



Boyaa Interactive International Limited
博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code:0434



2023
Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Zhikang (*Chairman*)

Ms. Tao Ying (*Acting Chief Executive Officer*)

Independent Non-executive Directors

Mr. Cheung Ngai Lam

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

AUDIT COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

NOMINATION COMMITTEE

Mr. Choi Hon Keung Simon (*Chairman*)

Ms. Tao Ying

Mr. Kong Fanwei

REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

JOINT COMPANY SECRETARIES

Ms. Chou Kwai Wah (*resigned on 11 September 2023*)

Ms. Tao Ying (*appointed on 11 September 2023*)

Mr. Poon Ping Yeung (*appointed on 11 September 2023*)

AUTHORISED REPRESENTATIVES

Ms. Chou Kwai Wah (*ceased on 11 September 2023*)

Ms. Tao Ying

Mr. Poon Ping Yeung (*appointed on 11 September 2023*)

AUDITOR

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

23/F, Tower 2

Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay

Hong Kong

COMPANY'S WEBSITE

www.boaaa.com.hk

STOCK CODE

0434



Corporate Information

HEADQUARTERS IN THE PRC

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Nanshan District, Shenzhen, PRC
Postal code: 518000

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Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
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Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
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Grand Cayman KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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188 Des Voeux Road Central
Hong Kong

PRINCIPAL BANK

China Construction Bank, Shenzhen Branch
Industrial Bank, Shenzhen Branch
Industrial Bank, Hong Kong Branch



Business Overview and Outlook

In terms of financial performance, we recorded revenue of approximately RMB194.3 million in the first half of 2023, representing a year-on-year increase of approximately 4.2% compared to the first half of 2022. In the second quarter of 2023, we recorded revenue of approximately RMB99.1 million, representing a year-on-year increase of approximately 4.3% compared to the second quarter of 2022 and representing a quarter-on-quarter increase of approximately 4.0% compared to the first quarter of 2023. Our revenue has maintained a steady increase, primarily due to the Group's holding of certain online operational activities and continuous optimization of its gaming products and gameplay during the three and six months ended 30 June 2023 (the "Reporting Period").

In the first half of 2023, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB57.0 million, representing a year-on-year increase of approximately 133.1% as compared to the same period in 2022, mainly due to (i) the increase in revenue recorded for the six months ended 30 June 2023 as compared to the same period in 2022; (ii) the reduction in the decrease in the fair value of the financial assets such as equity investment partnerships for the six months ended 30 June 2023 as compared to the same period in 2022, and the impairment of frozen sum recorded for the six months ended 30 June 2022, while there was no impairment of frozen sum recorded in 2023; and (iii) the increase in interest income for the six months ended 30 June 2023 as compared to the same period in 2022. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships and the impairment of frozen sum in the first half of 2022, the unaudited non-IFRS adjusted net profit for six months ended 30 June 2023 represented a year-on-year increase of approximately 35.5%, which was mainly due to the increase in revenue and interest income as compared to the same period in 2022. In the second quarter of 2023, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB27.5 million, representing a year-on-year increase of approximately 149.2% as compared to the same period in 2022, mainly due to (i) the increase in revenue recorded for the three months ended 30 June 2023 as compared to the same period in 2022; (ii) the reduction in the decrease in the fair value of financial assets such as equity investment partnerships for the three months ended 30 June 2023 as compared to the same period in 2022, and the impairment of frozen sum recorded for three months ended 30 June 2022, while no impairment of frozen sum was recorded in 2023; and (iii) the increase in interest income for the three months ended 30 June 2023 as compared to the same period in 2022. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships and the impairment of frozen sum in the second quarter of 2022, the unaudited non-IFRS adjusted net profit for the three months ended 30 June 2023 represented a year-on-year increase of approximately 34.8%, which was mainly due to the increases in revenue and interest income as compared to the same period in 2022. In the second quarter of 2023, we recorded a quarter-on-quarter decrease in unaudited non-IFRS adjusted net profit of approximately 6.8% as compared to the first quarter of 2023, mainly due to (i) the increase in selling and marketing expenses for the three months ended 30 June 2023 as compared to the first quarter of 2023; and (ii) the increase in foreign exchange losses for the three months ended 30 June 2023 as a result of the impact of the fluctuations in foreign exchange rates in the international financial markets.

In terms of the operating data performance, we recorded a decrease in the number of paying players and users in the second quarter of 2023 as compared to the first quarter of 2023, of which the number of paying players decreased by approximately 8.4% from approximately 0.24 million in the first quarter of 2023 to approximately 0.22 million in the second quarter of 2023. The number of Daily Active Users decreased by approximately 2.1% from approximately 1.3 million in the first quarter of 2023 to approximately 1.2 million in the second quarter of 2023. The number of Monthly Active Users decreased by approximately 10.0% from approximately 4.8 million in the first quarter of 2023 to approximately 4.3 million in the second quarter of 2023. However, the Average Revenue Per Paying Users (the "ARPPU") grew in both the mobile versions of other card and board games and overseas Texas Hold'em mobile and web-based games.



Business Overview and Outlook

We stay true to the mission and have upheld the concept of “growing in love” on charity work, continuing our fulfilment of social responsibility to make contributions to society. During the second quarter of 2023, we participated in the welfare activity “Caring for Mountainous Areas and Donating Books to Help Rural Students” organized by the Guangdong Provincial Education Foundation, by donating funds to establish libraries in rural schools. We also participated in the love donation activity for schools in mountainous areas of Yunnan Province organized by the China Audio-video and Digital Publishing Association, by donating school supplies in rural schools in the second quarter of 2023.

The Company will continue to intensify in-depth market research, enrich and innovate the gameplay, and explore the domestic and overseas operational models for card and board games on an ongoing basis, while striving to improve the players’ gaming experience, further refine our products and diversify our operation to improve the game quality in an all-round way and make every effort to build our brand for online and offline competition series. On top of consolidating our existing market, more efforts will be made to further expand our overseas market as well as other card and board games business. The Company will strictly comply with various laws and regulations of the People’s Republic of China (the “**PRC**”) and develop high-quality intellectual and competitive games and competition products. We will continue the journey to forge a century-old brand for card and board games.



Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Certain items in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 had been restated due to the latest development of the Case (as defined and disclosed in Note 21 to the section headed “Notes to the Condensed Consolidated Financial Statements” in this report). For details, please refer to Note 4 to the section headed “Notes to the Consolidated Financial Statements” in the 2022 annual report of the Company published on 28 April 2023 and Note 6(b) and Note 21 to the section headed “Notes to the Condensed Consolidated Financial Statements” in this report.

Second Quarter of 2023 Compared to Second Quarter of 2022

Revenue

Our revenue for the three months ended 30 June 2023 amounted to approximately RMB99.1 million, representing a year-on-year increase of approximately 4.3% from approximately RMB94.9 million recorded for the same period in 2022. The year-on-year increase in revenue was primarily due to the Group’s holding of certain online operational activities during the Reporting Period, and continuous optimization of its gaming products and gameplay. For the three months ended 30 June 2023, revenue generated from our mobile games and web-based games accounted for approximately 69.6% and 30.4% of our total revenue, respectively, as compared with approximately 66.0% and 34.0%, respectively, for the three months ended 30 June 2022.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2023 amounted to approximately RMB32.7 million, representing a year-on-year increase of approximately 1.2% from approximately RMB32.3 million recorded for the same period in 2022. The year-on-year increase was primarily due to the increase in commission charges which was in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the three months ended 30 June 2023 amounted to approximately RMB66.4 million, representing a year-on-year increase of approximately 6.0% from approximately RMB62.6 million recorded for the same period in 2022.

Our gross profit margin was approximately 67.0% and 66.0%, respectively, for the three months ended 30 June 2023 and the same period in 2022.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2023 amounted to approximately RMB13.2 million, representing a year-on-year increase of approximately 60.7% from approximately RMB8.2 million recorded for the same period in 2022. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.



Management Discussion and Analysis

Administrative expenses

Our administrative expenses for the three months ended 30 June 2023 amounted to approximately RMB23.4 million, which remained relatively stable as compared to approximately RMB23.9 million recorded for the same period in 2022.

Other losses, net

For the three months ended 30 June 2023, we recorded other losses, net of approximately RMB14.4 million, compared to other losses, net of approximately RMB20.4 million recorded for the same period in 2022. The reduction in other losses, net for the three months ended 30 June 2023 as compared to the same period in 2022 was primarily due to the reduction in loss in fair value on investment at fair value through profit or loss and the impairment of frozen sum recorded in the second quarter of 2022, while no impairment of frozen sum was recorded in 2023. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income, government subsidies and impairment of frozen sum.

Finance income, net

Our net finance income for the three months ended 30 June 2023 was approximately RMB14.3 million, compared to approximately RMB6.2 million recorded for the same period in 2022. The year-on-year change was primarily due to the increase in interest income as compared to the same period in 2022.

Share of result of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司), Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) and its subsidiaries and Hainan Chunlei Interactive Technology Co., Ltd.* (海南春雷互動科技有限公司) as at 30 June 2023 (31 December 2022: six associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.2 million for the three months ended 30 June 2023, compared to a share of gain of associates of approximately RMB0.1 million recorded for the same period in 2022.

Income tax expenses

Our income tax expenses for the three months ended 30 June 2023 was approximately RMB2.4 million, as compared to the income tax expenses of approximately RMB6.2 million for the same period in 2022.

Profit attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 30 June 2023 amounted to approximately RMB26.9 million, representing an increase of approximately 165.8% from approximately RMB10.1 million for the same period in 2022.

* For identification purpose only



Management Discussion and Analysis

Non-IFRS Measure – Adjusted net profit

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term “adjusted net profit” is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS items differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our profit for the reporting period and should not be considered in isolation or as a substitute for the analysis of the Group’s results as reported under IFRS.

Our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2023 was approximately RMB27.5 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB0.6 million included in administrative expenses, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2022 of approximately RMB11.0 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB0.9 million included in administrative expenses.

