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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)

**(1) ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023; AND
(2) ADOPTION OF NEW DIVIDEND POLICY**

(1) ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Boyaa Interactive International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023 (the “**Reporting Period**”). The annual results have been prepared in accordance with the International Financial Reporting Standards (the “**IFRS**”) and audited by ZHONGHUI ANDA CPA Limited, the auditor of the Company. In addition, the annual results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

The audited consolidated results for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022, are set forth in this announcement.

Highlights:

- Our revenue for the year ended 31 December 2023 amounted to approximately RMB394.6 million, representing an increase of approximately 5.1% from approximately RMB375.3 million recorded in 2022.
- Our gross profit for the year ended 31 December 2023 amounted to approximately RMB271.3 million, representing an increase of approximately 10.3% from approximately RMB245.8 million recorded in 2022.
- Profit attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB117.2 million, representing an increase of approximately 82.5% from approximately RMB64.2 million recorded in 2022.
- Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2023 derived by excluding share-based compensation expenses amounted to approximately RMB118.9 million, representing an increase of approximately 77.2% from approximately RMB67.1 million recorded in 2022.
- The dividend payout ratio calculated based on the unaudited non-IFRS adjusted net profit for the year ended 31 December 2023 is 20%. The Board recommends a final dividend of RMB0.0335 per ordinary share (equivalent to HK\$0.0372 per ordinary share) for the year ended 31 December 2023.
- The Board has adopted a new dividend policy and announced that for the next five years it will continue to distribute to shareholders at least 20% per annum of the net operating profit for the year and pay dividends of at least 5% from value-added gains from the purchase of crypto assets per annum.

FINANCIAL HIGHLIGHTS

	For the year ended		Year-on-Year Change* %
	31 December		
	2023	2022	
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	
Revenue	394,582	375,266	5.1
– Web-based games	118,017	125,161	(5.7)
– Mobile games	276,565	250,105	10.6
Gross profit	271,279	245,845	10.3
Profit attributable to owners of the Company	117,179	64,200	82.5
Non-IFRS adjusted net profit (unaudited)**	118,940	67,125	77.2
Earnings per share (expressed in RMB cents per share)			
– Basic	17.74	9.77	81.6
– Diluted	17.42	9.68	80.0
	For the three months ended		Year-on-Year Change* %
	31 December		
	2023	2022	
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	
Revenue	100,262	94,332	6.3
– Web-based games	28,486	32,932	(13.5)
– Mobile games	71,776	61,400	16.9
Gross profit	72,863	60,931	19.6
Profit attributable to owners of the Company	32,050	27,759	15.5
Non-IFRS adjusted net profit (unaudited)**	31,865	28,636	11.3

REVENUE BY GAMES

	For the year ended 31 December		Year-on-Year Change* %
	2023 <i>RMB'000</i> (audited)	2022 <i>RMB'000</i> (audited)	
Texas Hold'em Series	250,277	239,983	4.3
Other Card and Board****	144,305	135,283	6.7
Total	394,582	375,266	5.1

	For the three months ended 31 December		Year-on-Year Change* %
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	63,923	60,675	5.4
Other Card and Board****	36,339	33,657	8.0
Total	100,262	94,332	6.3

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the year ended 31 December		Year-on-Year Change* %
	2023 <i>RMB'000</i> (audited)	2022 <i>RMB'000</i> (audited)	
Simplified Chinese	19,082	22,360	(14.7)
Other languages	375,500	352,906	6.4
Total	394,582	375,266	5.1

	For the three months ended 31 December		Year-on-Year Change* %
	2023 <i>RMB'000</i> (unaudited)	2022 <i>RMB'000</i> (unaudited)	
Simplified Chinese	5,019	5,194	(3.4)
Other languages	95,243	89,138	6.8
Total	100,262	94,332	6.3

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	31 December 2023 (unaudited)	30 September 2023 (unaudited)	31 December 2022 (unaudited)		
Paying Players (<i>in thousands</i>)	206	211	216	(4.6)	(2.4)
• Web-based games	3	3	5	(40.0)	–
• Mobile games	203	208	211	(3.8)	(2.4)
Daily Active Users (“DAUs”) (<i>in thousands</i>)****	1,130	1,177	1,183	(4.5)	(4.0)
• Web-based games	77	80	93	(17.2)	(3.8)
• Mobile games	1,053	1,097	1,090	(3.4)	(4.0)
Monthly Active Users (“MAUs”) (<i>in thousands</i>)****	3,940	3,895	4,040	(2.5)	1.2
• Web-based games	339	314	330	2.7	8.0
• Mobile games	3,601	3,581	3,710	(2.9)	0.6
Average Revenue Per Paying User (“ARPPU”) of Texas Hold’em (<i>in RMB</i>)					
• Web-based games	4,747.7	5,062.3	2,744.3	73.0	(6.2)
• Mobile games	207.2	230.4	196.8	5.3	(10.1)
ARPPU of Other Card and Board (<i>in RMB</i>)					
• Web-based games	0.3	0.3	0.3	–	–
• Mobile games	83.0	76.0	68.4	21.3	9.2

* 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 31 December 2023 and the immediately preceding quarter.

*** Non-IFRS adjusted net profit was derived from the net profit for the year/period excluding share-based compensation expenses.

**** The numbers of DAUs and MAUs shown above are calculated based on the number of active users in the last calendar month of the relevant reporting period.

***** The categories of “Fight the landlord” and “others” set out in the summary in the previous annual results announcement is combined and referred to as “Other Card and Board” above.

BUSINESS OVERVIEW AND OUTLOOK

Review of 2023

In terms of financial performance, we recorded revenue of approximately RMB394.6 million in 2023, representing a year-on-year increase of approximately 5.1% as compared to 2022. In the fourth quarter of 2023, we recorded revenue of approximately RMB100.3 million, representing a year-on-year increase of approximately 6.3% as compared to the fourth quarter of 2022 and a quarter-on-quarter increase of approximately 0.2% as compared to the third 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 Reporting Period.

