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Boyaa Interactive International Limited

博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0434)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “**Board**”) of directors (the “**Directors**”) of Boyaa Interactive International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021 (the “**Reporting Period**”). The annual results have been prepared in accordance with the International Financial Reporting Standards (the “**IFRS**”) and audited by ZHONGHUI ANDA CPA Limited, the auditor of the Company. In addition, the annual results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”). The audited consolidated results for the year ended 31 December 2021 together with the comparative figures for the year ended 31 December 2020, are set forth in this announcement.

Highlights:

- Our revenue for the year ended 31 December 2021 amounted to approximately RMB366.2 million, representing an increase of approximately 4.2% from approximately RMB351.5 million recorded in 2020.
- Our gross profit for the year ended 31 December 2021 amounted to approximately RMB245.0 million, representing an increase of approximately 1.1% from approximately RMB242.2 million recorded in 2020.
- Profits attributable to owners of the Company for the year ended 31 December 2021 amounted to approximately RMB8.0 million, whereas we recorded losses attributable to owners of the Company of approximately RMB45.1 million in 2020.
- Our unaudited non-IFRS adjusted net profits for the year ended 31 December 2021 derived by excluding share-based compensation expenses amounted to approximately RMB8.4 million, whereas we recorded a position of unaudited non-IFRS adjusted net losses of approximately RMB45.1 million in 2020.

FINANCIAL HIGHLIGHTS

	For the year ended		Year-on-Year Change*
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Revenue	366,161	351,479	4.2
– Web-based games	142,167	142,432	(0.2)
– Mobile games	223,994	209,047	7.2
Gross profit	244,962	242,231	1.1
Profit/(loss) attributable to owners of the Company	7,968	(45,102)	–
Non-IFRS adjusted net profit/(loss) (unaudited) ^{***}	8,359	(45,102)	–
Earnings/(losses) per share (expressed in RMB cents per share)			
– Basic	1.21	(6.83)	–
– Diluted	1.21	(6.83)	–
	For the three months ended		Year-on-Year Change*
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(unaudited)	(unaudited)	
Revenue	87,666	77,632	12.9
– Web-based games	32,583	31,771	2.6
– Mobile games	55,083	45,861	20.1
Gross profit	57,431	50,399	14.0
Profit/(loss) attributable to owners of the Company	13,252	(30,439)	–
Non-IFRS adjusted net profit/(loss) (unaudited) ^{***}	13,535	(30,439)	–

REVENUE BY GAMES

	For the year ended		Year-on-Year Change*
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Texas Hold'em Series	245,395	241,528	1.6
Other Card and Board****	120,766	109,951	9.8
Total	<u>366,161</u>	<u>351,479</u>	4.2
	For the three months ended		
	31 December		
	2021	2020	Year-on-Year Change*
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(unaudited)	(unaudited)	
Texas Hold'em Series	57,790	54,473	6.1
Other Card and Board****	29,876	23,159	29.0
Total	<u>87,666</u>	<u>77,632</u>	12.9

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the year ended		Year-on-Year Change*
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Simplified Chinese	24,910	37,663	(33.9)
Other languages	341,251	313,816	8.7
Total	366,161	351,479	4.2
	For the three months ended		
	31 December		
	2021	2020	Year-on-Year Change*
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(unaudited)	(unaudited)	
Simplified Chinese	6,202	5,105	21.5
Other languages	81,464	72,527	12.3
Total	87,666	77,632	12.9

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	31 December 2021 (unaudited)	30 September 2021 (unaudited)	31 December 2020 (unaudited)		
Paying Players (<i>in thousands</i>)	246	265	235	4.7	(7.2)
• Web-based games	7	7	7	–	–
• Mobile games	239	258	228	4.8	(7.4)
Daily Active Users (“DAUs”) (<i>in thousands</i>)****	1,289	1,353	1,626	(20.7)	(4.7)
• Web-based games	88	92	108	(18.5)	(4.3)
• Mobile games	1,201	1,261	1,518	(20.9)	(4.8)
Monthly Active Users (“MAUs”) (<i>in thousands</i>)****	4,006	4,165	4,493	(10.8)	(3.8)
• Web-based games	237	268	303	(21.8)	(11.6)
• Mobile games	3,769	3,897	4,190	(10.0)	(3.3)
Average Revenue Per Paying User (“ARPPU”) of Texas Hold’em (<i>in RMB</i>)					
• Web-based games	1,810.2	2,114.3	1,764.2	2.6	(14.4)
• Mobile games	142.4	139.4	126.2	12.8	2.2
ARPPU of Other Card and Board (<i>in RMB</i>)					
• Web-based games	0.3	0.3	5.3	(94.3)	–
• Mobile games	55.3	54.0	45.9	20.5	2.4

* 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 31 December 2021 and the immediately preceding quarter.

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

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

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

BUSINESS OVERVIEW AND OUTLOOK

Review of 2021

In terms of financial performance, we recorded the revenue of approximately RMB366.2 million in 2021, representing a year-on-year increase of approximately 4.2% compared to the same period in 2020. We recorded the revenue of approximately RMB87.7 million for the fourth quarter of 2021, representing a year-on-year increase of approximately 12.9% compared to the same period in 2020. The increase in revenue was primarily due to the stable increase in the revenue of the Group as the Group held certain online operational activities and continuously optimized the gaming products and gameplay. The revenue of the Group for the fourth quarter of 2021 decreased by approximately 9.6% from the third quarter of 2021, mainly due to the cyclical effect of operational promotion activities which led to lower revenue in the quarter.

In 2021, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB8.4 million, whereas we recorded position of unaudited non-IFRS adjusted losses of approximately RMB45.1 million in 2020; and we recorded an unaudited non-IFRS adjusted net profit of approximately RMB13.5 million in the fourth quarter of 2021, whereas the unaudited non-IFRS adjusted losses in the fourth quarter of 2020 was approximately RMB30.4 million. The change in positions of unaudited non-IFRS adjusted net profit for the year of 2021 and in the fourth quarter of 2021 as compared to the position of unaudited non-IFRS adjusted losses respective periods in 2020 was mainly due to the respective year-on-year increases 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 respective periods in 2020. Excluding the impact of non-operating one-off factors such as a decrease in fair value of financial assets such as equity investment partnerships for two relevant periods, the unaudited non-IFRS adjusted net profit in 2021 represented a year-on-year increase of approximately 18.5% as compared with that of 2020, whereas we recorded a position of unaudited non-IFRS adjusted net profit in the fourth quarter of 2021 representing a year-on-year increase of 4.2%. 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 of the Company in 2021 represented a year-on-year increase as compared with that of 2020, which was mainly due to a year-on-year increase in revenue and a year-on-year decrease in administrative expenses, whereas we also recorded a position of unaudited non-IFRS adjusted net profit in the fourth quarter of 2021 representing a year-on-year increase, which was mainly due to a year-on-year increase in revenue. Our unaudited non-IFRS adjusted net profit in the fourth quarter of 2021 recorded a quarter-on-quarter increase of approximately 134.4% compared to the third

quarter of 2021, which was mainly due to the reduction in the decrease in fair value of financial assets such as equity investment partnerships as compared with that of the third quarter of 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 for the fourth quarter of 2021 represented a quarter-on-quarter decrease of approximately 49.3%, which was mainly due to a quarter-on-quarter decrease in revenue and a quarter-on-quarter increase in employee compensation and benefits.