First Half of 2023 Compared to First Half of 2022

Revenue

Our revenue for the six months ended 30 June 2023 amounted to approximately RMB194.3 million, representing a year-on-year increase of approximately 4.2% from approximately RMB186.5 million recorded for the same period in 2022. The year-on-year increase was primarily due to the Group’s holding of certain online operational activities, and continuous optimization of its gaming products and gameplay during the Reporting Period. For the six months ended 30 June 2023, revenue generated from our mobile games and web-based games accounted for approximately 69.6% and 30.4% of our total revenue, respectively, as compared with approximately 67.0% and 33.0%, respectively, for the six months ended 30 June 2022.

Cost of revenue

Our cost of revenue for the six months ended 30 June 2023 amounted to approximately RMB64.6 million, representing a year-on-year increase of approximately 1.6% from approximately RMB63.6 million recorded for the same period in 2022. The year-on-year increase was mainly due to the increase in commission charges which was in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the six months ended 30 June 2023 amounted to approximately RMB129.7 million, representing a year-on-year increase of approximately 5.6% from approximately RMB122.8 million recorded for the same period in 2022.

Our gross profit margin were approximately 66.7% and 65.9%, respectively, for the six months ended 30 June 2023 and the six months ended 30 June 2022.



Management Discussion and Analysis

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2023 amounted to approximately RMB23.6 million, representing a year-on-year increase of approximately 37.2% from approximately RMB17.2 million recorded for the same period in 2022. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2023 amounted to approximately RMB46.8 million, which remained relatively stable as compared to approximately RMB46.5 million recorded for the same period in 2022.

Other losses, net

For the six months ended 30 June 2023, we recorded other losses, net of approximately RMB21.1 million, compared to other losses, net of approximately RMB35.7 million recorded for the same period in 2022. The reduction in other losses, net for the six months ended 30 June 2023 as compared to the same period in 2022 was primarily due to the reduction in loss in fair value on investment at fair value through profit or loss and the impairment of frozen sum recorded in the first half of 2022, while no impairment of frozen sum was recorded in 2023. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income, government subsidies and impairment of frozen sum.

Finance income, net

Our net finance income for the six months ended 30 June 2023 was approximately RMB25.3 million, compared to approximately RMB11.6 million recorded for the same period in 2022. The year-on-year change was primarily due to the increase in interest income as compared to the same period in 2022.

Share of results of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司), Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) and its subsidiaries and Hainan Chunlei Interactive Technology Co., Ltd.* (海南春雷互動科技有限公司) as at 30 June 2023 (31 December 2022: six associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.5 million for the six months ended 30 June 2023, compared to a share of loss of associates of approximately RMB0.1 million recorded for the same period in 2022.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2023 was approximately RMB7.4 million, as compared to the income tax expenses of approximately RMB11.6 million for the same period in 2022.

* For identification purpose only



Management Discussion and Analysis

Profit attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the six months ended 30 June 2023 amounted to approximately RMB55.6 million, representing an increase of 138.5% from approximately RMB23.3 million for the same period in 2022.

Non-IFRS Measure – Adjusted net profit

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2023 amounted to approximately RMB57.0 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.4 million included in administrative expenses, as compared to our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2022 of approximately RMB24.5 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.1 million included in administrative expenses.

Liquidity and capital resources

For the six months ended 30 June 2023, we generated sufficient cash through our operating activities to satisfy our capital needs for our business operations. We intend to provide financial support to our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Gearing ratio

As at 30 June 2023, the Group's gearing ratio (being total liabilities divided by total assets) was 18.0% (31 December 2022: 18.4%).

Term deposits

As at 30 June 2023, we had term deposits of approximately RMB1,363.6 million (31 December 2022: approximately RMB1,157.4 million), which were mainly denominated in United States dollars ("USD"). The original maturities of the term deposits are over 3 months and less than 3 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2023 was approximately 3.96%.

Cash and cash equivalents

As at 30 June 2023, we had cash and cash equivalents of approximately RMB194.4 million (31 December 2022: approximately RMB294.0 million), which primarily consisted of cash at banks and in hand and short-term bank deposits, which were mainly denominated in RMB (as to approximately 7.1%), USD (as to approximately 51.6%) and other currencies (as to approximately 41.3%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing exposure to foreign currency risks, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.



Management Discussion and Analysis

Equity investment at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 30 June 2023, the fair value of our listed and unlisted investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB20.0 million (31 December 2022: approximately RMB18.1 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other listed and unlisted investments classified as equity investments at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2023.

Investments at fair value through profit or loss

As at 30 June 2023, we also recorded investments at fair value through profit or loss amounted to approximately RMB162.8 million (31 December 2022: approximately RMB185.3 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 30 June 2023, the fair values of the investments in asset management plans were determined by discount cash flows model; the fair values of the investments in equity investment partnerships were determined by market approach and discount cash flows model; and the fair values of investments in wealth management products, which have no initial terms, were determined based on the estimated rate of return of investments. For the six months ended 30 June 2023, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB24.0 million (fair value losses for the six months ended 30 June 2022: approximately RMB31.8 million).

The investments in wealth management products under investments at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Group has in the past selected wealth management products that were principal guaranteed and relatively low risk products. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs even after the investments in wealth management products. During the six months ended 30 June 2023, the Group did not enter into any investment which constituted a notifiable transaction or a connected transaction of the Group under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Group were primarily represented by fixed income type assets (including but not limited to, national bonds, provincial government bonds, People's Bank of China notes, government bonds, financial bonds, bank deposits, currency market funds and bonds type funds) and fixed income derivative products (including but not limited to, bond borrowing, credit risks instruments, credit default swaps and credit enhancement instruments), which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.



Management Discussion and Analysis

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited (深圳市東方博雅科技有限公司) (“**Boyaa Shenzhen**”), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the six months ended 30 June 2023, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2023 was approximately RMB7.0 million and accounted for less than 5.0% of our total assets. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

We consider that, save as disclosed above, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2023.

Borrowings

For the six months ended 30 June 2023, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditure

For the six months ended 30 June 2023, our capital expenditure amounted to approximately RMB9.8 million (for the six months ended 30 June 2022: approximately RMB1.8 million). The capital expenditure mainly included purchasing buildings, equipment and leasehold improvements, which was funded by using our cash flows generated from our operations.

Commitment

As at 30 June 2023, the Group did not have significant outstanding commitments.

Contingent liabilities and guarantees

As at 30 June 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and disposals

For the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.



Management Discussion and Analysis

Significant investments and future plans for major investments

For the six months ended 30 June 2023, the Group's initial investment in Jiaying Boyaa amounted to RMB300.0 million. Jiaying Boyaa mainly carries out equity investments and venture capital investments. As at 30 June 2023, the fair value of the investment in Jiaying Boyaa was approximately RMB7.0 million and represented less than 5.0% of our total assets.

In the future, the Group will continue to identify new opportunities for business development. The Group has not executed any agreement in respect of material acquisitions, investments or capital asset and does not have any other future plans relating to material acquisitions, investments or capital asset as at the date of this report. Nonetheless, if any potential investment opportunity arises in the future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Pledge/charge of the Group's assets

As at 30 June 2023, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 30 June 2023, we had a total of 263 full-time employees, who are mainly based in China. In particular, 213 employees are responsible for our game development and operation, 39 for game support and 11 for administration and senior management.

We organise and launch various training programs on a regular basis for our employees to enhance their knowledge and skills of online game development and operation, improve time management and internal communications and strengthen team bonds. We also provide various incentives, including share-based awards, such as share options and restricted share units ("RSUs") granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by PRC laws and regulations, we have also made contributions to various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance, and to mandatory housing accumulation funds, for or on behalf of our employees.

For the six months ended 30 June 2023, the total staff costs of the Group (including salaries, bonuses, social insurances, housing provident funds and share incentive schemes) amounted to approximately RMB46.3 million, representing approximately 34.3% of the total expenses of the Group. Pursuant to the post-IPO share option scheme adopted by the Company in October 2013 (the "**Post-IPO Share Option Scheme**") and the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the "**Pre-IPO Share Option Scheme**") as well as the RSU schemes adopted by the Company in September 2013 (the "**2013 RSU Scheme**") and July 2021 (the "**2021 RSU Scheme**", together with the 2013 RSU Scheme, the "**RSU Schemes**"), there were a total of 5,222,429 share options and 23,488,089 shares underlying the RSUs outstanding and/or granted to a total of 253 senior management members and employees of the Group as at 30 June 2023. There were also 33,490,494 shares underlying the RSUs allowed to be granted under the 2021 RSU Scheme which were held by Core Administration RSU Limited as nominee for the benefit of eligible participants pursuant to the 2021 RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Schemes will be set out in the section headed "Share Option Schemes and Restricted Share Unit Schemes" in the Other Information section in this 2023 interim report of the Company.



Other Information

CONTRACTUAL ARRANGEMENTS

Reasons for Contractual Arrangements

Reference is made to the section headed “History, Reorganization and Corporate Structure – Contractual Arrangements” in the prospectus of the Company dated 31 October 2013 (the “**Prospectus**”) and the section headed “Connected Transactions – Contractual Arrangements” in the Directors’ Report of the Company’s 2022 Annual Report.

The Group is primarily engaged in the development and operation of online card and board games business and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of the websites of the Group. The Group conducts online games business through a PRC operating entity, Boyaa Shenzhen. Operations of online games business are considered as providing value-added telecommunications services and internet content services (including online publishing services and internet cultural business (except music)). According to provisions on the Administration of Foreign-funded Telecommunications Enterprises (which has taken effect on 1 May 2022)⁽¹⁾ issued by the State Council on 11 December 2001 and amended on 10 September 2008, 6 February 2016 and 29 March 2022, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2021) published by the National Development and Reform Commission and the Ministry of Commerce on 27 December 2021, foreign investors are not allowed to hold more than 50% of the equity interest in a company providing value-added telecommunications services (except for e-commerce, domestic multi-party communication, store and forward, and call center), and they are prohibited from providing internet content services (including but not limited to online publishing services, internet cultural business (except music), etc.). Commercial operators providing relevant services must obtain licenses for the provision of value-added telecommunications services and internet content services required for the operation of online games business (the “**Necessary Licenses**”) from the appropriate competent authorities. Boyaa Shenzhen has obtained the Necessary Licenses for the operations of the Group. Therefore, in order for the Group to be able to carry on its online games business in China in compliance with the applicable PRC laws and regulations, the Group entered into the Contractual Arrangements (the “**Contractual Arrangements**”) with Boyaa Shenzhen through an indirect wholly-owned subsidiary, Boyaa On-line Game Development (Shenzhen) Co., Limited (“**Boyaa PRC**”), pursuant to which the Group will be able to assert management control over the operations of, and enjoy all economic benefits of, Boyaa Shenzhen. In addition, the Group will be able to consolidate Boyaa Shenzhen’s financial results in the results of the Company under IFRS as if it was a wholly-owned subsidiary of the Company. There are no new Contractual Arrangements entered into, renewed or reproduced between the Group and Boyaa Shenzhen during the six months ended 30 June 2023. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the six months ended 30 June 2023. During the six months ended 30 June 2023, none of the agreements underlying the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements has been removed.

