



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



2022
Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Zhikang (*Chairman*)

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

Independent Non-executive Directors

Mr. Cheung Ngai Lam

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

AUDIT COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

NOMINATION COMMITTEE

Mr. Choi Hon Keung Simon (*Chairman*)

Ms. Tao Ying

Mr. Kong Fanwei

REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

COMPANY SECRETARY

Ms. Chou Kwai Wah

AUTHORISED REPRESENTATIVES

Ms. Chou Kwai Wah

Ms. Tao Ying

AUDITOR

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

23/F, Tower 2

Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay

Hong Kong

COMPANY'S WEBSITE

www.boyaa.com.hk

STOCK CODE

0434



Corporate Information

HEADQUARTERS IN THE PRC

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Nanshan District, Shenzhen, PRC
Postal code: 518000

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Shops 1712-1716, 17th Floor
Hopewell Centre
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Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14/F, Golden Centre
188 Des Voeux Road Central
Hong Kong

PRINCIPAL BANK

China Merchants Bank, Shenzhen Branch
China Guangfa Bank, Shenzhen Branch
Industrial Bank, Hong Kong Branch



Business Overview and Outlook

In terms of financial performance, we recorded a revenue of approximately RMB94.9 million in the second quarter of 2022, representing a slight year-on-year decrease of approximately 1.7% as compared to the corresponding period in 2021, and a quarter-on-quarter increase of approximately 3.7% as compared to the first quarter of 2022. We recorded revenue of approximately RMB186.5 million in the first half of 2022, representing a year-on-year increase of approximately 2.7% as compared to the first half of 2021. The revenue maintained steady growth, primarily due to the Group's holding of certain online operational activities and continuous optimization of the gaming products and gameplay during the three and six months ended 30 June 2022 (the "**Reporting Period**").

In the second quarter of 2022, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB14.1 million, representing a year-on-year increase of approximately 172.3% as compared to the same period in 2021, mainly due to smaller extent of the decrease in the fair value of financial assets such as equity investment partnerships in the second quarter of 2022 as compared to the corresponding period in 2021. Excluding the impact of non-operating one-off factors such as a decrease in fair value of financial assets such as equity investment partnerships, the unaudited non-IFRS adjusted net profit in the second quarter of 2022 represented a year-on-year decrease of approximately 20.7%, which was mainly due to a slight year-on-year decrease in revenue, and a year-on-year increase in selling and marketing expenses as well as employee compensation and benefits. The unaudited non-IFRS adjusted net profit in the second quarter of 2022 represented a quarter-on-quarter decrease of approximately 14.3% as compared to the first quarter of 2022, which was mainly attributable to the increase in exchange loss caused by fluctuation in exchange rates in the global financial market. We recorded an unaudited non-IFRS adjusted net profit of approximately RMB30.5 million in the first half of 2022, while the unaudited non-IFRS adjusted net loss in the first half of 2021 was approximately RMB11.0 million. The change in the position of unaudited non-IFRS adjusted net profit in the first half of 2022 as compared to the position of unaudited non-IFRS adjusted net loss for the same period in 2021, was mainly due to a year-on-year increase in revenue and the smaller extent of the decrease in the fair value of financial assets such as equity investment partnerships as compared to the same period in 2021. Excluding the impact of non-operating one-off factors such as a decrease in fair value of financial assets such as equity investment partnerships, the unaudited non-IFRS adjusted net profit in the first half of 2022 generally remained stable as compared to the same period in 2021.

In terms of operating data performance, we recorded a decrease in the number of paying players and users during the second quarter of 2022 as compared to the first quarter of 2022. In particular, the number of paying players decreased by approximately 15.7% from approximately 0.27 million in the first quarter of 2022 to approximately 0.23 million in the second quarter of 2022. The number of Daily Active Users decreased by approximately 9.9% from approximately 1.4 million in the first quarter of 2022 to approximately 1.2 million in the second quarter of 2022. The number of Monthly Active Users decreased by approximately 20.4% from approximately 4.4 million in the first quarter of 2022 to approximately 3.5 million in the second quarter of 2022. However, the Average Revenue Per Paying Users (the "**ARPPU**") in mobile games and web-based games of Texas Hold'em Series and mobile games of other card and board increased.

We stay true to the mission and have upheld the concept of "growing in love" in the charity, continuing our fulfilment of social responsibility to make contributions to the society. During the second quarter of 2022, we participated in a charity event organized by the Shenzhen Internet Culture Market Industry Association in respect of donation of condolences materials in fighting the COVID-19 pandemic to the Healthcare Hospital for Women and Children and the emergency Management Bureau of Nanshan District, Shenzhen. We also participated in the welfare activity "Caring for Mountainous Areas and Donating Books to Help Rural Students" organized by the Guangdong Provincial Education Foundation in the second quarter of 2022, by donating funds to establish charity libraries in rural schools.

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



Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2022 Compared to Second Quarter of 2021

Revenue

Our revenue for the three months ended 30 June 2022 amounted to approximately RMB94.9 million, representing a year-on-year decrease of approximately 1.7% from approximately RMB96.6 million recorded for the same period in 2021. The year-on-year decrease in revenue was primarily due to the increased time spent and spending of users on the online gaming products due to the preventive measures to combat the COVID-19 pandemic in Hong Kong, Taiwan when the COVID-19 pandemic turned to serious in the second quarter of 2021, as a result, the revenue reached a relatively high level during that period, resulting in a year-on-year decrease in revenue in the second quarter of 2022. For the three months ended 30 June 2022, revenue generated from our mobile games and web-based games accounted for approximately 66.0% and 34.0% of our total revenue, respectively, as compared with approximately 61.8% and 38.2%, respectively, for the three months ended 30 June 2021.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2022 amounted to approximately RMB32.3 million, representing a year-on-year increase of approximately 2.6% from approximately RMB31.5 million recorded for the same period in 2021. The year-on-year increase was primarily due to the increase 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 for the three months ended 30 June 2022 amounted to approximately RMB62.6 million, representing a year-on-year decrease of approximately 3.7% from approximately RMB65.1 million recorded for the same period in 2021.

Our gross profit margin were approximately 66.0% and 67.4%, respectively, for the three months ended 30 June 2022 and the same period in 2021.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2022 amounted to approximately RMB8.2 million, representing a year-on-year increase of approximately 36.7% from approximately RMB6.0 million recorded for the same period in 2021. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.



Management Discussion and Analysis

Administrative expenses

Our administrative expenses for the three months ended 30 June 2022 amounted to approximately RMB23.9 million, representing a year-on-year increase of approximately 14.7% from approximately RMB20.9 million recorded for the same period in 2021. The year-on-year increase was mainly attributable to the increase in employee compensation and benefits.

Other losses, net

For the three months ended 30 June 2022, we recorded other losses, net of approximately RMB17.4 million, compared to other losses, net of approximately RMB31.7 million recorded for the same period in 2021. The reduction in other losses, net for the three months ended 30 June 2022 as compared to the same period in 2021 is due to the reduction in loss in fair value on investment at fair value through profit or loss. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income and government subsidies.

Finance income – net

Our net finance income for the three months ended 30 June 2022 was approximately RMB6.2 million, compared to approximately RMB4.9 million recorded for the same period in 2021. The year-on-year increase was primarily due to the increase in interest revenue as compared to the same period in 2021.

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 Huifu World 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., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2022 (31 December 2021: five), all of which were online game or internet technology companies. We recorded a share of gain of associates of approximately RMB0.1 million for the three months ended 30 June 2022, compared to a share of loss of associates of approximately RMB0.8 million recorded for the same period in 2021.

