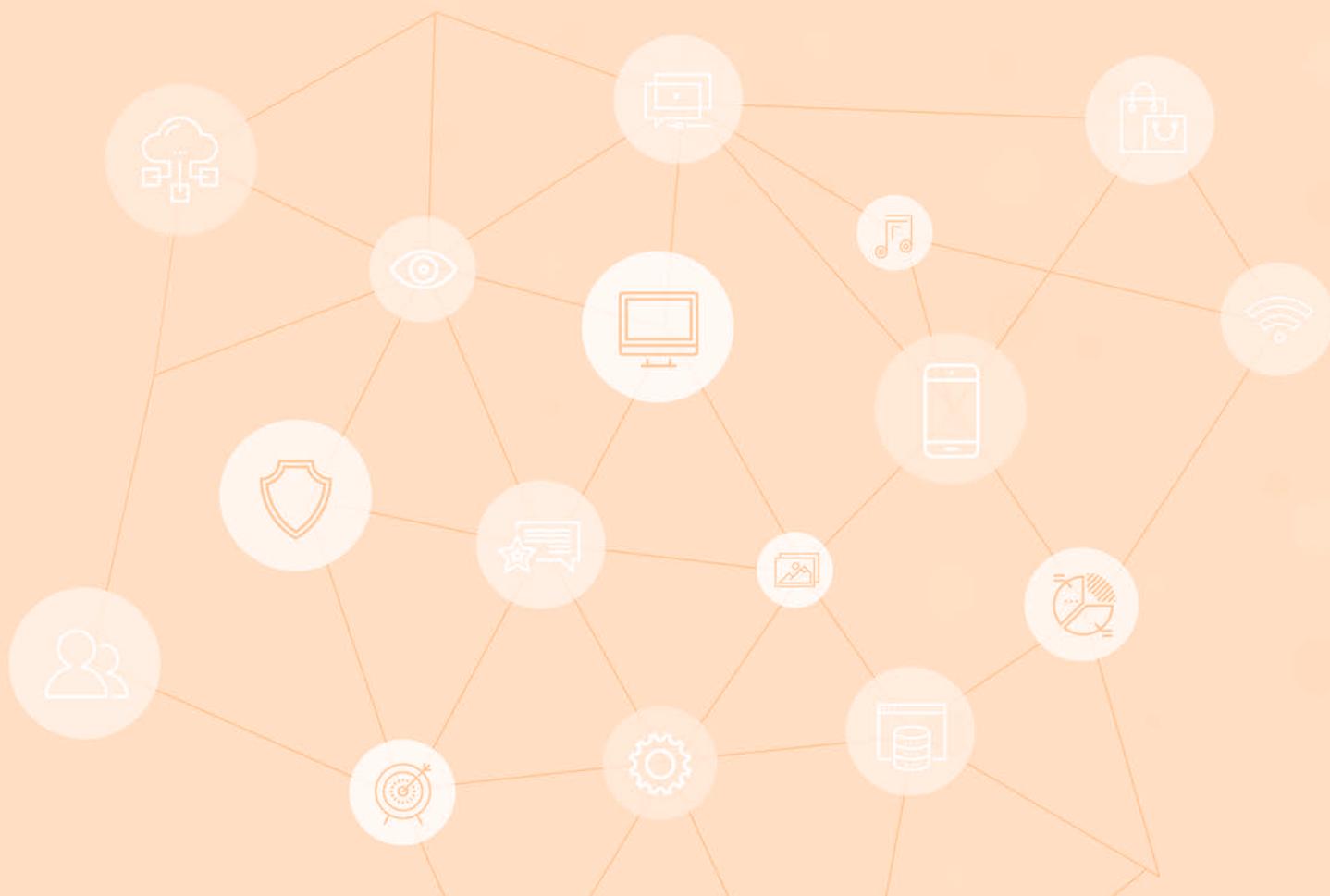


2020

INTERIM REPORT

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Ms. CHANG Sufang
(Chairman and Chief Executive Officer)
Ms. LI Hui

Non-Executive Director

Mr. HSIA Timothy Chunhon

Independent Non-Executive Directors

Mr. YAO Yaping
Mr. CHAN Foon
Mr. ZHANG Yaoliang

Audit Committee

Mr. CHAN Foon (Chairman)
Mr. ZHANG Yaoliang
Mr. HSIA Timothy Chunhon

Nomination Committee

Ms. CHANG Sufang (Chairman)
Mr. YAO Yaping
Mr. CHAN Foon

Remuneration Committee

Mr. ZHANG Yaoliang (Chairman)
Ms. CHANG Sufang
Mr. YAO Yaping

Joint Company Secretaries

Ms. ZHAO Xiaojuan
Ms. LAM Shi Ping

Authorised Representatives

Ms. CHANG Sufang
Ms. LAM Shi Ping

Auditor

Ernst & Young
Certified Public Accountant
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Compliance Advisor

Halcyon Capital Limited
(鎧盛資本有限公司)
11th Floor
8 Wyndham St
Central, Hong Kong

Company's Website

www.adtiger.hk

Stock Code

1163

Board Lots

2,500 Shares

Place of Listing

The Main board of the Stock Exchange

Head Office and Principal Place of Business in the PRC

Room 1004-1005, Tower 5
Laiguangying Chengying Centre
(來廣營誠盈中心)
Chaoyang District, Beijing, PRC

Hong Kong Branch Share Registrar

Boardroom Share Registrars (HK) Limited
(寶德隆證券登記有限公司)
2103B, 21/F
148 Electric Road
North Point, Hong Kong

Registered Office

4th Floor, Harbour Place
103 South Church Street, George Town
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

Principal Share Registrar and Transfer Office

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
George Town
P.O. Box 10240, Grand Cayman KY1-1002
Cayman Islands

Principal Place of Business in Hong Kong

31/F., 148 Electric Road, North Point, Hong Kong

Principal Bankers

The HongKong and Shanghai Banking
Corporation Limited
Citibank, N.A., Hong Kong Branch
China Merchants Bank, Wangjing branch

FINANCIAL HIGHLIGHT

	Six months ended 30 June		
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)	Period-to- Period Change %
Revenue	122,968	68,613	79.2
Gross profit	38,863	27,314	42.3
Profit for the period	23,276	11,372	104.7
Adjusted profit for the period <i>(Note)</i>	27,761	17,988	54.3

Note: Adjusted profit for the period is defined as profit for the period excluding the one-off Listing expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are an online advertising platform that connects our advertisers with our media publishers, either directly or indirectly through resellers designated by our media publishers. We primarily provide overseas online advertising services to China-based advertisers. We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We are a China Export Partner (“**CEP**”) of Facebook (Facebook 中國區優質合作夥伴), and we ranked first amongst Facebook’s 23 CEPs in terms of advertising spending for Facebook’s ad inventories in 2019. We have also become Google’s partner in the Google AdWords Reseller Programme since 2016. In addition, we have become a Baidu-authorized Snapchat Sales Representative since 2018.

Our services are empowered by our proprietary ad optimisation and management platform — AdTensor. AdTensor utilises AI technology to conduct ad optimisation and management automatically, intelligently and in real time. Our big data and AI capabilities enable us to achieve advertising targets for our advertisers by delivering appropriate ad content to the ad inventories where they are most likely to be converted, and at the same time maximising the monetisation potential of our media publishers.

AdTensor forms an integral part of our mobile advertising services, offering optimisers a comprehensive analysis in respect of our key operating indicators. The following table sets forth the selected operation indicators of our online advertising business for the periods indicated:

	For the six months ended 30 June	
	2020	2019
Number of impressions (millions) ⁽¹⁾		
— CPA pricing model	6,462	4,744
— CPC/CPM pricing model	42,904	8,270
— Total	49,366	13,014
Click-throughs (millions) ⁽²⁾		
— CPA pricing model	126.0	87.5
— CPC/CPM pricing model	471.0	89.4
— Total	597.0	176.9
Number of installations (millions) ⁽³⁾	48.0	41.3
Installation rate (%) ⁽⁴⁾	38.1	36.9

Notes:

- (1) Impressions are the total number of views of our ads for the periods indicated.
- (2) Click-throughs are the total number of clicks on our ads after users view our ads for the periods indicated.
- (3) Installations are the total number of installations as a result of our ads applicable only under the CPA pricing model for the periods indicated.
- (4) Installation rate represents the ratio of the total number of installations to the total number of click-throughs applicable only under the CPA pricing model for the periods indicated.