In 2023, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB118.9 million, representing a year-on-year increase of approximately 77.2% as compared to 2022, mainly due to, among others, (i) increase in revenue of the Group recorded for the year ended 31 December 2023 as compared to the same period in 2022; (ii) the impact of non-operating one-off factors such as reduction in the decrease in fair value of the financial assets such as equity investment partnerships for the year ended 31 December 2023 as compared to the same period in 2022, and impairment of frozen sum recorded for the year ended 31 December 2022 (for details, please refer to Note 4 and Note 9(b) under the section headed "Notes to the Consolidated Financial Statements" in the 2022 annual report of the Company published on 28 April 2023), while no impairment of frozen sum was recorded in 2023; and (iii) increase in interest income of the Group for the year ended 31 December 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 recorded for the year ended 31 December 2022, the unaudited non-IFRS adjusted net profit of the Group for the year ended 31 December 2023 would have represented a year-on-year increase of approximately 43.4%, which was mainly due to, among others, the increase in revenue and interest income of the Group for the year ended 31 December 2023 as compared to the same period in 2022. In the fourth quarter of 2023, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB31.9 million, representing a year-on-year increase of approximately 11.3% as compared to the same period in 2022, mainly due to, among others, (i) the increase in revenue of the Group recorded for the three months ended 31 December 2023 as compared to the same period in 2022; (ii) the decrease in cost of revenue of the Group recorded for the three months ended 31 December 2023 as compared to the same period in 2022; and (iii) the increase in interest income of the Group recorded for the three months ended 31 December 2023 as compared to the same period in 2022. Due to the slight rise in the decrease in the fair value of financial assets such as equity investment partnerships for the three months ended 31 December 2023 as compared to the same period in 2022, such impact of the non-operating one-off factors offset the unaudited non-IFRS adjusted net profit growth. 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 recorded for the fourth quarter of 2022, the unaudited non-IFRS adjusted net profit for the three months ended 31 December 2023

would have represented a year-on-year increase of approximately 46.7%, which was mainly due to, among others, the increase in revenue and interest income of the Group for the three months ended 31 December 2023 as compared to the same period in 2022, while the cost of revenue decreased as compared to the same period in 2022. In the fourth quarter of 2023, we recorded a quarter-on-quarter increase in unaudited non-IFRS adjusted net profit of approximately 6.0% as compared to the third quarter of 2023, mainly due to, among others, (i) the increase in the Group's revenue; and (ii) the decrease in cost of revenue for the three months ended 31 December 2023 as compared to the third quarter of 2023. Impacted by the non-operating one-off factors such as a slight increase in the decrease in fair value of financial assets such as the equity investment partnerships in the fourth quarter of 2023 as compared to the third quarter of 2023, the increase in the unaudited non-IFRS adjusted net profit was offset. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships, the unaudited non-IFRS adjusted net profit in the fourth quarter of 2023 would have a quarter-on-quarter increase of approximately 7.2%, which was mainly due to, among others, the increase in the Group's revenue and the decrease in cost of revenue for the three months ended 31 December 2023 as compared to the third quarter of 2023.

In terms of the operating data performance, we recorded a decrease in the number of paying players and DAUs in the fourth quarter of 2023 as compared to the third quarter of 2023. However, the number of MAUs increased as compared to the third quarter of 2023. In particular, the number of paying players decreased by approximately 2.4% from approximately 0.21 million in the third quarter of 2023 to approximately 0.21 million in the fourth quarter of 2023. The number of DAUs decreased by approximately 4.0% from approximately 1.18 million in the third quarter of 2023 to approximately 1.13 million in the fourth quarter of 2023. The number of MAUs increased by approximately 1.2% from approximately 3.90 million in the third quarter of 2023 to approximately 3.94 million in the fourth quarter of 2023. The ARPPU grew in mobile versions of other card and board games.

In terms of gaming products, we provided a total of 67 online traditional gaming product portfolio with a total of 12 languages as at 31 December 2023. In 2023, we continued to intensify in-depth market research and focus on the research and development (the "R&D") of game products, especially Web3 gaming products, innovation of gameplay, enrichment of game products and optimisation of user experience, continuous improvement of game features and infrastructure construction, and made efforts to refine our products and diversify our operation in a steady manner to improve the quality of our gaming products. The Group tapped into the business development in the Web3 field in 2023 while committing to the development of high-quality card and board gaming products, competition products, and industry-leading Web3 gaming products.

For the year 2023, the Board recommends a final dividend of RMB0.0335 per ordinary share (equivalent to HK\$0.0372 per ordinary share). Calculated based on the unaudited non-IFRS adjusted net profit for the year ended 31 December 2023, the dividend payout ratio is 20%.

Meanwhile, the Board has adopted a new dividend policy and announced that for the next five years it will continue to distribute to shareholders at least 20% per annum of the net operating profit for the year and pay dividends of at least 5% from value-added gains from the purchase of crypto assets per annum.

Outlook for 2024

In 2024, we will continue to carry out the following work:

- actively transforming and deploying Web3 strategy to build the Company into a pure and leading Web3 listed company;
- step up efforts in R&D of Web3 game-related products and Web3 infrastructure to further develop and deploy its business in the Web3 field and continue to increase cryptocurrencies (including but not limited to Bitcoin and Ether) reserve of the Company;
- constantly improve our gaming features and infrastructure (including Web3-related infrastructure), and focus on enhancing the experience and service quality we provide to our users;
- keep focusing on the R&D and innovation of gaming products, especially Web3 gaming products, and continually enrich and innovate the contents and rules of the games;
- devote more efforts to expand overseas card and board games (including Web3 games) market;
- continuously explore and innovate the operation mode of domestic and overseas gaming products;
- continuously research and develop new competition gaming products to enhance and consolidate the loyalty of our players and strive to build the industry-leading Web3 gaming products and develop a century-old brand for Boyaa online card and board games.

In 2023, we moved ahead steadily. In 2024, the Company will maintain its focus on establishing itself as a pure and leading Web3 listed company. This entails ramping up R&D efforts for Web3 gaming products, enriching contents and rules, and enhancing gaming features and infrastructure (including Web3-related infrastructure). The aim is to elevate user experience, while exploring innovative operational models for gaming products, especially Web3 gaming products. Concurrently, we will prioritize product refinement and operational diversification to craft high-quality card and board gaming products, competition products, and industry-leading Web3 gaming products. On the basis of consolidating our existing market share, we will extend our reach into international markets and will vigorously promote the Group's business development and deployment in the Web3 field, in order to realise the Group's strategic plan for Web3 business development.

The Company will strictly comply with various laws and regulations in various jurisdictions that it has operations and be committed to developing high-quality card and board gaming products and industry-leading Web3 gaming products. We will continue the journey to forge a century-old brand for Boyaa online card and board games.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended 31 December 2023 Compared to Year Ended 31 December 2022

Revenue

Our revenue for the year ended 31 December 2023 amounted to approximately RMB394.6 million, representing an increase of approximately 5.1% from approximately RMB375.3 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 during the Reporting Period and continuous optimization of its gaming products and gameplay. For the year ended 31 December 2023, revenue generated from our mobile games and web-based games accounted for approximately 70.1% and 29.9% of our total revenue, respectively, as compared with approximately 66.6% and 33.4%, respectively, for the year ended 31 December 2022.

Cost of revenue

Our cost of revenue decreased by approximately 4.7% from approximately RMB129.4 million for the year ended 31 December 2022 to approximately RMB123.3 million for the year ended 31 December 2023, primarily due to the decrease in commission charges by platforms and third party payment vendors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 10.3% from approximately RMB245.8 million for the year ended 31 December 2022 to approximately RMB271.3 million for the year ended 31 December 2023.