Income tax expenses

Our income tax expenses for the three months ended 30 June 2022 was approximately RMB6.2 million, whereas we recorded income tax expenses of approximately RMB5.4 million for the same period in 2021.

* For identification purpose only



Management Discussion and Analysis

Profit attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 30 June 2022 amounted to approximately RMB13.2 million, representing an increase of approximately 154.8% from approximately RMB5.2 million for the same period in 2021.

Non-IFRS Measure – Adjusted net profit

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

Our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2022 was approximately RMB14.1 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB0.9 million included in administrative expenses, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2021 of approximately RMB5.2 million.

First Half of 2022 Compared to First Half of 2021

Revenue

Our revenue for the six months ended 30 June 2022 amounted to approximately RMB186.5 million, representing a year-on-year increase of approximately 2.7% from approximately RMB181.5 million recorded for the same period in 2021. 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 six months ended 30 June 2022, revenue generated from our mobile games and web-based games accounted for approximately 67.0% and 33.0% of our total revenue, respectively, as compared with approximately 60.6% and 39.4%, respectively, for the six months ended 30 June 2021.

Cost of revenue

Our cost of revenue for the six months ended 30 June 2022 amounted to approximately RMB63.6 million, representing a year-on-year increase of approximately 8.1% from approximately RMB58.8 million recorded for the same period in 2021. The year-on-year increase was mainly due to the increase in revenue and the increase in commission charges by platforms and third party payment vendors.



Management Discussion and Analysis

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the six months ended 30 June 2022 amounted to approximately RMB122.8 million, representing a year-on-year increase of approximately 0.2% from approximately RMB122.7 million recorded for the same period in 2021.

Our gross profit margin were approximately 65.9% and 67.6%, respectively, for the six months ended 30 June 2022 and the same period in 2021.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2022 amounted to approximately RMB17.2 million, representing a year-on-year increase of approximately 21.3% from approximately RMB14.2 million recorded for the same period in 2021. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB46.5 million, representing a year-on-year increase of approximately 9.2% from approximately RMB42.6 million recorded for the same period in 2021. The year-on-year increase was mainly attributable to the increase in employee compensation and benefits.

Other losses, net

For the six months ended 30 June 2022, we recorded other losses, net of approximately RMB29.7 million, compared to other losses, net of approximately RMB73.1 million recorded for the same period in 2021. The reduction in other losses, net for the six months ended 30 June 2022 as compared to the same period in 2021 is due to the reduction in loss in fair value on investment at fair value through profit or loss. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income and government subsidies.

Finance income – net

Our net finance income for the six months ended 30 June 2022 was approximately RMB11.6 million, compared to approximately RMB9.8 million recorded for the same period in 2021. The year-on-year increase was primarily due to the increase in interest revenue as compared to the same period in 2021.



Management Discussion and Analysis

Share of results 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 Huifu World 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., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2022 (31 December 2021: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.1 million for the six months ended 30 June 2022, compared to a share of loss of associates of approximately RMB1.5 million recorded for the same period in 2021.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2022 was approximately RMB11.6 million, whereas we recorded income tax expenses of approximately RMB12.1 million for the same period in 2021.

Profit/(loss) attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the six months ended 30 June 2022 amounted to approximately RMB29.3 million, whereas we recorded a loss attributable to owners of the Company of approximately RMB11.0 million recorded for the same period in 2021.

Non-IFRS Measure – Adjusted net profit/(loss)

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2022 amounted to approximately RMB30.5 million, which was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.1 million included in administrative expenses, as compared to our unaudited non-IFRS adjusted net loss for the six months ended 30 June 2021 of approximately RMB11.0 million.

Liquidity and capital resources

For the six months ended 30 June 2022, we generated sufficient cash through our operating activities to satisfy our capital needs for our business operations. We intend to provide financial support to our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Gearing ratio

As at 30 June 2022, the Group's gearing ratio (total liabilities divided by total assets) was 13.2% (31 December 2021: 12.4%).

* For identification purpose only



Management Discussion and Analysis

Term deposits

As at 30 June 2022, we had term deposits of approximately RMB1,052.7 million (31 December 2021: approximately RMB1,015.0 million), which were mainly denominated in USD and RMB. The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2022 was approximately 2.1%.

Cash and cash equivalents

As at 30 June 2022, we had cash and cash equivalents of approximately RMB324.5 million (31 December 2021: approximately RMB248.3 million), which primarily consisted of cash at banks and in hand and short-term bank deposits, which were mainly denominated in RMB (as to approximately 64.0%), USD (as to approximately 19.3%) and other currencies (as to approximately 16.7%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

As at 30 June 2022, the total amount of the net proceeds from our initial public offering had been fully utilized.

Equity investment at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 30 June 2022, the fair value of our listed and unlisted investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB21.5 million (31 December 2021: approximately RMB27.6 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other listed and unlisted investments classified as equity investments at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2022.

Investments at fair value through profit or loss

As at 30 June 2022, we also recorded investments at fair value through profit or loss amounted to approximately RMB413.3 million (31 December 2021: approximately RMB454.5 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 30 June 2022, the fair values of the investments in asset management plans were determined by discount cash flows model; the fair values of the investments in equity investment partnerships were determined by market approach and discount cash flows model; and the fair values of investments in wealth management products, which have no initial terms, were determined based on the estimated rate of return of investments. For the six months ended 30 June 2022, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB31.8 million (fair value losses for the six months ended 30 June 2021: approximately RMB70.2 million).



Management Discussion and Analysis

The investments in wealth management products under investments at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Group has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs even after the investments in wealth management products. During the six months ended 30 June 2022, each of the investments made by the Company does not constitute a notifiable transaction or a connected transaction of the Company under the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Group were primarily represented by fixed income type assets (including but not limited to, national bonds, provincial government bonds, Central Bank Bill, government bonds, financial bonds, bank deposits, currency market funds and bonds type funds) and fixed income derivative products (including but not limited to, bond borrowing, credit risks instruments, credit default swaps, credit enhancement instruments), which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited (深圳市東方博雅科技有限公司) ("**Boyaa Shenzhen**"), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise ("**Jiaxing Boyaa**") with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the six months ended 30 June 2022, the Group's accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2022 was approximately RMB17.7 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

On 25 October 2018, the Group, through Boyaa On-line Game Development (Shenzhen) Co., Ltd* (博雅網絡遊戲開發(深圳)有限公司) ("**Boyaa PRC**"), had subscribed for one RMB wealth management product issued by Industrial and Commercial Bank of China at the amount of RMB200.0 million (the "**Wealth Management Product**"). As at 30 June 2022, the fair value of the Wealth Management Product was approximately RMB225.8 million. The Wealth Management Product was assessed by the Company as low-risk product. The Board considered that the Wealth Management Product would provide a good short-term investment opportunity for the Group and enhance the funds utilisation efficiency and bring extra investment returns. As at 30 June 2022, the bank account which holds the Wealth Management Product had been frozen. For details as to the circumstance leading to the freezing of the account, please refer to Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report and the announcements of the Company dated 1 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 and 28 July 2022 respectively.

We consider that, save for our subscription of the above Wealth Management Product, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2022.

* For identification purpose only



Management Discussion and Analysis

Borrowings

For the six months ended 30 June 2022, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditure

For the six months ended 30 June 2022, our capital expenditure amounted to approximately RMB1.8 million (for the six months ended 30 June 2021: approximately RMB9.0 million). The capital expenditure mainly included purchasing equipment, motor vehicles and leasehold improvements, which was funded by using our cash flows generated from our operations.

Commitment

As at 30 June 2022, the Group did not have significant outstanding commitments.