Management Discussion and Analysis

We have accumulated a diverse base of advertisers from various industries, including utility and content app developers, as well as companies in e-commerce, media, tourism, finance, games, education, medical and film industries. The number of our advertisers reached 317 as at 30 June 2020 (as at 31 December 2019: 273).

We have strategically focused on covering top media publishers, including Facebook, Google, Snapchat, Twitter and Yahoo. We help matching our media publishers' available ad inventories to appropriate ad campaigns that maximise their monetisation potential. Our number of media publishers from whom we purchase ad inventories reached 16 for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 15). We plan to expand our media publisher base to include a combination of top, medium- and long-tail media publishers in the future, especially those medium- and long-tail media publishers that have global presence and large operations in certain countries or regions.

Driven by the demands from advertisers and media publishers and the growing competition in the online advertising industry, our R&D team focuses on improving our ad formats and ad creatives as well as supporting the development and maintenance of AdTensor. We plan to strengthen our R&D capabilities in big data and AI technology as well as to recruit a team of seasoned AI experts to support the functioning of various new and enhanced IT systems and strengthen our AI and technology capabilities.

For the six months ended 30 June 2020, the outbreak of the COVID-19 did not have any material adverse impact on our business and results of operations which primarily focus on online activities. We recorded significant increase of 6,377.8% in revenue generated from education industry from RMB0.3 million for the six months ended 30 June 2019 to RMB17.8 million for the six months ended 30 June 2020, mainly reflected the increased need for online education as many schools were closed as a result of the quarantine measures under the outbreak of COVID-19. We also recorded significant increase in revenue generated from other industries such as e-commerce for the six months ended 30 June 2020 comparing to the same period in 2019 as the users began to change their spending habits from offline to online. Shortly after the outbreak of COVID-19, as our advertisers base cover a wide range of industry types, we have quickly switched our sales focus to advertisers in the more vigorous industries.

FINANCIAL REVIEW

Six Months Ended 30 June 2020 Compared to Six Months Ended 30 June 2019

Revenue

During the Reporting Period, we generated all of our revenue from the provision of online advertising services.

The following table sets forth the breakdown of revenue by CPA and CPC/CPM pricing models for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Revenue				
CPA pricing model				
— specified action revenue	104,944	85.3	44,439	64.8
CPC/CPM pricing model				
— specified action revenue	255	0.2	870	1.3
— agreed rebates	17,769	14.5	23,304	33.9
— Sub-total	18,024	14.7	24,174	35.2
Total	122,968	100.0	68,613	100.0

The following table sets forth a breakdown of our revenue by advertisement types and their respective percentages of our total revenue for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Utility and content app developers	60,771	49.4	40,072	58.4
E-commerce	37,438	30.4	19,854	28.9
Education	17,814	14.5	275	0.4
Tourism	4,094	3.3	4,332	6.3
Finance	2,259	1.8	3,097	4.5
Others ^{Note}	592	0.6	983	1.5
Total	122,968	100.0	68,613	100.0

Note: Others primarily include advertisements in the games, media, medical and film industries.

Management Discussion and Analysis

Our total revenue increased by RMB54.4 million, or 79.2%, from RMB68.6 million for the six months ended 30 June 2019 to RMB123.0 million for the six months ended 30 June 2020, which primarily reflected an increase of RMB60.5 million in revenue from CPA pricing model mainly attributable to (i) the increased experience of our ad placement personnel and the improvement of our AdTensor offerings which enable enhanced optimisation and real time adjustment and execution of ad placement strategies; and (ii) the opportunities leveraged from the “Home economy” as a result of COVID-19 outbreak (such as online education, domestic consumption and healthcare consumption) which provide synergy with our technology and enable us to acquire effective users at lower cost with less time. The increase in revenue was partially offset by a decrease of RMB6.2 million in revenue from CPC/CPM pricing model mainly attributable to less sales focus to advertisers with the increased risk of bad debts for our advertisers in the finance industry as a result of COVID-19 outbreak.

Cost of Sales

Our cost of sales primarily consists of (i) traffic acquisition costs we paid to media publishers who provide us with ad inventories either directly or through their resellers; (ii) expenses for external optimisers and designers for designing ad content and optimising our ad placements; (iii) salaries and benefits for internal optimisers and designers; and (iv) server costs.

The following table sets forth a breakdown of our cost of sales, including the breakdown of the traffic acquisition costs recognised in the cost of sales which only relate to the CPA pricing model, as well as the breakdown of the traffic acquisition costs by major media publishers, for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Cost of Sales				
Traffic acquisition costs ^{Note}				
Google	35,113	41.7	6,722	16.3
Facebook	29,587	35.2	28,570	69.2
TikTok	590	0.7	115	0.2
Snapchat	5	—	4	—
Others	13,228	15.7	—	—
Sub total	78,523	93.3	35,411	85.7
Expenses for external optimisers and designers	2,838	3.4	3,939	9.5
Salaries and benefits for internal optimisers and designers	2,692	3.2	1,926	4.7
Server costs	52	0.1	23	0.1
Total	84,105	100.0	41,299	100.0

Note: Traffic acquisition costs only incurred by and related to the CPA pricing model.

Our total cost of sales increased by RMB42.8 million, or 103.6%, from RMB41.3 million for the six months ended 30 June 2019 to RMB84.1 million for the six months ended 30 June 2020, which primarily reflected (i) an increase of 121.7% in traffic acquisition cost of RMB43.1 million resulting from the increased purchase of ad inventory to accommodate the increased ad offers under CPA pricing model; and (ii) an increase in salaries and benefits for internal optimisers and designers as a result of the increase in performance-based bonus paid to our optimisers and designers, which is generally in line with the growth of our business. The increase was partially offset by an RMB1.1 million decrease in expenses for external optimisers and designers with the decreased demand in our needs for external optimisers as we shifted a larger portion of our ad optimisation and design work to internal resources.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit as a percentage of our revenue.

Our gross profit margin for charging advertisers using the CPC/CPM pricing model is higher than our gross profit margin for charging advertisers using the CPA pricing model as we recognise revenue generated from utilising the CPC/CPM pricing model on a net basis. The following table sets forth a breakdown of our gross profit and gross profit margin of CPA pricing model and CPC/CPM pricing model for the periods indicated:

	For the six months ended 30 June	
	2020 RMB'000/ (Unaudited)	2019 RMB'000/ (Unaudited)
CPA pricing model		
Revenue	104,944	44,439
Cost of sales	(82,798)	(39,225)
Gross profit	22,146	5,214
Gross profit margin	21.1%	11.7%
CPC/CPM pricing model		
Revenue	18,024	24,174
Cost of sales	(1,307)	(2,074)
Gross profit	16,717	22,100
Gross profit margin	92.7%	91.4%
Total revenue	122,968	68,613
Total cost of sales	(84,105)	(41,299)
Total gross profit	38,863	27,314
Total gross profit margin	31.6%	39.8%

Management Discussion and Analysis

Our total gross profit increased by RMB11.5 million, or 42.3%, from RMB27.3 million for the six months ended 30 June 2019 to RMB38.9 million for the six months ended 30 June 2020, which was broadly in line with our revenue growth. Our gross profit margin under the CPA pricing model and CPC/CPM pricing model increased from 11.7% and 91.4%, respectively for the six months ended 30 June 2019 to 21.1% and 92.7%, respectively for the six months ended 30 June 2020, primarily due to the improved ad placement efficiency and accuracy of our AdTensor which increased the rebate received from our media platforms. However, our overall gross profit margin decreased from 39.8% for the six months ended 30 June 2019 to 31.6% for the six months ended 30 June 2020, primarily result from the recognition of the revenue of the CPC/CPM pricing model on net basis and a higher gross profit margin compared to the gross profit margin of the CPA pricing model while the gross profit of the CPC/CPM pricing model as a percentage of our total gross profit for the six months ended 30 June 2020 was lower comparing to the six months ended 30 June 2019.

Other Income and Gains

Our other income and gains primarily consist of (i) our other advertising income comprising sponsorship fees received from media publishers for our marketing services at joint promotion events; (ii) our bank interest income; and (iii) foreign exchange gains.