Boyaa Shenzhen is significant to the Group as it holds certain Necessary Licenses and permits that are essential to the operation of the business of the Group, including Value-Added Telecommunications Business License and Online Publishing Services License, etc. In addition, Boyaa Shenzhen also holds certain intellectual property rights, including software copyrights, trademarks, patents and domain names. The revenue and the total asset value of Boyaa Shenzhen subject to the Contractual Arrangements amounted to approximately RMB9.5 million for the six months ended 30 June 2023 and approximately RMB236.5 million as at 30 June 2023, respectively.

Note:

- (1) The amended Administration of Foreign-funded Telecommunications Enterprises has deleted the “Qualification Requirement” regarding a foreign investor. That is to say, the requirements which previously required that a foreign investor must have a good track record and experience in providing valued-added telecommunication services are no longer applicable.



Other Information

Risks associated with the Contractual Arrangements and the actions taken by the Company to mitigate the risks

Risks associated with the Contractual Arrangements

- i. If the PRC government finds that the agreements that establish the structure for operating the Group's online game businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest in its variable interest entity ("**VIE**"), i.e. Boyaa Shenzhen.

Mitigation actions taken by the Company

Pursuant to each of the agreements underlying the Contractual Arrangements, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change on such laws, regulations or rules leading to any provision in any of the agreements underlying the Contractual Arrangements is held to be or becomes illegal, invalid or unenforceable in any respect under the law of the applicable jurisdiction:

- (a) so far as it is illegal, invalid and unenforceable, it shall be given no effect and shall be deemed not to be included in the relevant agreement and shall not affect or impair the legality, validity or enforceability in that jurisdiction of the other provisions of the agreement, or of that or any provisions of the relevant agreement in any other jurisdictions; and
- (b) the parties shall use all reasonable endeavors to replace it with a valid and enforceable substitute provision or provisions but differing from the replaced provision as little as possible and the effect of which is as close to the intended effect of the illegal, invalid or unenforceable provision.

In addition, pursuant to the agreements underlying the Contractual Arrangements, the parties agreed and will ensure that they will unwind the Contractual Arrangements as soon as the law allows the business to be operated without them.



Other Information

Risks associated with the Contractual Arrangements

- ii. The Group relies on the Contractual Arrangements to control and obtain the economic benefits from Boyaa Shenzhen which may not be as effective in providing operational control as direct ownership.

- iii. The shareholders of Boyaa Shenzhen may have conflicts of interest with the Group, which may materially and adversely affect the Group's business.

Mitigation actions taken by the Company

Each of Mr. Zhang Wei (the controlling shareholder of the Company) and Mr. Dai Zhikang (the Chairman of the Board), being the registered shareholders of Boyaa Shenzhen, has executed a power of attorney pursuant to the terms of the Business Operating Agreement. Pursuant to the power of attorney, each of the shareholders of Boyaa Shenzhen agrees to authorise any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen. These include the rights to (i) attend shareholders' meetings; (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management; (iii) decide on any acquisition or disposal of the equity interest of Mr. Zhang Wei and Mr. Dai Zhikang in Boyaa Shenzhen or the winding-up or dissolution of Boyaa Shenzhen; (iv) file documents with relevant governmental authorities or regulatory bodies; (v) to instruct directors and senior management of Boyaa Shenzhen to act in accordance with all instructions of Boyaa PRC or its designated person; and (vi) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of Boyaa Shenzhen.

Pursuant to the Exclusive Option Agreement, the Company has the option to (i) purchase or to designate a third party to purchase the equity interests of the existing shareholders of Boyaa Shenzhen when and to the extent permitted by law; and (ii) acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Boyaa Shenzhen at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Each of Boyaa Shenzhen's shareholders has executed a power of attorney to authorise any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen.



Other Information

Risks associated with the Contractual Arrangements

- iv. The Group may lose the ability to use and enjoy assets held by the VIE that are important to the operation of its business if the VIE declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Mitigation actions taken by the Company

In addition, to ensure that Mr. Zhang Wei, Mr. Dai Zhikang and Boyaa Shenzhen will comply with the Contractual Arrangements, the Company has further introduced the following measures:

- i. the three independent non-executive directors will review the effectiveness on implementation of the procedures and controls and compliance of the Contractual Arrangements;
- ii. each of Mr. Zhang Wei and Mr. Dai Zhikang shall abstain from voting on any resolutions of Boyaa Shenzhen in which he may have conflicts of interest, and all resolutions shall be passed unanimously or by the affirmative vote of a simple majority of the board of Boyaa Shenzhen (as the case may be), and if any resolution could not be passed by the board of Boyaa Shenzhen unanimously or by a simple majority of votes (as the case may be), such resolution would be considered as disapproved; and
- iii. the Group has implemented corporate governance measures to manage any conflicts of interest between the Group and the directors.

Pursuant to the Business Operating Agreement, in the event that Boyaa PRC or its designee decided to voluntary wind-up or dissolve Boyaa Shenzhen, each of Mr. Zhang Wei and Mr. Dai Zhikang undertakes that he will ensure and procure the execution of all related documents and completion of all relevant procedures required for completing the liquidation and winding-up process and that Boyaa PRC shall be transferred, at nil consideration, all remaining assets of Boyaa Shenzhen upon liquidation.

In addition, under the Business Operating Agreement and the Equity Pledge Agreement, Mr. Zhang Wei and Mr. Dai Zhikang warrant to Boyaa PRC that appropriate arrangements have been made to protect Boyaa PRC's interests in the event of his death, bankruptcy or divorce to avoid any practical difficulties in enforcing the agreements underlying the Contractual Arrangements.



Other Information

Risks associated with the Contractual Arrangements

- v. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may subject the Group to increased income tax due to the different income tax rates applicable to Boyaa PRC and Boyaa Shenzhen, which may adversely affect the Group's results of operations.

- vi. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may be subject to scrutiny by the PRC tax authorities and any finding that the Group or Boyaa Shenzhen owe additional taxes could substantially reduce the Group's consolidated net income and the value of the investment of investors.

Mitigation actions taken by the Company

Boyaa PRC has successfully renewed its "High and New Technology Enterprise" ("HANTE") qualification under PRC Enterprise Income Tax Law during the year ended 31 December 2022 and as a result, Boyaa PRC enjoy a preferential tax rate of 15% from 1 January 2022 to 31 December 2024. Therefore, the applicable tax rate for Boyaa PRC was 15% (2022: 15%) for the six month ended 30 June 2023.

Boyaa Shenzhen temporarily has not renewed its HANTE qualification in the six months ended 30 June 2023. Therefore, the applicable tax rate for Boyaa Shenzhen was 25% (2022: 25%) for the six month ended 30 June 2023. However, no provision for income tax has been provided as Boyaa Shenzhen has no assessable profit during this period, and therefore during the Reporting Period, it did not lead to an increase in the Group's income tax and it did not adversely affect the Group's results of operations.

For details, please see Note 9 to the condensed consolidated financial statements of this report.

The Group will work closely with its tax advisors to ensure that all tax filings are made promptly and any questions raised by PRC tax authorities are addressed in a timely and satisfactory manner.



Other Information

Risks associated with the Contractual Arrangements

- vii. On 15 March 2019, the Foreign Investment Law of the People's Republic of China (the "**Foreign Investment Law 2019**") was adopted by the Second Session of the Thirteenth National People's Congress and had taken effect on 1 January 2020. Under the Foreign Investment Law 2019 and relevant provisions of its implementation regulations, substantial uncertainties exist in connection with the legality and validity of the Contractual Arrangements to hold interests in PRC businesses that are subject to foreign ownership restrictions and the Company may have to incur compliance costs in the future.

Mitigation actions taken by the Company

Under the Foreign Investment Law 2019, the existing enterprises established under the former Foreign Investment Law may maintain their existing organizational structure within five years from the effective date of the Foreign Investment Law 2019. Meanwhile, Foreign Investment Law 2019 does not explicitly stipulate the Contractual Arrangements as foreign investment. Therefore, the PRC legal advisor of the Company believes that the Foreign Investment Law 2019 does not mention the concepts including "actual control" and "control through contractual arrangements", nor does it specify regulations on control through contractual arrangements. In addition, the Foreign Investment Law 2019 and its implementation regulations do not specify the relevant business rules, but instead stipulate that "foreign investors invest through laws, administrative regulations or other methods prescribed by the State Council". In addition, the Foreign Investment Law 2019 and its implementation regulations do not specify on what actions should be taken by existing companies with VIE structures and whether these companies are controlled by Chinese entities and/or citizens. Therefore, according to our PRC legal advisor, our contractual arrangements will not be affected by the "Foreign Investment Law 2019" and its implementation regulations. Nevertheless, it is still possible for China's future laws, administrative regulations or State Council regulations to stipulate contractual arrangements as a way of foreign investment. It is still uncertain whether our contractual arrangements will be recognized as foreign investment, whether it will be considered as a violation of foreign investment access and how it will be defined are still uncertain. In any event, the Company will closely monitor any update of the Foreign Investment Law 2019 and consult its PRC legal advisor to resolve specific problems or issues that may arise from the Contractual Arrangements, so as to ensure that the Company always complies with all relevant laws and regulations in the PRC.

For details of the risks associated with the Contractual Arrangements, please refer to the section headed "Risk Factors – Risks relating to our corporate structure" in the Prospectus.