Contingent liabilities and guarantees

As at 30 June 2022, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and disposals

For the six months ended 30 June 2022, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies.

Significant investments and future plans for major investments

For the six months ended 30 June 2022, the Group's initial investment in Jiaxing Boyaa amounted to RMB300.0 million. The fair value of the investment in Jiaxing Boyaa as at 30 June 2022 was approximately RMB17.7 million. Jiaxing Boyaa mainly carried out equity investments and venture capital investments. In addition, the Group had subscribed for the Wealth Management Product, which had an aggregate fair value of approximately RMB225.8 million as at 30 June 2022.

Information of the Wealth Management Product which had a carrying amount for more than 5% of the total assets as at 31 December 2021 and 30 June 2022 is as follow:

Issuer of the Wealth Management Product	Name of the Wealth Management Product	Initial investments (RMB'million)	Unrealised fair value gains for the year ended	Unrealised fair value gains for the six months ended	Fair value as at	Fair value as at	Size of fair value relative to total assets of the Group	Size of fair value relative to total assets of the Group
			31 December 2021 (RMB'million)	30 June 2022 (RMB'million)	31 December 2021 (RMB'million)	30 June 2022 (RMB'million)	as at 31 December 2021	as at 30 June 2022
Industrial and Commercial Bank of China	Net-worth Wealth Management Product of Industrial and Commercial Bank of China for Corporate - "Tain Li Bao"* (中國工商銀行法人「添利寶」淨值型理財產品) (Product Code: TLB1801)	200.0	7.0	3.5	222.3	225.8	9.7%	9.5%

* For identification purpose only



Management Discussion and Analysis

The Wealth Management Product is classified as low-risk with short investment duration and high liquidity and with reference to the similar investment products in the market and their general rates of return. The Board is of the view that the investment in the Wealth Management Product is fair and reasonable and in the best interests of the Company and its shareholders as a whole. As at 30 June 2022, the bank account which holds the Wealth Management Product had been frozen. For details, as to the circumstance, leading to the freezing of the account, please refer to Note 22 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this report.

In the future, the Group will continue to identify new opportunities for business development. As at 30 June 2022, 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. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Pledge/charge of the Group’s assets

As at 30 June 2022, none of the Group’s assets was pledged or charged.

Employees and staff costs

As at 30 June 2022, we had a total of 300 full time employees, who are mainly based in mainland China. In particular, 249 employees are responsible for our game development and operation functions, 34 employees for game support and 17 employees for administration and senior management functions.

We organize and launch various training programs on a regular basis for our employees to enhance their knowledge of online game development and operation, develop professional skills, improve time management and internal communications, and strengthen team bonding. 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 the relevant PRC laws and regulations, we have also made contributions to various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance, and to mandatory housing accumulation funds, for or on behalf of our employees.

For the six months ended 30 June 2022, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB43.5 million, representing approximately 34.1% 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 Schemes**”, together with the 2013 RSU Scheme, the “**RSU Schemes**”), there were a total of 5,222,429 share options and 24,422,089 shares underlying the RSUs outstanding and/or granted to a total of 255 senior management members and employees of the Group as at 30 June 2022. There were also 32,690,494 shares underlying the RSUs allowed to be granted under the 2021 RSU Scheme which were held by Core Administration RSU Limited as nominee for the benefit of eligible participants pursuant to the 2021 RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Schemes will be set out in the section headed “SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEMES” in the Other Information section in this report.



Other Information

CONTRACTUAL ARRANGEMENTS

Reasons for Contractual Arrangements

Reference is made to the section headed “History, Reorganization and Corporate Structure – Contractual Arrangements” in the prospectus of the Company dated 31 October 2013 (the “**Prospectus**”) and the section headed “Connected Transactions – Contractual Arrangements” in the Directors’ Report of the Company’s 2021 Annual Report.

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

Boyaa Shenzhen is significant to the Group as it holds certain Necessary Licenses and permits that are essential to the operation of the business of the Group, including Value-Added Telecommunications Business License, Online Publishing Services License and Internet Culture Business License, etc. In addition, Boyaa Shenzhen also holds certain intellectual property rights, including software copyrights, trademarks, patents and domain names. The revenue and the total asset value of Boyaa Shenzhen subject to the Contractual Arrangements amounted to approximately RMB10.2 million for the six months ended 30 June 2022 and approximately RMB633.7 million as at 30 June 2022, respectively.

Note:

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



Other Information

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

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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

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



Other Information

Risks associated with the Contractual Arrangements

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

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

Mitigation actions taken by the Company

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

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



Other Information

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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

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

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



Other Information

Risks associated with the Contractual Arrangements

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

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

Mitigation actions taken by the Company

Boyaa PRC has successfully renewed its HNTTE qualification under the PRC Corporate Income Tax Law in 2019 and as a result, Boyaa PRC enjoyed a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Boyaa PRC is still renewing the HNTTE qualification as at the date of this report. Therefore, the actual income tax rate for Boyaa PRC was 15% for the six month ended 30 June 2022 (2021: 15%). Also see Note 9 to the condensed consolidated financial statements of this report.

Boyaa Shenzhen qualified as a HNTTE under the PRC Corporate Income Tax Law in 2018 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. However, Boyaa Shenzhen has unsuccessfully renewed its HNTTE qualification in 2021. Therefore, the actual income tax rate for Boyaa Shenzhen was 25% for the six months ended 30 June 2022 (2021: 25%). No provision for income tax has been provided as Boyaa Shenzhen has no assessable profit during the period.

Shenzhen Erlulu Technology Company Limited, a wholly-owned subsidiary of Boyaa PRC, has successfully obtained HNTTE qualification under the PRC Corporate Income Tax 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 actual income tax rate for Shenzhen Erlulu Technology Company Limited was 15% for the six months ended 30 June 2022 (2021: 15%).

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



Other Information

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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



Other Information

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

As at 30 June 2022, the interests and short positions of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(a) Interests in the Company

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

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Visioncode Holdings Limited, a company wholly-owned by a trust named the Visioncode Trust (the "Dai Family Trust"), directly holds the entire issued share capital of Comsenz Holdings Limited. Mr. Dai Zhikang is the director of Comsenz Holdings Limited. The Dai Family Trust is a discretionary trust established by Mr. Dai Zhikang (as the settlor) and the discretionary beneficiaries of which include Mr. Dai Zhikang and his children. Accordingly, Mr. Dai Zhikang is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (3) Ms. Tao Ying is interested in 50,000 underlying shares in respect of the RSUs granted by Company under the 2013 RSU Scheme and 85,000 underlying shares in respect of the options granted by the Company under the Post-IPO Share Option Scheme.
- (4) As at 30 June 2022, the Company had 709,876,301 issued shares.

