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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 2022**

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 2022 (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**”).

Prior year adjustments have been made for the years ended 31 December 2020 and 31 December 2021, respectively, due to the latest development of the Case (as defined and disclosed in Note 19 to the consolidated financial statements for the year ended 31 December 2022). Accordingly, the consolidated statement of profit or loss and other comprehensive income as previously reported for the year ended 31 December 2021 and the consolidated statement of financial position as at 31 December 2021 and 1 January 2021 as previously reported have been restated, respectively. For details of the prior year adjustments, please refer to Note 3 to the consolidated financial statements for the year ended 31 December 2022 in this announcement.

The audited consolidated results for the year ended 31 December 2022 together with the comparative figures for the year ended 31 December 2021, are set forth in this announcement.

Highlights:

- Our revenue for the year ended 31 December 2022 amounted to approximately RMB375.3 million, representing an increase of approximately 2.5% from approximately RMB366.2 million recorded in 2021.
- Our gross profit for the year ended 31 December 2022 amounted to approximately RMB245.8 million, representing an increase of approximately 0.4% from approximately RMB245.0 million recorded in 2021.
- Profit attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB64.2 million, whereas we recorded loss attributable to owners of Company of approximately RMB4.4 million in 2021.
- Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2022 derived by excluding share-based compensation expenses amounted to approximately RMB67.1 million, whereas we recorded a position of unaudited non-IFRS adjusted net loss of approximately RMB4.0 million in 2021.

FINANCIAL HIGHLIGHTS

	For the year ended		Year-on-Year Change* %
	31 December		
	2022	2021	
	RMB'000 (audited)	RMB'000 (audited) (restated)	
Revenue	375,266	366,161	2.5
– Web-based games	125,161	142,167	(12.0)
– Mobile games	250,105	223,994	11.7
Gross profit	245,845	244,962	0.4
Profit/(loss) attributable to owners of the Company	64,200	(4,366)	–
Non-IFRS adjusted net profit/(loss) (unaudited)**	67,125	(3,975)	–
Earnings/(losses) per share (expressed in RMB cents per share)			
– Basic	9.77	(0.66)	–
– Diluted	9.68	(0.66)	–
	For the three months ended		Year-on-Year Change* %
	31 December		
	2022	2021	
	RMB'000 (unaudited)	RMB'000 (unaudited) (restated)	
Revenue	94,332	87,666	7.6
– Web-based games	32,932	32,583	1.1
– Mobile games	61,400	55,083	11.5
Gross profit	60,931	57,431	6.1
Profit attributable to owners of the Company	27,759	10,423	166.3
Non-IFRS adjusted net profit (unaudited)**	28,636	10,706	167.5

REVENUE BY GAMES

	For the year ended 31 December		Year-on-Year Change* %
	2022 <i>RMB'000</i> (audited)	2021 <i>RMB'000</i> (audited)	
Texas Hold'em Series	239,983	245,395	(2.2)
Other Card and Board****	135,283	120,766	12.0
Total	375,266	366,161	2.5

	For the three months ended 31 December		Year-on-Year Change* %
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	60,675	57,790	5.0
Other Card and Board****	33,657	29,876	12.7
Total	94,332	87,666	7.6

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the year ended 31 December		Year-on-Year Change* %
	2022 <i>RMB'000</i> (audited)	2021 <i>RMB'000</i> (audited)	
Simplified Chinese	22,360	24,910	(10.2)
Other languages	352,906	341,251	3.4
Total	375,266	366,161	2.5

	For the three months ended 31 December		Year-on-Year Change* %
	2022 <i>RMB'000</i> (unaudited)	2021 <i>RMB'000</i> (unaudited)	
Simplified Chinese	5,194	6,202	(16.3)
Other languages	89,138	81,464	9.4
Total	94,332	87,666	7.6