The following table sets forth a breakdown of our total other income and gains for the periods indicated:

	For the six months ended 30 June	
	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Other Income and Gains		
Other advertising income	65	237
Bank interest income	42	198
Foreign exchange gains	124	64
Others	56	45
Total	287	544

Our other income and gains decreased by approximately RMB0.3 million, or 47.2%, from approximately RMB0.5 million for the six months ended 30 June 2019 to approximately RMB0.3 million for the six months ended 30 June 2020, primarily due to (i) a decrease of RMB0.2 million in other advertising income as a result of the cancelation of joint promotion events following the outbreak of COVID-19; and (ii) a decrease of RMB0.2 million in bank interest income; partially offset by an increase of RMB0.1 million in foreign exchange gains resulting from the appreciation of the RMB against the USD for the six months ended 30 June 2020 compared to the same period in 2019.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of: (i) salaries and benefits for our sales and marketing team; (ii) bonus payments, which primarily consist of bonus payments to our sales and marketing staff based on job performance; and (iii) other selling and distribution expenses, which primarily consist of award application fees and other expenses that are directly related to our marketing and promotion activities.

The following table sets forth a breakdown of our selling and distribution expenses, by amount and as a percentage of our total selling and distribution expenses, for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Selling and Distribution Expenses				
Bonus payments	2,148	83.0	1,785	64.6
Salaries and benefits	441	17.0	866	31.3
Others	1	0	112	4.1
Total	2,590	100.0	2,763	100.0

Our selling and distribution expenses decreased by RMB0.2 million, or 6.3%, from RMB2.8 million for the six months ended 30 June 2019 to RMB2.6 million for the six months ended 30 June 2020, primarily as a result of (i) a decrease of RMB0.4 million in salaries and benefits paid to our sales and marketing personnel; and (ii) a decrease of RMB0.1 million in other selling and distribution expense due to the cancelation of joint promotion events due to COVID-19. As a percentage of our revenue, our selling and distribution expenses decreased from 4.0% for the six months ended 30 June 2019 to 2.1% for the six months ended 30 June 2020.

Administrative Expenses

Our administrative expenses primarily consist of: (i) Listing expenses in preparation for the Listing; (ii) employee salaries and benefits, which primarily consist of salaries and benefits for our management, finance and administration teams; (iii) depreciation of right-of-use assets in relation to our leased property; (iv) consultancy fees, which primarily consist of service fees we paid to third party professionals for general operational matters such as recruitment agent fees, trademark registration fees and translations fees; (v) impairment of trade receivables, which primarily consist of the provisions we made for certain past due trade receivables; (vi) lease expenses and utilities for our office; (vii) depreciation and amortisation expenses in relation to our fixed assets comprising mainly computers and equipment; and (viii) other administrative expenses, which primarily consist of travel expenses, office expenses and other miscellaneous expenses.

Management Discussion and Analysis

The following table sets forth a breakdown of our administrative expenses, by amount and as a percentage of our total administrative expenses, for the periods indicated:

	For the six months ended 30 June			
	2020		2019	
	RMB'000 (Unaudited)	%	RMB'000 (Unaudited)	%
Administrative Expenses				
Listing expenses	4,485	39.0	6,616	63.4
Impairment of trade receivables	2,779	24.2	325	3.1
Salaries and benefits	2,154	18.7	2,786	26.7
Consultancy fees	1,308	11.4	54	0.5
Depreciation of right-of-use assets	477	4.2	438	4.2
Depreciation and amortisation expenses	105	0.9	44	0.4
Others	179	1.6	180	1.7
Total	11,487	100	10,443	100

Our administrative expenses increased by RMB1.0 million, or 10.0%, from RMB10.4 million for the six months ended 30 June 2019 to RMB11.5 million for the six months ended 30 June 2020, primarily as a result of (i) an increase of RMB1.3 million in consultancy fees primarily relating to the external auditor's fee for reviewing the interim results and the IT consultancy fees for IT system upgrade and trademarks and copy rights registration; and (ii) an increase of RMB2.5 million in impairment of trade receivables mainly because the recoverability of trade receivables was impaired based on the expected credit loss model. The increase was partially offset by (i) a decrease of RMB2.1 million in Listing expenses; and (ii) a decrease of RMB0.6 million in salaries and benefits paid to our administrative personnel.

Other Expenses

Our other expenses primarily consist of bank service charges. Our other expenses increased by RMB2,000, or 15.4%, from RMB13,000 for the six months ended 30 June 2019 to RMB15,000 for the six months ended 30 June 2020, primarily due to certain of our advertisers changed their settlement method from PayPal to bank transfer which led to an increase in our bank administration fees.

Finance Costs

Our finance costs consist of interest expenses associated with our lease liabilities under HKFRS 16. Our finance costs decreased by RMB20,000, or 71.4%, from RMB28,000 for the six months ended 30 June 2019 to RMB8,000 for the six months ended 30 June 2020, primarily due to the decrease in amortised cost of lease liabilities.

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred tax. We are subject to various rates of income tax under different jurisdictions. The following table sets forth the breakdown of our income tax expenses for the periods indicated:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Income Tax Expenses		
Current income tax — Hong Kong	1,285	850
Current income tax — Mainland China	708	2,440
Deferred income tax	(219)	(51)
Total	1,774	3,239

Our income tax expenses decreased by RMB1.5 million, or 45.2%, from RMB3.2 million for the six months ended 30 June 2019 to RMB1.8 million for the six months ended 30 June 2020. Our effective income tax rate, calculated as income tax expenses divided by profit before tax, decreased from 22.2% for the six months ended 30 June 2019 to 7.1% for the six months ended 30 June 2020. The decrease of our effective income tax rate was primarily because the preferential Corporate Income Tax (“CIT”) and refund of CIT payment made in prior year. According to the MOF/STA PN 2019 No. 68 jointly released by the Ministry of Finance (“MOF”) and State Taxation Administration (“STA”), Beijing AdTiger was entitled to preferential income tax rate of 12.5%.

Profit for the Period

Our profit for the period increased by RMB11.9 million, or 104.7%, from RMB11.4 million for the six months ended 30 June 2019 to RMB23.3 million for the six months ended 30 June 2020.

Non-HKFRS Measure

To supplement our condensed consolidated financial statements, which are presented in accordance with the HKFRS, we also adopt a non-HKFRS measure for the Reporting Period as an additional financial measure, which is not required by, or presented in accordance with, the HKFRS. We believe that such non-HKFRS measure facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of the one-off Listing expenses that our management do not consider to be indicative of our operating performance. We believe that such measure provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as it helps our management.

Management Discussion and Analysis

The table below sets forth our profit and normalised profit, which is adjusted by adding back the one-off Listing expenses, for the period indicated:

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Unaudited)
Profit for the period	23,276	11,372
Added:		
Listing expenses	4,485	6,616
Non-HKFRS Measure		
Adjusted profit for the period <i>(Note)</i>	27,761	17,988

Note: Adjusted profit for the period is defined as profit for the period excluding the one-off Listing expenses.

Employees and Remuneration Policies

The following table sets forth a breakdown of our employees by functions as of the date indicated:

	As of 30 June		As of 31 December	
	2020		2019	
	Number of Employees	% of Total	Number of Employees	% of Total
Optimisers and Designers	21	53.0	23	47.9
Sales and Marketing	8	20.0	11	22.9
Operations	4	10.0	5	10.4
Finance and Administration	6	15.0	7	14.6
IT and R&D	1	2.0	2	4.2
Total	40	100.0	48	100.0

We provide our employees with competitive salaries and bonuses determined by performance, housing subsidies, regular team building activities, off sites and internal trainings and opportunities of advancement. The Group's total staff costs (including Directors' emolument, salaries, bonus, social insurance and provident funds) amounted to approximately RMB7.4 million for the six months ended 30 June 2020 (for the six months ended 30 June 2019: approximately RMB7.1 million). As required by PRC laws and regulations, we have made contributions to the various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, maternity leave insurance and occupational injury. In addition, competitive salaries and bonuses determined by performance, housing subsidies, regular team building activities, off sites, internal trainings and opportunities of advancement are provided to our employees. Furthermore, we also provide our employees with housing fund as well as offer them a body check every year.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualification, position, experience, performance and time commitment. They receive compensation in the form of salaries, bonuses, pension right and benefits-in-kind, including the Company's contribution to their retirement benefit schemes on their behalf.

On the Listing Date, the Post-IPO Share Option Scheme became effective. Please refer to “Statutory and General Information — D. Post-IPO Share Option Scheme” in Appendix IV to the Prospectus for further information. As of the date of this report, we have not granted any option pursuant to the Post-IPO Share Option Scheme.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2020 (as at 31 December 2019: nil).

Liquidity and Capital Resources

During the Reporting Period, the Group continued to maintain a healthy and solid liquidity position by adopting a prudent financial management approach on its financing and treasury policies and we have funded our cash requirements principally from cash generated from our operating activities. As of 30 June 2020, cash and cash equivalents increased by RMB38.5 million from RMB171.6 million as of 31 December 2019 to RMB210.1 million. The increase was primarily resulted from our strengthened control over management of credit terms and enhanced collection of trade receivables.