(b) Interests in associated corporations of the Company

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

Save as disclosed above, as at 30 June 2022, none of the directors nor the chief executives of the Company held any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information

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

As at 30 June 2022, the following persons (other than the directors or the chief executive of the Company) have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Name of company	Nature of interest	Number of Shares or securities held ⁽¹⁾	Approximate percentage of interest ⁽⁶⁾
Mr. Zhang Wei ⁽²⁾	The Company	Founder of a discretionary trust	246,237,474 (L)	34.69%
Cantrust (Far East) Limited ⁽³⁾	The Company	Trustee of a trust	282,737,474 (L)	39.83%
Rustem Limited ⁽³⁾	The Company	Nominee for another person	282,737,474 (L)	39.83%
Chunlei Investment ⁽²⁾	The Company	Interest in a controlled corporation	246,237,474 (L)	34.69%
Boyaa Global Limited ⁽³⁾	The Company	Beneficial owner	176,572,474 (L)	24.87%
Emily Technology Limited ⁽³⁾	The Company	Beneficial owner	69,665,000 (L)	9.81%
Visioncode Holdings Limited ⁽⁴⁾	The Company	Interest in a controlled corporation	36,500,000 (L)	5.14%
The Core Trust Company Limited ⁽⁵⁾⁽⁷⁾	The Company	Trustee of a trust	56,564,350 (L)	7.97%
Core Administration RSU limited ⁽⁵⁾⁽⁷⁾	The Company	Nominee for another person	53,040,494 (L)	7.47%
TCT (BVI) Limited ⁽⁵⁾⁽⁷⁾	The Company	Other	56,564,350 (L)	7.97%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Chunlei Investment Limited ("**Chunlei Investment**"), a company wholly-owned by a trust named the Chunlei Trust (the "**Zhang Family Trust**"), directly holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, Mr. Zhang Wei is deemed to be interested in the 176,572,474 shares and 69,665,000 shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (3) Cantrust (Far East) Limited, the trustee of the Zhang Family Trust, holds the entire issued share capital of Chunlei Investment through Rustem Limited (as nominee for Cantrust (Far East) Limited). Chunlei Investment in turn holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, each of Mr. Zhang Wei, Cantrust (Far East) Limited and Chunlei Investment are deemed to be interested in the shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (4) Visioncode Holdings Limited, a company wholly-owned by the Dai Family Trust, directly holds the entire issued share capital of Comsenz Holdings Limited. Accordingly, Visioncode Holdings Limited is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (5) The Core Trust Company Limited, through its wholly-owned subsidiary, TCT (BVI) Limited, indirectly holds the entire issued share capital of The Core Admin Boyaa RSU Limited, while The Core Admin Boyaa RSU Limited holds 3,516,335 shares underlying the RSUs granted and to be granted under the 2013 RSU Scheme for the benefit of eligible participants pursuant to the 2013 RSU Scheme. After the adoption of the 2021 RSU Scheme on 19 July 2021, the RSUs under the 2021 RSU Scheme were held by Core Administration RSU Limited (indirectly held by The Core Trust Company Limited through its wholly-owned subsidiary TCT (BVI) Limited). As at 30 June 2022, Core Administration RSU Limited held 53,040,494 shares underlying the RSUs. In addition, the share options under the Pre-IPO Share Option Scheme were held by The Core Admin Boyaa Option Limited (indirectly held by The Core Trust Company Limited through its wholly-owned subsidiary TCT (BVI) Limited). As at 30 June 2022, The Core Admin Boyaa Option Limited held 7,521 shares underlying the share options.
- (6) As at 30 June 2022, the Company had 709,876,301 issued shares.
- (7) Pursuant to Section 336 of the SFO, the shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 30 June 2022, no persons (other than the directors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.



Other Information

SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEMES

Post-IPO Share Option Scheme

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

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from 12 November 2013, being the date on which the trading of shares of the Company on the Stock Exchange commenced (the “**Listing Date**”). Accordingly, as at 30 June 2022, the remaining life of the Post-IPO Share Option Scheme is approximately one year and four months.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus and the Company’s 2021 Annual Report. During the six months ended 30 June 2022, 500,000 options granted under the Post-IPO Share Option Scheme have been lapsed, no option has been granted or agreed to be granted nor has any option been cancelled under the Post-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2022 under the Post-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2022” below.

Pre-IPO Share Option Scheme

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

No further options can be granted under the Pre-IPO Share Option Scheme after the Listing Date. However, all options granted under the Pre-IPO Share Option Scheme are exercisable over an eight-year period from the date of vesting. Therefore, given that the last batch of options under the Pre-IPO Share Option Scheme were granted on 1 November 2012 and the options so granted shall vest over a period of four years after the date of grant, as at 30 June 2022, such remaining life is two years and four months.

Further details of the principal terms of the Pre-IPO Option Scheme are set out in the Prospectus and the Company’s 2021 Annual Report. As at 30 June 2022, no options to subscribe for shares of the Company remained outstanding under the Pre-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2022 under the Pre-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2022” below.



Other Information

Restricted Share Unit Schemes

The 2013 RSU Scheme of the Company adopted on 17 September 2013 with a term of eight years from the date of adoption was terminated with effect from 3 March 2021. Nonetheless, the rights and obligations of the grantees and the Company with respect to the RSUs that have been granted or earmarked pursuant to the 2013 RSU Scheme on or before the termination date as provided (or will be provided) in the relevant grant letters shall survive termination of the 2013 RSU Scheme and remain in full force and effect except otherwise provided for in such grant letters. The Company adopted the 2021 RSU Scheme on 19 July 2021 in place and under substantially the same terms as the 2013 RSU Scheme. The 2021 RSU Scheme shall be valid and effective for a period of eight years commencing on the date of adoption. As at 30 June 2022, the remaining life of the 2021 RSU Scheme is approximately seven years and two months. For details of the principal terms of the 2021 RSU Scheme, please refer to the announcement of the Company dated 19 July 2021.

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

Further details of the principal terms of the 2021 RSU Scheme are set out in the Company's 2021 Annual Report. During the six months ended 30 June 2022, 15,000,000 RSUs have been granted to the employees of the Group under the 2021 RSU Scheme, 300,000 RSUs granted under the 2021 RSU Scheme have lapsed and no RSU has been canceled. Details of the movements in the RSUs under the 2013 RSU Scheme and the 2021 RSU Scheme are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2022" below.



Other Information

Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Schemes as at 30 June 2022

Name of option holder/ Grantees of RSU	Position held with the Group	Nature	Number of shares represented by options or RSUs at 1 January 2022	Date of grant	Granted during the period	Exercise price	Exercised during the period	Weighted average closing price of shares immediately before the dates on which the options were exercised	Lapsed during the period	Number of shares represented by options or RSUs at 30 June 2022
Director of the Company										
Ms. Tao Ying	Executive Director	Options	85,000	7 September 2015	-	HK\$3.108	-	-	-	85,000
		RSUs	50,000	12 March 2015	-	-	-	-	-	50,000
		granted under 2013 RSU Scheme								
		Sub-total	135,000		-		-		-	135,000
254 employees and previous employees of the Group										
		Options	5,637,429	7 September 2015	-	HK\$3.108	-	-	500,000	5,137,429
		RSUs	60,909	1 February 2011	-	-	-	-	-	60,909
		granted under	22,202	2 March 2012	-	-	-	-	-	22,202
		2013	5,908	1 July 2012	-	-	-	-	-	5,908
		2013	3,787,582	4 March 2013	-	-	-	-	-	3,787,582
		RSU Scheme	145,488	12 March 2015	-	-	-	-	-	145,488
		RSUs	5,650,000	27 August 2021	-	-	-	-	300,000	5,350,000
		granted under 2021 RSU Scheme	-	15 April 2022	15,000,000	-	-	-	-	15,000,000
		Sub-total	15,309,518		15,000,000		-		800,000	29,509,518
Total										
		Options	5,722,429	7 September 2015	-	HK\$3.108	-	-	500,000	5,222,429
		RSUs	60,909	1 February 2011	-	-	-	-	-	60,909
		granted under	22,202	2 March 2012	-	-	-	-	-	22,202
		2013	5,908	1 July 2012	-	-	-	-	-	5,908
		2013	3,787,582	4 March 2013	-	-	-	-	-	3,787,582
		RSU Scheme	195,488	12 March 2015	-	-	-	-	-	195,488
		RSUs	5,650,000	27 August 2021	-	-	-	-	300,000	5,350,000
		granted under 2021 RSU Scheme	-	15 April 2022	15,000,000	-	-	-	-	15,000,000
		Total	15,444,518		15,000,000		-		800,000	29,644,518



Other Information

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

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

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

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

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

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

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

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

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

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



Other Information

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

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

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

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

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

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

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

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

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



Other Information

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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

Save as disclosed under the section "SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEMES" of this interim report, at no time during the six months ended 30 June 2022 was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, the Company has at all times complied with the applicable code provisions of the Corporate Governance Code (the "Code") as set out in Part 2 of Appendix 14 to the Listing Rules.