For the years ended 31 December 2023 and 2022, our gross profit margin were approximately 68.8% and 65.5%, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately 36.3% from approximately RMB35.4 million for the year ended 31 December 2022 to approximately RMB48.3 million for the year ended 31 December 2023, accounting for approximately 12.2% of our revenue in 2023, which increased from approximately 9.4% in 2022. The year-on-year increase in selling and marketing expenses was mainly attributable to the enhanced advertising and promotion efforts of the Group in 2023, which led to an increase in expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses amounted to approximately RMB98.9 million for the year ended 31 December 2023, which remained relatively stable as compared to approximately RMB98.6 million in 2022.

Other losses – net

For the year ended 31 December 2023, we recorded other losses, net of approximately RMB51.2 million, compared to other losses, net of approximately RMB55.1 million recorded for the same period in 2022. The reduction in other losses, net for the year ended 31 December 2023 as compared to same period in 2022 was mainly due to the reduction in loss in fair value in investment at fair value through profit or loss for the year ended 31 December 2023 and the impairment of frozen sum of the Group recorded for the year ended 31 December 2022 (whereas no such impairment had been recorded in 2023). The other losses, net primarily consisted of fair value changes on digital assets and 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, gain on disposal of subsidiary and impairment of frozen sum.

Finance income – net

Our net finance income was approximately RMB55.6 million in 2023 and we recorded a net finance income of approximately RMB29.1 million in 2022. The change was primarily due to an increase in interest income in 2023 as compared to the same period in 2022.

Share of result of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市滙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 as at 31 December 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 RMB1.6 million for the year ended 31 December 2023, compared to a share of loss of associates of approximately RMB0.6 million recorded for the same period in 2022.

* For identification purpose only

Income tax expenses

Our income tax expenses for the year ended 31 December 2023 was approximately RMB9.8 million, whereas we recorded income tax expenses of approximately RMB21.0 million for the same period of 2022.

Profit attributable to owners of the Company

As a result of the foregoing, profit attributable to owners of the Company for the year ended 31 December 2023 amounted to approximately RMB117.2 million, representing an increase by 82.5% as compared to the profit attributable to owners of Company of approximately RMB64.2 million recorded for the same period of 2022.

Non-IFRS 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 position of unaudited non-IFRS adjusted net profit for the year ended 31 December 2023 of approximately RMB118.9 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.8 million included in administrative expenses, as compared to our position of unaudited non-IFRS adjusted net profit for the year ended 31 December 2022 of approximately RMB67.1 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB2.9 million included in administrative expenses.

Fourth Quarter of 2023 Compared to Fourth Quarter of 2022

Revenue

Our revenue for the three months ended 31 December 2023 amounted to approximately RMB100.3 million, representing a year-on-year increase of approximately 6.3% from approximately RMB94.3 million recorded for the same period of 2022. For the three months ended 31 December 2023, revenue generated from our mobile games amounted to approximately RMB71.8 million as compared to approximately RMB61.4 million recorded for the same period in 2022, representing a year-on-year increase of approximately 16.9%.

Cost of revenue

Our cost of revenue for the three months ended 31 December 2023 amounted to approximately RMB27.4 million, representing a year-on-year decrease of approximately 18.0% from approximately RMB33.4 million recorded for the same period in 2022. The year-on-year decrease was primarily due to the decrease in commission charges by platforms and third party payment vendors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 19.6% from approximately RMB60.9 million for the three months ended 31 December 2022 to approximately RMB72.9 million for the three months ended 31 December 2023.

For the three months ended 31 December 2023 and 2022, our gross profit margin were approximately 72.7% and 64.6%, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB10.1 million recorded for the three months ended 31 December 2022 to approximately RMB11.1 million for the same period in 2023, representing a year-on-year increase of approximately 10.2%, which was mainly attributable to the increase in expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 31 December 2023 amounted to approximately RMB30.7 million, representing a year-on-year increase of approximately 6.7% from approximately RMB28.8 million recorded for the same period in 2022. The year-on-year increase was mainly due to the increase in professional service expenses.

Other losses – net

For the three months ended 31 December 2023, we recorded other losses, net of approximately RMB16.3 million, compared to other losses, net of approximately RMB1.1 million recorded for the same period in 2022. The increase in other losses, net for the three months ended 31 December 2023 as compared to same period in 2022 was mainly due to the increase in loss in fair value in investment at fair value through profit or loss for the three months ended 31 December 2023. The other losses, net primarily consisted of fair value changes on digital assets and 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, gain on disposal of subsidiary and impairment of frozen sum.

Finance income – net

Our net finance income for the three months ended 31 December 2023 was approximately RMB15.0 million, and we recorded a net finance income of approximately RMB9.5 million in 2022. The change was primarily due to an increase in interest income in the fourth quarter of 2023 as compared to the same period in 2022.

Share of result of associates

We held investments in five 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), and Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) and its subsidiaries as at 31 December 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 three months ended 31 December 2023, compared to a share of loss of associates of approximately RMB0.4 million recorded for the same period in 2022.

* For identification purpose only

Income tax credit/(expenses)

Our income tax credit for the three months ended 31 December 2023 was approximately RMB2.9 million, whereas we recorded income tax expenses of approximately RMB2.3 million for the same period of 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 31 December 2023 amounted to approximately RMB32.1 million, increased by approximately 15.5% from approximately RMB27.8 million for the same period of 2022.

Non-IFRS Measure – Adjusted net profit

For the three months ended 31 December 2023, our unaudited non-IFRS adjusted net profit was approximately RMB31.9 million, which was derived from our unaudited profit of the same period excluding share-based compensation credit of approximately RMB0.2 million included in administrative expense, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 31 December 2022 of approximately RMB28.6 million, which was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.9 million included in administrative expense.

Liquidity and capital resources

For the year ended 31 December 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 31 December 2023, the Group's gearing ratio (total liabilities divided by total assets) was 17.1% (31 December 2022: 18.4%).

Digital assets

During the year ended 31 December 2023, the Group commenced the purchase of cryptocurrencies. Purchase and holding of cryptocurrencies is a pivotal move for the Group to path its layout and development of Web3 business, and a significant component of the Group's asset allocation strategy.

On 22 December 2023, the Board was granted an acquisition mandate from the shareholders of the Company under the extraordinary general meeting held to conduct acquisitions of cryptocurrencies in an aggregate amount not exceeding US\$100 million in open market transactions which the Company shall use approximately US\$45 million to acquire each of Bitcoin and Ether and the remainder of not more than US\$10 million will be used to purchase Tether USD (USDT) and USD Coin (USDC). For details, please refer to the announcement of the Company dated 13 November 2023, the circular of the Company dated 5 December 2023 and the poll results announcement of the Company dated 22 December 2023.