Other Information

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

As at 30 June 2023, the interests and short positions of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(a) Interests in the Company

Name of Director/ Chief Executive	Name of company	Capacity/ Nature of interest	Number of shares/ underlying shares held ⁽¹⁾	Approximate percentage of shareholding ⁽⁴⁾
Mr. Dai Zhikang ⁽²⁾	The Company	Founder of a discretionary trust	36,500,000 (L)	5.14%
Ms. Tao Ying ⁽³⁾	The Company	Beneficial owner	135,000 (L)	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Visioncode Holdings Limited, a company wholly-owned by a trust named the Visioncode Trust (the "Dai Family Trust"), directly holds the entire issued share capital of Comsenz Holdings Limited. Mr. Dai Zhikang is the director of Comsenz Holdings Limited. The Dai Family Trust is a discretionary trust established by Mr. Dai Zhikang (as the settlor) and the discretionary beneficiaries of which include Mr. Dai Zhikang and his children. Accordingly, Mr. Dai Zhikang is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (3) Ms. Tao Ying is interested in 50,000 underlying shares in respect of the RSUs granted by Company under the 2013 RSU Scheme and 85,000 underlying shares in respect of the options granted by the Company under the Post-IPO Share Option Scheme.
- (4) As at 30 June 2023, the Company had 709,576,301 issued shares.

(b) Interests in associated corporations of the Company

Name of Director/ Chief Executive	Name of associated corporation	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of shareholding
Mr. Dai Zhikang	Boyaa Shenzhen	Beneficial owner	200,000	2.00%

Save as disclosed above, as at 30 June 2023, none of the directors nor the chief executives of the Company held any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the following persons (other than the directors or the chief executive of the Company) have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Name of company	Nature of interest	Number of Shares or securities held ⁽¹⁾	Approximate percentage of interest ⁽⁶⁾
Mr. Zhang Wei ⁽²⁾	The Company	Founder of a discretionary trust	246,237,474 (L)	34.70%
Cantrust (Far East) Limited ⁽³⁾	The Company	Trustee of a trust	282,737,474 (L)	39.85%
Rustem Limited ⁽³⁾	The Company	Nominee for another person	282,737,474 (L)	39.85%
Chunlei Investment ⁽²⁾	The Company	Interest in a controlled corporation	246,237,474 (L)	34.70%
Boyaa Global Limited ⁽³⁾	The Company	Beneficial owner	176,572,474 (L)	24.88%
Emily Technology Limited ⁽³⁾	The Company	Beneficial owner	69,665,000 (L)	9.82%
Visioncode Holdings Limited ⁽⁴⁾	The Company	Interest in a controlled corporation	36,500,000 (L)	5.14%
The Core Trust Company Limited ⁽⁵⁾⁽⁷⁾	The Company	Trustee of a trust	56,430,350 (L)	7.95%
Core Administration RSU limited ⁽⁵⁾⁽⁷⁾	The Company	Nominee for another person	53,040,494 (L)	7.47%
TCT (BVI) Limited ⁽⁵⁾⁽⁷⁾	The Company	Other	56,430,350 (L)	7.95%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Chunlei Investment Limited ("**Chunlei Investment**"), a company wholly-owned by a trust named the Chunlei Trust (the "**Zhang Family Trust**"), directly holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, Mr. Zhang Wei is deemed to be interested in the 176,572,474 shares and 69,665,000 shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (3) Cantrust (Far East) Limited, the trustee of the Zhang Family Trust, holds the entire issued share capital of Chunlei Investment through Rustem Limited (as nominee for Cantrust (Far East) Limited). Chunlei Investment in turn holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, each of Mr. Zhang Wei, Cantrust (Far East) Limited and Chunlei Investment are deemed to be interested in the shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (4) Visioncode Holdings Limited, a company wholly-owned by the Dai Family Trust, directly holds the entire issued share capital of Comsenz Holdings Limited. Accordingly, Visioncode Holdings Limited is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (5) The Core Trust Company Limited, through its wholly-owned subsidiary, TCT (BVI) Limited, indirectly holds the entire issued share capital of The Core Admin Boyaa RSU Limited, while The Core Admin Boyaa RSU Limited holds 3,382,335 shares underlying the RSUs granted and to be granted under the 2013 RSU Scheme for the benefit of eligible participants pursuant to the 2013 RSU Scheme. After the adoption of the 2021 RSU Scheme on 19 July 2021, the RSUs under the 2021 RSU Scheme were held by Core Administration RSU Limited (indirectly held by The Core Trust Company Limited through its wholly-owned subsidiary TCT (BVI) Limited). As at 30 June 2023, Core Administration RSU Limited held 53,040,494 shares underlying the RSUs. In addition, the share options under the Pre-IPO Share Option Scheme were held by The Core Admin Boyaa Option Limited (indirectly held by The Core Trust Company Limited through its wholly-owned subsidiary TCT (BVI) Limited). As at 30 June 2023, The Core Admin Boyaa Option Limited held 7,521 shares underlying the share options.
- (6) As at 30 June 2023, the Company had 709,576,301 issued shares.
- (7) Pursuant to Section 336 of the SFO, the shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 30 June 2023, no persons (other than the directors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.



Other Information

SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEMES

Post-IPO Share Option Scheme

On 23 October 2013, the Post-IPO Share Option Scheme of the Company was approved and adopted by the shareholders of the Company. The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (the “**Eligible Persons**”) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Post-IPO Share Option Scheme, the board of directors of the Company (the “**Board**”) (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company as the Board may determine to an Eligible Person.

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from 12 November 2013, being the date on which the trading of shares of the Company on the Stock Exchange commenced (the “**Listing Date**”). Accordingly, as at 30 June 2023, the remaining life of the Post-IPO Share Option Scheme is approximately four months.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus and the Company’s 2022 Annual Report. During the six months ended 30 June 2023, no option granted under the Post-IPO Share Option Scheme has been lapsed, no option has been granted or agreed to be granted nor has any option been cancelled under the Post-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2023 under the Post-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2023” below.

As at 1 January and 30 June 2023, 37,367,315 and 37,367,315 options were available for grant pursuant to the Post-IPO Share Option Scheme, respectively.

With the new Chapter 17 of the Listing Rules having come into effect since 1 January 2023, the Company shall comply with the relevant rules of the new Chapter 17 of the Listing Rules under the transitional arrangements before the Post-IPO Share Option Scheme is amended to comply with the new Chapter 17 of the Listing Rules.



Other Information

Pre-IPO Share Option Scheme

On 7 January 2011, the Pre-IPO Share Option Scheme of the Company was approved and adopted by the Board, which was subsequently amended on 17 September 2013. The purpose of the Pre-IPO Share Option Scheme is to enable our Company to grant pre-IPO options to employees, officers and directors of or consultant to any member of the Group (the “**Eligible Participants**”) as recognition and acknowledgement of the contributions that such Eligible Participants have made or may make to the Group or any affiliates.

No further options can be granted under the Pre-IPO Share Option Scheme after the Listing Date. However, all options granted under the Pre-IPO Share Option Scheme are exercisable over an eight-year period from the date of vesting. Therefore, given that the last batch of options under the Pre-IPO Share Option Scheme were granted on 1 November 2012 and the options so granted shall vest over a period of four years after the date of grant, as at 30 June 2023, such remaining life is one year and four months.

Further details of the principal terms of the Pre-IPO Option Scheme are set out in the Prospectus and the Company’s 2022 Annual Report. As at 30 June 2023, no options to subscribe for shares of the Company remained outstanding under the Pre-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2023 under the Pre-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2023” below.

As at 1 January and 30 June 2023, no options were available for grant pursuant to the Pre-IPO Share Option Scheme.

With the new Chapter 17 of the Listing Rules having come into effect since 1 January 2023, the Company shall comply with the relevant rules of the new Chapter 17 of the Listing Rules under the transitional arrangements before the Pre-IPO Share Option Scheme is amended to comply with the new Chapter 17 of the Listing Rules.

No Shares may be issued in respect of options granted during the six months ended 30 June 2023 under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme of the Company.



Other Information

Restricted Share Unit Schemes

The 2013 RSU Scheme of the Company adopted on 17 September 2013 with a term of eight years from the date of adoption was terminated with effect from 3 March 2021. Nonetheless, the rights and obligations of the grantees and the Company with respect to the RSUs that have been granted or earmarked pursuant to the 2013 RSU Scheme on or before the termination date as provided (or will be provided) in the relevant grant letters shall survive termination of the 2013 RSU Scheme and remain in full force and effect except otherwise provided for in such grant letters. The Company adopted the 2021 RSU Scheme on 19 July 2021 in place and under substantially the same terms as the 2013 RSU Scheme. The 2021 RSU Scheme shall be valid and effective for a period of eight years commencing on the date of adoption. As at 30 June 2023, the remaining life of the 2021 RSU Scheme is approximately six years and two months. For details of the principal terms of the 2021 RSU Scheme, please refer to the announcement of the Company dated 19 July 2021.

The 2021 RSU Scheme does not constitute a share option scheme pursuant to the old Chapter 17 of the Listing Rules previously effective and is a discretionary scheme of the Company. No shareholders' approval was required to adopt the 2021 RSU Scheme.

Further details of the principal terms of the 2021 RSU Scheme are set out in the Company's 2022 Annual Report. During the six months ended 30 June 2023, no RSU has been granted to the employees of the Group under the 2021 RSU Scheme, no RSU granted under the 2021 RSU Scheme has lapsed and no RSU has been canceled. Details of the movements in the RSUs under the 2013 RSU Scheme and the 2021 RSU Scheme are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2023" below.

With the new Chapter 17 of the Listing Rules having come into effect since 1 January 2023, the Company shall comply with the relevant rules of the new Chapter 17 of the Listing Rules under the transitional arrangements before the Restricted Share Unit Schemes are amended to comply with the new Chapter 17 of the Listing Rules. Pursuant to Rules 17.12(2) and 17.05A of the Listing Rules, the Core Trust Company Limited, being the trustee of the restricted share unit schemes of the Company, has abstained from voting at the annual general meeting held on 8 June 2023 in respect of 48,152,994 unvested shares it held and will abstain from voting in respect of unvested shares it holds on matters that require shareholders' approval under the Listing Rules in the future.