In terms of the operating data performance, we recorded an increase in the number of paying players during the fourth quarter of 2021 as compared to the fourth quarter of 2020, the number of paying players increased by approximately 4.7% from approximately 0.24 million in the fourth quarter of 2020 to approximately 0.25 million in the fourth quarter of 2021. We recorded a decrease in the number of users during the fourth quarter of 2021 as compared to the fourth quarter of 2020. In particular, the number of DAUs decreased by approximately 20.7% from approximately 1.6 million in the fourth quarter of 2020 to 1.3 million in the fourth quarter of 2021. The number of MAUs decreased by approximately 10.8% from approximately 4.5 million in the fourth quarter of 2020 to approximately 4.0 million in the fourth quarter of 2021. However, the ARPPU grew in the mobile version and the web-based version of Texas Hold'em and the mobile version of other card and board games.

In terms of gaming products, we provided a total of 69 online gaming product portfolio with a total of 11 languages as of 31 December 2021. During 2021, while continued to intensify indepth market research and focus on research and development (“**R&D**”) of game products, innovation of gameplay, enrichment of game products and optimisation of user experience, we made efforts to refine our products and diversify our operation in a steady manner to improve the quality of our gaming products while also constantly exploring and trying new domestic and overseas card and board games operation modes.

Outlook for 2022

In 2022, we will continue to carry out the following work:

- further explore the domestic and overseas operational models for card and board games;
- further explore the overseas market for card and board games;
- keep focusing on the R&D and innovation of mobile-based products and devote more efforts to expand other card and board gaming business and continually enrich and innovate the contents and rules of the games;

- constantly improve our basic infrastructure and gaming features, and focus on enhancing the experience and service quality we provide to our users; and
- research and develop new competition gaming to enhance and consolidate the loyalty of our players and develop Boyaa into a century-old brand of intellectual and competitive card and board games.

In 2021, we moved ahead steadily. In 2022, the Group will continue to strictly comply with various laws and regulations of the People's Republic of China (the "PRC"), will still focus on the R&D and innovation of online card and board game products, and continuously be enriching the variety of game products and optimising the user experience. Moreover, the Group will tap into the overseas game markets as well as other card and board games businesses, constantly exploring and trying new business models, endeavoring to develop high-quality card and board games and matches. With the development in the field of online card and board games progressing in a steady manner, the Group continues the journey to forge a century-old brand for Boyaa's intellectual and competitive card and board games.

MANAGEMENT DISCUSSION AND ANALYSIS

Year Ended 31 December 2021 Compared to Year Ended 31 December 2020

Revenue

Our revenue for the year ended 31 December 2021 amounted to approximately RMB366.2 million, representing an increase of approximately 4.2% from approximately RMB351.5 million recorded in 2020. The year-on-year increase was primarily due to the Group's holding of certain online operational activities during this period and continuous optimization of its gaming products and gameplay. For the year ended 31 December 2021, revenue generated from our mobile games and web-based games accounted for approximately 61.2% and 38.8% of our total revenue, respectively, as compared with approximately 59.5% and 40.5%, respectively, for the year ended 31 December 2020.

Cost of revenue

Our cost of revenue increased by approximately 10.9% from approximately RMB109.2 million in 2020 to approximately RMB121.2 million in 2021, primarily due to the increase in commission charges caused by the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 1.1% from approximately RMB242.2 million for the year ended 31 December 2020 to approximately RMB245.0 million for the year ended 31 December 2021.

For the years ended 31 December 2021 and 2020, our gross profit margin were approximately 66.9% and 68.9%, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately 15.2% from approximately RMB24.6 million in 2020 to approximately RMB28.3 million in 2021, accounting for approximately 7.7% of our revenue in 2021, which increased from approximately 7.0% in 2020. The year-on-year increase in selling and marketing expenses was mainly attributable to the increase in expenses for advertising and promotional activities.

Administrative expenses

Our administrative expenses decreased by approximately 20.0% from approximately RMB121.3 million in 2020 to approximately RMB97.0 million in 2021. The decrease in administrative expenses was mainly due to the decrease in professional service expenses compared to the same period in 2020.

Other losses – net

For the year ended 31 December 2021, we recorded other losses, net of approximately RMB102.6 million, compared to other losses, net of approximately RMB135.8 million recorded for the same period in 2020. The other losses, net primarily consisted of fair value changes on investments at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased.

Finance income – net

Our net finance income was approximately RMB19.5 million in 2021 and we recorded a net finance income of approximately RMB20.2 million in 2020. The change was primarily due to a slight decrease in interest income compared to the same period in 2020.

Share of result of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市滙富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) as at 31 December 2021 (31 December 2020: five associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB5.5 million for the year ended 31 December 2021, compared to a share of loss of associates of approximately RMB2.9 million recorded for the same period in 2020.

Income tax expenses

Our income tax expenses decreased by approximately 0.2% from approximately RMB23.0 million for the year ended 31 December 2020 to approximately RMB23.0 million for the year ended 31 December 2021.

Profit/(losses) attributable to owners of the Company

As a result of the foregoing, we recorded a profit attributable to owners of the Company amounted to approximately RMB8.0 million for the year ended 31 December 2021, whereas we recorded a loss attributable to owners of the Company of approximately RMB45.1 million for the same period in 2020.

Non-International Financial Reporting Standards (“Non-IFRS”) adjusted net profit/(losses)

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit/(losses) 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/(losses)” 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/(losses) has material limitations as an analytical tool, as adjusted net profit/(losses) does not include all items that impact our profit/loss 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.

* For identification purpose only

Our position of unaudited non-IFRS adjusted net profit for the year ended 31 December 2021 of approximately RMB8.4 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB0.4 million included in administrative expenses, as compared to our position of unaudited non-IFRS adjusted net loss for the year ended 31 December 2020 of approximately RMB45.1 million.

Fourth Quarter of 2021 Compared to Fourth Quarter of 2020

Revenue

Our revenue for the three months ended 31 December 2021 amounted to approximately RMB87.7 million, representing a year-on-year increase of approximately 12.9% from approximately RMB77.6 million recorded for the same period of 2020. For the three months ended 31 December 2021, revenue generated from our mobile games amounted to approximately RMB55.1 million as compared to approximately RMB45.9 million recorded for the same period in 2020, representing a year-on-year increase of approximately 20.1%.