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

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



Other Information

AMENDMENTS TO CONSTITUTIONAL DOCUMENTS

In order for the Company to, amongst others, (i) hold hybrid general meetings and electronic general meetings; (ii) bring the memorandum and articles of association of the Company (“**M&A**”) in line with amendments made to the applicable laws of the Cayman Islands and the Listing Rules, in particular, the Core Shareholder Protection Standards in the updated Appendix 3 to the Listing Rules with effect from 1 January 2022; and (iii) incorporate certain housekeeping amendments, the Board proposed to seek the approval of the shareholders of the Company at the annual general meeting of the Company (“**AGM**”) for amendments to the M&A, and of the adoption of the second amended and restated M&A. Details of the proposed amendments to the M&A were set out in Appendix II to the circular of the Company dated 29 April 2022.

The second amended and restated M&A were adopted upon the passing of a special resolution at the AGM held on 10 June 2022.

The second amended and restated M&A are available on the websites of the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following a specific enquiry made by the Company, that they have at all times complied with the Model Code throughout the six months ended 30 June 2022.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the biographical details of the directors of the Company since the publication date of the 2021 Annual Report of the Company are as follows:

Mr. Choi Hon Keung Simon, an independent non-executive director of the Company, has resigned as an executive director of Imperium Financial Group Limited (formerly known as Sun International Group Limited, Stock Exchange Stock Code: 8029) with effect from 15 June 2022.

Save as disclosed above, there is no change in the directors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2021 Annual Report of the Company.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated financial statements and the interim report of the Group for the six months ended 30 June 2022. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.



Other Information

MANAGEMENT'S VIEW ON THE QUALIFIED CONCLUSION

The condensed consolidated financial information of the Group for the six months ended 30 June 2022 had been subject to qualified conclusion from the independent auditor of the Company on the basis of the relevant case as described under Notes 22 and 37 under the sections headed "Notes to the Condensed Consolidated Financial Statements" of this report and "Notes to the Consolidated Financial Statements" in the 2021 annual report of the Company published on 28 April 2022 (the "**Qualified Conclusion**").

In respect of the Qualified Conclusion, the Board is of the view that:

1. the management had been in constant discussion with its PRC Legal Adviser (as defined in Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report) in relation to the Case (as defined in Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report);
2. the Audit Committee had discussed with the independent auditor on the Qualified Conclusion and the review procedures that were performed and reported to the management; and
3. given that the Company is not a party to the Case and that the Relevant Frozen Sum (as defined in Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report) was implicated due to the alleged illegal activities on the part of the individual Employees (as defined in Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report), the Board concluded that it had provided all available information to the independent auditor and there was no additional information and evidence that can supplement at this stage.

As a result, with respect to the type of review conclusion issued by the auditor, the management of the Company acknowledged and agreed with the review conclusion that the auditor had issued based on the auditor's professional and independent assessment.

VIEW OF AUDIT COMMITTEE

The Audit Committee had critically reviewed the matter after discussion with the auditor and it held the same view as the auditor as to the basis of the Qualified Conclusion. The Audit Committee had from time to time closely communicate with the Board and the independent auditor on the updated operation and financial performance of the Group, in particular, the progress of the Case and the Qualified Conclusion.

ACTION PLAN OF THE GROUP TO ADDRESS THE QUALIFIED CONCLUSION

In respect of the Case, the Company had engaged the PRC Legal Adviser to advise on the matter and to apply to the relevant PRC court and judiciary authorities to utilise the Relevant Idle Cash Reserves (as defined in Note 22 under the section headed "Notes to the Condensed Consolidated Financial Statements" of this report). The Group had also set up an independent investigation committee to investigate on internal matters arising out of the Case and engaged Deloitte Consulting (Beijing) Company Limited to review the Company's internal control system. The Company had put in place additional internal control measures including additional measures on declaration of interest by employees and revenue management systems. These measures include (1) requirements that all the employees, including management staff, shall make annual declarations on any involvement in conflicts of interests and improvements on the relevant procedures for



Other Information

making such declarations; (2) improvements on the management measures relating to the purchase and use of the Game Tokens, including measures for inventory management and the approval procedures for the issuance of Game Tokens; (3) improvements on the monitoring and management measures in respect of the account balances of registered paying users, including analysis of the change of users' account balances, the monitoring of unusual transactions of the Game Tokens between users, and improvements of the review and approval procedure of the amendments of user-profiles; and (4) provisions of regular training sessions on the relevant systems, management measures and procedures etc., to ensure a full and consistent compliance. The Company will use its best endeavours to monitor the Case and to make necessary applications to the relevant PRC court with the assistance from the PRC Legal Adviser.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

On 5 July 2022, an indirect wholly-owned subsidiary of the Company had subscribed for deposit (in an amount of RMB50.0 million) and wealth management product (in an amount of RMB50.0 million) with two licensed banks in the PRC, respectively. Each of the subscriptions constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For further details, please refer to the Company's announcement dated 5 July 2022.

Save as disclosed above, there was no important event affecting the Group which has taken place since 30 June 2022 and up to the date of this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 12 November 2013, the Company's shares were listed on the Main Board of the Stock Exchange. A total of 177,014,000 ordinary shares with nominal value of US\$0.00005 each of the Company were issued at HK\$5.35 per share for a total of approximately HK\$947.0 million. The net proceeds raised by the Company from the abovementioned global offering are approximately HK\$837.9 million.

As at 30 June 2022, proceeds from the abovementioned issuances have been used up.



Independent Review Report



TO THE BOARD OF DIRECTORS OF BOYAA INTERACTIVE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 62 which comprises the condensed consolidated statement of financial position of the Boyaa Interactive International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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



Independent Review Report

BASIS FOR QUALIFIED CONCLUSION

As disclosed in note 22, the Group's investments at fair value through profit or loss of approximately RMB247,332,000 and restricted bank deposits of approximately RMB436,725,000 as at 30 June 2022 (the "**Relevant Idle Cash Reserves**") were frozen. Due to the Relevant Idle Cash Reserves were still frozen and the outcome has yet to be determined, we were unable to obtain sufficient appropriate evidence to satisfy ourselves as to the recoverability of frozen investments at fair value through profit or loss and restricted bank deposits of RMB247,332,000 and RMB436,725,000 as at 30 June 2022 respectively and RMB243,873,000 and RMB434,143,000 as at 31 December 2021 respectively. Given the scope limitation, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying amounts of frozen investments at fair value through profit or loss and restricted bank deposits as at 30 June 2022 and 31 December 2021 were necessary. Any adjustments to these figures might have a consequential effect on the Group's condensed consolidated financial performance for the three months and six months ended 30 June 2022 and three months and six months ended 30 June 2021, the condensed consolidated financial position of the Group as at 30 June 2022 and 31 December 2021, and the related disclosures thereof in the interim financial statements.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph of our report, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Practising Certificate Number P07374