Other Information

Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2023

Name of option holder/ grantees of RSU	Number of shares represented by options or RSUs at 1 January 2023 (Unexercised)	Nature	Date of grant	Granted during the period	Exercise price	Weighted	Exercised	Cancelled	Lapsed	Number of shares represented by options or RSUs at 30 June (Unexercised)
						average closing price of shares immediately before the dates on which the options or RSUs were exercised				
Ms. Tao Ying (Executive Director and acting chief executive officer of the Company)	85,000	Options	7 September 2015	-	HK\$3.108	-	-	-	-	85,000
	50,000	RSUs granted under 2013 RSU Scheme	12 March 2015	-	-	-	-	-	-	50,000
Sub-total	135,000			-			-	-	-	135,000
252 employees and previous employees of the Group	5,137,429	Options	7 September 2015	-	HK\$3.108	-	-	-	-	5,137,429
	60,909	RSUs granted under	1 February 2011	-	-	-	-	-	-	60,909
	22,202	2013 RSU Scheme	2 March 2012	-	-	-	-	-	-	22,202
	5,908		1 July 2012	-	-	-	-	-	-	5,908
	3,653,582		4 March 2013	-	-	-	-	-	-	3,653,582
	145,488		12 March 2015	-	-	-	-	-	-	145,488
	5,050,000	RSUs granted under	27 August 2021	-	-	-	-	-	-	5,050,000
14,500,000	2021 RSU Scheme	15 April 2022	-	-	-	-	-	-	14,500,000	
Sub-total	28,575,518			-			-	-	-	28,575,518
Total	5,222,429	Options	7 September 2015	-	HK\$3.108	-	-	-	-	5,222,429
	60,909	RSUs granted under	1 February 2011	-	-	-	-	-	-	60,909
	22,202	2013 RSU Scheme	2 March 2012	-	-	-	-	-	-	22,202
	5,908		1 July 2012	-	-	-	-	-	-	5,908
	3,653,582		4 March 2013	-	-	-	-	-	-	3,653,582
	195,488		12 March 2015	-	-	-	-	-	-	195,488
	5,050,000	RSUs granted under	27 August 2021	-	-	-	-	-	-	5,050,000
14,500,000	2021 RSU Scheme	15 April 2022	-	-	-	-	-	-	14,500,000	
Total	28,710,518			-			-	-	-	28,710,518



Other Information

(a) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Post-IPO Share Option Scheme

Each holder of the options granted under the Post-IPO Share Option Scheme as referred to in the table above is required to pay an amount of HKD1.00 for the grant of each of the option under the Post-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with the vesting schedule as follows:

- (i) as to 25% of the options granted, on the date ending 12 months after the date of grant;
- (ii) as to 25% of the options granted, on the date ending 24 months after the date of grant; and
- (iii) as to the remaining 50% of the options granted, on a monthly basis starting from the 25th month after the date of grant in 24 monthly equal lots.

Each option granted under the Post-IPO Share Option Scheme has a ten-year exercise period commencing from the date of grant.

(b) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme

The holders of the options granted under the Pre-IPO Share Option Scheme as referred to in the table above are not required to pay for the grant of any option under the Pre-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with vesting schedule as follows:

- (i) as to 25% of the aggregate number of shares underlying the option, on the date ending 12 months after the date of grant of such option;
- (ii) as to 12.5% of the aggregate number of shares underlying the option, on the date ending 18 months after the date of grant of such option;
- (iii) as to 12.5% of the aggregate number of shares underlying the option, on the date ending 24 months after the date of grant of such option; and
- (iv) as to the remaining 50% of the aggregate number of shares underlying the option, on a monthly basis starting from the 25th month after the date of grant of such option in 24 monthly equal lots.

Each option granted under the Pre-IPO Share Option Scheme has an eight-year exercise period.



Other Information

(c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the RSU Schemes

The grantees of the RSUs granted under the RSU Schemes as referred to in the table above are not required to pay for the grant of any RSU under the RSU Schemes.

RSUs that were granted before 4 March 2013 were granted to replace certain options granted under the Pre-IPO Share Option Scheme and have the same vesting period as the options granted under the Pre-IPO Share Option Scheme. See the preceding sub-paragraph "(b) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme" above.

For the RSUs granted on 4 March 2013 under the 2013 RSU Scheme, they shall (unless the Company shall otherwise determine and so notify such grantees in writing) vest as follows:

- (i) 25% of the RSUs on the date ending 12 months after 30 September 2013;
- (ii) 12.5% of the RSUs on the date ending 18 months after 30 September 2013;
- (iii) 12.5% of the RSUs ending 24 months after 30 September 2013; and
- (iv) as to the remaining 50% of the RSUs, on a monthly basis starting from the 25th month after 30 September 2013 in 24 monthly equal lots.

For the RSUs granted on 12 March 2015 under the 2013 RSU Scheme, they shall vest as follows:

- (i) as to 25% of the RSUs on the date ending 12 months after the date of grant of the RSUs;
- (ii) as to 25% of the RSUs on the date ending 24 months after the date of grant of the RSUs;
- (iii) as to 12.5% of the RSUs on the date ending 30 months after the date of grant of the RSUs;
- (iv) as to 12.5% of the RSUs on the date ending 36 months after the date of grant of the RSUs; and
- (v) as to the remaining 25% of the RSUs, on a monthly basis starting from the 37th month after the date of grant in 12 monthly equal lots.

For the RSUs granted on 27 August 2021 under the 2021 RSU Scheme, they shall vest as follows:

- (i) as to 25% of the RSUs on the date ending 12 calendar months after the date of grant of the RSUs;
- (ii) as to 25% of the RSUs on the date ending 24 calendar months after the date of grant of the RSUs;
- (iii) as to 12.5% of the RSUs on the date ending 30 calendar months after the date of grant of the RSUs;
- (iv) as to 12.5% of the RSUs on the date ending 36 calendar months after the date of grant of the RSUs; and
- (v) as to the remaining 25% of the RSUs, on a monthly basis starting from the 37th calendar month after the date of grant in 12 monthly equal lots.



Other Information

For the RSUs granted on 15 April 2022 under the 2021 RSU Scheme, they shall vest as follows:

- (i) as to 25% of the RSUs on the date ending 12 calendar months after the date of grant of the RSUs;
- (ii) as to 25% of the RSUs on the date ending 24 calendar months after the date of grant of the RSUs;
- (iii) as to 12.5% of the RSUs on the date ending 30 calendar months after the date of grant of the RSUs;
- (iv) as to 12.5% of the RSUs on the date ending 36 calendar months after the date of grant of the RSUs; and
- (v) as to the remaining 25% of the RSUs, on a monthly basis starting from the 37th calendar month after the date of grant in 12 monthly equal lots.

All of the above granted RSUs shall also be subject to the Company and the relevant grantee meeting or satisfying the annual and half-yearly performance target or review immediately preceding such vesting.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2023.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the section "SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEMES" of this interim report, at no time during the six months ended 30 June 2023 was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, the Company has at all times complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Part 2 of Appendix 14 to the Listing Rules.

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

The Board currently comprises two executive directors (being Mr. Dai Zhikang, an executive director and the chairman of the Board and Ms. Tao Ying, an executive director and the acting chief executive officer of the Company), and three independent non-executive directors, and therefore has a strong element of independence in its composition.



Other Information

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following a specific enquiry made by the Company, that they have at all times complied with the Model Code throughout the six months ended 30 June 2023.

CHANGE IN DIRECTORS' BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

There is no change in the directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2022 Annual Report of the Company.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rule and the Code. As at the date of this report, the Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Kong Fanwei. Mr. Cheung Ngai Lam is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements and the interim report of the Group for the six months ended 30 June 2023. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

On 28 July 2023, an indirect wholly-owned subsidiary of the Company had subscribed for relevant deposits and wealth management product in an amount of RMB50.0 million, RMB30.0 million and RMB50.0 million with three licensed banks in the PRC, respectively. Each of the subscriptions constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details, please refer to the Company's announcement dated 28 July 2023.

Save as disclosed above, there was no other important event affecting the Group which has taken place since 30 June 2023 and up to the date of this report.



Independent Review Report



TO THE BOARD OF DIRECTORS OF BOYAA INTERACTIVE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 61 which comprises the condensed consolidated statement of financial position of the Boyaa Interactive International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. 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 IAS 34.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Practising Certificate Number P07374

Hong Kong, 24 August 2023



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Three Months and Six Months Ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Revenue	5	99,056	94,930	194,285	186,454
Cost of revenue		(32,689)	(32,303)	(64,611)	(63,611)
Gross profit		66,367	62,627	129,674	122,843
Other losses, net	6	(14,434)	(20,425)	(21,096)	(35,739)
Selling and marketing expenses		(13,233)	(8,234)	(23,555)	(17,169)
Administrative expenses		(23,424)	(23,913)	(46,762)	(46,502)
Operating profit		15,276	10,055	38,261	23,433
Finance income	7	14,433	6,491	25,632	11,912
Finance costs	8	(168)	(278)	(345)	(315)
Share of (losses)/gains of associates		(172)	63	(544)	(144)
Profit before income tax		29,369	16,331	63,004	34,886
Income tax expense	9	(2,446)	(6,201)	(7,424)	(11,578)
Profit for the period attributable to owners of the Company	10	26,923	10,130	55,580	23,308
Other comprehensive income/ (expenses):					
<i>Items that will not be reclassified to profit or loss:</i>					
Changes in fair value of equity investments at fair value through other comprehensive income		162	(19)	1,914	(7,990)
Exchange differences on translation		15,330	12,197	14,921	11,668
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		33,345	22,540	17,002	18,228
Other comprehensive income for the period, net of tax		48,837	34,718	33,837	21,906
Total comprehensive income for the period attributable to owners of the Company		75,760	44,848	89,417	45,214
Earnings per share (RMB cents)	12				
– Basic		4.07	1.54	8.43	3.55
– Diluted		4.02	1.53	8.30	3.53



Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	27,404	20,825
Right-of-use assets	13	14,078	16,339
Investments in associates		7,360	7,905
Equity investments at fair value through other comprehensive income	14	19,988	18,074
Investments at fair value through profit or loss	15	109,035	134,966
Prepayments, deposits and other receivables		14,388	15,779
Deferred tax assets		433	672
Term deposits		60,000	74,664
		252,686	289,224
Current assets			
Trade receivables	16	31,199	23,831
Prepayments, deposits and other receivables		51,530	46,478
Investments at fair value through profit or loss	15	53,812	50,367
Term deposits		1,303,593	1,082,734
Bank and cash balances		194,392	293,956
		1,634,526	1,497,366
Total assets		1,887,212	1,786,590
EQUITY AND LIABILITIES			
Equity			
Share capital	18	232	232
Reserves		1,547,906	1,457,052
Total equity		1,548,138	1,457,284



Condensed Consolidated Statement of Financial Position

At 30 June 2023

	Notes	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Liabilities			
Non-current liabilities			
Lease liabilities		9,219	12,378
Deferred tax liabilities		1,024	1,012
		10,243	13,390
Current liabilities			
Trade payables	17	1,135	1,078
Accruals and other payables		72,586	76,814
Contract liabilities		11,872	8,775
Lease liabilities		5,241	4,150
Current tax liabilities		237,997	225,099
		328,831	315,916
Total liabilities		339,074	329,306
Total equity and liabilities		1,887,212	1,786,590
Net current assets		1,305,695	1,181,450
Total assets less current liabilities		1,558,381	1,470,674



Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2023

(Unaudited)
Attributable to owners of the Company

	Share capital	Share premium	Repurchased shares	Shares held for RSU scheme	Capital reserve	Foreign currency translation reserve	Statutory reserve	Share-based payments reserve	Other reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	232	373,099	-	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,801,786	2,017,970
Effect of prior year adjustments	-	-	-	-	-	-	-	-	-	(678,016)	(678,016)
At 1 January 2022, as restated	232	373,099	-	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,123,770	1,339,954
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	29,896	-	-	(7,990)	23,308	45,214
Share-based payments – value of employee services	-	-	-	-	-	-	-	1,149	-	-	1,149
Changes in equity for the period	-	-	-	-	-	29,896	-	1,149	(7,990)	23,308	46,363
At 30 June 2022, as restated	232	373,099	-	(14)	2,000	16,465	33,990	81,104	(267,637)	1,147,078	1,386,317
At 1 January 2023	232	373,143	(112)	(14)	2,000	50,072	33,990	82,836	(272,833)	1,187,970	1,457,284
Total comprehensive income for the period	-	-	-	-	-	31,923	-	-	1,914	55,580	89,417
Cancellation of ordinary shares	-	(112)	112	-	-	-	-	-	-	-	-
Share-based payments – value of employee services	-	-	-	-	-	-	-	1,437	-	-	1,437
Changes in equity for the period	-	(112)	112	-	-	31,923	-	1,437	1,914	55,580	90,854
At 30 June 2023	232	373,031	-	(14)	2,000	81,995	33,990	84,273	(270,919)	1,243,550	1,548,138



Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from operating activities	51,648	83,252
Income tax paid	(2,601)	(5,478)
Lease interests paid	(345)	(315)
Net cash generated from operating activities	48,702	77,459
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(937,907)	(875,241)
Proceeds from maturity of term deposits with original maturities over three months	762,901	834,332
Interest received	25,632	11,912
Dividends from investments at fair value through profit or loss	751	5,148
Proceeds from settlements of investments at fair value through profit or loss	12	11,226
Purchases of property, plant and equipment	(9,803)	(1,843)
Proceeds from disposals of property, plant and equipment	22	22
Net cash used in investing activities	(158,392)	(14,444)
Cash flows from financing activities		
Repayment of lease liabilities	(2,160)	(2,160)
Net cash used in financing activities	(2,160)	(2,160)
Net (decrease)/increase in cash and cash equivalents	(111,850)	60,855
Effect of foreign exchange rate changes	12,286	15,362
Cash and cash equivalents at beginning of the period	293,956	248,307
Cash and cash equivalents at end of the period	194,392	324,524
Analysis of cash and cash equivalents		
Bank and cash balances	194,392	324,524



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

1. GENERAL INFORMATION

Boyaa Interactive International Limited (the “**Company**”) was incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 14/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong. The address of its headquarters is 8/F, Block E1, International E Town, TCL Industry Park, 1001 Zhong Shan Yuan Road, Nanshan District, Shenzhen, the People’s Republic of China (“**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements are presented in Renminbi (the “**RMB**”), which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group.

The Company acts as an investment holding company. The principal activities of the Group are the development and operation of online games and provision of advisory services.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Company and its subsidiaries (collectively referred as the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at:

Description	Fair value measurements at 30 June 2023 using:			Total 30 June 2023
	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	44,400	44,400
– Equity investment partnerships	–	–	67,035	67,035
– Wealth management products	–	–	51,412	51,412
	–	–	162,847	162,847
Equity investments at fair value through other comprehensive income				
– Listed equity securities in Hong Kong	16,802	–	–	16,802
– Listed equity securities in USA	3,181	–	–	3,181
– Unlisted equity investments	–	–	5	5
	19,983	–	5	19,988
Total recurring fair value measurements	19,983	–	162,852	182,835



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(a) Disclosures of level in fair value hierarchy at: (Continued)

Description	Fair value measurements at 31 December 2022 using:			Total 31 December 2022
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	64,550	64,550
– Equity investment partnerships	–	–	70,416	70,416
– Wealth management products	–	–	50,367	50,367
	–	–	185,333	185,333
Equity investments at fair value through other comprehensive income				
– Listed equity securities in Hong Kong	16,614	–	–	16,614
– Listed equity securities in USA	1,460	–	–	1,460
	18,074	–	–	18,074
Total recurring fair value measurements	18,074	–	185,333	203,407



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets and liabilities measured at fair value based on level 3:

Description	Investments at fair value through profit or loss RMB'000 (unaudited)	Equity Investments at fair value through other comprehensive income RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 1 January 2023	185,333	–	185,333
Total gains or losses recognised			
in profit or loss (#)	(23,989)	–	(23,989)
in other comprehensive income	–	5	5
Settlements	(12)	–	(12)
Currency translation differences	1,515	–	1,515
At 30 June 2023	162,847	5	162,852
(#) Include gains or losses for assets held at end of reporting period	(23,989)	–	(23,989)



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Reconciliation of assets and liabilities measured at fair value based on level 3: (Continued)

Description	Investments at fair value through profit or loss RMB'000 (unaudited) (restated)
At 1 January 2022	454,544
Total gains or losses recognised in profit or loss (#)	(35,254)
Settlements	(11,226)
Currency translation differences	1,754
At 30 June 2022	409,818
(#) Include gains or losses for assets held at end of reporting period	(33,092)

The total gains or losses recognised in other comprehensive income are presented in other reserve in the condensed consolidated statement of profit or loss and other comprehensive income.

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other losses, net in the condensed consolidated statement of profit or loss and other comprehensive income.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2023:

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the valuation methodology and major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

For level 3 fair value measurements, the Group will normally engage an independent professional valuer with the recognised professional qualifications and recent experience to perform the valuations.

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 June 2023 RMB'000 (unaudited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	35.27%-36.23%	Decrease	44,400	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	67,035	
		Discount cash flows model	Discount rate	16.00%-21.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.64%	Increase	51,412	
<i>Equity investments at fair value through other comprehensive income</i>						
Unlisted equity investments	Share of net assets	N/A	N/A	N/A	5	



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2023: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 December 2022 RMB'000 (audited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	23.79%- 36.23%	Decrease	64,550	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	70,416	
		Discount cash flows model	Discount rate	16.00%- 25.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.64%	Increase	50,367	

During the two periods, there were no changes in the valuation techniques used.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Web-based games	30,100	32,309	59,157	61,597
Mobile games	68,956	62,621	135,128	124,857
Revenue from contracts with customers	99,056	94,930	194,285	186,454

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
At a point of time	99,056	94,930	194,285	186,454

The directors of the Company consider that the Group's operations are operated and managed as a single segment. The directors of the Company, being the chief operating decision maker of the Group, review the operating results of the Group as a whole when making decisions about resource allocations and assessing performances. Hence it is determined that the Group has only one operating segment. Accordingly no segment information is presented.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group offers its games in various language versions in order to enable game players to play the games in different geographical locations. The Group's operations are substantially located in the PRC (including Hong Kong). A breakdown of revenue derived from different languages versions of the Group's games is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Simplified Chinese	4,751	5,771	9,909	12,053
Other languages	94,305	89,159	184,376	174,401
	99,056	94,930	194,285	186,454

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three and six months ended 30 June 2022: nil).

The Group's non-current assets other than equity investments at fair value through other comprehensive income, investments at fair value through profit or loss, term deposits and deferred tax assets were located as follows:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Mainland China	27,595	48,980
Other locations	35,635	11,868
	63,230	60,848



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

6. OTHER LOSSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Dividends from investments at fair value through profit or loss	–	1,069	751	2,321
Loss on disposals of property, plant and equipment	–	(6)	(24)	(9)
Government subsidies and tax rebates (Note a)	3	608	212	895
Net foreign exchange (losses)/gains	(3,776)	(3,319)	2,316	(1,013)
Fair value changes on investments at fair value through profit or loss	(10,313)	(15,646)	(23,989)	(31,795)
Others (Note b)	(348)	(3,131)	(362)	(6,138)
	(14,434)	(20,425)	(21,096)	(35,739)

Notes:

- (a) Government subsidies represented various industry-specific subsidies granted by the government authorities to subsidise the research and development costs incurred by the Group during the course of its business.
- (b) Other losses of RMB6,041,000 for the six months ended 30 June 2022 was the remaining balance of the Enforcement Sum (as defined in note 21). For details, please refer to the note 21.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

7. FINANCE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest income	14,305	6,283	25,189	11,480
Interest income on non-current loans to employees	128	208	443	432
	14,433	6,491	25,632	11,912

8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Lease interests	168	278	345	315

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Current tax				
– PRC Enterprise Income Tax (“EIT”) and other jurisdictions	2,319	5,928	7,175	10,914
Deferred tax	127	273	249	664
	2,446	6,201	7,424	11,578



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

9. INCOME TAX EXPENSE (CONTINUED)

(a) EIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2023 and 2022, based on the existing legislation, interpretations and practices in respect thereof.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification under EIT Law during the year ended 31 December 2022 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2022 to 31 December 2024. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 15%).