Cost of revenue

Our cost of revenue for the three months ended 31 December 2021 amounted to approximately RMB30.2 million, representing a year-on-year increase of approximately 11.0% from approximately RMB27.2 million recorded for the same period in 2020. The year-on-year increase was primarily due to the increase in commission charges caused by the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 14.0% from approximately RMB50.4 million for the three months ended 31 December 2020 to approximately RMB57.4 million for the three months ended 31 December 2021. In addition, our gross profit margin increased from approximately 64.9% for the three months ended 31 December 2020 to approximately 65.5% for the three months ended 31 December 2021.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB6.6 million recorded for the three months ended 31 December 2020 to approximately RMB7.8 million for the same period in 2021, representing a year-on-year increase of approximately 18.6%, which was mainly attributable to the increase in expenses for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 31 December 2021 amounted to approximately RMB32.6 million, representing a year-on-year decrease of approximately 5.0% from approximately RMB34.3 million recorded for the same period in 2020. The year-on-year decrease was mainly due to the decrease in professional service expenses compared to the same period in 2020.

Other losses – net

For the three months ended 31 December 2021, we recorded other losses, net of approximately RMB1.7 million, compared to other losses, net of approximately RMB42.2 million recorded for the same period in 2020. The reduction in other losses, net for the three months ended 31 December 2021 as compared to same period in 2020 is due to the reduction in loss in fair value in investment at fair value through profit or loss. The other losses, net primarily consisted of the fair value in investment at fair value through profit or loss relating to the non-quoted investments in equity investment partnership and certain wealth management products we purchased.

Finance income – net

Our net finance income for the three months ended 31 December 2021 was approximately RMB5.0 million, and we recorded a net finance income of approximately RMB4.9 million in 2020.

Share of result of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) as at 31 December 2021 (31 December 2020: five associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB2.2 million for the three months ended 31 December 2021, compared to a share of loss of associates of approximately RMB0.7 million recorded for the same period in 2020.

* For identification purpose only

Income tax expenses

Our income tax expenses for the three months ended 31 December 2021 was approximately RMB4.9 million, whereas we recorded income tax expenses of approximately RMB2.0 million in 2020.

Profit/(losses) attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 December 2021 amounted to approximately RMB13.3 million, whereas we recorded a loss attributable to owners of the Company of approximately RMB30.4 million for the same period of 2020.

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

For the three months ended 31 December 2021, our unaudited non-IFRS adjusted net profit was approximately RMB13.5 million, which was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.3 million included in administrative expense, as compared to our unaudited non-IFRS adjusted net losses for the three months ended 31 December 2020 of approximately RMB30.4 million.

Liquidity and capital resources

For the year ended 31 December 2021, we financed our operations primarily through cash generated from our operating activities. We intend to finance our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Gearing ratio

As at 31 December 2021, the Group's gearing ratio (total liabilities divided by total assets) was 12.4% (31 December 2020: 12.3%).

Term deposits

As at 31 December 2021, we had term deposits of approximately RMB1,015.0 million (31 December 2020: approximately RMB725.6 million), which were mainly denominated in Renminbi. The original maturities of the term deposits are over three months and less than one year. The effective interest rate for the term deposits of the Group for the year ended 31 December 2021 was 1.46%.

Cash and cash equivalents

As at 31 December 2021, we had cash and cash equivalents of approximately RMB248.3 million (31 December 2020: approximately RMB389.1 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 32.1%), USD (as to 25.1%) and other currencies (as to 42.8%). 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 31 December 2021, the total amount of the net proceeds from our initial public offering had been fully utilised.

Equity investments at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 31 December 2021, the fair value of our unlisted and listed investments classified as equity investments at fair values through other comprehensive income amounted to approximately RMB27.6 million (31 December 2020: approximately RMB67.2 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 investments in Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

During the year ended 31 December 2021, we have disposed of all of the shares in Dalian Zeus Entertainment Co., Ltd., a listed company on the Shenzhen Stock Exchange (stock code: 002354), on the open market. The proceeds of the disposed shares will be utilized on the Group's business operations. For details of the disposal of the shares in Dalian Zeus Entertainment Co., Ltd., please refer to the Company's announcement dated 5 November 2021.

We consider that, none of the other unlisted and listed 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 have a carrying amount that accounts for more than 5.0% of our total assets as at 31 December 2021.

Investments at fair value through profit or loss

As at 31 December 2021, we also recorded investments at fair value through profit or loss amounted to approximately RMB454.5 million (31 December 2020: approximately RMB708.0 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 31 December 2021, the fair values of the investments in asset management plans were determined by an independent professional valuer engaged by the Company using discount cash flows model; the fair values of the investments in equity investment partnerships were determined by an independent professional valuer engaged by the Company using market approach and discount cash flows model; and the fair values of investments in wealth management products, which have an initial term ranging from immediate to 360 days, were determined based on the estimated rate of return of investments. For the year ended 31 December 2021, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB102.7 million (fair value losses for the year ended 31 December 2020: approximately RMB140.7 million).

The investments in wealth management products under investments at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Company's business needs even after the investments in wealth management products. During the year ended 31 December 2021, the Company entered into three ad-hoc subscription redemption deposits (不定期申贖存款) with one licensed bank in the PRC in an aggregate sum of RMB48.0 million. Such deposit constituted discloseable transactions under Chapter 14 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The deposit was fully redeemed as at 31 December 2021. For further details, please refer to the Company's announcement dated 23 April 2021. Save as disclosed above, each of the investments made by the Company does not constitute a notifiable transaction or a connected transaction of the Company under the Listing Rules. As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Company were primarily represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to be 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), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (嘉興博雅春雷股權投資合夥企業(有限合夥)) (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the year ended 31 December 2021, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 December 2021 was approximately RMB17.4 million. Jiaxing Boyaa was established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

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), 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 31 December 2021, the fair value of the Wealth Management Product was approximately RMB222.3 million. The Wealth Management Product was assessed by the Company as very 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 31 December 2021, the bank accounts which holds the Wealth Management Product had been frozen. For details as to the circumstances leading to the freezing of the accounts, please refer to Note 18 under the section headed “Notes to the Consolidated Financial Statements” of this announcement 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 and 30 November 2021, 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 31 December 2021.

Borrowings

During the year ended 31 December 2021, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

* *For identification purpose only*

Capital expenditures

For the year ended 31 December 2021, our total capital expenditures amounted to approximately RMB11.4 million (for the year ended 31 December 2020: approximately RMB12.0 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 31 December 2021, the Group did not have any significant commitments.

Contingent liabilities and guarantees

As at 31 December 2021, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Significant investments and future plans for major investments

For the year ended 31 December 2021, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 million. Jiaxing Boyaa mainly carries 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 RMB222.3 million as at 31 December 2021.

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

Pledge/charge of the Group's assets

As at 31 December 2021, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 31 December 2021, we had a total of 294 full-time employees, who are mainly based in China. In particular, 244 employees are responsible for our game development and operation, 33 for game support and 17 for administration and senior management.