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	31 December 2022 (unaudited)	30 September 2022 (unaudited)	31 December 2021 (unaudited)		
Paying Players (<i>in thousands</i>)	216	220	246	(12.2)	(1.8)
• Web-based games	5	5	7	(28.6)	–
• Mobile games	211	215	239	(11.7)	(1.9)
Daily Active Users (“DAUs”) (<i>in thousands</i>)****	1,183	1,230	1,289	(8.2)	(3.8)
• Web-based games	93	101	88	5.7	(7.9)
• Mobile games	1,090	1,129	1,201	(9.2)	(3.5)
Monthly Active Users (“MAUs”) (<i>in thousands</i>)****	4,040	3,676	4,006	0.8	9.9
• Web-based games	330	282	237	39.2	17.0
• Mobile games	3,710	3,394	3,769	(1.6)	9.3
Average Revenue Per Paying User (“ARPPU”) of Texas Hold’em (<i>in RMB</i>)					
• Web-based games	2,744.3	2,552.7	1,810.2	51.6	7.5
• Mobile games	196.8	205.3	142.4	38.2	(4.1)
ARPPU of Other Card and Board (<i>in RMB</i>)					
• Web-based games	0.3	0.3	0.3	–	–
• Mobile games	68.4	65.9	55.3	23.7	3.8

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

** Quarter-on-Quarter Change % represents a comparison between the quarter ended 31 December 2022 and the immediately preceding quarter.

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

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

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

BUSINESS OVERVIEW AND OUTLOOK

Review of 2022

In terms of financial performance, we recorded revenue of approximately RMB375.3 million in 2022, representing a year-on-year increase of approximately 2.5% compared to the same period in 2021. We recorded revenue of approximately RMB94.3 million for the fourth quarter of 2022, representing a year-on-year increase of approximately 7.6% compared to the same period in 2021. 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 2022 remained relatively stable compared to the revenue recorded for the third quarter of 2022.

In 2022, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB67.1 million, whereas we recorded an unaudited non-IFRS adjusted net loss of approximately RMB4.0 million in 2021. The change in the position of unaudited non-IFRS adjusted net profit for the year of 2022 as compared to the position of unaudited non-IFRS adjusted net loss for the same period in 2021 was mainly due to, among others, (i) the increase in revenue recorded for the year ended 31 December 2022 as compared to the same period in 2021; (ii) optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in 2022; (iii) the reduction in the decrease in the fair value of the Group's financial assets such as equity investment partnerships for the year ended 31 December 2022 as compared to the same period in 2021; and (iv) the decrease in impairment of frozen sum of the Group for the year ended 31 December 2022 (for details, please refer to Note 3 and Note 5(b) under the section headed "Notes to the Consolidated Financial Statements" of this announcement) as compared to the same period in 2021. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships and the impairment of frozen sum, the unaudited non-IFRS adjusted net profit of the Group for the year ended 31 December 2022 represented a year-on-year increase of approximately 9.4%, which was mainly attributable to, among others, the increase in the Group's revenue in 2022 as compared to the same period of 2021 and optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in 2022. The Group recorded an unaudited non-IFRS adjusted net profit of approximately RMB28.6 million in the fourth quarter of 2022, representing a year-on-year increase of approximately 167.5% as compared to the fourth quarter of 2021, which was mainly due to, among others, (i) the revenue recorded an increase in the fourth quarter of 2022 as compared to the same period of 2021; (ii) optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in the fourth quarter of 2022; and (iii) the decrease in impairment of frozen sum in the fourth quarter of 2022 as compared to the same period in 2021. However, the decrease in fair value of financial assets such as the equity investment partnerships slightly increased in the fourth quarter of 2022 as compared to the same period in 2021, such fact is offset by the increase in the unaudited non-IFRS adjusted net profit. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships and the impairment of frozen sum, the unaudited non-IFRS adjusted net