As at 30 June 2020, the Group’s cash and cash equivalents were mainly held in USD and RMB.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

As the Shares were listed on the Stock Exchange on the Listing Date, there were no significant investments held by the Company nor any material acquisitions or disposals of subsidiaries, associates and joint ventures from the Listing Date up to the date of this report.

Capital Commitments

As at 30 June 2020, the Group did not have any capital commitments (as at 31 December 2019: nil).

Charge on the Group’s Assets

As at 30 June 2020, none of the Group’s assets were charged with any parties or financial institutions (as at 31 December 2019: nil).

Future Plan for Material Investment and Capital Assets

Save as disclosed in the Prospectus and in the section headed “Use of Proceeds”, there was no other plans for material investments and capital assets as at the date of this report.

Management Discussion and Analysis

Top Customers

Our top five customers accounted for 79.8% and 76.4% of our revenue for the six months ended 30 June 2020 and 2019, respectively, on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers. Our largest customer accounted for 30.0% and 33.4% of our revenue for the six months ended 30 June 2020 and 2019, respectively, on the basis that the net rebates (rebates we receive from the media publishers minus rebates return to advertisers (if any)) under the CPC/CPM pricing model were to be treated as revenue attributable to the corresponding advertisers.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of our subsidiary, had any interest in any of our top five customers during the Reporting Period.

Top Suppliers

Our top five suppliers accounted for 90.3% and 79.6% of our total costs of sales for the six months ended 30 June 2020 and 2019, respectively. Our largest supplier accounted for 31.0% and 49.0% of our total costs of sales for the six months ended 30 June 2020 and 2019, respectively.

To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of our subsidiary, had any interest in any of our top five suppliers during the Reporting Period.

Cash Flows

The following table is a condensed summary of our condensed consolidated statements of cash flows and analysis of balances of cash and cash equivalents for the periods indicated:

	For the six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Net cash flows from operating activities	38,049	68,378
Net cash flows used in investing activities	—	(44)
Net cash flows used in financing activities	(487)	(6,715)
Net increase in cash and cash equivalents	37,562	61,619
Cash and cash equivalent at the beginning of the period	171,639	151,040
Cash and cash equivalent at the end of the period	210,144	213,553

Cash flows generated from operating activities

For the six months ended 30 June 2020, our net cash used in operating activities was RMB38.0 million, consisting of profit before tax of RMB25.1 million, as adjusted by (i) the add-back of non-cash items, comprising financial costs of RMB8,000, impairment of trade receivables and other receivables of RMB2.8 million, depreciation of right-of-use assets of RMB0.5 million and depreciation of items of property, plant and equipment of RMB50,000; (ii) positive net working capital adjustment of RMB9.7 million; and (iii) income tax paid of RMB7.8 million. Our positive net working capital adjustment primarily consisted of (i) a decrease of RMB41.8 million in trade receivables primarily resulting from our strengthened control over management of credit terms and enhanced collection of trade receivables; and (ii) an RMB8.9 million increase in other payables and accruals primarily resulting from increased prepayments by advertisers and unpaid employee compensation; partially offset by an RMB32.9 million decrease in trade payables primarily due to our settlement of traffic acquisition costs payable to media publishers using cash in hand.

For the six months ended 30 June 2019, our net cash generated from operating activities was RMB68.4 million, consisting of profit before tax of RMB14.6 million, as adjusted by (i) the add-back of non-cash items, comprising finance costs of RMB28,000, impairment of trade receivables and other receivables of RMB0.3 million, depreciation of right-of-use assets of RMB0.4 million and depreciation of items of property, plant and equipment of RMB44,000; (ii) positive net working capital adjustment of RMB56.8 million; and (iii) income tax paid of RMB3.9 million. Our positive net working capital adjustment primarily consisted of an RMB85.6 million increase in trade payables primarily resulting from increased purchases of ad inventories associated with our business expansion and better credit terms granted by our media publishers, partially offset by (i) an RMB16.9 million increase in prepayments, deposits and other receivables primarily due to an increase in our other receivables resulting from increased balances of approximately US\$2.2 million in our PayPal account and the capitalisation of RMB2.1 million Listing expenses; (ii) an RMB9.0 million decrease in other payables and accruals primarily due to decreased prepayments from advertisers resulting from our extension of credit terms to certain advertisers who previously used prepayments; and (iii) an RMB2.8 million increase in trade receivables primarily due to business expansion and our extension of credit terms to certain customers.

Cash flows used in investing activities

For the six months ended 30 June 2020, we did not record any cash flows generated from or used in investing activities.

For the six months ended 30 June 2019, our net cash used in investing activities was RMB44,000, which was primarily related to purchases of computers and equipment.

Cash flows used in financing activities

For the six months ended 30 June 2020, our net cash used in financing activities was RMB0.5 million, primarily as a result of payment of lease liabilities.

For the six months ended 30 June 2019, our net cash used in financing activities was RMB6.7 million, primarily as a result of an RMB6.0 million in dividends paid and an RMB0.7 million in payment of lease liabilities.

Financial position

Our net current assets increased from RMB56.5 million as of 31 December 2019 to RMB80.9 million as of 30 June 2020. Our current assets decreased from RMB320.4 million as of 31 December 2019 to RMB314.6 million as of 30 June 2020, primarily due to a decrease of RMB44.2 million in trade receivables as a result of our strengthened control over management of credit terms and enhanced collection of trade receivables; partially offset by an increase of RMB38.5 million in cash and cash equivalents primarily due to our strengthened control over management of credit terms and enhanced collection of trade receivables. Our current liabilities decreased from RMB263.9 million as of 31 December 2019 to RMB233.6 million as of 30 June 2020, primarily due to (i) a decrease of RMB32.9 million in trade payables mainly due to our settlement of traffic acquisition costs payable to media publishers using cash in hand; (ii) a decrease of RMB5.7 million in tax payable mainly due to tax payments for the six months ended 30 June 2020; and (iii) a decrease of RMB0.5 million in lease liabilities mainly due to the lease payments; partially offset by an increase of RMB8.9 million in other payables and accruals mainly due to increased prepayments by advertisers and unpaid employee compensation.

Significant change in accounting policy

We have adopted the following revised HKFRSs for the first time for the Reporting Period:

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

As a result of adopting the Amendments to HKFRS 16, a reduction in the lease payments arising from the rent concessions of approximately RMB16,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the six months ended 30 June 2020.

Indebtedness

As of 30 June 2020, we did not apply or obtain any banking facilities, there was no unutilised banking facilities and we did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, loans, liabilities under acceptance or acceptance credits, or other similar indebtedness, leasing and financial leasing commitments, hire purchase commitments, guarantees or other material contingent liabilities.

As at 30 June 2020, our total lease liabilities were RMB66,000 (as of 31 December 2019: RMB553,000).

Certain Financial Ratio

The following table sets forth certain financial ratio as of the balance sheet dates indicated:

	As of 30 June 2020	As of 31 December 2019
Return on equity ⁽¹⁾	67.9%⁽⁷⁾⁽⁸⁾	60.1% ⁽⁷⁾
Return on total assets ⁽²⁾	17.6%⁽⁷⁾⁽⁸⁾	10.8% ⁽⁷⁾
Current ratio ⁽³⁾	1.3	1.2
Gearing ratio ⁽⁴⁾	—	—
	For the six months ended 30 June	
	2020	2019
Gross profit margin ⁽⁵⁾	31.6%	39.8%
Adjusted net profit margin ⁽⁶⁾	22.6%⁽⁷⁾	26.2% ⁽⁷⁾

Notes:

- (1) Return on equity ratio is profit for the period/year as a percentage of total equity as of period-end/year-end and multiplied by 100%.
- (2) Return on total assets ratio is profit for the period/year as a percentage of total assets as of period-end/year-end and multiplied by 100%.
- (3) Current ratio is total current assets as of period-end/year-end as a percentage of total current liabilities as of period-end/year-end.
- (4) Gearing ratio is total interest-bearing bank borrowings as of period-end/year-end as a percentage of total assets as of period-end/year-end. As of 30 June 2020 and 31 December 2019, we did not have any interest-bearing bank borrowings.
- (5) Gross profit margin is gross profit for the period as a percentage of revenue.
- (6) Adjusted net profit margin is profit for the period as a percentage of revenue.
- (7) Based on adjusted profit for the period which is a non-HKFRS measure and is calculated by excluding the effect of one-off Listing expenses.
- (8) Calculated on an annualised basis by multiplying the profit for the six months ended 30 June 2020 by two.