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

For the year ended 31 December 2021, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB80.4 million, representing approximately 32.6% of the total expenses of the Group. Pursuant to the post-IPO share option scheme adopted by the Company in October 2013 (the “**Post-IPO Share Option Scheme**”) and the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU schemes adopted by the Company in September 2013 (the “**2013 RSU Scheme**”) and July 2021 (the “**2021 RSU Schemes**”, together with the 2013 RSU Scheme, the “**RSU Schemes**”), there were a total of 5,722,429 share options and 9,722,089 shares underlying the RSUs outstanding and/or granted to a total of 256 senior management members and employees of the Group as at 31 December 2021. There were also 47,390,494 shares underlying the RSUs allowed to be granted under the 2021 RSU Scheme which were held by Core Administration RSU Limited as nominee for the benefit of eligible participants pursuant to the 2021 RSU Scheme. 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” under the Directors’ Report in our 2021 annual report to be issued in due course.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	366,161	351,479
Cost of revenue		<u>(121,199)</u>	<u>(109,248)</u>
Gross profit		244,962	242,231
Other losses, net	4	(102,647)	(135,796)
Selling and marketing expenses		(28,311)	(24,579)
Administrative expenses		<u>(97,036)</u>	<u>(121,325)</u>
Operating profit/(loss)		16,968	(39,469)
Finance income	5	19,739	20,991
Finance costs	6	(240)	(747)
Share of losses of associates		<u>(5,529)</u>	<u>(2,861)</u>
Profit/(loss) before income tax		30,938	(22,086)
Income tax expense	7	<u>(22,970)</u>	<u>(23,016)</u>
Profit/(loss) for the year attributable to owners of the Company	8	<u>7,968</u>	<u>(45,102)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
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		(24,647)	11,204
– Exchange differences on translation		(2,093)	(5,630)
<i>Item that may be reclassified to profit or loss:</i>			
– Exchange differences on translating foreign operations		<u>(10,043)</u>	<u>(20,155)</u>
Other comprehensive expenses for the year, net of tax		<u>(36,783)</u>	<u>(14,581)</u>
Total comprehensive expenses for the year attributable to owners of the Company		<u>(28,815)</u>	<u>(59,683)</u>
Earnings/(loss) per share (RMB cents)	<i>10</i>		
– Basic		<u>1.21</u>	<u>(6.83)</u>
– Diluted		<u>1.21</u>	<u>(6.83)</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		38,180	40,981
Right-of-use assets		962	5,049
Intangible assets		–	27
Investments in associates	<i>11</i>	4,404	9,933
Equity investments at fair value through other comprehensive income	<i>12</i>	27,629	67,246
Investments at fair value through profit or loss	<i>13</i>	356,044	705,136
Prepayments, deposits and other receivables		17,594	25,601
Deferred tax assets		4,646	12,205
Restricted bank deposits		434,143	291,866
		<u>883,602</u>	<u>1,158,044</u>
Current assets			
Trade receivables	<i>14</i>	21,849	19,557
Prepayments, deposits and other receivables		36,396	37,989
Investments at fair value through profit or loss	<i>13</i>	98,500	2,900
Term deposits		1,014,996	725,631
Bank and cash balances		248,307	389,108
		<u>1,420,048</u>	<u>1,175,185</u>
Total assets		<u>2,303,650</u>	<u>2,333,229</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	<i>16</i>	232	232
Reserves		2,017,738	2,046,584
Total equity		<u>2,017,970</u>	<u>2,046,816</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		–	806
Deferred tax liabilities		<u>4,588</u>	<u>6,574</u>
		<u>4,588</u>	<u>7,380</u>
Current liabilities			
Trade and other payables	15	76,828	81,359
Contract liabilities		11,845	15,071
Lease liabilities		860	3,810
Current tax liabilities		<u>191,559</u>	<u>178,793</u>
		<u>281,092</u>	<u>279,033</u>
Total liabilities		<u>285,680</u>	<u>286,413</u>
Total equity and liabilities		<u>2,303,650</u>	<u>2,333,229</u>
Net current assets		<u>1,138,956</u>	<u>896,152</u>
Total assets less current liabilities		<u>2,022,558</u>	<u>2,054,196</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2021

	Attributable to owners of the Company										
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Repurchased shares <i>RMB'000</i>	Shares held for RSU scheme <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Foreign currency translation reserve <i>RMB'000</i>	Statutory reserve <i>RMB'000</i>	Share-based payments reserve <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	234	380,970	(4,864)	(14)	2,000	24,490	33,990	80,721	(246,204)	1,838,920	2,110,243
Total comprehensive (expenses)/income for the year	-	-	-	-	-	(25,785)	-	-	11,204	(45,102)	(59,683)
Repurchase of ordinary shares	-	-	(3,744)	-	-	-	-	-	-	-	(3,744)
Cancellation of ordinary shares	(2)	(8,606)	8,608	-	-	-	-	-	-	-	-
Share-based payments											
- exercise and lapse of share options and RSUs	-	930	-	-	-	-	-	(930)	-	-	-
Changes in equity for the year	(2)	(7,676)	4,864	-	-	(25,785)	-	(930)	11,204	(45,102)	(63,427)
At 31 December 2020	<u>232</u>	<u>373,294</u>	<u>-</u>	<u>(14)</u>	<u>2,000</u>	<u>(1,295)</u>	<u>33,990</u>	<u>79,791</u>	<u>(235,000)</u>	<u>1,793,818</u>	<u>2,046,816</u>
At 1 January 2021	<u>232</u>	<u>373,294</u>	<u>-</u>	<u>(14)</u>	<u>2,000</u>	<u>(1,295)</u>	<u>33,990</u>	<u>79,791</u>	<u>(235,000)</u>	<u>1,793,818</u>	<u>2,046,816</u>
Total comprehensive (expenses)/income for the year	-	-	-	-	-	(12,136)	-	-	(24,647)	7,968	(28,815)
Repurchase of ordinary shares	-	-	(422)	-	-	-	-	-	-	-	(422)
Cancellation of ordinary shares	-	(422)	422	-	-	-	-	-	-	-	-
Share-based payments											
- exercise and lapse of share options and RSUs	-	227	-	-	-	-	-	(227)	-	-	-
- vesting of shares under RSU scheme	-	-	-	-	-	-	-	391	-	-	391
Changes in equity for the year	-	(195)	-	-	-	(12,136)	-	164	(24,647)	7,968	(28,846)
At 31 December 2021	<u>232</u>	<u>373,099</u>	<u>-</u>	<u>(14)</u>	<u>2,000</u>	<u>(13,431)</u>	<u>33,990</u>	<u>79,955</u>	<u>(259,647)</u>	<u>1,801,786</u>	<u>2,017,970</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Profit/(loss) before income tax	30,938	(22,086)
Adjustments for:		
Finance costs	240	747
Share of losses of associates	5,529	2,861
Interest income	(19,739)	(20,991)
Depreciation	17,162	15,585
Amortisation of intangible assets	27	186
Loss/(gain) on disposals of property, plant and equipment	243	(1,275)
Net foreign exchange losses/(gain)	1,413	(165)
Share-based payments	391	–
Fair value loss on investments at fair value through profit or loss	102,708	140,718
Dividends from investments at fair value through profit or loss	–	(158)
Loss allowance provision/(reversal of loss allowance) for trade receivables	79	(898)
Loss allowance provision for loans to employees	723	442
	<hr/>	<hr/>
Operating profit before changes in working capital	139,714	114,966
Change in trade receivables	(2,305)	(402)
Change in prepayments, deposits and other receivables	3,579	15,750
Change in trade and other payables	(4,531)	7,413
Change in contract liabilities	(2,078)	(249)
	<hr/>	<hr/>
Cash generated from operating activities	134,379	137,478
Income tax paid	(10,204)	(10,971)
Lease interests paid	(240)	(529)
	<hr/>	<hr/>
Net cash generated from operating activities	123,935	125,978