profit in the fourth quarter of 2022 represented a year-on-year increase of approximately 90.5%, which was mainly due to, among others, the increase in the Group's revenue in the fourth quarter of 2022 as compared to the same period in 2021 and optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in the fourth quarter of 2022. The unaudited non-IFRS adjusted net profit in the fourth quarter of 2022 represented a quarter-on-quarter increase of approximately 104.1% as compared to the third quarter of 2022, which was mainly due to, among others, (i) optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in the fourth quarter of 2022; (ii) the reduction in the decrease in the fair value of the Group's financial assets such as equity investment partnerships in the fourth quarter of 2022 as compared to the third quarter of 2022; and (iii) the decrease in impairment of frozen sum in the fourth quarter of 2022 as compared to the third quarter of 2022. Excluding the impact of non-operating one-off factors such as the change in fair value of financial assets such as equity investment partnerships and the impairment of frozen sum, the unaudited non-IFRS adjusted net profit in the fourth quarter of 2022 represented a quarter-on-quarter increase of approximately 14.2%, which was mainly attributable to the optimisation of the organizational structure and gaining on disposal of subsidiary of the Group in the fourth quarter of 2022.

In terms of the operating data performance, we recorded a decrease in the number of paying players and users during the fourth quarter of 2022 as compared to the fourth quarter of 2021, of which the number of paying players decreased by approximately 12.2% from approximately 0.25 million in the fourth quarter of 2021 to approximately 0.22 million in the fourth quarter of 2022. The number of DAUs decreased by approximately 8.2% from approximately 1.3 million in the fourth quarter of 2021 to approximately 1.2 million in the fourth quarter of 2022. The number of MAUs was approximately 4.0 million in both the fourth quarter of 2021 and the fourth quarter of 2022. However, the ARPPU grew in both Texas Hold'em mobile and web-based games and the mobile versions of other card and board games.

In terms of gaming products, we provided a total of 66 online gaming product portfolio with a total of 12 languages as at 31 December 2022. In 2022, we continued to intensify in-depth market research and focus on the research and development (the "R&D") of game products, innovation of gameplay, enrichment of game products and optimisation of user experience, and 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 2023

In 2023, we will continue to carry out the following work:

- further explore the domestic and overseas operational models for card and board games;
- further expand the domestic and overseas markets 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 2022, we moved ahead steadily. In 2023, 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 domestic and overseas game markets as well as other card and board games businesses, constantly exploring and trying new business models, endeavoring to develop high-quality Boyaa's online card and board games and matches. With the development in the field of online, intellectual and competitive 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 2022 Compared to Year Ended 31 December 2021

Revenue

Our revenue for the year ended 31 December 2022 amounted to approximately RMB375.3 million, representing an increase of approximately 2.5% from approximately RMB366.2 million recorded in 2021. The year-on-year increase was primarily due to the Group's holding of certain online operational activities during the Reporting Period and continuous optimization of its gaming products and gameplay. For the year ended 31 December 2022, revenue generated from our mobile games and web-based games accounted for approximately 66.6% and 33.4% of our total revenue, respectively, as compared with approximately 61.2% and 38.8%, respectively, for the year ended 31 December 2021.

Cost of revenue

Our cost of revenue increased by approximately 6.8% from approximately RMB121.2 million in 2021 to approximately RMB129.4 million in 2022, primarily due to the increase in commission charges which is in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 0.4% from approximately RMB245.0 million for the year ended 31 December 2021 to approximately RMB245.8 million for the year ended 31 December 2022.

For the years ended 31 December 2022 and 2021, our gross profit margin were approximately 65.5% and 66.9%, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased by approximately 25.1% from approximately RMB28.3 million in 2021 to approximately RMB35.4 million in 2022, accounting for approximately 9.4% of our revenue in 2022, which increased from approximately 7.7% in 2021. 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 increased by approximately 1.6% from approximately RMB97.0 million in 2021 to approximately RMB98.6 million in 2022. The increase in administrative expenses was mainly due to the slight increase in employee compensation and benefits.