Hong Kong, 25 August 2022



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Three Months and Six Months Ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	5	94,930	96,564	186,454	181,483
Cost of revenue		(32,303)	(31,498)	(63,611)	(58,824)
Gross profit		62,627	65,066	122,843	122,659
Other losses, net	6	(17,391)	(31,737)	(29,698)	(73,080)
Selling and marketing expenses		(8,234)	(6,025)	(17,169)	(14,160)
Administrative expenses		(23,913)	(20,850)	(46,502)	(42,599)
Operating profit/(loss)		13,089	6,454	29,474	(7,180)
Finance income	7	6,491	4,995	11,912	9,893
Finance costs	8	(278)	(59)	(315)	(133)
Share of gains/(losses) of associates		63	(787)	(144)	(1,479)
Profit before income tax		19,365	10,603	40,927	1,101
Income tax expense	9	(6,201)	(5,436)	(11,578)	(12,052)
Profit/(loss) for the period attributable to owners of the Company	10	13,164	5,167	29,349	(10,951)
Other comprehensive (expenses)/ 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		(19)	2,229	(7,990)	(2,988)
Exchange differences on translation		12,197	(1,251)	11,668	(884)
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		22,540	(5,312)	18,228	(3,746)
Other comprehensive income/ (expenses) for the period, net of tax		34,718	(4,334)	21,906	(7,618)
Total comprehensive income/ (expenses) for the period attributable to owners of the Company		47,882	833	51,255	(18,569)
Earnings/(loss) per share (RMB cents)	12				
– Basic		2.00	0.78	4.47	(1.67)
– Diluted		1.99	0.78	4.45	(1.67)



Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	33,992	38,180
Right-of-use assets	13	22,840	962
Investments in associates		4,260	4,404
Equity investments at fair value through other comprehensive income	14	21,455	27,629
Investments at fair value through profit or loss	15	398,677	356,044
Prepayments, deposits and other receivables		17,878	17,594
Deferred tax assets		2,496	4,646
Term deposits		70,000	–
Restricted bank deposits	17	436,725	434,143
		1,008,323	883,602
Current assets			
Trade receivables	16	27,031	21,849
Prepayments, deposits and other receivables		28,345	36,396
Investments at fair value through profit or loss	15	14,600	98,500
Term deposits		982,679	1,014,996
Bank and cash balances		324,524	248,307
		1,377,179	1,420,048
Total assets		2,385,502	2,303,650
EQUITY AND LIABILITIES			
Equity			
Share capital	19	232	232
Reserves		2,070,142	2,017,738
Total equity		2,070,374	2,017,970



Condensed Consolidated Statement of Financial Position

At 30 June 2022

	Notes	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Liabilities			
Non-current liabilities			
Lease liabilities		17,816	–
Deferred tax liabilities		4,886	4,588
		22,702	4,588
Current liabilities			
Trade payables	18	1,057	1,051
Accruals and other payables		71,238	75,777
Contract liabilities		7,604	11,845
Lease liabilities		5,241	860
Current tax liabilities		207,286	191,559
		292,426	281,092
Total liabilities		315,128	285,680
Total equity and liabilities		2,385,502	2,303,650
Net current assets		1,084,753	1,138,956
Total assets less current liabilities		2,093,076	2,022,558



Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2022

(Unaudited)
Attributable to owners of the Company

	Shares capital RMB'000	Share premium RMB'000	Share held for RSU scheme RMB'000	Capital reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Share-based payments reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	232	373,294	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,793,818	2,046,816
Total comprehensive (expenses)/ income for the period	-	-	-	-	(4,630)	-	-	(2,988)	(10,951)	(18,569)
Share-based payments – lapse of share options and RSUs	-	294	-	-	-	-	(294)	-	-	-
Changes in equity for the period	-	294	-	-	(4,630)	-	(294)	(2,988)	(10,951)	(18,569)
At 30 June 2021	232	373,588	(14)	2,000	(5,925)	33,990	79,497	(237,988)	1,782,867	2,028,247
At 1 January 2022	232	373,099	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,801,786	2,017,970
Total comprehensive income/ (expenses) for the period	-	-	-	-	29,896	-	-	(7,990)	29,349	51,255
Share-based payments – value of employee services	-	-	-	-	-	-	1,149	-	-	1,149
Changes in equity for the period	-	-	-	-	29,896	-	1,149	(7,990)	29,349	52,404
At 30 June 2022	232	373,099	(14)	2,000	16,465	33,990	81,104	(267,637)	1,831,135	2,070,374



Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2022

	Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from operating activities	83,252	67,946
Income tax paid	(5,478)	(9,003)
Lease interests paid	(315)	(133)
Net cash generated from operating activities	77,459	58,810
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(875,241)	(807,712)
Proceeds from maturity of term deposits with original maturities over three months	834,332	570,849
Interest received	11,912	8,205
Dividends from investments at fair value through profit or loss	5,148	–
Purchases of investments at fair value through profit or loss	–	(55,000)
Proceeds from settlements of investments at fair value through profit or loss	11,226	58,778
Purchases of property, plant and equipment	(1,843)	(9,284)
Proceeds from disposals of property, plant and equipment	22	148
Net cash used in investing activities	(14,444)	(234,016)
Cash flows from financing activities		
Repayment of lease liabilities	(2,160)	(1,850)
Net cash used in financing activities	(2,160)	(1,850)
Net increase/(decrease) in cash and cash equivalents	60,855	(177,056)
Effect of foreign exchange rate changes	15,362	(3,784)
Cash and cash equivalents at beginning of the period	248,307	389,108
Cash and cash equivalents at end of the period	324,524	208,268
Analysis of cash and cash equivalents		
Bank and cash balances	324,524	208,268



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

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 14/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong. The address of its headquarters is 8/F, Block E1, International E Town, TCL Industry Park, 1001 Zhong Shan Yuan Road, Nanshan District, Shenzhen, the People’s Republic of China (“**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

2. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the 2021 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2021.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Company and its subsidiaries (collectively referred as the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS

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

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

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

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

Description	Fair value measurements at 30 June 2022 using:			Total 30 June 2022
	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	81,200	81,200
– Equity investment partnerships	–	–	84,745	84,745
– Wealth management products	–	–	247,332	247,332
	–	–	413,277	413,277
Equity investments at fair value through other comprehensive income				
– Listed equity securities in Hong Kong	19,830	–	–	19,830
– Listed equity securities in USA	1,625	–	–	1,625
	21,455	–	–	21,455
Total recurring fair value measurements	21,455	–	413,277	434,732



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Fair value measurements at 31 December 2021 using:			Total 31 December 2021
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	98,500	98,500
– Equity investment partnerships	–	–	112,171	112,171
– Wealth management products	–	–	243,873	243,873
	–	–	454,544	454,544
Equity investments at fair value through other comprehensive income				
– Listed equity securities in Hong Kong	26,269	–	–	26,269
– Listed equity securities in USA	1,360	–	–	1,360
	27,629	–	–	27,629
Total recurring fair value measurements	27,629	–	454,544	482,173



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Investments at fair value through profit or loss RMB'000 (unaudited)
At 1 January 2022	454,544
Total gains or losses recognised in profit or loss (#)	(31,795)
Settlements	(11,226)
Currency translation differences	1,754
At 30 June 2022	413,277
(#) Include gains or losses for assets held at end of reporting period	(33,092)



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS (CONTINUED)

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

Description	Investments at fair value through profit or loss RMB'000 (unaudited)
At 1 January 2021	708,036
Total gains or losses recognised in profit or loss (#)	(70,182)
Purchases	55,000
Settlements	(58,778)
Currency translation differences	(1,869)
At 30 June 2021	632,207
(#) Include gains or losses for assets held at end of reporting period	(48,548)

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2022:

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 June 2022 RMB'000 (unaudited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	21.26%-30.63%	Decrease	81,200	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	84,745	
		Discount cash flows model	Discount rate	25.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.21%-3.50%	Increase	247,332	



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

4. FAIR VALUE MEASUREMENTS (CONTINUED)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2022: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 December 2021 RMB'000 (audited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	15.55%- 15.57%	Decrease	98,500	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	112,171	
		Discount cash flows model	Discount rate	16.00%- 25.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.21%- 3.50%	Increase	243,873	

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Web-based games	32,309	36,916	61,597	71,527
Mobile games	62,621	59,648	124,857	109,956
Revenue from contracts with customers	94,930	96,564	186,454	181,483

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
At a point of time	94,930	96,564	186,454	181,483

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Simplified Chinese	5,771	7,162	12,053	12,669
Other languages	89,159	89,402	174,401	168,814
	94,930	96,564	186,454	181,483

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three and six months ended 30 June 2021: nil).