As at 31 December 2023, the Group held digital assets which amounted to approximately RMB78.6 million, the majority of which are Tether USD, Ether and Bitcoin.

Term deposits

As at 31 December 2023, we had term deposits of approximately RMB732.4 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 three months and less than three years. The effective interest rate for the term deposits of the Group for the year ended 31 December 2023 was 4.29%.

Cash and cash equivalents

As at 31 December 2023, we had cash and cash equivalents of approximately RMB744.3 million (31 December 2022: approximately RMB294.0 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 22.5%), USD (as to 73.0%) and other currencies (as to 4.5%). We currently do not hedge transactions undertaken in foreign currencies or use any financial instruments for hedging purposes. 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.

Equity investments 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 31 December 2023, the fair value of our listed and unlisted investments classified as equity investments at fair values through other comprehensive income amounted to approximately RMB10.5 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 is mainly represented by our equity investments in Xiaomi Corporation (Hong Kong Stock Exchange: 1810).

During the year ended 31 December 2023, we have disposed of all of the shares in Qudian Inc., a listed company on the New York Stock Exchange (stock code: QD), on the open market. The proceeds of the disposed shares will be utilized on the Group's business operations.

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 31 December 2023.

Investments at fair value through profit or loss

As at 31 December 2023, we also recorded investments at fair value through profit or loss amounted to approximately RMB208.5 million (31 December 2022: approximately RMB185.3 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships, wealth management product and structured deposits. As at 31 December 2023, the fair values of the investments in asset management plans were determined

by an independent professional valuer engaged by the Company using discount cash flows model; the fair values of the investments in equity investment partnerships were determined by an independent professional valuer engaged by the Company using market approach and discount cash flows model; and the wealth management product has no initial terms, the fair values of investments in wealth management product and structured deposits were determined based on the estimated rate of return of investments. For the year ended 31 December 2023, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB55.9 million (fair value losses for the year ended 31 December 2022: approximately RMB58.0 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. The Company has dedicated investment department and investment project management team to conduct, oversee and manage its investment activities. The Company has established specialized investment management policies and risk management systems to safeguard and improve its investment practices and control the investment risks. 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 year ended 31 December 2023, an indirect wholly-owned subsidiary of the Company had subscribed for two structured deposits (in amount of RMB30.0 million and RMB50.0 million) and a wealth management product (in an amount of RMB50.0 million) with three licensed banks in the People's Republic of China (the "PRC"), respectively. Each of the subscriptions constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. As at 31 December 2023, the fair value of each of the above subscriptions accounted for less than 5.0% of our total assets. For further details, please refer to the Company's announcement dated 28 July 2023. Save as disclosed above and the acquisition mandate of cryptocurrency obtained from the shareholders of the Company dated 22 December 2023, each of the investments made by the Company does not constitute a notifiable transaction or a connected transaction of the Company under the Listing Rules. Generally speaking, as agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Group were primarily represented by money market instruments such as bank deposits, bond reverse repurchase, money funds and other inter-bank and exchange-traded funds financing instruments; treasury bonds, financial bonds, local government bonds, central bank bills, interbank certificates of deposit, short-term financing bonds, ultra-short-term financing bonds, medium-term bills, enterprise bonds, corporate bonds, project revenue bonds, project revenue bills, asset-backed securities, subordinated bonds, convertible bonds, and other inter-bank and exchange-market bonds and debt financing instruments, as well as other fixed-income investment instruments, etc., which were highly liquid with a relatively short term of maturity and a relatively low level of risk, whilst enabling the Group to earn an attractive rate of return.

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), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise* (嘉興博雅春雷股權投資合夥企業 (有限合夥)) (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited* (上海泰來天濟資產管理有限公司). For the year ended 31 December 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 31 December 2023 was approximately RMB3.3 million and represented less than 5.0% of our total assets. Jiaxing Boyaa was 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 and will take necessary actions at the appropriate time to protect the interests of the Company and its shareholders.

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 31 December 2023.

Borrowings

During the year ended 31 December 2023, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditures

For the year ended 31 December 2023, our total capital expenditures amounted to approximately RMB10.3 million (for the year ended 31 December 2022: approximately RMB2.0 million). The capital expenditure mainly included purchasing buildings, equipment and leasehold improvements, which was funded by using our cash flows generated from our operations.

Commitments

As at 31 December 2023, the Group did not have any significant commitments.

* For identification purpose only

Contingent liabilities and guarantees

As at 31 December 2023, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Significant investments and future plans for major investments

For the year ended 31 December 2023, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 million. Jiaxing Boyaa mainly carries out equity investments and venture capital investments. As at 31 December 2023, the fair value of the investment in Jiaxing Boyaa was approximately RMB3.3 million and represented less than 5.0% of our total assets.

In the future, the Group will continue to identify new investment 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 announcement. 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 31 December 2023, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 31 December 2023, we had a total of 233 full-time employees, who are mainly based in China. In particular, 193 employees are responsible for our game development and operation, 29 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.

No forfeited contribution (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) is available to be utilized by the Group to reduce the contributions payable in the future years or to reduce the Group's existing level of contributions to the retirement benefit scheme.

For the year ended 31 December 2023, the total staff costs of the Group (including salaries, bonuses, social insurances, housing provident funds and share incentive schemes) amounted to approximately RMB88.1 million, representing approximately 32.6% 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 4,872,429 share options and 19,588,089 shares underlying the RSUs outstanding and/or granted to a total of 248 senior management members and employees of the Group as at 31 December 2023. There were also 37,390,494 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. As at 31 December 2023, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme (the “**Share Option Schemes**”) had expired. After the expiration of the Share Option Schemes, no further options will be granted but the provisions of the Share Option Schemes shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Schemes, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Schemes. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Schemes are set out in the section headed “Share Option Schemes and Restricted Share Unit Schemes” under the Directors' Report in our 2023 annual report to be issued in due course.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	3	394,582	375,266
Cost of revenue		<u>(123,303)</u>	<u>(129,421)</u>
Gross profit		271,279	245,845
Other losses, net	4	(51,198)	(55,072)
Selling and marketing expenses		(48,274)	(35,418)
Administrative expenses		<u>(98,859)</u>	<u>(98,619)</u>
Operating profit		72,948	56,736
Finance income	5	56,290	29,748
Finance costs	6	(687)	(657)
Share of losses of associates		<u>(1,601)</u>	<u>(630)</u>
Profit before income tax		126,950	85,197
Income tax expense	7	<u>(9,771)</u>	<u>(20,997)</u>
Profit for the year attributable to owners of the Company	8	<u>117,179</u>	<u>64,200</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