Other losses – net

For the year ended 31 December 2022, we recorded other losses, net of approximately RMB55.1 million, compared to other losses, net of approximately RMB102.6 million recorded for the same period in 2021. The reduction in other losses, net for the year ended 31 December 2022 as compared to same period in 2021 is mainly due to the reduction in loss in fair value in investment at fair value through profit or loss and the optimisation of the organizational structure and gaining on disposal of subsidiary of the Group. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income, government subsidies, gain on disposal of subsidiary and impairment of frozen sum.

Finance income – net

Our net finance income was approximately RMB29.1 million in 2022 and we recorded a net finance income of approximately RMB19.5 million in 2021. The change was primarily due to an increase in interest income compared to the same period in 2021.

Share of result of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市滙富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司), Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) and its subsidiaries and Hainan Chunlei Interactive Technology Co., Ltd.* (海南春雷互動科技有限公司) as at 31 December 2022 (31 December 2021: five associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.6 million for the year ended 31 December 2022, compared to a share of loss of associates of approximately RMB5.5 million recorded for the same period in 2021.

Income tax expenses

Our income tax expenses decreased by approximately 8.6% from approximately RMB23.0 million for the year ended 31 December 2021 to approximately RMB21.0 million for the year ended 31 December 2022.

Profit/(loss) attributable to owners of the Company

As a result of the foregoing, profit attributable to owners of the Company for the year ended 31 December 2022 amounted to approximately RMB64.2 million whereas we recorded loss attributable to owners of Company of approximately RMB4.4 million in 2021.

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

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

* For identification purpose only

Our position of unaudited non-IFRS adjusted net profit for the year ended 31 December 2022 of approximately RMB67.1 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB2.9 million included in administrative expenses, as compared to our position of unaudited non-IFRS adjusted net loss for the year ended 31 December 2021 of approximately RMB4.0 million, which was derived from our unaudited loss for the same period excluding share-based compensation expenses of approximately RMB0.4 million included in administrative expenses.

Fourth Quarter of 2022 Compared to Fourth Quarter of 2021

Revenue

Our revenue for the three months ended 31 December 2022 amounted to approximately RMB94.3 million, representing a year-on-year increase of approximately 7.6% from approximately RMB87.7 million recorded for the same period of 2021. For the three months ended 31 December 2022, revenue generated from our mobile games amounted to approximately RMB61.4 million as compared to approximately RMB55.1 million recorded for the same period in 2021, representing a year-on-year increase of approximately 11.5%.

Cost of revenue

Our cost of revenue for the three months ended 31 December 2022 amounted to approximately RMB33.4 million, representing a year-on-year increase of approximately 10.5% from approximately RMB30.2 million recorded for the same period in 2021. The year-on-year increase was primarily due to the increase in commission charges which is in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately 6.1% from approximately RMB57.4 million for the three months ended 31 December 2021 to approximately RMB60.9 million for the three months ended 31 December 2022.

For the three months ended 31 December 2022 and 2021, our gross profit margin were approximately 64.6% and 65.5%, respectively.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB7.8 million recorded for the three months ended 31 December 2021 to approximately RMB10.1 million for the same period in 2022, representing a year-on-year increase of approximately 29.9%, 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 2022 amounted to approximately RMB28.8 million, representing a year-on-year decrease of approximately 11.7% from approximately RMB32.6 million recorded for the same period in 2021. The year-on-year decrease was mainly due to the decrease in professional service expenses.

Other losses – net

For the three months ended 31 December 2022, we recorded other losses, net of approximately RMB1.1 million, compared to other losses, net of approximately RMB1.7 million recorded for the same period in 2021. The decrease in other losses, net for the three months ended 31 December 2022 as compared to same period in 2021 is mainly due to the optimisation of the organizational structure and gaining on disposal of subsidiary of the Group. The other losses, net primarily consisted of fair value changes on non-quoted investments in equity investment partnerships and certain wealth management products we purchased included in investments at fair value through profit or loss, net foreign exchange gain/(loss), dividend income, government subsidies, gain on disposal of subsidiary and impairment of frozen sum.