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Mainland China	62,090	47,182
Other locations	16,880	13,958
	78,970	61,140



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

6. OTHER LOSSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Dividends from investments at fair value through profit or loss	1,069	–	2,321	–
(Loss)/gain on disposals of property, plant and equipment	(6)	25	(9)	(451)
Government subsidies and tax rebates (Note)	608	108	895	200
Net foreign exchange losses	(3,319)	(1,668)	(1,013)	(2,556)
Fair value changes on investments at fair value through profit or loss	(15,646)	(30,283)	(31,795)	(70,182)
Others	(97)	81	(97)	(91)
	(17,391)	(31,737)	(29,698)	(73,080)

Note:

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.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

7. FINANCE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest revenue	6,283	4,786	11,480	9,476
Interest revenue on non-current loans to employees	208	209	432	417
	6,491	4,995	11,912	9,893

8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Lease interests	278	59	315	133

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Current tax				
– PRC Enterprise Income Tax (“EIT”) and other jurisdictions	5,928	3,982	10,914	10,737
Deferred tax	273	1,454	664	1,315
	6,201	5,436	11,578	12,052



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

9. INCOME TAX EXPENSE (CONTINUED)

(a) EIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2022 and 2021, 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 2019 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Boyaa On-line Game Development (Shenzhen) Co., Limited is still renewing the HNTE qualification as at the date of this report. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (for the six months ended 30 June 2021: 15%) for the six months ended 30 June 2022.

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

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 175% (for the six months ended 30 June 2021: 175%) of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited, Boyaa On-line Game Development (Shenzhen) Co., Limited and Shenzhen Erlulu Technology Company Limited (for the six months ended 2021: Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited) had claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2022.

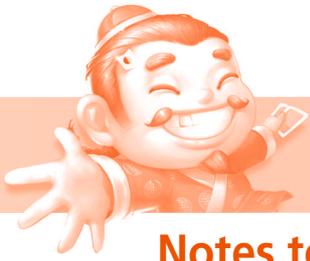
(b) PRC withholding tax (“WHT”)

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

As at 30 June 2022, 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 RMB898,631,000 (31 December 2021: RMB888,030,000). 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 Hong Kong dollars (“**HK\$**”) 2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2022 and 2021.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

10. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Amortisation of intangible assets – included in cost of revenue	–	27	–	54
	–	27	–	54
Depreciation	4,884	4,862	9,157	8,307
Research and development expenditure				
– included in staff costs	13,596	11,676	30,273	27,751
– included in depreciation	66	12	123	34
– included in other administrative expenses	317	618	592	1,248
	13,979	12,306	30,988	29,033
Reversal of loss allowance for trade receivables	(3,663)	(738)	(4,361)	(730)
Loss allowance provision for loans to employees	–	2	–	–
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	21,684	20,796	38,592	36,926
– Retirement benefit scheme contributions	1,456	1,321	3,710	2,851
– Share-based payments expenses	908	–	1,149	–
	24,048	22,117	43,451	39,777

11. DIVIDENDS

The board of the directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

12. EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	13,164	5,167	29,349	(10,951)
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	656,704	657,680	656,704	657,680
Effect of dilutive potential ordinary shares arising from restricted share units ("RSUs")	3,902	–	3,269	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	660,606	657,680	659,973	657,680

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

During the six months ended 30 June 2022, the Group acquired property, plant and equipment of RMB1,843,000 (for the six months ended 30 June 2021: RMB9,284,000).

Property, plant and equipment with a carrying amount of approximately RMB31,052 (for the six months ended 30 June 2021: approximately RMB599,000) were disposed by the Group during the six months ended 30 June 2022.

During the six months ended 30 June 2022, the additions to right-of-use assets were approximately RMB24,271,000 (for the six months ended 30 June 2021: nil)



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Equity securities, at fair value		
– Listed in Hong Kong – Xiaomi Corporation	19,830	26,269
– Listed in USA – Qudian Inc.	1,625	1,360
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	21,455	27,629

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	66,600	–
– equity investment partnerships	84,745	112,171
– wealth management products (Note)	247,332	243,873
	398,677	356,044
Included in current assets		
Non-quoted investments in:		
– asset management plan	14,600	98,500
	413,277	454,544

Note:

Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have no initial terms. As at 30 June 2022, an amount of RMB247,332,000 were frozen (31 December 2021: RMB243,873,000) (Note 22).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

16. TRADE RECEIVABLES

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Trade receivables	27,270	26,449
Provision for loss allowance	(239)	(4,600)
Carrying amount	27,031	21,849

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0 to 30 days	17,893	21,355
31 to 60 days	8,348	35
61 to 90 days	416	26
91 to 180 days	56	306
181 to 365 days	295	111
Over 365 days	23	16
	27,031	21,849

17. RESTRICTED BANK DEPOSITS

The Group's restricted bank deposits represented deposits that were frozen (Note 22).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

18. TRADE PAYABLES

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
0 to 30 days	778	784
31 to 90 days	1	18
91 to 180 days	1	1
181 to 365 days	19	–
Over 365 days	258	248
	1,057	1,051

19. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (31 December 2021: 2,000,000,000) ordinary shares with par value of United States dollar (“USD”) 0.00005 (31 December 2021: USD0.00005) per share.

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2021 (audited)	710,876,301	36	232
Cancellation of ordinary shares (Note)	(1,000,000)	–	–
At 31 December 2021(audited), 1 January 2022 (audited) and At 30 June 2022 (unaudited)	709,876,301	36	232

Note:

The Group repurchased 1,000,000 shares of its own shares from the market during the year ended 31 December 2021. The total amount paid to acquire the shares was RMB422,000 and has been deducted from the shareholders' equity. The related weighted average price at the time of buy-back was HK\$0.51 per share. All repurchased shares were cancelled during the year ended 31 December 2021. The Group did not repurchase any shares from the market during the six months ended 30 June 2022 (for the year ended 31 December 2021: 1,000,000 shares).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

20. SHARE-BASED PAYMENTS

(a) Share options

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

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

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

	Number of share options	
	For the six months ended 30 June	
	2022 (unaudited)	2021 (unaudited)
Outstanding at the beginning of the period	5,722,429	6,082,429
Lapsed during the period	(500,000)	(360,000)
Outstanding at the end of the period	5,222,429	5,722,429
Exercisable at the end of the period	5,222,429	5,722,429

No options were exercised during the six months ended 30 June 2022 and 2021.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2022 and 2021 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	For the six months ended 30 June	
			2022 (unaudited)	2021 (unaudited)
6 September 2025	HK\$3.108	3.108	5,222,429	5,722,429



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

20. SHARE-BASED PAYMENTS (CONTINUED)

(b) Restricted Share Unit ("RSU")

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

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

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

20. SHARE-BASED PAYMENTS (CONTINUED)

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2022 (unaudited)	2021 (unaudited)
At 1 January	9,722,089	4,640,457
Granted	15,000,000	–
Lapsed	(300,000)	(121,368)
Vested and transferred	–	(332,000)
At 30 June	24,422,089	4,187,089
Vested but not transferred at 30 June	4,072,089	4,187,089

The related weighted-average share price at the time when the RSUs were vested and transferred was nil (for the six months ended 30 June 2021: HK\$0.65) per share.