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from investing activities		
Placement of restricted bank deposits	(142,277)	(3,472)
Placement of term deposits with original maturities over three months	(1,424,189)	(642,112)
Proceeds from maturity of term deposits with original maturities over three months	1,128,367	289,931
Interest received	16,605	16,373
Dividends from investments at fair value through profit or loss	–	158
Purchases of investments at fair value through profit or loss	(55,000)	(507,842)
Proceeds from settlements of investments at fair value through profit or loss	200,386	651,290
Proceeds from disposal of equity investment through other comprehensive income	22,233	–
Purchases of property, plant and equipment	(2,983)	(11,967)
Proceeds from disposals of property, plant and equipment	520	1,889
Net cash used in investing activities	<u>(256,338)</u>	<u>(205,752)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(3,756)	(5,407)
Repurchase of ordinary shares	(422)	(3,744)
Net cash used in financing activities	<u>(4,178)</u>	<u>(9,151)</u>
Net decrease in cash and cash equivalents	(136,581)	(88,925)
Effect of foreign exchange rate changes	(4,220)	(9,268)
Cash and cash equivalents at beginning of the year	389,108	487,301
Cash and cash equivalents at end of the year	<u>248,307</u>	<u>389,108</u>
Analysis of cash and cash equivalents		
Bank and cash balances	<u>248,307</u>	<u>389,108</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 (the “**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

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

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

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

- exercise effective financial and operational control over Shenzhen Dong Fang Bo Ya Technology Co., Limited;
- exercise all owners’ voting rights of Shenzhen Dong Fang Bo Ya Technology Co., Limited;
- receive substantially all of the economic interest returns generated by Shenzhen Dong Fang Bo Ya Technology Co., Limited in consideration for the business support, technical and consulting services provided by Boyaa On-line Game Development (Shenzhen) Co., Limited;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Shenzhen Dong Fang Bo Ya Technology Co., Limited from the respective owners at a minimum purchase price permitted under PRC laws and regulations, and all or part of the assets of Shenzhen Dong Fang Bo Ya Technology Co., Limited at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Boyaa On-line Game Development (Shenzhen) Co., Limited may exercise such options at any time until it has acquired all equity interests and/or all assets of Shenzhen Dong Fang Bo Ya Technology Co., Limited; and

- obtain a pledge over the entire equity interest of Shenzhen Dong Fang Bo Ya Technology Co., Limited from their respective owners as collateral security for all of Shenzhen Dong Fang Bo Ya Technology Co., Limited’s payments due to Boyaa On-line Game Development (Shenzhen) Co., Limited and to secure performance of Shenzhen Dong Fang Bo Ya Technology Co., Limited’s obligations under the Contractual Arrangements.

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

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

2. Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current years.

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

3. Revenue and segment information

	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
Web-based games	142,167	142,432
Mobile games	223,994	209,047
Revenue from contracts with customers	<u>366,161</u>	<u>351,479</u>

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
At a point of time	<u>366,161</u>	<u>351,479</u>

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Simplified Chinese	24,910	37,663
Other languages	<u>341,251</u>	<u>313,816</u>
	<u>366,161</u>	<u>351,479</u>

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (2020: nil).

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	47,182	67,633
Other locations	<u>13,958</u>	<u>13,958</u>
	<u>61,140</u>	<u>81,591</u>

4. Other losses, net

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends from investments at fair value through profit or loss	–	158
(Loss)/gain on disposals of property, plant and equipment	(243)	1,275
Government subsidies and tax rebates (<i>Note</i>)	1,714	3,188
Net foreign exchange (loss)/gain	(1,413)	165
Fair value changes on investments at fair value through profit or loss	(102,708)	(140,718)
Others	<u>3</u>	<u>136</u>
	<u>(102,647)</u>	<u>(135,796)</u>

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.

5. Finance income

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest revenue	18,897	20,538
Interest revenue on non-current loans to employee	<u>842</u>	<u>453</u>
	<u>19,739</u>	<u>20,991</u>

6. Finance costs

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Discounting effects of non-current loans to employees	–	218
Lease interests	<u>240</u>	<u>529</u>
	<u>240</u>	<u>747</u>

7. Income tax expense

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (“EIT”) and other jurisdictions	24,715	23,522
Deferred tax	<u>(1,745)</u>	<u>(506)</u>
	<u>22,970</u>	<u>23,016</u>

(a) EIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the years ended 31 December 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Limited has successfully renewed its “High and New Technology Enterprise” (“HNTE”) qualification under PRC Enterprise Income Tax Law (“EIT Law”) during the year ended 31 December 2018 and as a result, Shenzhen Dong Fang Bo Ya Technology Co., Limited enjoy a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. However, Shenzhen Dong Fang Bo Ya Technology Co., Limited has unsuccessfully renewed its HNTE qualification. Therefore, the applicable tax rate for Shenzhen Dong Fang Bo Ya Technology Co., Limited was 25% (2020: 15%) for the year ended 31 December 2021. No provision for income tax has been provided as Shenzhen Dong Fang Bo Ya Technology Co., Limited has no assessable profit during the year.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its 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. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (2020: 15%) for the year ended 31 December 2021.

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% (2020: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited had claimed such Super Deduction in ascertaining its tax assessable profits for the years ended 31 December 2021 and 2020.

(b) **PRC withholding tax (“WHT”)**

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

As at 31 December 2021, 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 RMB888,030,000 (2020: RMB1,000,672,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on the management’s estimation of overseas funding requirements.

(c) **Hong Kong Profits Tax**

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the years ended 31 December 2021 and 2020.

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

	2021	2020
	RMB’000	RMB’000
Profit/(loss) before income tax	30,938	(22,086)
Less: share of losses of associates	5,529	2,861
	36,467	(19,225)
Tax at EIT rate of 25% (2020: 25%)	9,117	(4,806)
Tax effect of incomes that are not taxable	(2,343)	(2,937)
Tax effect of expenses that are not deductible	1,449	5,704
Under-provision in prior years	254	2,174
Tax losses not recognised	17,268	25,980
Super Deduction	(6,862)	(9,190)
Effect of different tax rates of subsidiaries	4,004	3,316
Others	83	2,775
Income tax expense	22,970	23,016

8. Profit/(loss) for the year

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amortisation of intangible assets		
– included in cost of revenue	<u>27</u>	<u>186</u>
	<u>27</u>	<u>186</u>
Depreciation	17,162	15,585
Directors' emoluments		
– Fee	746	855
– Salaries, allowances and bonuses	1,626	1,805
– Retirement benefit scheme contributions	<u>22</u>	<u>13</u>
	<u>2,394</u>	<u>2,673</u>
Research and development expenditure		
– included in staff costs	51,685	49,358
– included in depreciation	82	297
– included in other administrative expenses	<u>2,331</u>	<u>5,990</u>
	<u>54,098</u>	<u>55,645</u>
Auditor's remuneration		
– Audit services	2,200	2,200
– Non-audit services	<u>750</u>	<u>1,000</u>
	<u>2,950</u>	<u>3,200</u>
Loss allowance provision/(reversal of loss allowance) for trade receivables	79	(898)
Loss allowance provision for loans to employees	723	442
Staff costs including directors' emoluments		
– Wages, salaries and bonuses	74,196	78,099
– Retirement benefit scheme contributions	5,797	4,619
– Share-based payments	<u>391</u>	<u>–</u>
	<u>80,384</u>	<u>82,718</u>

9. Dividend

The board of directors of the Company (the “**Board**”) has resolved not to declare any dividend for the year ended 31 December 2021 (2020: nil).