Shenzhen Erlulu Technology Company Limited has successfully obtained HNTE qualification under EIT Law during the year ended 31 December 2021 and as a result, Shenzhen Erlulu Technology Company Limited enjoy a preferential tax rate of 15% from 1 January 2021 to 31 December 2023. Therefore, the applicable tax rate for Shenzhen Erlulu Technology Company Limited was 15% for the six months ended 30 June 2023 (for the six months ended 30 June 2022: 15%).

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 200% (for the six months ended 30 June 2022: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that period (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited, Boyaa On-line Game Development (Shenzhen) Co., Limited and Shenzhen Erlulu Technology Company Limited had claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Shenzhen Dong Fang Bo Ya Technology Co., Limited, Boyaa On-line Game Development (Shenzhen) Co., Limited and Shenzhen Erlulu Technology Company Limited).

(b) PRC withholding tax (“WHT”)

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

As at 30 June 2023, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were RMB163,663,113 (31 December 2022: RMB189,733,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on the management’s estimation of overseas funding requirements.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

9. INCOME TAX EXPENSE (CONTINUED)

(c) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to Hong Kong dollars ("HK\$") 2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2023 and 2022.

(d) Singapore Profits Tax

Singapore Profits Tax has been provided at the rate of 17% on assessable profits for the six months ended 30 June 2023 and 2022.

10. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Depreciation	3,166	4,884	6,179	9,157
Research and development expenditure				
– included in staff costs	13,588	13,596	31,546	30,273
– included in depreciation	79	66	153	123
– included in other administrative expenses	431	317	730	592
	14,098	13,979	32,429	30,988
Loss allowance provision/(reversal of loss allowance) for trade receivables	373	(3,663)	337	(4,361)
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	22,682	21,684	40,521	38,592
– Retirement benefit scheme contributions	1,878	1,456	4,300	3,710
– Share-based payments expenses	579	908	1,437	1,149
	25,139	24,048	46,258	43,451



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

11. DIVIDENDS

The board of the directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)
Earnings				
Earnings for the purpose of basic and diluted earnings per share	26,923	10,130	55,580	23,308
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic earnings per share	660,733	656,704	659,208	656,704
Effect of dilutive potential ordinary shares arising from restricted share units ("RSUs")	8,957	3,902	10,234	3,269
Weighted average number of ordinary shares for the purpose of diluted earnings per share	669,690	660,606	669,442	659,973

13. PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the six months ended 30 June 2023, the Group acquired property, plant and equipment of RMB9,803,000 (for the six months ended 30 June 2022: RMB1,843,000).

Property, plant and equipment with a carrying amount of approximately RMB182,000 (for the six months ended 30 June 2022: approximately RMB31,000) were disposed by the Group during the six months ended 30 June 2023.

During the six months ended 30 June 2023, the additions to right-of-use assets were nil (for the six months ended 30 June 2022: RMB24,271,000).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Equity securities, at fair value		
– Listed in Hong Kong – Xiaomi Corporation	16,802	16,614
– Listed in USA – Qudian Inc.	3,181	1,460
– Unlisted equity securities	5	–
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	19,988	18,074

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	42,000	64,550
– equity investment partnerships	67,035	70,416
	109,035	134,966
Included in current assets		
Non-quoted investments in:		
– asset management plan	2,400	–
– wealth management products (Note)	51,412	50,367
	53,812	50,367
	162,847	185,333

Note:

Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. Wealth management products have no initial terms.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

16. TRADE RECEIVABLES

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Trade receivables	31,800	24,095
Provision for loss allowance	(601)	(264)
Carrying amount	31,199	23,831

The aging analysis of trade receivables, based on recognition date of trade receivables, net of allowance, is as follows:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 30 days	27,210	19,671
31 to 60 days	2,171	3,002
61 to 90 days	731	793
91 to 180 days	333	127
181 to 365 days	736	17
Over 365 days	18	221
	31,199	23,831



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

17. TRADE PAYABLES

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

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
0 to 30 days	874	787
31 to 90 days	–	–
91 to 180 days	–	–
181 to 365 days	2	2
Over 365 days	259	289
	1,135	1,078

18. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (31 December 2022: 2,000,000,000) ordinary shares with par value of United States dollar (“USD”) 0.00005 (31 December 2022: USD0.00005) per share.

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2022 (audited), 31 December 2022 (audited) and 1 January 2023 (audited)	709,876,301	36	232
Cancellation of ordinary shares (Note)	(300,000)	–	–
At 30 June 2023 (unaudited)	709,576,301	36	232

Note:

The Group repurchased 300,000 shares of its own shares from the market during the year ended 31 December 2022. The total amount paid to acquire the shares was RMB112,000 and has been deducted from the shareholders' equity. The related weighted average price at the time of buy-back was HK\$0.42 per share. The 300,000 shares repurchased during the year ended 31 December 2022 had been cancelled during the six months ended 30 June 2023.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

19. SHARE-BASED PAYMENTS

(a) Share options

On 7 January 2011, the Board of the Company approved the establishment of a share option scheme (“**Pre-IPO Share Option Scheme**”) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Pre-IPO Share Option Scheme is eight years from the grant date.

On 23 October 2013, the Board of the Company approved the establishment of a share option scheme (“**Post-IPO Share Option Scheme**”) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Post-IPO Share Option Scheme is ten years from the grant date.

Details of the share options outstanding during the period are as follows:

	Number of share options	
	For the six months ended 30 June	
	2023 (unaudited)	2022 (unaudited)
Outstanding at the beginning of the period	5,222,429	5,722,429
Lapsed during the period	–	(500,000)
Outstanding at the end of the period	5,222,429	5,222,429
Exercisable at the end of the period	5,222,429	5,222,429

No options were exercised during the six months ended 30 June 2023 and 2022.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2023 and 2022 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	At 30 June	
			2023 (unaudited)	2022 (unaudited)
6 September 2025	HK\$3.108	3.108	5,222,429	5,222,429



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

19. SHARE-BASED PAYMENTS (CONTINUED)

(b) Restricted Share Unit ("RSU")

On 17 September 2013, the Company set up a RSU scheme (the "**RSU Scheme**") with the objective to incentivise directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. RSUs held by a participant that are vested may be exercised (in whole or in part) by the participant serving an exercise notice in writing to The Core Trust Company Limited (the "**RSU Trustee**") and copied to the Company. The RSU Scheme will be valid and effective for a period of eight years from 4 March 2013 to 3 March 2021, commencing from the date of the first grant of the RSUs.

On 19 July 2021 (the "**Adoption Date**"), the Company has adopted the new RSU scheme (the "**New RSU Scheme**"), to incentivise the contributions by, and to attract, motivate and retain, Eligible Persons, for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The New RSU Scheme shall be valid and effective for a period of eight years commencing on the Adoption Date.

On 27 August 2021, the Group granted 5,650,000 RSUs under the New RSU Scheme to its employees. The vesting period of the RSUs granted is 4 years and the vesting schedule is 25% after 12 calendar months from the grant date, 25% after 24 calendar months from the grant date, 12.5% after 30 calendar months from the grant date, 12.5% after 36 calendar months from the grant date, and 2.083% from each month of 37 to 48 calendar months from the grant date. The fair value of each of the above newly granted RSU equals to the closing price of the Company's ordinary shares on the grant date, which was HKD0.445 per share. The expiry date of the above newly granted RSUs is 26 August 2029.

On 15 April 2022, the Group granted 15,000,000 RSUs under the New RSU Scheme to its employees. The vesting period of the RSUs granted is 4 years and the vesting schedule is 25% after 12 calendar months from the grant date, 25% after 24 calendar months from the grant date, 12.5% after 30 calendar months from the grant date, 12.5% after 36 calendar months from the grant date, and 2.083% from each month of 37 to 48 calendar months from the grant date. The fair value of each of the above newly granted RSU equals to the closing price of the Company's ordinary shares on the grant date, which was HKD0.465 per share. The expiry date of the above newly granted RSUs is 14 April 2030.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

19. SHARE-BASED PAYMENTS (CONTINUED)

(b) Restricted Share Unit ("RSU") (Continued)

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2023 (unaudited)	2022 (unaudited)
At 1 January	23,488,089	9,722,089
Granted	–	15,000,000
Lapsed	–	(300,000)
At 30 June	23,488,089	24,422,089
Vested but not transferred at 30 June	3,625,000	4,072,089

(c) Shares held for RSU schemes

The shares held for RSU schemes were regarded as treasury shares and had been presented as a deduction against shareholders' equity. During the period, nil (for the six months ended 30 June 2022: nil) of RSUs were vested and transferred (note (b) above), and as a result, 57,110,829 ordinary shares (31 December 2022: 57,110,829 ordinary shares) of the Company underlying the RSUs were held by Core Administration RSU Limited and The Core Admin Boyaa RSU Limited as at 30 June 2023.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following balances with its related parties at end of the period:

	30 June 2023 RMB'000 (unaudited)	31 December 2022 RMB'000 (audited)
Amount due from a director included in other receivables	846	855
Amount due from a related party included in other receivables	2,003	2,003

The amounts due from a director and related party are unsecured, interest-free and repayable on demand.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

21. MATERIAL EVENTS

In March 2019, the Company had come to the attention that it was not able to continue to use the idle cash reserves in its individual bank accounts (the “**Relevant Idle Cash Reserves**”) for fixed-term deposits or wealth management (the “**Incident**”).

At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company had engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter in March 2019. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers had submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilise the Relevant Idle Cash Reserves.

Upon advice of the PRC Legal Advisers, the Company filed another application (the “**Application**”) to the relevant PRC court on 21 August 2019 seeking to utilise the Relevant Idle Cash Reserves for wealth management. On 27 August 2019, the Company received a reply (the “**Reply**”) from the relevant PRC court that the Relevant Idle Cash Reserves were frozen due to a prosecution (the “**Case**”) made by the relevant PRC judicial authority against its individual current or former employees (the “**Employees**”) for their alleged illegal activities conducted through one of the Company’s onshore online gaming platforms (the “**Alleged Crime**”). Therefore, the Application was rejected. After the occurrence of the Case and the Incident, the Company had terminated the employment relationship with all the above mentioned employees. As advised by the PRC Legal Advisers, if the relevant PRC judicial authority finds that the Employees are guilty of the Alleged Crime and some or all of the Relevant Idle Cash Reserves contain income generated as a result of such conduct, such income may be confiscated.