	<i>Notes</i>	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
Other comprehensive income:			
<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		8,783	(13,186)
Exchange differences on translation		2,327	20,418
 <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		11,455	43,085
Other comprehensive income for the year, net of tax		22,565	50,317
Total comprehensive income for the year attributable to owners of the Company		139,744	114,517
 Earnings per share (RMB cents)			
– Basic	<i>10</i>	17.74	9.77
– Diluted		17.42	9.68

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	<i>Notes</i>	2023 RMB'000	2022 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		24,279	20,825
Right-of-use assets		11,817	16,339
Intangible assets		1,654	–
Investments in associates	<i>11</i>	3,585	7,905
Equity investments at fair value through other comprehensive income	<i>12</i>	10,466	18,074
Investments at fair value through profit or loss	<i>13</i>	76,890	134,966
Prepayments, deposits and other receivables		13,886	15,779
Deferred tax assets		544	672
Term deposits		231	74,664
		<u>143,352</u>	<u>289,224</u>
Current assets			
Digital assets		78,598	–
Trade receivables	<i>14</i>	29,369	23,831
Prepayments, deposits and other receivables		69,332	46,478
Investments at fair value through profit or loss	<i>13</i>	131,611	50,367
Term deposits		732,150	1,082,734
Bank and cash balances		744,260	293,956
		<u>1,785,320</u>	<u>1,497,366</u>
Total assets		<u>1,928,672</u>	<u>1,786,590</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	<i>16</i>	232	232
Reserves		1,598,557	1,457,052
Total equity		<u>1,598,789</u>	<u>1,457,284</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

	<i>Notes</i>	2023 RMB'000	2022 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		8,809	12,378
Deferred tax liabilities		896	1,012
		<u>9,705</u>	<u>13,390</u>
Current liabilities			
Trade and other payables	<i>15</i>	73,582	77,892
Contract liabilities		10,970	8,775
Lease liabilities		3,569	4,150
Current tax liabilities		232,057	225,099
		<u>320,178</u>	<u>315,916</u>
Total liabilities		<u>329,883</u>	<u>329,306</u>
Total equity and liabilities		<u>1,928,672</u>	<u>1,786,590</u>
Net current assets		<u>1,465,142</u>	<u>1,181,450</u>
Total assets less current liabilities		<u>1,608,494</u>	<u>1,470,674</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	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)	1,123,770	1,339,954
Total comprehensive income/ (expenses) for the year	-	-	-	-	-	63,503	-	-	(13,186)	64,200	114,517
Repurchase of ordinary shares	-	-	(112)	-	-	-	-	-	-	-	(112)
Share-based payments											
- exercise and lapse of share options and RSUs	-	44	-	-	-	-	-	(44)	-	-	-
- value of employee services	-	-	-	-	-	-	-	2,925	-	-	2,925
Changes in equity for the year	-	44	(112)	-	-	63,503	-	2,881	(13,186)	64,200	117,330
At 31 December 2022	232	373,143	(112)	(14)	2,000	50,072	33,990	82,836	(272,833)	1,187,970	1,457,284
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 year	-	-	-	-	-	13,782	-	-	8,783	117,179	139,744
Cancellation of ordinary shares	-	(112)	112	-	-	-	-	-	-	-	-
Share-based payments											
- value of employee services	-	-	-	-	-	-	-	1,761	-	-	1,761
Changes in equity for the year	-	(112)	112	-	-	13,782	-	1,761	8,783	117,179	141,505
At 31 December 2023	232	373,031	-	(14)	2,000	63,854	33,990	84,597	(264,050)	1,305,149	1,598,789

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Profit before income tax	126,950	85,197
Adjustments for:		
Finance costs	687	657
Share of losses of associates	1,601	630
Interest income	(56,290)	(29,748)
Depreciation	11,545	14,726
Amortisation of intangible assets	219	–
Loss on disposals of property, plant and equipment	24	3
Net foreign exchange (gains)/losses	(814)	6,429
Share-based payments	1,761	2,925
Fair value gain on digital assets	(911)	–
Other loss	–	5,207
Fair value loss on investments at fair value through profit or loss	55,850	57,953
Dividends from investments at fair value through profit or loss	(2,675)	(9,000)
Reversal of loss allowance provision for trade receivables	(173)	(5,161)
Gain on disposal of a subsidiary	–	(6,658)
Loss allowance provision for loans to employees	40	73
	<hr/>	<hr/>
Operating profit before changes in working capital	137,814	123,233
Change in trade receivables	(5,483)	2,354
Change in prepayments, deposits and other receivables	(30,591)	10,962
Change in trade and other payables	(4,310)	1,064
Change in contract liabilities	3,599	(2,434)
	<hr/>	<hr/>
Cash generated from operating activities	101,029	135,179
Income tax paid	(7,156)	(6,128)
Lease interests paid	(687)	(657)
	<hr/>	<hr/>
Net cash generated from operating activities	93,186	128,394

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(1,178,101)	(1,410,642)
Proceeds from maturity of term deposits with original maturities over three months	1,613,939	1,286,084
Interest received	48,151	36,194
Proceeds from disposals of a subsidiary	–	10,790
Dividends from investments at fair value through profit or loss	2,675	9,000
Purchases of investments at fair value through profit or loss	(130,000)	(100,000)
Proceeds from settlements of investments at fair value through profit or loss	51,433	80,392
Proceeds from disposal of equity investment through other comprehensive income	16,391	–
Purchases of digital assets	(77,687)	–
Purchases of intangible assets	(1,873)	–
Purchases of property, plant and equipment	(9,066)	(3,516)
Proceeds from disposals of property, plant and equipment	34	1,920
Proceeds from disposal of an associate	2,719	–
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	338,615	(89,778)
Cash flows from financing activities		
Repayment of lease liabilities	(4,150)	(4,023)
Repurchase of ordinary shares	–	(112)
	<hr/>	<hr/>
Net cash used in financing activities	(4,150)	(4,135)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	427,651	34,481
Effect of foreign exchange rate changes	22,653	11,168
Cash and cash equivalents at beginning of the year	293,956	248,307
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	744,260	293,956
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	744,260	293,956
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 19/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 (the “**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The Company and its subsidiaries (the “**Group**”) is principally engaged in the development and operations of online card board game business in the PRC, Hong Kong and other countries and regions. The Group will be committed to promoting and developing Web3 gaming related business.

The operations of the Group were initially conducted through Shenzhen Dong Fang Bo Ya Technology Co., Limited, a limited liability company established in the PRC by two shareholders of the Company, namely Mr. Zhang Wei and Mr. Dai Zhikang, on 13 February 2004.

Pursuant to applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online games business and are restricted to conduct value-added telecommunications services. In order to make investments into the business of the Group, the Company established a subsidiary, Boyaa On-line Game Development (Shenzhen) Co., Limited, which is a wholly foreign owned enterprise incorporated in the PRC on 29 November 2010.