Finance income – net

Our net finance income for the three months ended 31 December 2022 was approximately RMB9.5 million, and we recorded a net finance income of approximately RMB5.0 million in 2021.

Share of result of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司), Shanghai Allin Network Technology Co., Ltd.* (上海傲英網絡科技有限公司) and its subsidiaries and Hainan Chunlei Interactive Technology Co., Ltd.* (海南春雷互動科技有限公司) as at 31 December 2022 (31 December 2021: five associates), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.4 million for the three months ended 31 December 2022, compared to a share of loss of associates of approximately RMB2.2 million recorded for the same period in 2021.

Income tax expenses

Our income tax expenses for the three months ended 31 December 2022 was approximately RMB2.3 million, whereas we recorded income tax expenses of approximately RMB4.9 million for the same period of 2021.

Profit attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 December 2022 amounted to approximately RMB27.8 million, increased by approximately 166.3% from approximately RMB10.4 million for the same period of 2021.

Non-IFRS Measure-Adjusted net profit

For the three months ended 31 December 2022, our unaudited non-IFRS adjusted net profit was approximately RMB28.6 million, which was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.9 million included in administrative expense, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 31 December 2021 of approximately RMB10.7 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.

* For identification purpose only

Liquidity and capital resources

For the year ended 31 December 2022, 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 2022, the Group's gearing ratio (total liabilities divided by total assets) was 18.4% (31 December 2021: 17.6%).

Term deposits

As at 31 December 2022, we had term deposits of approximately RMB1,157.4 million (31 December 2021: approximately RMB1,015.0 million), which were mainly denominated in United States dollars ("USD"). The original maturities of the term deposits are over three months and less than three years. The effective interest rate for the term deposits of the Group for the year ended 31 December 2022 was 3.23%.

Cash and cash equivalents

As at 31 December 2022, we had cash and cash equivalents of approximately RMB294.0 million (31 December 2021: approximately RMB248.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 19.9%), USD (as to 37.9%) and other currencies (as to 42.2%). 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.

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 2022, the fair value of our listed and unlisted investments classified as equity investments at fair values through other comprehensive income amounted to approximately RMB18.1 million (31 December 2021: approximately RMB27.6 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investments in Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other listed and unlisted investments classified as equity investments at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments have a carrying amount that accounts for more than 5.0% of our total assets as at 31 December 2022.

Investments at fair value through profit or loss

As at 31 December 2022, we also recorded investments at fair value through profit or loss amounted to approximately RMB185.3 million (31 December 2021: approximately RMB210.7 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 31 December 2022, 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 no initial terms, were determined based on the estimated rate of return of investments. For the year ended 31 December 2022, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB58.0 million (fair value losses for the year ended 31 December 2021: approximately RMB102.7 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 Group had also ensured that there remains sufficient working capital for the Group's business needs even after the investments in wealth management products. During the year ended 31 December 2022, an indirect wholly-owned subsidiary of the Company had subscribed for a structured deposit (in an amount of RMB50.0 million) and a wealth management product (in an amount of RMB50.0 million) with two licensed banks in the PRC, respectively. Each of the subscriptions constituted a discloseable transaction of the Company under Chapter 14 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). For further details, please refer to the Company's announcement dated 5 July 2022. 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 Group were primarily represented by fixed income type assets (including but not limited to, national bonds, provincial government bonds, People's Bank of China notes, government bonds, financial bonds, bank deposits, currency market funds and bonds type funds) and fixed income derivative products (including but not limited to, bond borrowing, credit risks instruments, credit default swaps and credit enhancement instruments), which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

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 2022, the Group's accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 December 2022 was approximately RMB7.4 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.

We consider that, save as disclosed above, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 31 December 2022.

* For identification purpose only

Borrowings

During the year ended 31 December 2022, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditures

For the year ended 31 December 2022, our total capital expenditures amounted to approximately RMB2.0 million (for the year ended 31 December 2021: approximately RMB11.4 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 2022, the Group did not have any significant commitments.