10. Earnings/(loss) per share

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted profit/(loss) per share	<u>7,968</u>	<u>(45,102)</u>
	2021 <i>'000</i>	2020 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	657,253	660,831
Effect of dilutive potential ordinary shares arising from RSUs	<u>556</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>657,809</u>	<u>660,831</u>

11. Investments in associates

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Unlisted investments in PRC:		
Share of net assets	<u>4,404</u>	<u>9,933</u>

The directors of the Company considered that all associates as at 31 December 2021 and 31 December 2020 were insignificant to the Group and thus the individual summarised financial information of these associates is not disclosed.

12. Equity investments at fair value through other comprehensive income

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Equity securities, at fair value		
– Listed in PRC – Dalian Zeus Entertainment Co., Limited	–	17,764
– Listed in Hong Kong – Xiaomi Corporation	26,269	47,500
– Listed in USA – Qudian Inc.	1,360	1,982
	<u> </u>	<u> </u>
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	<u>27,629</u>	<u>67,246</u>

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

13. Investments at fair value through profit or loss

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Included in non-current assets		
Non-quoted investments in:		
– asset management plans (<i>Notes (i) and (iv)</i>)	–	108,000
– equity investment partnerships (<i>Notes (ii) and (iv)</i>)	112,171	223,320
– wealth management products (<i>Note (iii)</i>)	243,873	373,816
	<u> </u>	<u> </u>
	<u>356,044</u>	<u>705,136</u>
Included in current assets		
Non-quoted investments in:		
– asset management plan (<i>Note (i)</i>)	98,500	2,900
	<u> </u>	<u> </u>
	<u>98,500</u>	<u>2,900</u>
	<u> </u>	<u> </u>
	<u>454,544</u>	<u>708,036</u>

Notes:

- (i) They represented the entrusted investments with the principal amount of RMB80.0 million each to 2 independent asset management companies incorporated in the PRC. The estimated minimum return of such asset management plans is 5.05% per annum. If the estimated annual return cannot be achieved, the Group or asset management companies have an option to early terminate the asset management plans. The Group will obtain the accumulated return and the entrusted principal in 2022 or upon early termination.

The Group and one of the asset management company entered into several supplemental agreements. During the year ended 31 December 2018, according to supplemental agreement I, the principal investment amount was revised to RMB40.0 million in 2018 and RMB33.0 million in 2019. During the year ended 31 December 2019, according to supplemental agreement II, the principal of RMB7.0 million will be returned to the Group in 2020 and the remaining principal of RMB26.0 million and its accumulated return will be returned to the Group in 2021. The Group and this asset management company has entered into supplemental agreement III, according to supplemental agreement III, the return schedule revised. The principal of RMB3.3 million has been returned to the Group in March 2021 and the remaining principal of RMB22.7 million and its accumulated return will be returned to the Group in 2022.

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

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited, established a limited partnership, Jiaxing Boyaa with Shanghai Tailai Tianji Asset Management Co., Limited (“**Jiaxing Boyaa**”). During the year ended 31 December 2021, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 December 2021 was approximately RMB17.4 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.

For the year ended 31 December 2021, the fair value loss of the investment in Jiaxing Boyaa was approximately RMB96.4 million (for the year ended 31 December 2020: fair value loss was approximately RMB154.4 million).

- (iii) Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have initial terms ranging from 30 days to 364 days. At 31 December 2021, an amount of RMB243,873,000 (2020: RMB373,816,000) were frozen (Note 18).
- (iv) The management of the Group is of the view that the investments are not held for trading and does not expect that the Group will realise the investments at fair value through profit or loss within 12 months after the date of the consolidated statement of financial position.

14. Trade receivables

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	26,449	24,144
Provision for loss allowance	(4,600)	(4,587)
	<u>21,849</u>	<u>19,557</u>
Carrying amount	<u>21,849</u>	<u>19,557</u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	21,355	19,365
31 to 60 days	35	92
61 to 90 days	26	33
91 to 180 days	306	45
181 to 360 days	111	3
Over 360 days	16	19
	<u>21,849</u>	<u>19,557</u>
	<u>21,849</u>	<u>19,557</u>

Reconciliation of loss allowance for trade receivables:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	4,587	5,741
Increase/(decrease) in loss allowance for the year	79	(898)
Currency translation differences	(66)	(256)
	<u>4,600</u>	<u>4,587</u>
At 31 December	<u>4,600</u>	<u>4,587</u>

15. Trade and other payables

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,051	1,932
Other tax payables	44,436	44,391
Accrued expenses	7,886	5,060
Accrued commissions charges by Platforms	8,849	7,963
Accrued advertising expenses	3,837	3,951
Salary and staff welfare payables	4,472	14,405
Others	6,297	3,657
	<u>76,828</u>	<u>81,359</u>

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

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 30 days	784	536
31 to 90 days	18	131
91 to 180 days	1	183
181 to 365 days	–	239
Over 365 days	248	843
	<u>1,051</u>	<u>1,932</u>

16. Share capital

The total authorised share capital of the Company comprises 2,000,000,000 ordinary shares (2020: 2,000,000,000 ordinary shares) with par value of USD0.00005 (2020: USD0.00005) per share.

	<i>Notes</i>	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 2020		721,751,301	36	234
Cancellation of ordinary shares	(i)	<u>(10,875,000)</u>	<u>–</u>	<u>(2)</u>
At 31 December 2020 and 1 January 2021		710,876,301	36	232
Cancellation of ordinary shares	(i)	<u>(1,000,000)</u>	<u>–</u>	<u>–</u>
At 31 December 2021		<u>709,876,301</u>	<u>36</u>	<u>232</u>

Notes:

- (i) The Group repurchased 1,000,000 shares (2020: 6,050,000 shares) of its own shares from the market during the year. The total amount paid to acquire the shares was RMB422,000 (2020: RMB3,744,000) and has been deducted from the shareholders' equity. The related weighted average price at the time of buy-back was HK\$0.51 (2020: HK\$0.7) per share. All repurchased shares were cancelled during the year ended 31 December 2021. For the 10,875,000 cancelled shares during the year ended 31 December 2020, 6,050,000 ordinary shares were repurchased during the year ended 31 December 2020 and 4,825,000 ordinary shares were repurchased during the year ended 31 December 2019.