Management Discussion and Analysis

Financial Risks

We are exposed to various types of financial and market risks, including foreign currency risk, credit risk and liquidity risk. The Board reviewed and agreed on financial management policies and practices for managing each of these risks.

Foreign currency risk

We mainly operate in Mainland China with most of our monetary assets, liabilities and transactions principally denominated in RMB and USD. We are exposed to foreign currency risk arising from fluctuations in exchange rates between RMB, USD and other currencies in which we conduct our business. We are subject to foreign currency risk attributable to our trade payables and bank balances denominated in currencies other than RMB and USD. We did not use any derivative financial instruments to hedge our foreign currency risk during the Reporting Period.

Credit risk

Credit risk arises mainly from the risk that counterparties may default on the terms of their agreements. The carrying amounts of our other financial assets, which comprises cash and cash balances, deposits, amounts due from related parties and other receivables represent our maximum exposure to credit risk in relation to these instruments.

We have established policies to evaluate credit risk when accepting new business and to limit our credit exposure to individual customers. We only trade with recognised and creditworthy third parties and retail customers. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, we monitor receivable balances on an on-going basis and our exposure to bad debts is insignificant. Our Directors consider that we did not have a significant concentration of credit risk as of 30 June 2020. As we only trade with recognised and creditworthy third parties and retail customers, we do not require collateral from our customers.

Liquidity risk

We aim to maintain sufficient cash and credit lines to meet our liquidity requirements. We monitor risks of funding shortage using a recurring liquidity planning tool, which takes into consideration the maturity of our financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the board of directors of Adtiger Corporations Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 22 to 39, which comprises the condensed consolidated statement of financial position of Adtiger Corporations Limited (the “**Company**”) and its subsidiaries as at 30 June 2020 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing 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 Hong Kong Accounting Standard 34 Interim Financial Reporting (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Hong Kong Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the HKICPA. 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 Hong Kong 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 is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2020

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Notes	Six months ended 30 June	
		2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Revenue	4	122,968	68,613
Cost of sales		(84,105)	(41,299)
Gross profit		38,863	27,314
Other income and gains	4	287	544
Selling and distribution expenses		(2,590)	(2,763)
Administrative expenses		(11,487)	(10,443)
Other expenses		(15)	(13)
Finance costs		(8)	(28)
Profit before tax	5	25,050	14,611
Income tax expense	6	(1,774)	(3,239)
Profit for the period		23,276	11,372
Attributable to:			
Owners of the parent		23,276	9,341
Non-controlling interests		—	2,031
		23,276	11,372
Earnings per share attributable to owners of the parent			
Basic and diluted (RMB)	8	0.05	0.02

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 <i>(RMB'000)</i> (Unaudited)	2019 <i>(RMB'000)</i> (Unaudited)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	824	127
Total comprehensive income for the period	24,100	11,499
Attributable to:		
Owners of the parent	24,100	9,447
Non-controlling interests	—	2,052
	24,100	11,499

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 (RMB'000) (Unaudited)	31 December 2019 (RMB'000) (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		117	167
Right-of-use assets		64	541
Deferred tax assets		623	402
Total non-current assets		804	1,110
CURRENT ASSETS			
Trade receivables	9	96,481	140,660
Prepayments, deposits and other receivables		7,939	8,100
Cash and cash equivalents		210,144	171,639
Total current assets		314,564	320,399
CURRENT LIABILITIES			
Trade payables	10	197,461	230,389
Other payables and accruals		24,909	15,995
Tax payable		11,192	16,932
Lease liabilities		66	553
Total current liabilities		233,628	263,869
NET CURRENT ASSETS		80,936	56,530
TOTAL ASSETS LESS CURRENT LIABILITIES		81,740	57,640
Net assets		81,740	57,640
EQUITY			
Equity attributable to owners of the parent			
Share capital	11	679	679
Reserves		81,061	56,961
Total equity		81,740	57,640

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital (RMB'000) (Unaudited)	Share premium (RMB'000) (Unaudited)	Merger reserve (RMB'000) (Unaudited)	Capital reserve (RMB'000) (Unaudited)	Exchange fluctuation reserve (RMB'000) (Unaudited)	Statutory surplus reserve (RMB'000) (Unaudited)	Retained profits (RMB'000) (Unaudited)	Total (RMB'000) (Unaudited)	Non-controlling interests (RMB'000) (Unaudited)	Total equity (RMB'000) (Unaudited)
As at 31 December 2019 and 1 January 2020	679	38,865	2,500	466	699	3,688	10,743	57,640	—	57,640
Profit for the period	—	—	—	—	—	—	23,276	23,276	—	23,276
Other comprehensive income for the period:	—	—	—	—	824	—	—	824	—	824
Total comprehensive income for the period	—	—	—	—	824	—	23,276	24,100	—	24,100
Appropriations to statutory surplus reserve	—	—	—	—	—	1,761	(1,761)	—	—	—
At 30 June 2020 (unaudited)	679	38,865*	2,500*	466*	1,523*	5,449*	32,258*	81,740	—	81,740

	Share capital (RMB'000) (Unaudited)	Share premium (RMB'000) (Unaudited)	Merger reserve (RMB'000) (Unaudited)	Capital reserve (RMB'000) (Unaudited)	Exchange fluctuation reserve (RMB'000) (Unaudited)	Statutory surplus reserve (RMB'000) (Unaudited)	Retained profits (RMB'000) (Unaudited)	Total (RMB'000) (Unaudited)	Non-controlling interests (RMB'000) (Unaudited)	Total equity (RMB'000) (Unaudited)
As at 31 December 2018 and 1 January 2019	—	—	—	—	646	2,704	28,754	32,104	914	33,018
Profit for the period	—	—	—	—	—	—	9,341	9,341	2,031	11,372
Other comprehensive income for the period:	—	—	—	—	106	—	—	106	21	127
Total comprehensive income for the period	—	—	—	—	106	—	9,341	9,447	2,052	11,499
Acquisition of non-controlling interests	86	2,414	—	466	—	—	—	2,966	(2,966)	—
Deemed distribution	—	—	—	—	—	—	(37,044)	(37,044)	—	(37,044)
Appropriations to statutory surplus reserve	—	—	—	—	—	607	(607)	—	—	—
At 30 June 2019 (unaudited)	86	2,414*	—*	466*	752*	3,311*	444*	7,473	—	7,473

* These reserve accounts comprise the consolidated reserves of RMB81,061,000 (six months ended 30 June 2019: RMB7,387,000) in the interim condensed consolidated statement of financial position as at 30 June 2020.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax:	25,050	14,611
Adjustments for:		
Finance costs	8	28
Impairment of trade receivables and other receivables	2,779	325
Depreciation of right-of-use assets	477	438
Depreciation of items of property, plant and equipment	50	44
	28,364	15,446
Decrease/(increase) in trade receivables	41,814	(2,760)
Decrease/(increase) in prepayments, deposits and other receivables	156	(16,921)
Increase in long-term receivables	—	(157)
(Increase)/decrease in amounts due from related parties	(430)	86
(Decrease)/increase in trade payables	(32,928)	85,559
Increase/(decrease) in other payables and accruals	8,912	(8,982)
	45,888	72,271
Cash generated from operations	(7,839)	(3,893)
Income tax paid		
Net cash flows from operating activities	38,049	68,378
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	—	(44)
Net cash flows used in investing activities	—	(44)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to the then shareholders	—	(5,971)
Payment of principal portion of lease liabilities	(487)	(744)
Net cash flows used in financing activities	(487)	(6,715)
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,562	61,619
Cash and cash equivalents at beginning of period	171,639	151,040
Effect of foreign exchange rate changes, net	943	894
CASH AND CASH EQUIVALENTS AT END OF PERIOD	210,144	213,553
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statements of cash flows and the consolidated statements of financial position	210,144	213,553

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2020

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 1 February 2019. The registered office address of the Company is 4th Floor, Harbour Place, 103 South Church Street, George Town, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. During the period, the Company's subsidiaries were engaged in the business of providing online advertising services in the People's Republic of China (the "PRC" or "China") and internationally.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2019.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

For the six months ended 30 June 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

- (b) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address the effects of interbank offered rate reform on financial reporting. The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (c) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted.