On 27 December 2019, the Intermediate People’s Court of Chengde City, Hebei Province (the “**Trial Court**”) delivered the judgment in relation to the Case (the “**Judgment**”). The Trial Court held that the Employees are guilty of the Alleged Crime and ordered an amount of approximately RMB943 million to be paid to the state treasury (the “**Judgment Amount**”).

The Company was discussing with its PRC Legal Advisers as to the next step forward in relation to the Judgment, including the possibility to take appropriate legal actions as to the Judgment Amount to protect the interests of the Company and its shareholders. The Company was informed, on 3 September 2021, that the PRC court of second instance (the “**Appeal Court**”) had made a decision on the Appeal Hearing to quash the Judgment and remanded the case to the Trial Court for a retrial (the “**Retrial**”) since it was of the view that certain facts under the Judgment was unclear. As advised by the PRC Legal Advisers, the Retrial was heard on 1 December 2021 and 2 December 2021. The Company was informed, on 23 March 2022, the Intermediate People’s Court of Chengde City, Hebei Province delivered the judgment of the Retrial (the “**Retrial Judgment**”). The Trial court had upheld that the Employees was guilty of the Alleged Crime. However, the Trial court had held that the amount of RMB291,696,677.62 and wealth management products in the amount of RMB350,000,000 and the relevant interests which had been frozen shall be paid to the state treasury (the “**Relevant Frozen Sum**”) which superseded the amount of RMB942,654,382.75 as original ordered by the Trial court to be paid to the state treasury. As advised by the PRC Legal Adviser, some Employees had applied for appeal against the Retrial Judgment up to 29 March 2022 and the rehearing of Retrial was heard by the court of second instance on 28 July 2022. On 5 December 2022, as informed by the PRC Legal Advisers, the High People’s Court of Hebei Province (the “**Court of Second Instance**”) had delivered the ruling of the rehearing of the Retrial (the “**Second Instance Ruling**”), which held that the Employees are guilty of the Alleged Crime and had used the frozen account of the Company to transfer funds for relevant illegal activities, therefore the Relevant Frozen Sum, representing all funds in the frozen account of the Company in the amount of RMB291,696,677.62 and wealth management products in the amount of RMB350,000,000 and the relevant interests therefrom, shall be confiscated and paid to the state treasury. On 8 December 2022, it had come to the attention of the Company that an aggregate of approximately RMB683,222,975.72 had been withdrawn from the frozen bank accounts by the Trial Court (the “**Enforcement**”) where all available funds, wealth management products and relevant interests were held (the “**Enforcement Sum**”).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

21. MATERIAL EVENTS (CONTINUED)

On 13 January 2023, as informed by the PRC Legal Advisers, to the best of their knowledge after making reasonable enquiries, some of the former Employees had filed a petition to the court against the Retrial Judgment and the Second Instance Ruling for a filing and retrial. At the same time, after the discussion between the Company and the PRC Legal Advisers, in order to safeguard the interests of the Company and its Shareholders, the PRC Legal Advisers had filed a petition on behalf of the Company, as a non-party stakeholder to the Case, requesting the court (i) to quash the Retrial Judgment and the Second Instance Ruling and to order a filing and a retrial of the Case; and (ii) to apply the appropriate PRC laws and regulations in determining the amount involved in the Case and to return to the Company the legitimate revenue which has been withdrawn. On 15 June 2023, as informed by the PRC Legal Advisers, the Court of Second Instance had dismissed the petition filed by the PRC Legal Advisers on behalf of the Company as a non-party stakeholder to the Case (the “Dismissal”), and the Retrial Judgment and the Second Instance Ruling have been upheld.

The Independent Investigation Committee had held meetings in January, March, May, June and November 2020, March, May, August, September and November 2021, March, May, July, August and December 2022, January, March, May, July and August 2023 to discuss various matters concerning the Case, the Incident and preparation of the independent investigation report. The senior management of the Company has been maintaining close contact with the Independent Investigation Committee to ensure that any updates of the Case and the Incident can be provided to the Independent Investigation Committee on a timely basis. The Independent Investigation Committee had issued an investigation report (the “Investigation Report”) in July 2023 with details of their findings and their view on the Case and the Incident. After reviewing all existing documents available to the Company in relation to the Case and the Incident, the Independent Investigation Committee is of the view that there were no material findings after conducting the independent investigation which have to bring to the attention of the shareholders and potential investors of the Company.

Pursuant to the Investigation Report, the Independent Investigation Committee had concluded that, among others:

- (i) apart from the former Employees, the Company’s management had no involvement of the Case and was not prosecuted;
- (ii) the Board and management timely took active steps in monitoring and managing the situation in relation to the incident and the independent non-executive Directors had established the Independent Investigation Committee for the purpose of conducting an independent investigation on internal matters arising out of the Case;
- (iii) the Board responded promptly and immediately engaged Deloitte Consulting (Beijing) Company (“Deloitte”) to review the internal control system of the Company. Deloitte had completed their review on the Company’s internal control system and issued a report in January 2020, pursuant to which Deloitte was of the view that there were no material issues identified in respect of the internal control system of the Group and Deloitte had proposed certain strengthened measures to the internal control system to the Company. In March 2020, Deloitte issued a follow up report, in which Deloitte confirmed that the Company had implemented all the proposed strengthened measures, including additional measures on declaration of interest by employees and revenue management systems;
- (iv) as advised by the PRC Legal Advisers, the Company has obtained all necessary and requisite approval, licenses and permits from all relevant governmental or regulatory authorities for its operation of online gaming platforms in the PRC, and its business operations in the PRC are in compliance with the relevant PRC laws. The fact that the former Employees were found guilty by judicial authorities will not affect the validity of such approval, licenses and permits of the Company;
- (v) the Company is taking legal advice from PRC Legal Advisers on the Incident and will continue to take all necessary steps to protect the interests of the Company and its shareholders;



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2023

21. MATERIAL EVENTS (CONTINUED)

- (vi) the Company's operation is not and will not be materially affected by the Case and the Enforcement Sum withdrawn; and
- (vii) the Board has been handling this matter with frequent and thorough discussions. The investigation reveals no material issues on management of the Board of Directors in respect of the Case and the Incident.

In light of the aforementioned conclusions, and the fact that (i) except for the relevant gaming platform involved the Case which has ceased operation, all other online gaming platforms of the Company remain in normal operation; (ii) the Company will strive to further expand the overseas market as well as other card and board games business and will be dedicated to diversifying its business in strict compliance with all applicable laws; and (iii) as of the date of this report, the Company does not have any future plans relating to material acquisitions, investments, or any loan borrowings which would cause any immediate need for any material cash commitment, the Company is of the view that the Case, the Incident, the Enforcement and the Dismissal will not have any material adverse impact on its business operations.

The Company will keep the shareholders and potential investors of the Company informed of any material development in connection with the Case and the Incident as and when appropriate pursuant to the requirements under the Listing Rules.

For details, please refer to the announcements of the Company dated 1 September 2019, 4 September 2019, 13 December 2019, 3 January 2020, 6 January 2020, 9 November 2020, 3 September 2021, 30 November 2021, 24 March 2022, 29 March 2022, 28 July 2022, 5 December 2022, 9 December 2022, 13 January 2023 and 16 June 2023.

22. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 August 2023.



Reconciliation from Unaudited Net Profit to Unaudited Non-IFRS Adjusted Net Profit

For The Six Months Ended 30 June 2023

	For the six months ended 30 June		Year-on- Year Change*
	2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited) (restated)	
Revenue	194,285	186,454	4.2
Cost of revenue	(64,611)	(63,611)	1.6
Gross profit	129,674	122,843	5.6
Other losses, net	(21,096)	(35,739)	(41.0)
Selling and marketing expenses	(23,555)	(17,169)	37.2
Administrative expenses	(46,762)	(46,502)	0.6
Operating profit	38,261	23,433	63.3
Finance income, net	25,287	11,597	118.0
Share of loss of associates	(544)	(144)	277.8
Profit before income tax	63,004	34,886	80.6
Income tax expenses	(7,424)	(11,578)	(35.9)
Profit for the period	55,580	23,308	138.5
Non-IFRS adjustment			
Share-based compensation expenses included in cost of revenue	–	–	–
Share-based compensation expenses included in selling and marketing expenses	–	–	–
Share-based compensation expenses included in administrative expenses	1,437	1,149	25.1
Non-IFRS adjusted net profit(unaudited)	57,017	24,457	133.1

* Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period last year.



Reconciliation from Unaudited Net Profit to Unaudited Non-IFRS Adjusted Net Profit

For The Three Months Ended 30 June 2023

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2023 RMB'000 (unaudited)	31 March 2023 RMB'000 (unaudited)	30 June 2022 RMB'000 (unaudited) (restated)		
Revenue	99,056	95,229	94,930	4.3	4.0
Cost of revenue	(32,689)	(31,922)	(32,303)	1.2	2.4
Gross profit	66,367	63,307	62,627	6.0	4.8
Other losses, net	(14,434)	(6,662)	(20,425)	(29.3)	116.7
Selling and marketing expenses	(13,233)	(10,322)	(8,234)	60.7	28.2
Administrative expenses	(23,424)	(23,338)	(23,913)	(2.0)	0.4
Operating profit	15,276	22,985	10,055	51.9	(33.5)
Finance income, net	14,265	11,022	6,213	129.6	29.4
Share of (losses)/gains of associates	(172)	(372)	63	(373.0)	(53.8)
Profit before income tax	29,369	33,635	16,331	79.8	(12.7)
Income tax expenses	(2,446)	(4,978)	(6,201)	(60.6)	(50.9)
Profit for the period	26,923	28,657	10,130	165.8	(6.1)
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	-	-	-	-	-
Share-based compensation expense included in selling and marketing expenses	-	-	-	-	-
Share-based compensation expense included in administrative expenses	579	858	908	(36.2)	(32.5)
Non-IFRS adjusted net profit (unaudited)	27,502	29,515	11,038	149.2	(6.8)

* Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period last year.

** Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2023 and the immediately preceding quarter.