Contingent liabilities and guarantees

As at 31 December 2022, 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 2022, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 million. Jiaxing Boyaa mainly carries out equity investments and venture capital investments. As at 31 December 2022, the fair value of the investment in Jiaxing Boyaa was approximately RMB7.4 million and represented less than 5.0% of our total assets.

In the future, the Group will continue to identify new opportunities for business development. The Group has not executed any agreement in respect of material acquisitions, investments or capital asset and does not have any other future plans relating to material acquisitions, investments or capital asset as at the date of this 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 2022, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 31 December 2022, we had a total of 295 full-time employees, who are mainly based in China. In particular, 248 employees are responsible for our game development and operation, 33 for game support and 14 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 2022, the total staff costs of the Group (including salaries, bonuses, social insurances, housing provident funds and share incentive schemes) amounted to approximately RMB84.4 million, representing approximately 32.0% of the total expenses of the Group. Pursuant to the post-IPO share option scheme adopted by the Company in October 2013 (the “**Post-IPO Share Option Scheme**”) and the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU schemes adopted by the Company in September 2013 (the “**2013 RSU Scheme**”) and July 2021 (the “**2021 RSU Scheme**”, together with the 2013 RSU Scheme, the “**RSU Schemes**”), there were a total of 5,222,429 share options and 23,488,089 shares underlying the RSUs outstanding and/or granted to a total of 252 senior management members and employees of the Group as at 31 December 2022. There were also 33,490,494 shares underlying the RSUs allowed to be granted under the 2021 RSU Scheme which were held by Core Administration RSU Limited as nominee for the benefit of eligible participants pursuant to the 2021 RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Schemes will be set out in the section headed “Share Option Schemes and Restricted Share Unit Schemes” under the Directors’ Report in our 2022 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 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Revenue	4	375,266	366,161
Cost of revenue		<u>(129,421)</u>	<u>(121,199)</u>
Gross profit		245,845	244,962
Other losses, net	5	(55,072)	(102,647)
Selling and marketing expenses		(35,418)	(28,311)
Administrative expenses		(98,619)	(97,036)
Impairment of frozen sum		<u>–</u>	<u>(12,334)</u>
Operating profit		56,736	4,634
Finance income	6	29,748	19,739
Finance costs	7	(657)	(240)
Share of losses of associates		<u>(630)</u>	<u>(5,529)</u>
Profit before income tax		85,197	18,604
Income tax expense	8	<u>(20,997)</u>	<u>(22,970)</u>
Profit/(loss) for the year attributable to owners of the Company	9	<u>64,200</u>	<u>(4,366)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Notes</i>	2022 RMB'000	2021 RMB'000 (Restated)
Other comprehensive income/(expenses):			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity investments at fair value through other comprehensive income		(13,186)	(24,647)
Exchange differences on translation		20,418	(2,093)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		43,085	(10,043)
Other comprehensive income/(expenses) for the year, net of tax		50,317	(36,783)
Total comprehensive income/(expenses) for the year attributable to owners of the Company		114,517	(41,149)
Earnings/(loss) per share (RMB cents)	<i>11</i>		
– Basic		9.77	(0.66)
– Diluted		9.68	(0.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		31 December 2022	31 December 2021	1 January 2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i> (Restated)	<i>RMB'000</i> (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment		20,825	38,180	40,981
Right-of-use assets		16,339	962	5,049
Intangible assets		–	–	27
Investments in associates	<i>12</i>	7,905	4,404	9,933
Equity investments at fair value through other comprehensive income	<i>13</i>	18,074	27,629	67,246
Investments at fair value through profit or loss	<i>14</i>	134,966	112,171	331,320
Prepayments, deposits and other receivables		15,779	17,594	25,601
Deferred tax assets		672	4,646	12,205
Term deposits		74,664	–	–
		289,224	205,586	492,362
Current assets				
Trade receivables	<i>15</i>	23,831	21,849	19,557
Prepayments, deposits and other receivables		46,478	36,396	37,989
Investments at fair value through profit or loss	<i>14</i>	50,367	98,500	2,900
Term deposits		1,082,734	1,014,996	725,631
Bank and cash balances		293,956	248,307	389,108
		1,497,366	1,420,048	1,175,185
Total assets		1,786,590	1,625,634	1,667,547
EQUITY AND LIABILITIES				
Equity				
Share capital	<i>17</i>	232	232	232
Reserves		1,457,052	1,339,722	1,380,902
Total equity		1,457,284	1,339,954	1,381,134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2022