17. Share-based payments

(a) Share options

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

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

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

	Number of share options	
	2021	2020
Outstanding at the beginning of the year	6,082,429	7,311,427
Lapsed during the year	<u>(360,000)</u>	<u>(1,228,998)</u>
Outstanding at the end of the year	<u>5,722,429</u>	<u>6,082,429</u>
Exercisable at the end of the year	<u>5,722,429</u>	<u>6,082,429</u>

No options were exercised in 2021 and 2020.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2021 and 2020 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	2021	2020
6 September 2025	HK\$3.108	3.108	<u>5,722,429</u>	<u>6,082,429</u>
			<u>5,722,429</u>	<u>6,082,429</u>

(b) **RSU**

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

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

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2021	2020
At 1 January	4,640,457	5,589,245
Granted	5,650,000	–
Lapsed	(121,368)	–
Vested and transferred	(447,000)	(948,788)
	9,722,089	4,640,457
At 31 December	9,722,089	4,640,457
Vested but not transferred as at 31 December	4,072,089	4,640,457

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$0.62 (2020: HK\$0.98) per share.

(c) *Shares held for RSU scheme*

The shares held for RSU scheme were regarded as treasury shares and had been presented as a deduction against shareholders' equity. During the year, 447,000 of RSUs were vested and transferred (Note (b) above), and as a result, 57,244,829 ordinary shares (2020: 57,691,829 ordinary shares) of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 31 December 2021.

18. Material events

In March 2019, the Company has come to the attention that it was not able to continue to use the idle cash reserves in its individual bank accounts (the "**Relevant Idle Cash Reserves**") for fixed-term deposits or wealth management (the "**Incident**"). As at 31 December 2021, the Group's investments at fair value through profit or loss of approximately RMB243,873,000 and restricted bank deposits of approximately RMB434,143,000 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 individual current or former employees (the "**Employees**") for their alleged illegal activities conducted through one of the Company's onshore online gaming platforms (the "**Alleged Crime**"). Therefore, the Application was rejected. As advised by the PRC Legal Advisers, if the relevant PRC judicial authority finds that the Employees are guilty of the Alleged Crime and some or all of the Relevant Idle Cash Reserves contain income generated as a result of such conduct, such income may be confiscated.

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

The Company is not a party to the Case. As at the date of this announcement, 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 Judgment Amount and so far as the Company is aware, the other bank accounts had not been frozen by the relevant PRC judicial authorities.

The Company is 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. As advised by the PRC Legal Advisers, as of the date of this announcement, one of the Employees had applied for appeal against the Judgment and the appeal hearing against the Judgment (the “**Appeal Hearing**”) was heard on 10 November 2020. The Company was informed, on 3 September 2021, that the PRC court of second instance (the “**Appeal Court**”) had made a decision on the Appeal Hearing to quash the Judgment and remanded the case to the Trial Court for a retrial (the “**Retrial**”) since it is of the view that certain facts under the Judgment is unclear. As advised by the PRC Legal Advisers, the Retrial was heard on 1 December 2021 and 2 December 2021. The Company was informed, on 23 March 2022, the Intermediate People’s Court of Chengde City, Hebei Province delivered the judgment of the Retrial (the “**Retrial Judgment**”). The Trial court had upheld that the Employees 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 at 31 December 2021, the Relevant Frozen Sum incurred amounted to approximately RMB678.0 million. As advised by the PRC Legal Adviser, if the Employees appeal against the Retrial Judgment, the Retrial Judgment will not be enforceable and the Trial court will not order the Relevant Frozen Sum to be paid until a judgment from the court has finally been handed down.

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 announcement; (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 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 announcement; (v) as at 31 December 2021, the Company recorded current assets and the Relevant Frozen Sum in the sum of approximately RMB2,098.0 million, the Relevant Frozen Sum accounted for approximately 32.3% of the then Company’s relevant funds, the Board is of the view that the Retrial Judgment would not have any material adverse impact on the business, operation and financial conditions of the Group.

The Independent Investigation Committee had held meetings in January, March, May, November 2020, March and May, August, September, November 2021 and March 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 judgment in respect of the case from the court . As at the date of this announcement, 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, the Incident, the Relevant Frozen Sum and subsequent appeal (if any) 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 and 24 March 2022.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Group:

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (the “**IFRS**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As disclosed in note 37, the Group’s investments at fair value through profit or loss of approximately RMB243,873,000 and restricted bank deposits of approximately RMB434,143,000 as at 31 December 2021 (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 audit evidence to satisfy ourselves as to the recoverability of frozen investments at fair value through profit or loss and restricted bank deposits of RMB243,873,000 and RMB434,143,000 as at 31 December 2021 respectively and RMB373,816,000 and RMB291,866,000 as at 31 December 2020 respectively. There are no other satisfactory audit procedures that we could adopt to determine whether any allowances for non-recovery of these amounts should be made in the consolidated financial statements. Any adjustments to these figures might have a consequential effect on the Group’s consolidated financial performance for the years ended 31 December 2021 and 2020, the consolidated financial position of the Group as at 31 December 2021 and 2020, and the related disclosures thereof in the consolidated financial statements.

MANAGEMENT'S VIEW ON THE QUALIFIED OPINION

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

1. the management had been in constant discussion with its PRC legal adviser in relation to the Case;
2. the Audit Committee has discussed with the independent auditor on the Qualified Opinion and the audit 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 Frozen Sum was implicated due to the alleged illegal activities on the part of the individual Employees, 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 audit opinion issued by the auditor, the management of the Company acknowledged and agreed with the audit opinion that the auditor had issued based on their 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 Opinion. 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 Opinion.

Action plan of the Group to address the Qualified Opinion

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. The Group had also set up an independent investigation committee to investigate on internal matters arising out of the Case and engaged Deloitte to review the Company's internal control system. As at the date of this announcement, Deloitte had issued their review report on the Company's internal control system and is of the view that there are no material adverse findings. The Company had put in place additional internal control measures including addition measures on declaration of interest by employees and revenue management systems to prevent recurrence of similar incidents. 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.