During the period ended 30 June 2020, certain monthly lease payments for the leases of the Group's office have been reduced or waived by the lessors as a result of the covid-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the period ended 30 June 2020. Accordingly, a reduction in the lease payments arising from the rent concessions of approximately RMB16,000 has been accounted for as a variable lease payment by derecognizing part of the lease liabilities and crediting to profit or loss for the period ended 30 June 2020.

- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. The amendments did not have any impact on the Group's interim condensed consolidated financial information.

For the six months ended 30 June 2020

3. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during the period, and the Group's total assets as at the end of the period were derived from one single operating segment, i.e., provision of online advertising services.

Geographical information

The following table sets out information about the geographical location of the Group's revenue from external customers based on the country/jurisdiction where external customer is registered.

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Singapore	54,268	8,485
Hong Kong	40,760	52,438
Mainland China	26,895	4,894
Others	1,045	2,796
Total	122,968	68,613

The Group's non-current assets are substantially located in Mainland China, and accordingly, no further analysis by geographical segment of non-current assets is presented.

Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue during the period is set out below:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Customer A	36,860	N/A*
Customer B	25,323	N/A*
Customer C	17,791	N/A*
Customer D	13,648	N/A*
Customer E	N/A*	22,890
Customer F	N/A*	10,595
Customer G	N/A*	10,148

* Less than 10% of the Group's total revenue.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

4. REVENUE, OTHER INCOME AND GAINS

Revenue mainly represents revenue from the provision of online advertising services during the period.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
<i>Revenue from contracts with customers</i>		
Specified action revenue (where the Group acts as the principal)	105,199	45,309
— comprehensive user acquisition services under CPA pricing model	104,944	44,439
— service for opening and/or topping-up advertisers' accounts under CPC/CPM pricing model	255	870
Agreed rebates under CPC/CPM pricing model (where the Group acts as the agent)	17,769	23,304
	122,968	68,613
<i>Other income and gains</i>		
Others	287	544

The Group derives revenue at a point in time in the following category of revenue:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
<i>Timing of revenue recognition</i>		
Point in time		
Online advertising services	122,968	68,613

For the six months ended 30 June 2020

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Cost of services rendered (excluding those included in employee benefit expense)	81,413	39,373
Bank interest income	(43)	(198)
Depreciation of items of property, plant and equipment	50	44
Depreciation of right-of-use assets	477	438
Impairment of trade receivables and other receivables	2,779	325
Lease expenses arising from short-term leases*	—	123
Listing expenses	4,485	6,616
Auditor's remuneration	300	147
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	7,031	6,235
Pension scheme contributions	404	828

* The Group applies the available practical expedients of HKFRS 16 wherein it applies the short-term lease exemptions to leases with a lease term that ends within 12 months from the lease commencement date. Lease expenses arising from short-term leases are related to leases with a lease term that ends within 12 months.

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period, unless such profits are taxable at the half-rate of 8.25% that may apply for the first HK\$2 million of assessable profits for years of assessment beginning on or after 1 April 2018.

Pursuant to the PRC Corporate Income Tax Law ("**CIT Law**"), the CIT rate for domestic enterprises and foreign invested enterprises is 25%. According to the MOF/STA PN 2019 No. 68 — "Announcement on the Enterprise Income Tax Policy for Integrated Circuit Design and Software Enterprises" — jointly released by the Ministry of Finance ("**MOF**") and State Taxation Administration ("**STA**"), Beijing AdTiger was awarded as a qualified software enterprise and entitled to preferential income tax rate of 12.5%.

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

6. INCOME TAX (Continued)

The major components of income tax expense of the Group are as follows:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Current income tax — Hong Kong	1,285	850
Current income tax — Mainland China	708	2,440
Deferred income tax	(219)	(51)
Total tax charge for the period	1,774	3,239

A reconciliation of the tax expense applicable to profit before tax at the statutory rate applicable in Mainland China to the tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Profit before tax	25,050	14,611
Tax calculated at a tax rate of 25% (2019: 25%)	6,263	3,653
Refund of CIT payment made in prior year*	(1,903)	—
Effect of different tax rates available to different subsidiaries of the Group	(2,859)	(563)
Expenses not deductible for tax purposes	273	149
	1,774	3,239

* Pursuant to MOF/STA PN 2019 No. 68 jointly released by the MOF and STA on 17 May 2019, Beijing AdTiger made application in May 2020 and was then approved by the local tax authorities to be entitled to preferential income tax rate of 12.5% for the year ended 31 December 2019.

For the six months ended 30 June 2020

6. INCOME TAX (Continued)

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividend declared to foreign investors from 1 January 2008 and applies to earnings generated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. The applicable tax rate of the Group is 10%. At the end of the period, deferred tax has not been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such retained earnings in the foreseeable future as the Group will retain the funding for the development in Mainland China. The aggregate amount of temporary differences associated with investments in subsidiary in Mainland China for which deferred tax liabilities have not been recognised at 30 June 2020 and 31 December 2019 amounted to RMB53,779,000 and RMB35,704,000, respectively. There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

7. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the six months ended 30 June 2020 is based on the profit attributable to ordinary equity holders of the parent of RMB23,276,000 (six months ended 30 June 2019: RMB9,341,000), and the weighted average number of the Company's ordinary shares of 450,000,000 (six months ended 30 June 2019: 450,000,000) in issue and issuable, comprising 200,000,000 shares outstanding on 31 December 2019 and the capitalisation issue of 250,000,000 shares on 10 July 2020 as further detailed in note 15, as if the respective shares were outstanding throughout the periods presented.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2020 and 2019.

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation:	23,276	9,341
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	450,000,000	450,000,000

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

9. TRADE RECEIVABLES

	As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Trade receivables	101,173	142,557
Impairment	(4,692)	(1,897)
	96,481	140,660

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is up to three months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB2,074,000 and RMB2,504,000 as at 31 December 2019 and 30 June 2020, respectively, which are repayable on credit terms from one to twelve months.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Within 1 month	92,521	119,011
1 to 3 months	3,110	17,675
3 to 6 months	858	1,724
6 months to 1 year	858	3,408
Over 1 year	3,826	739
	101,173	142,557

For the six months ended 30 June 2020

9. TRADE RECEIVABLES (Continued)

The movements in loss allowance for impairment of trade receivables are as follows:

	As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Balance at beginning of period	1,897	1,082
Impairment	2,795	815
Balance at end of period	4,692	1,897

Impairment under HKFRS 9 for the Relevant Periods

An impairment analysis was made based on expected credit loss model on the recoverability of trade receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2020

	Trade receivables ageing					Total
	Within 1 month	1–3 months	3–6 months	6–12 months	Over 12 months	
Expected credit loss rate	0.69%	2.02%	5.00%	13.69%	100%	4.64%
Gross carrying amount (RMB'000) (Unaudited)	92,521	3,110	858	858	3,826	101,173
Expected credit losses (RMB'000) (Unaudited)	643	63	43	117	3,826	4,692

As at 31 December 2019

	Trade receivables ageing					Total
	Within 1 month	1–3 months	3–6 months	6–12 months	Over 12 months	
Expected credit loss rate	0.66%	1.13%	3.12%	5.74%	90.03%	1.34%
Gross carrying amount (RMB'000) (Audited)	119,011	17,675	1,724	3,408	739	142,557
Expected credit losses (RMB'000) (Audited)	782	200	54	196	665	1,897

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Within 1 year	197,461	230,389

11. SHARE CAPITAL

	As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Authorised: 1,000,000,000 (2019:200,000,000) ordinary shares of US\$0.0005 each	3,514	679
Issued and fully paid: 200,000,000 ordinary shares of US\$0.0005 each	679	679

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 1 February 2019 with authorised share capital of US\$50,000 divided into 50,000 shares of US\$1 each. On 26 June 2019, authorised share capital was increased to US\$62,500, divided into 62,500 shares of US\$1 each. On 18 September 2019, authorised share capital was increased to US\$100,000, divided into 100,000 shares of US\$1 each. On 20 September 2019, the Company underwent a subdivision of shares whereby each of the existing issued and unissued ordinary shares of par value of US\$1.00 each was subdivided into 2,000 ordinary shares of par value of US\$0.0005 each. After the subdivision, the authorised share capital became US\$100,000, divided into 200,000,000 shares of US\$0.0005 each. On 22 June 2020, the authorised share capital of the Company was increased from US\$100,000 divided into 200,000,000 shares of a par value of US\$0.0005 each to US\$500,000 divided into 1,000,000,000 shares of a par value of US\$0.0005 each through the creation of 800,000,000 additional shares. As at 30 June 2020, 200,000,000 shares were issued and fully paid.