(c) Shares held for RSU schemes

The shares held for RSU schemes were regarded as treasury shares and had been presented as a deduction against shareholders' equity. During the period, nil (for the six months ended 30 June 2021: 332,000) of RSUs were vested and transferred (note (b) above), and as a result, 57,244,829 ordinary shares (31 December 2021: 57,244,829 ordinary shares) of the Company underlying the RSUs were held by Core Administration RSU Limited and The Core Admin Boyaa RSU Limited as at 30 June 2022.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

21. RELATED PARTY TRANSACTIONS

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

	30 June 2022 RMB'000 (unaudited)	31 December 2021 RMB'000 (audited)
Amount due from a director included in other receivables	855	657
Amount due from a related party included in other receivables	2,003	2,003

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

22. MATERIAL EVENTS

In March 2019, the Company found 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**”). As at 30 June 2022, the Group’s investments at fair value through profit or loss of approximately RMB247,332,000 and restricted bank deposits of approximately RMB436,725,000 were frozen.

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 has engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers have submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilize 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 utilize the Relevant Idle Cash Reserves for wealth management. On 27 August 2019, the Company received a 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 then 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**”). As at the date of this report, none of the Employees remains an employee of the Company. Therefore, the Application was rejected. 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 RMB942,654,382.75 to be paid to the state treasury (the “**Judgment Amount**”).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

22. MATERIAL EVENTS (CONTINUED)

The Company was discussing with its PRC Legal Advisers as to the next step forward in relation to the Judgment, including the possibility to take appropriate legal actions as to the Judgment Amount to protect the interests of the Company and its shareholders. The Company was informed, on 3 September 2021, that the PRC court of second instance (the “**Appeal Court**”) had made a decision on the appeal hearing against the Judgement (the “**Appeal Hearing**”) to quash the Judgement and remanded the Case to the Trial Court for a retrial (the “**Retrial**”) since it was of the view that certain facts under the Judgement 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 judgement of the Retrial (the “**Retrial Judgement**”). The Trial court had upheld that the Employees are 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 Judgement up to 29 March 2022 and the rehearing of the Retrial was heard by the court of second instance on 28 July 2022. The court of second instance had not indicate when the judgement of the rehearing will be handed down. As at 30 June 2022, the Relevant Frozen Sum incurred amounted to approximately RMB684 million. As advised by the PRC Legal Adviser, the Judgement from Trial Court has been quashed and will not be enforced. The Retrial Judgement will also not be enforced and the Relevant Frozen Sum will not be ordered to be paid until a judgement from the court has finally been handed down.

The Company is not a party to the Case. As at the date of this report, none of the Company, its directors and its senior management had been subject to any prosecution or investigation by the relevant PRC judicial authorities in relation to the Alleged Crime. In addition, the Company had not received any notification from any relevant PRC judicial authority in relation to the Relevant Frozen Sum and so far as the Company is aware, the other bank accounts had not been frozen by the relevant PRC judicial authorities.

In light of the fact that (i) the Company, its directors and senior management had not been subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime as at the date of this report; (ii) the Relevant Frozen Sum only form part of the idle cash reserve of the Company which is used for the purpose of idle fund management, and is the Company’s general practice; (iii) the Company is of the view that it has sufficient cash reserves available in the other bank accounts for its day-to-day operations; (iv) the Company does not have any loan borrowing as at the date of this report; and (v) as at 30 June 2022, the Company recorded current assets and the Relevant Frozen Sum in the sum of approximately RMB2,061 million, the Relevant Frozen Sum accounted for approximately 33.2% of the Company’s relevant funds, the Board is of the view that the Retrial Judgement would not have any material adverse impact on the business, operation and financial conditions of the Group.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2022

22. MATERIAL EVENTS *(CONTINUED)*

The Independent Investigation Committee had held meetings in January, March, May, November 2020, March and May, August, September, November 2021, March, May, July and August 2022 to discuss various matters concerning the Case and the Incident. The senior management of the Company has been maintaining close contact with the Independent Investigation Committee to ensure that any updates of the Case and the Incident can be provided to the Independent Investigation Committee on a timely basis. The Independent Investigation Committee is in the course of preparing the report with details of their findings and their view on the Case and the Incident. After discussing with the Company and its legal advisors, the Independent Investigation Committee is of the view that it will be more appropriate for them to issue the report after they received the final enforceable judgement in respect of the Case from the court. As at the date of this report, the Independent Investigation Committee was 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.

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 and 28 July 2022.

23. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 25 August 2022.



Reconciliation From Unaudited Net Profit/(Loss) to Unaudited Non-IFRS Adjusted Net Profit/(Loss)

For the Six Months Ended 30 June 2022

	For the six months ended 30 June		Year-on-Year Change* %
	2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	
Revenue	186,454	181,483	2.7
Cost of revenue	(63,611)	(58,824)	8.1
Gross profit	122,843	122,659	0.2
Other losses, net	(29,698)	(73,080)	(59.4)
Selling and marketing expenses	(17,169)	(14,160)	21.3
Administrative expenses	(46,502)	(42,599)	9.2
Operating profit/(loss)	29,474	(7,180)	–
Finance income, net	11,597	9,760	18.8
Share of loss of associates	(144)	(1,479)	(90.3)
Profit before income tax	40,927	1,101	3,617.3
Income tax expenses	(11,578)	(12,052)	(3.9)
Profit/(loss) for the period	29,349	(10,951)	–
Non-IFRS adjustment			
Share-based compensation expenses included in cost of revenue	–	–	–
Share-based compensation expenses included in selling and marketing expenses	–	–	–
Share-based compensation expenses included in administrative expenses	1,149	–	–
Non-IFRS adjusted net profit/(loss) (unaudited)	30,498	(10,951)	–

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



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

For the Three Months Ended 30 June 2022

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	30 June 2022 RMB'000 (unaudited)	31 March 2022 RMB'000 (unaudited)	30 June 2021 RMB'000 (unaudited)		
Revenue	94,930	91,524	96,564	(1.7)	3.7
Cost of revenue	(32,303)	(31,308)	(31,498)	2.6	3.2
Gross profit	62,627	60,216	65,066	(3.7)	4.0
Other losses, net	(17,391)	(12,307)	(31,737)	(45.2)	41.3
Selling and marketing expenses	(8,234)	(8,935)	(6,025)	36.7	(7.8)
Administrative expenses	(23,913)	(22,589)	(20,850)	14.7	5.9
Operating profit	13,089	16,385	6,454	102.8	(20.1)
Finance income, net	6,213	5,384	4,936	25.9	15.4
Share of gain/(loss) of associates	63	(207)	(787)	–	–
Profit before income tax	19,365	21,562	10,603	82.6	(10.2)
Income tax expenses	(6,201)	(5,377)	(5,436)	14.1	15.3
Profit for the period	13,164	16,185	5,167	154.8	(18.7)
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	–	–	–	–	–
Share-based compensation expense included in selling and marketing expenses	–	–	–	–	–
Share-based compensation expense included in administrative expenses	908	241	–	–	276.8
Non-IFRS adjusted net profit (unaudited)	14,072	16,246	5,167	172.3	(13.4)

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

** Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2022 and the immediately preceding quarter.