**RECONCILIATION FROM NET PROFIT/(LOSS) TO UNAUDITED NON-IFRS
ADJUSTED NET PROFIT/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	For the year ended		Year- on-Year Change* %
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	
	(audited)	(audited)	
Revenue	366,161	351,479	4.2
Cost of revenue	<u>(121,199)</u>	<u>(109,248)</u>	10.9
Gross profit	244,962	242,231	1.1
Selling and marketing expenses	(28,311)	(24,579)	15.2
Administrative expenses	(97,036)	(121,325)	(20.0)
Other losses, net	<u>(102,647)</u>	<u>(135,796)</u>	(24.4)
Operating profit/(loss)	16,968	(39,469)	–
Finance income, net	19,499	20,244	(3.7)
Share of losses of associates	<u>(5,529)</u>	<u>(2,861)</u>	93.3
Profit/ (loss) before income tax	30,938	(22,086)	–
Income tax expenses	<u>(22,970)</u>	<u>(23,016)</u>	(0.2)
Profit/ (loss) for the year attributable to owners of the Company	<u>7,968</u>	<u>(45,102)</u>	–
Non-IFRS adjustment (unaudited)			
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	<u>391</u>	–	–
Non-IFRS adjusted net profit/(loss) (unaudited)	<u>8,359</u>	<u>(45,102)</u>	–

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

**RECONCILIATION FROM NET PROFIT/(LOSS) TO UNAUDITED NON-IFRS
ADJUSTED NET PROFIT/(LOSS)
FOR THE THREE MONTHS ENDED 31 DECEMBER 2021**

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	31 December 2021 RMB'000 (unaudited)	30 Septemeber 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (unaudited)		
Revenue	87,666	97,012	77,632	12.9	(9.6)
Cost of revenue	<u>(30,235)</u>	<u>(32,140)</u>	<u>(27,233)</u>	11.0	(5.9)
Gross profit	57,431	64,872	50,399	14.0	(11.5)
Selling and marketing expenses	(7,773)	(6,378)	(6,554)	18.6	21.9
Administrative expenses	(32,607)	(21,830)	(34,330)	(5.0)	49.4
Other losses, net	<u>(1,714)</u>	<u>(27,853)</u>	<u>(42,216)</u>	(95.9)	(93.8)
Operating profit/(loss)	15,337	8,811	(32,701)	–	74.1
Finance income, net	4,991	4,748	4,929	1.3	5.1
Share of losses of associates	<u>(2,178)</u>	<u>(1,872)</u>	<u>(714)</u>	205.0	16.3
Profit/(loss) before income tax	18,150	11,687	(28,486)	–	55.3
Income tax expenses	<u>(4,898)</u>	<u>(6,020)</u>	<u>(1,953)</u>	150.8	(18.6)
Profit/(loss) for the year	<u>13,252</u>	<u>5,667</u>	<u>(30,439)</u>	–	133.8
Non-IFRS adjustment (unaudited)					
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	<u>283</u>	<u>108</u>	<u>–</u>	–	162.0
Non-IFRS adjusted net profit/(losses) (unaudited)	<u>13,535</u>	<u>5,775</u>	<u>(30,439)</u>	–	134.4

* *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 31 December 2021 and the immediately preceding quarter.*

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2021, the Company repurchased 1,000,000 shares of the Company on the Stock Exchange at an aggregate consideration of HKD506,000 pursuant to the share repurchase mandates approved by the shareholders of the Company at the annual general meeting held on 10 June 2021. Details of the repurchases are summarised as follows:

Date of repurchase	Price per share		Number of Ordinary Shares of par value of USD0.00005 Each	Total consideration HKD
	Highest HKD	Lowest HKD		
14 July 2021	0.52	0.51	200,000	103,130
16 July 2021	0.52	0.51	400,000	205,400
20 July 2021	0.51	0.5	100,000	50,500
23 July 2021	0.52	0.51	100,000	51,470
17 September 2021	0.48	0.475	200,000	95,500
Total:			1,000,000	506,000

All the above repurchased shares of the Company have been cancelled during the year ended 31 December 2021. The issued share capital of the Company has been reduced by the nominal value of the repurchased shares. The premium paid on repurchase was charged against the share premium of the Company. The repurchases were effected by the Board with a view to benefiting the shareholders of the Company as a whole by enhancing the earnings per share of the Company.

Save as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2021.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (for the year ended 31 December 2020: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2021, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**Code**”, applicable for the financial years before 1 January 2022) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

Under code provision A.5.1 of the Code, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director. Since September 2018 and up to 31 December 2021, the chairlady of the nomination committee of the Company (the “**Nomination Committee**”) was Ms. Tao Ying, an executive Director and the acting chief executive officer of the Company. Ms. Tao joined the Company in December 2013 and has worked in the Company for over eight years. She has been participating in the compliance, internal control, finance, investor relations, and investment project management of the Group. Taking into account her knowledge to the operation of the Company, the Directors (including the independent non-executive Directors) consider that it was most suitable for Ms. Tao Ying to hold the position of chairlady of the Nomination Committee and the arrangements were beneficial and in the interests of our Company and our shareholders as a whole.

On 31 December 2021, Ms. Tao Ying ceased to be the chairlady of the Nomination Committee and Mr. Choi Hon Keung Simon, an independent non-executive Director, was appointed as the chairman of the Nomination Committee. The changes were made as a result of the implementation of Rule 3.27A of the Listing Rules which has come into effect on 1 January 2022. For details, please refer to the announcement of the Company dated 31 December 2021. As at the date of this announcement, the Nomination Committee comprises two independent non-executive Directors (being Mr. Choi Hon Keung Simon, the chairman, and Mr. Kong Fanwei) and one executive Director (being Ms. Tao Ying).

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2021.

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 Directors’ biographical details during the year ended 31 December 2021 and up to the date of this announcement are as follows:

Mr. Cheung Ngai Lam, an independent non-executive Director, has been appointed as an executive director of Silk Road Logistics Holdings Limited (HKEx Stock Code: 988) with effect from 4 June 2021 and had resigned as an independent non-executive director of Guoan International Limited (“**Guoan International**”) (HKEx Stock Code: 143) on 17 June 2021. As at the date of this announcement, Guoan International has been ordered by the Grand Court of the Cayman Islands to be wound up in accordance with the Companies Act of the Cayman Islands. Mr. Cheung had confirmed that he is not aware of any current or potential claim that has been or will be made against him as a result of such proceedings. For details, please refer to the announcement of the Company dated 3 March 2022. Besides, Mr. Cheung had resigned as the chief financial officer of China Zenix Auto International Limited (OTC Stock Code: ZXAIY, delisted) on 28 February 2022.

Mr. Choi Hon Keung Simon, an independent non-executive Director, has been appointed as an executive director of Imperium Financial Group Limited (formerly known as Sun International Group Limited) (HKEx Stock Code: 8029) with effect from 2 June 2021. Mr. Choi has also been appointed as a non-executive director and the chairman of the audit committee of Nocturne Acquisition Corporation (NASDAQ Stock Code: MBTCU) with effect from 16 December 2021.

Save as disclosed above, there is no other change in the Directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the year ended 31 December 2021 and up to the date of this announcement.

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the audited annual results of the Company for the year ended 31 December 2021.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

Due to the outbreak of the Omicron variant of the COVID-19 pandemic in March 2022 in the PRC, a series of precautionary and control measures have been implemented by the PRC authorities. The Group will continue to pay close attention to the development of the COVID-19 pandemic and evaluate its impact on the financial position and operation of the Group and will notify the shareholders and potential investors of the Company in accordance with the Listing Rules. As at the date of this announcement, the Board was not aware of any material adverse impact on the Group's operation and financial statements as a result of the outbreak of the Omicron variant of the COVID-19 pandemic since its outspread in early March 2022 in the PRC.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on this announcement.

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

This annual results announcement for the year ended 31 December 2021 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>). The 2021 annual report of the Company will be despatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and of the Company in due course.

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

Hong Kong, 24 March 2022

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