For the six months ended 30 June 2020

12. COMMITMENTS

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows as at 30 June 2020 and 31 December 2019:

	30 June 2020 (RMB'000) (Unaudited)	31 December 2019 (RMB'000) (Audited)
Within one year	—	27

13. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the reporting period.

(a) Name and relationship

Name of related party	Relationship with the Group and the Company
Taschh Limited	A shareholder which has significant influence over the Company

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions with a related party during the reporting period:

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Services provided to related party: Taschh Limited	209	214

Notes to the Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

13. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Outstanding balances with related party

The Group had the following balances with related party:

		As at 30 June 2020 (RMB'000) (Unaudited)	As at 31 December 2019 (RMB'000) (Audited)
Amounts due from related party:			
Taschh Limited	(1)	2,504	2,074

(1) The amount due from a related party is included in trade receivables in note 9 to the financial statements and are trade in nature.

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2020 (RMB'000) (Unaudited)	2019 (RMB'000) (Unaudited)
Short term employee benefits	2,455	268
Contributions to the pension scheme	65	49
	2,520	317

14. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from related parties and amounts due to related parties, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Fair value hierarchy

The Group did not have any financial assets and liabilities measured at fair value as at 31 December 2019 and 30 June 2020.

For the six months ended 30 June 2020

15. EVENTS AFTER THE REPORTING PERIOD

On 10 July 2020 (“**the Listing Date**”), 150,000,000 new ordinary shares were issued at a price of HK\$0.86 per share in connection with the Company’s initial public offering on the Stock Exchange. A total of 250,000,000 shares of US\$0.0005 each were allotted and issued at par value to the shareholders as of the date immediately before the Listing Date in proportion by way of capitalisation of US\$125,000 (the “**Capitalisation Issue**”) from the Company’s share premium account on the Listing Date.

The over-allotment option under the Company’s initial public offering arrangement was fully exercised on 2 August 2020, in respect of an aggregate of 22,500,000 new ordinary shares were issued at a price of HK\$0.86 per share.

The lingering COVID-19 pandemic and strained Sino-US relations have brought additional uncertainties in the Group’s operating environment and might impact the Group’s operations and financial position. The Group will closely monitor the development of the COVID-19 and strained Sino-US relations, assess and actively respond to their impact on the financial condition, operating results and other aspects of the Group. And in the event that there is any significant financial impacts, the Company will release further announcement as and when appropriate, and reflect it in the Group’s 2020 annual financial statements.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2020.

OTHER INFORMATION

FUTURE AND OUTLOOK

As disclosed in the Prospectus, the scale of China's overseas online advertising spending has increased from US\$3.6 billion in 2015 to US\$15.6 billion in 2019 at a CAGR of 44.6% and is estimated to reach US\$38.3 billion in 2024 at a CAGR of 19.6%. We plan to continue to enhance our local service capabilities by setting up subsidiaries in key overseas markets to expand our global coverage and increase the scope and depth of our global cooperation with advertisers and media publishers. We plan to explore technologies for new forms of ads such as augmented reality and mini-app marketing, as well as interactive ads. We also seek to further explore new ad inventory categories from other website operators, device integrators and telecommunication operators and connect to them through our AdTensor platform and continue to strengthen our data and technology capabilities in the online advertising industry. In addition to the organic growth of our business, we also plan to pursue strategic investment and merger and acquisition opportunities that will help strengthen our offerings and enhance our business reputation.

Considering the uncertainty brought by COVID-19, we will continue to pay close attention to the industry trends and where advertisers are allocating their advertising spending in order to focus our sales activities to maintain profitability of our business. We do not expect the potential business slow down of global media publishers to have a material impact on our business operations since our revenue is primarily driven by advertisers' advertising spending. We have maintained and will continue to maintain a diversified advertisers base and stable working relationships with our existing advertisers and media publishers, which could benefit us in adapting to the rapid shift in advertising needs.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As the Shares were listed on the Main Board of the Stock Exchange on the Listing Date, no listed securities of the Company were available for purchase, sold or redeemed by the Company or any of its subsidiaries during the six months ended 30 June 2020. From the Listing Date up to the date of this report, the Company did not redeem any of its listed securities nor did the Company or any of its subsidiaries purchase or sell such securities.

Compliance with CG Code

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value as well as the responsibility commitments. The Company has adopted the CG Code as its own code of corporate governance since the Listing Date.

In the opinion of the Directors, the Company has complied with all applicable code provisions of the CG Code from the Listing Date up to the date of this report except disclosed as follows:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Chang currently holds both positions. Since the inception of the Group, Ms. Chang has been the Group's key leadership figure who has been primarily involved in the overall strategic planning, management and operations of the Group. Taking into account the continuous implementation of the business plans, the Board believes that vesting the roles of both chairman and the chief executive officer in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the code provisions of the CG Code and maintaining a high standard of corporate governance of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. As the Shares were not listed on Main Board of the Stock Exchange as at 30 June 2020, relevant rules did not apply to the Directors for the Reporting Period. However, specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code since the Listing Date up to the date of this report.

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

As the Shares were initially listed on the Stock Exchange on the Listing Date, the Company was not required to keep any register under Part XV of the SFO as at 30 June 2020.

As at the date of this report, the interests and short positions of each Director 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 were required to be: (i) 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 the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares

Name of Directors	Capacity/ Nature of interest	Number of Shares held	Total	Approximate percentage of shareholding in the Company
Ms. Chang ^{(1) (2)}	Interest in a controlled corporation	229,500,000	360,000,000	57.83%
	Interest of party acting in concert	130,500,000		
Ms. Li ^{(1) (2)}	Interest of a controlled corporation	130,500,000	360,000,000	57.83%
	Interest of party acting in concert	229,500,000		
Mr. Hsia ⁽³⁾	Beneficiary of a trust	90,000,000	90,000,000	14.46%

Notes:

- (1) 229,500,000 Shares in the Company is owned by Rowtel, a company beneficially and wholly owned by Fetech, which is in turn beneficially and wholly owned by Ms. Chang, and 130,500,000 Shares in the Company is owned by Westel, a company beneficially and wholly owned by Hera, which is in turn beneficially and wholly owned by Ms. Li. As such, Ms. Chang is deemed to be interested in the Shares held by Rowtel and Ms. Li is deemed to be interested in the Shares held by Westel.
- (2) Ms. Chang and Ms. Li executed the Acting-in-Concert Agreements on 11 May 2016, 31 May 2016 and 6 September 2019 to acknowledge and reflect the mutual understanding and intention, and to confirm that such acting in concert arrangement has been put in place and shall continue during the period as long as Ms. Chang and Ms. Li retain equity interest in the Group directly or indirectly. Each of Ms. Chang and Ms. Li is deemed interested in aggregate interests of 360,000,000 Shares in the Company.

- (3) 90,000,000 Shares in the Company is owned by Taschh, a company beneficially and 99.99% owned by Tiequan LLC. Tiequan LLC is in turn beneficially and wholly owned by Tiequan Trust, while Southpac Trust International, Inc. acts as the trustee of Tiequan Trust. Mr. Hsia is the sole beneficiary of Tiequan Trust. As such, Mr. Hsia is deemed to be interested in the Shares held by Taschh.

Save as disclosed above, as at the date of this report, none of the Directors and the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) 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 the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares of the Company

As the Shares were initially listed on the Stock Exchange on the Listing Date, the Company was not required to keep any register under Part XV of the SFO as at 30 June 2020.

As at the date of this report, the following corporation (other than a Director or the chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares which were required to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in the Shares

Name of Shareholders	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of shareholding in the Company
Rowtel ⁽¹⁾	Beneficial owner	229,500,000	36.87%
Fetech ⁽¹⁾	Interest in a controlled corporation	229,500,000	36.87%
Westel ⁽²⁾	Beneficial owner	130,500,000	20.96%
Hera ⁽²⁾	Interest in a controlled corporation	130,500,000	20.96%
Taschh ⁽³⁾	Beneficial owner	90,000,000	14.46%
Tiequan LLC ⁽³⁾	Interest in a controlled corporation	90,000,000	14.46%
Southpac Trust International, Inc. ⁽³⁾	Trustee of a trust	90,000,000	14.46%
HARVESTON ASSET MANAGEMENT PTE. LTD.	Investment manager	43,147,500	6.93%

Other Information

Notes:

- (1) Rowtel is beneficially and wholly owned by Fetech, which is in turn beneficially and wholly owned by Ms. Chang. As such, Fetech is deemed to be interested in the Shares held by Rowtel.
- (2) Westel is beneficially and wholly owned by Hera, which is in turn beneficially and wholly owned by Ms. Li. As such, Hera is deemed to be interested in the Shares held by Westel.
- (3) Taschh is beneficially and 99.99% owned by Tiequan LLC. Tiequan LLC is in turn beneficially and wholly owned by Tiequan Trust, while Southpac Trust International, Inc. acts as the trustee of Tiequan Trust. Mr. Hsia is the sole beneficiary of Tiequan Trust. As such, each of Tiequan LLC, Tiequan Trust, Southpac Trust International, Inc. and Mr. Hsia is deemed to be interested in the Shares held by Taschh.