Boyaa On-line Game Development (Shenzhen) Co., Limited, Shenzhen Dong Fang Bo Ya Technology Co., Limited and its registered owners entered into a series of contractual arrangements (the “**Contractual Arrangements**”) entered into on 15 May 2013, which enable Boyaa On-line Game Development (Shenzhen) Co., Limited and the Group to:

- exercise effective financial and operational control over Shenzhen Dong Fang Bo Ya Technology Co., Limited;
- exercise all owners’ voting rights of Shenzhen Dong Fang Bo Ya Technology Co., Limited;

- receive substantially all of the economic interest returns generated by Shenzhen Dong Fang Bo Ya Technology Co., Limited in consideration for the business support, technical and consulting services provided by Boyaa On-line Game Development (Shenzhen) Co., Limited;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Shenzhen Dong Fang Bo Ya Technology Co., Limited from the respective owners at a minimum purchase price permitted under PRC laws and regulations, and all or part of the assets of Shenzhen Dong Fang Bo Ya Technology Co., Limited at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Boyaa On-line Game Development (Shenzhen) Co., Limited may exercise such options at any time until it has acquired all equity interests and/or all assets of Shenzhen Dong Fang Bo Ya Technology Co., Limited; and
- obtain a pledge over the entire equity interest of Shenzhen Dong Fang Bo Ya Technology Co., Limited from their respective owners as collateral security for all of Shenzhen Dong Fang Bo Ya Technology Co., Limited’s payments due to Boyaa On-line Game Development (Shenzhen) Co., Limited and to secure performance of Shenzhen Dong Fang Bo Ya Technology Co., Limited’s obligations under the Contractual Arrangements.

The Group do not hold any equity interests in Shenzhen Dong Fang Bo Ya Technology Co., Limited. Nevertheless, under the Contractual Agreements entered into between Boyaa On-line Game Development (Shenzhen) Co., Limited, Shenzhen Dong Fang Bo Ya Technology Co., Limited and its owners, the management determines that the Group has the power to govern the financial and operating policies of Shenzhen Dong Fang Bo Ya Technology Co., Limited so as to obtain benefits from its activities. As such, Shenzhen Dong Fang Bo Ya Technology Co., Limited is accounted for as subsidiary of the Group for accounting purposes.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); 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 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.

3. Revenue and segment information

	2023	2022
	RMB'000	RMB'000
Web-based games	118,017	125,161
Mobile games	276,565	250,105
Revenue from contracts with customers	<u>394,582</u>	<u>375,266</u>

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	2023	2022
	RMB'000	RMB'000
At a point of time	<u>394,582</u>	<u>375,266</u>

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.

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:

	2023	2022
	RMB'000	RMB'000
Simplified Chinese	19,082	22,360
Other languages	375,500	352,906
	<u>394,582</u>	<u>375,266</u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	35,255	78,980
Other locations	20,197	56,532
	<u>55,452</u>	<u>135,512</u>

4. Other losses, net

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Dividends from investments at fair value through profit or loss	2,675	9,000
Loss on disposals of property, plant and equipment	(24)	(3)
Government subsidies and tax rebates (<i>Note a</i>)	642	1,698
Net foreign exchange gain/(loss)	814	(6,429)
Gain on disposal of a subsidiary	–	6,658
Fair value changes on digital assets	911	–
Fair value changes on investments at fair value through profit or loss	(55,850)	(57,953)
Others	(366)	(8,043)
	<u>(51,198)</u>	<u>(55,072)</u>

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.

5. Finance income

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest revenue	55,766	28,994
Interest revenue on non-current loans to employees	524	754
	<u>56,290</u>	<u>29,748</u>

6. Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Lease interests	<u>687</u>	<u>657</u>

7. Income tax expense

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax - PRC Enterprise Income Tax (“EIT”) and other jurisdictions	9,752	24,161
Deferred tax	<u>19</u>	<u>(3,164)</u>
	<u>9,771</u>	<u>20,997</u>

(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 years ended 31 December 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% (2022: 15%) for the year ended 31 December 2023.

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% (2022: 15%) for the year ended 31 December 2023.

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% (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 year (“Super Deduction”). Shenzhen Dong Fang Bo Ya Technology Co., Limited, Boyaa On-line Game Development (Shenzhen) Co., Limited and Shenzhen Erlulu Technology Company Limited (2022: 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 year ended 31 December 2023.

Shenzhen Intelligent Innovation Technology Co., Limited is eligible to integrated circuit and software sectors under EIT Law during the year and as a result, Shenzhen Intelligent Innovation Technology Co., Limited enjoy a tax free period from 1 January 2023 to 31 December 2024 and also three years of 50% tax discount after.

(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 31 December 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 RMB243,841,000 (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.

(c) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the years ended 31 December 2023 and 2022.

(d) Singapore Profits Tax

Singapore Profits Tax has been provided at the rate of 17% on assessable profits for the year ended 31 December 2023 (2022: 17%).

The reconciliation between the income tax expense and the product of profit before income tax multiplied by the PRC EIT rate of the consolidated companies is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	126,950	85,197
Less: share of losses of associates	1,601	630
	128,551	85,827
Tax at EIT rate of 25% (2022: 25%)	32,138	21,457
Tax effect of incomes that are not taxable	(8,219)	(4,291)
Tax effect of expenses that are not deductible	7,796	1,302
(Over)/under-provision in prior years	(199)	1,334
Tax losses not recognised	1,925	6,383
Super Deduction	(14,639)	(6,189)
Effect of different tax rates of subsidiaries	(8,776)	990
Others	(255)	11
Income tax expense	9,771	20,997

8. Profit for the year

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortisation of intangible assets		
– included in administrative expenses	<u>219</u>	<u>–</u>
	219	–
Depreciation	11,545	14,726
Directors' emoluments		
– Fee	777	776
– Salaries, allowances and bonuses	722	1,704
– Retirement benefit scheme contributions	<u>29</u>	<u>23</u>
	1,528	2,503
Research and development expenditure		
– included in staff costs	55,623	57,168
– included in depreciation	344	258
– included in other administrative expenses	<u>1,461</u>	<u>1,154</u>
	57,428	58,580
Auditor's remuneration		
– Audit services	1,983	2,100
– Non-audit services	<u>620</u>	<u>750</u>
	2,603	2,850
Reversal of loss allowance provision for trade receivables	(173)	(5,161)
Loss allowance provision for loans to employees	40	73
Staff costs including directors' emoluments		
– Wages, salaries and bonuses	79,528	74,631
– Retirement benefit scheme contributions	6,774	6,803
– Share-based payments	<u>1,761</u>	<u>2,925</u>
	88,063	84,359

9. Dividend

A final dividend in respect of the year ended 31 December 2023 of RMB0.0335 per ordinary share (equivalent to HKD0.0372 per ordinary share) (2022: nil), amounting to total dividend of approximately RMB23,771,000, was proposed pursuant to resolution passed by the Board on 1 March 2024 and subject to the approval of the shareholders at the forthcoming annual general meeting. The consolidated financial statements do not reflect the dividend payable.