Save as disclosed above, as at the date of this report, no other corporation which/person (other than a Director or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme on 22 June 2020 as incentives or rewards to eligible persons for their contributions to the Group and became effective on the Listing Date.

For details of the principal terms of the Post-IPO Share Option Scheme, please refer to the subsection headed “Statutory and General Information — D. Post-IPO Share Option Scheme” in Appendix IV to the Prospectus. No share option has been granted under the Post-IPO Share Option Scheme from the Listing Date and up to the date of this report.

Audit Committee

The Company has established the Audit Committee on 22 June 2020 with written terms of reference in compliance with the CG Code. As at the date of this report, the Audit Committee consists of three members, two of whom are INEDs, namely Mr. Chan Foon and Mr. Zhang Yaoliang, and one of whom is a non-executive Director, being Mr. Hsia. Mr. Chan Foon is the chairman of Audit Committee.

Review of Interim Results

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020 and this report, including the applicable accounting policies and accounting standards adopted by the Group, and considers that such statements have been prepared in compliance with the applicable Listing Rules. At the request of the Board, the Company’s external auditor, Ernst & Young, has carried out a review of the unaudited condensed consolidated interim financial results in accordance with *Hong Kong Standard on Review Engagement 2410* issued by the Hong Kong Institute of Certified Public Accountants.

Scope of Work of The Auditors

The financial information set out in this report does not constitute the Group’s unaudited accounts for the six month period ended 30 June 2020, but represents an extract from the consolidated financial statements for the six month period ended 30 June 2020 which have been reviewed by the auditor of the Company, Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants, The financial information has been reviewed by the Audit Committee and approved by the Board.

Use of Proceeds

The Shares of the Company were listed on the Main Board of the Stock Exchange on 10 July 2020 by way of Global Offering, raising total net proceeds of HK\$83.5 million after deducting professional fees, underwriting commissions and other related listing expenses. The Over-allotment Option was fully exercised on 2 August 2020 and raised total gross proceeds of approximately HK\$17.4 million. The total net proceeds received by the Company were HK\$100.9 million. (the “**IPO proceeds**”), which will be utilised on a pro rata basis for the purposes as set out in the Prospectus.

As of the date of this report, the Company had not utilised any of the IPO proceeds. The Company does not intend to change the purpose of the IPO proceeds as set out in the Prospectus and will gradually utilise the IPO proceeds in accordance with their intended purpose within the next three years.

Future Plans for Material Investments or Capital Assets

Save as disclosed in the Prospectus and this report, the Group did not have any future plans for material investments or capital assets as at 30 June 2020.

Change In Directors’ Biographical Details Under Rule 13.51b(1) Of The Listing Rules

During the Reporting Period, there has been no further change in the Directors’ biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Subsequent Events

On the Listing Date, 150,000,000 new ordinary shares were issued at a price of HK\$0.86 per share in connection with the Company’s initial public offering on the Stock Exchange. A total of 250,000,000 shares of US\$0.0005 each were allotted and issued at par value to the then shareholders as of the date immediately before the Listing Date in proportion by way of capitalisation of US\$125,000 from the Company’s share premium account on the Listing Date.

The Over-allotment Option has been fully exercised on 2 August 2020, in respect of an aggregate of 22,500,000 Shares.

The lingering COVID-19 pandemic and strained Sino-US relations have brought additional uncertainties in the Group’s operating environment and might impact the Group’s operations and financial position. The Group will closely monitor the development of the COVID-19 and strained Sino-US relations, assess and actively respond to their impact on the financial condition, operating results and other aspects of the Group. And in the event that there is any significant financial impacts, the Company will release further announcement as and when appropriate, and reflect it in the Group’s 2020 annual financial statements.

Interim Dividend

The Board has resolved not to declare the payment of any interim dividend for the six months ended 30 June 2020.

DEFINITION

In this interim report, unless the context otherwise require, the following expressions shall have the following meaning:

“Acting-in-Concert Agreements”	the acting-in-concert agreements entered into among Ms. Chang and Ms. Li on 11 May 2016, 31 May 2016 and 6 September 2019 concerning their cooperation as parties acting in concert regarding the management of, and to exercise control over, our Group
“AdTensor”	our proprietary ad optimisation and management platform
“AI”	artificial intelligence
“Audit Committee”	the audit committee of the Board
“Beijing AdTiger”	Beijing AdTiger Media Co., Limited (北京虎示傳媒有限公司), a company incorporated in the PRC with limited liability on 11 May 2016, an operating and indirect wholly-owned subsidiary of our Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Company”	ADTIGER CORPORATIONS LIMITED, a company incorporated in the Cayman Islands as an exempted company with limited liability, the Share of which are listed and traded on the Main Board of the Stock Exchange on the Listing Date
“CG Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“China”, “Mainland China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Controlling Shareholders”	Ms. Chang, Fetech, Rowtel, Ms. Li, Hera and Westel
“COVID-19”	the novel coronavirus
“CPA”	cost per action, a performance-based pricing model where advertising is paid on the basis of each action of the mobile device user such as download, installation or registration. CPI is typically referred to as CPA
“CPC”	cost per click, a non-performance-based pricing model where advertisers are charged on the basis of each click of the ad
“CPI”	cost per install, a performance-based pricing model where advertisers are charged on the basis of each installation of the app

“CPM”	cost per mille, a non-performance-based pricing model where advertisers are charged on the basis of thousand impressions
“click-through(s)”	the number of clicks on the ad, represents the action device users click on the ad during a certain period of time
“Director(s)”	the director(s) of the Company
“Fetech”	Fetech Media Limited, a company incorporated in the BVI with limited liability on 29 October 2018, one of our Controlling Shareholders
“Global Offering”	has the meaning ascribed to it under the Prospectus
“Group”	the Company and its subsidiaries
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“Hera”	Hera Bridge Media Limited, a company incorporated in the BVI with limited liability on 29 October 2018, one of our Controlling Shareholders
“INED(s)”	the independent non-executive Director
“Interim Results”	the unaudited condensed consolidated results of the Group for the six months ended 30 June 2020
“impression(s)”	the number of ad views, represents the total number of times our ad is viewed by a user or displayed on a web page during a certain period of time
“IT”	information technology
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	10 July 2020, the date on which the Shares were listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mr. Hsia”	Mr. HSIA Timothy Chunhon, our non-executive Director and our substantial Shareholder

Definition

“Ms. Chang”	Ms. CHANG Sufang (常素芳), our executive Director, one of our Controlling Shareholders
“Ms. Li”	Ms. LI Hui (李慧), our executive Director, one of our Controlling Shareholders
“Over-allotment Option”	has the meaning ascribed to it under the Prospectus
“Post-IPO Share Option Scheme”	the share option scheme conditionally adopted by our Company, further details of which are described in the subsection headed “Statutory and General Information — D. Post-IPO Share Option Scheme” in Appendix IV to the Prospectus
“Prospectus”	the prospectus of the Company dated 29 June 2020
“Reporting Period”	the six months ended 30 June 2020
“R&D”	the research and development
“RMB”	Renminbi, the lawful currency of the PRC
“Rowtel”	Rowtel Technology Limited, a company incorporated in the BVI with limited liability on 27 December 2018, one of our Controlling Shareholders
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company, currently of nominal value US\$0.0005 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taschh”	Taschh Limited, a company incorporated in Hong Kong with limited liability on 22 May 2015, our substantial shareholder
“Tiequan LLC”	Tiequan LLC, a company incorporated in the Cook Islands with limited liability on 25 May 2015, our substantial shareholder
“Tiequan Trust”	a trust established in the Cook Islands with Mr. Hsia as the sole beneficiary and the trustee of which is Southpac Trust International, Inc. is appointed on 25 May 2015, our substantial shareholder
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“Westel”	Westel Technology Limited, a company incorporated in the BVI with limited liability on 27 December 2018, one of our Controlling Shareholders