10. Earnings per share

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>117,179</u>	<u>64,200</u>
	2023 '000	2022 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>660,657</u>	657,015
Effect of dilutive potential ordinary shares arising from RSUs	<u>12,088</u>	<u>6,260</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>672,745</u>	<u>663,275</u>

11. Investments in associates

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted investments in PRC:		
Share of net assets	<u>3,585</u>	<u>7,905</u>

The directors of the Company considered that all associates as at 31 December 2023 and 31 December 2022 were insignificant to the Group and thus the individual summarised financial information of these associates is not disclosed.

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December:		
Carrying amounts of interests	3,585	7,905
Year ended 31 December:		
Loss	(1,601)	(630)
Total comprehensive expense	<u>(1,601)</u>	<u>(630)</u>

As at 31 December 2023, the bank and cash balances of the Group's associates in the PRC denominated in RMB amounted to RMB189,000 (2022: RMB429,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

12. Equity investments at fair value through other comprehensive income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Equity securities, at fair value		
– Listed in Hong Kong – Xiaomi Corporation	10,461	16,614
– Listed in USA – Qudian Inc.	–	1,460
– Unlisted equity securities	5	–
	<u>10,466</u>	<u>18,074</u>
Total equity investments at fair value through other comprehensive income, analysed as non-current assets		
	<u>10,466</u>	<u>18,074</u>

The above investments are intended to be held for the medium to long-term. Designation of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss.

13. Investments at fair value through profit or loss

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Included in non-current assets		
Non-quoted investments in:		
– asset management plans (<i>Notes (i) and (iv)</i>)	16,700	64,550
– equity investment partnerships (<i>Notes (ii) and (iv)</i>)	60,190	70,416
	<u>76,890</u>	<u>134,966</u>
Included in current assets		
Non-quoted investments in:		
– asset management plan (<i>Note (i)</i>)	–	–
– wealth management products (<i>Note (iii)</i>)	131,611	50,367
	<u>131,611</u>	<u>50,367</u>
	<u>208,501</u>	<u>185,333</u>

Notes:

- (i) They represented the entrusted investments with the principal amount of RMB80.0 million each to 2 independent asset management companies incorporated in the PRC. The estimated minimum return of such asset management plans is 5.05% per annum. If the estimated annual return cannot be achieved, the Group or asset management companies have an option to early terminate the asset management plans.

For asset management plan A, the principal was RMB80.0 million at 31 December 2023. During the year ended 31 December 2022, the Group and the asset management company entered into an extension agreement, the Group will obtain the accumulated return and the entrusted principal in 2025. The Group is now under litigation process with asset management plan A.

For asset management plan B, after several supplemental agreements, the remaining principal was RMB21.1 million at 31 December 2023. During the year ended 31 December 2022, the Group and the asset management company entered into an extension agreement, the Group will obtain the accumulated return and the entrusted principal in 2024 (originally in 2022). The Group is now under litigation process with asset management plan B.

- (ii) They represented investments in equity investment partnership as a limited partner, which are mainly engaged in investments in early-stage and high-growth companies in the technology, media and telecommunications industry in China. They have initial terms ranging from 7 to 10 years.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited, established a limited partnership, Jiaxing Boyaa with Shanghai Tailai Tianji Asset Management Co., Limited. During the year ended 31 December 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 31 December 2023 was approximately RMB3.3 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. The Group will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

For the year ended 31 December 2023, the fair value loss of the investment in Jiaxing Boyaa was approximately RMB4.0 million (for the year ended 31 December 2022: fair value loss was approximately RMB10.0 million).

- (iii) Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have no initial terms.
- (iv) The management of the Group is of the view that the investments are not held for trading and does not expect that the Group will realise the investments at fair value through profit or loss within 12 months after the date of the consolidated statement of financial position.

14. Trade receivables

Trade receivables were arising from the operation of online game business. Platforms and third party payment vendors collect the payment from the Paying Players and remit the cash net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and Platforms or third party payment vendors. The credit terms of trade receivables granted to the Platforms and third party payment vendors are usually 30 to 120 days.

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	29,578	24,095
Provision for loss allowance	(209)	(264)
	<hr/>	<hr/>
Carrying amount	29,369	23,831
	<hr/>	<hr/>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 30 days	25,677	19,671
31 to 60 days	2,975	3,002
61 to 90 days	448	793
91 to 180 days	142	127
181 to 360 days	126	17
Over 360 days	1	221
	<hr/>	<hr/>
	29,369	23,831
	<hr/>	<hr/>

Reconciliation of loss allowance for trade receivables:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
At 1 January	264	4,600
Decrease in loss allowance for the year	(173)	(5,161)
Currency translation differences	118	825
	<hr/>	<hr/>
At 31 December	209	264
	<hr/>	<hr/>

15. Trade and other payables

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	724	1,078
Other tax payables	44,509	44,800
Accrued expenses	4,902	6,690
Accrued commissions charges by Platforms	5,807	10,136
Accrued advertising expenses	5,209	4,060
Salary and staff welfare payables	12,188	4,809
Others	243	6,319
	<u>73,582</u>	<u>77,892</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
0 to 30 days	659	787
31 to 90 days	1	–
91 to 180 days	64	–
181 to 365 days	–	2
Over 365 days	–	289
	<u>724</u>	<u>1,078</u>

16. 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 USD0.00005 (2022: USD0.00005) per share.

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>USD'000</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
Issued and fully paid:				
At 1 January 2022, 31 December 2022 and 1 January 2023		709,876,301	36	232
Cancellation of ordinary shares	(i)	<u>(300,000)</u>	<u>–</u>	<u>–</u>
At 31 December 2023		<u>709,576,301</u>	<u>36</u>	<u>232</u>

Notes:

- (i) 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. These 300,000 repurchased shares had been cancelled during the year ended 31 December 2023.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital and share premium) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

17. 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 year are as follows:

	Number of share options	
	2023	2022
Outstanding at the beginning of the year	5,222,429	5,722,429
Lapsed during the year	<u>(350,000)</u>	<u>(500,000)</u>
Outstanding at the end of the year	<u>4,872,429</u>	<u>5,222,429</u>
Exercisable at the end of the year	<u>4,872,429</u>	<u>5,222,429</u>

No options were exercised in 2023 and 2022.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2023 and 2022 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	2023	2022
6 September 2025	HK\$3.108	3.108	<u>4,872,429</u>	<u>5,222,429</u>

(b) 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.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2023	2022
At 1 January	23,488,089	9,722,089
Granted	–	15,000,000
Lapsed	(3,900,000)	(1,100,000)
Vested and transferred	–	(134,000)
	19,588,089	23,488,089
At 31 December	19,588,089	23,488,089
Vested but not transferred as at 31 December	8,738,089	5,200,589

The related weighted-average share price at the time when the RSUs were vested and transferred was nil (2022: HK\$0.37) per share.

(c) *Shares held for RSU scheme*

The shares held for RSU scheme were regarded as treasury shares and had been presented as a deduction against shareholders' equity. During the year, nil of RSUs were vested and transferred (Note (b) above), and as a result, 57,110,829 ordinary shares (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 31 December 2023.

18. Material events

In March 2019, the Company has 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 Incident and the Case, 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 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 Advisers, 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**”).

On the 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.

Since the established of the Independent Investigation Committee in September 2019, it had held meetings in a timely manner to discuss various matters concerning the Case, the Incident and maintained close contact with the senior management of the Company on any updates of the Incident and Case. 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 the approval, licenses and permits of the Company issued by all relevant governmental or regulatory authorities;
- (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;
- (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 announcement, 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.

**RECONCILIATION FROM NET PROFIT TO UNAUDITED NON-IFRS ADJUSTED
NET PROFIT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	For the year ended		Year- on-Year Change*
	31 December		
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Revenue	394,582	375,266	5.1
Cost of revenue	<u>(123,303)</u>	<u>(129,421)</u>	(4.7)
Gross profit	271,279	245,845	10.3
Selling and marketing expenses	(48,274)	(35,418)	36.3
Administrative expenses	(98,859)	(98,619)	0.2
Other losses, net	<u>(51,198)</u>	<u>(55,072)</u>	(7.0)
Operating profit	72,948	56,736	28.6
Finance income, net	55,603	29,091	91.1
Share of losses of associates	<u>(1,601)</u>	<u>(630)</u>	154.1
Profit before income tax	126,950	85,197	49.0
Income tax expenses	<u>(9,771)</u>	<u>(20,997)</u>	(53.5)
Profit for the year attributable to owners of the Company	<u>117,179</u>	<u>64,200</u>	82.5
Non-IFRS adjustment (unaudited)			
Share-based compensation expenses included in administrative expenses	<u>1,761</u>	<u>2,925</u>	(39.8)
Non-IFRS adjusted net profit (unaudited)	<u>118,940</u>	<u>67,125</u>	77.2

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

**RECONCILIATION FROM NET PROFIT TO UNAUDITED NON-IFRS ADJUSTED
NET PROFIT
FOR THE THREE MONTHS ENDED 31 DECEMBER 2023**

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	31 December 2023 <i>RMB'000</i> (unaudited)	30 September 2023 <i>RMB'000</i> (unaudited)	31 December 2022 <i>RMB'000</i> (unaudited)		
Revenue	100,262	100,035	94,332	6.3	0.2
Cost of revenue	<u>(27,399)</u>	<u>(31,293)</u>	<u>(33,401)</u>	(18.0)	(12.4)
Gross profit	72,863	68,742	60,931	19.6	6.0
Selling and marketing expenses	(11,128)	(13,591)	(10,100)	10.2	(18.1)
Administrative expenses	(30,725)	(21,372)	(28,798)	6.7	43.8
Other losses, net	(16,271)	(13,831)	(1,052)	1,446.7	17.6
Operating profit	14,739	19,948	20,981	(29.8)	(26.1)
Finance income, net	14,963	15,353	9,468	58.0	(2.5)
Share of losses of associates	(529)	(528)	(356)	48.6	0.2
Profit before income tax	29,173	34,773	30,093	(3.1)	(16.1)
Income tax credit/(expenses)	2,877	(5,224)	(2,334)	–	–
Profit for the period	<u>32,050</u>	<u>29,549</u>	<u>27,759</u>	15.5	8.5
Non-IFRS adjustment (unaudited)					
Share-based compensation expenses included in administrative expenses	(185)	509	877	(121.1)	(136.3)
Non-IFRS adjusted net profit (unaudited)	<u>31,865</u>	<u>30,058</u>	<u>28,636</u>	11.3	6.0

* *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 31 December 2023 and the immediately preceding quarter.*

FINAL DIVIDEND

The Board recommends a final dividend of RMB0.0335 per ordinary share for the year ended 31 December 2023 (the “**2023 Final Dividend**”) (the year ended 31 December 2022: nil), subject to the approval by shareholders of the Company at the forthcoming annual general meeting to be held. Adopting an exchange rate of HK\$1=RMB0.9014, the 2023 Final Dividend is equivalent to HK\$0.0372 per ordinary share. The dividend payout ratio calculated based on the unaudited non-IFRS adjusted net profit for the year ended 31 December 2023 is 20%. The expected payment date of the 2023 Final Dividend is 31 May 2024. Further announcement containing the information in relation to the book closure period for receiving the 2023 Final Dividend will be published by the Company in due course.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2023.

On 8 March 2023, the Company cancelled 300,000 ordinary shares of US\$0.00005 each of the Company, which were repurchased by the Company on 25 July 2022 on the Stock Exchange at an aggregate consideration of HK\$124,025 pursuant to the share repurchase mandate approved by the Shareholders at the annual general meeting held on 10 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2023, the Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the “**Code**”) contained in Appendix C1 to the Listing Rules.

The Board currently comprises two executive Directors (being Mr. Dai Zhikang, an executive Director and the chairman of the Company 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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2023.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of Listing Rules and the Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, 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 and discussed the audited annual results of the Company for the year ended 31 December 2023.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no other important event affecting the Group which has taken place since 31 December 2023 and up to the date of this announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement for the year ended 31 December 2023 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>). The 2023 annual report of the Company will be despatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and of the Company in due course.

(2) ADOPTION OF NEW DIVIDEND POLICY

The Company has adopted a new dividend policy (the “**Dividend Policy**”) on 1 March 2024. A summary of the Dividend Policy is as follows:

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value.

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations and factors, including, inter alia, the Group's financial results, cash flow situation, business conditions and strategies, future operations and earnings and capital requirements and expenditure plans, interests of shareholders of the Company, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

For the next five years, the Company will continue to distribute to shareholders at least 20% per annum of the net operating profit for the year and pay dividends of at least 5% from value-added gains from the purchase of crypto assets per annum.

The Dividend Policy will be reviewed by the Board from time to time as appropriate.

By order of the Board of
Boyaa Interactive International Limited
DAI Zhikang
Chairman and Executive Director

Hong Kong, 1 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. DAI Zhikang and Ms. TAO Ying; the independent non-executive directors of the Company are Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. KONG Fanwei.