		31 December	31 December	1 January
		2022	2021	2021
	<i>Notes</i>	RMB'000	<i>RMB'000</i>	<i>RMB'000</i>
			(Restated)	(Restated)
Liabilities				
Non-current liabilities				
Lease liabilities		12,378	–	806
Deferred tax liabilities		1,012	4,588	6,574
		13,390	4,588	7,380
Current liabilities				
Trade and other payables	16	77,892	76,828	81,359
Contract liabilities		8,775	11,845	15,071
Lease liabilities		4,150	860	3,810
Current tax liabilities		225,099	191,559	178,793
		315,916	281,092	279,033
Total liabilities		329,306	285,680	286,413
Total equity and liabilities		1,786,590	1,625,634	1,667,547
Net current assets		1,181,450	1,138,956	896,152
Total assets less current liabilities		1,470,674	1,344,542	1,388,514

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Repurchased shares RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Share-based payments reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2021	232	373,294	-	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,793,818	2,046,816
Effect of prior year adjustments (note 3)	-	-	-	-	-	-	-	-	-	(665,682)	(665,682)
At 1 January 2021, as restated	232	373,294	-	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,128,136	1,381,134
Total comprehensive expenses for the year	-	-	-	-	-	(12,136)	-	-	(24,647)	(4,366)	(41,149)
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)	-	-	-
- value of employee services	-	-	-	-	-	-	-	391	-	-	391
Changes in equity for the year	-	(195)	-	-	-	(12,136)	-	164	(24,647)	(4,366)	(41,180)
At 31 December 2021, as restated	232	373,099	-	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,123,770	1,339,954
At 1 January 2022	232	373,099	-	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,801,786	2,017,970
Effect of prior year adjustments (note 3)	-	-	-	-	-	-	-	-	-	(678,016)	(678,016)
At 1 January 2022, as restated	232	373,099	-	(14)	2,000	(13,431)	33,990	79,955	(259,647)	1,123,770	1,339,954
Total comprehensive income/ (expenses) for the year	-	-	-	-	-	63,503	-	-	(13,186)	64,200	114,517
Repurchase of ordinary shares (note 17)	-	-	(112)	-	-	-	-	-	-	-	(112)
Share-based payments											
- exercise and lapse of share options and RSUs	-	44	-	-	-	-	-	(44)	-	-	-
- value of employee services	-	-	-	-	-	-	-	2,925	-	-	2,925
Changes in equity for the year	-	44	(112)	-	-	63,503	-	2,881	(13,186)	64,200	117,330
At 31 December 2022	232	373,143	(112)	(14)	2,000	50,072	33,990	82,836	(272,833)	1,187,970	1,457,284

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Cash flows from operating activities		
Profit before income tax	85,197	18,604
Adjustments for:		
Finance costs	657	240
Share of losses of associates	630	5,529
Interest income	(29,748)	(19,739)
Depreciation	14,726	17,162
Amortisation of intangible assets	–	27
Loss on disposals of property, plant and equipment	3	243
Net foreign exchange losses	6,429	1,413
Share-based payments	2,925	391
Other loss	5,207	–
Fair value loss on investments at fair value through profit or loss	57,953	102,708
Impairment of frozen sum	–	12,334
Dividends from investments at fair value through profit or loss	(9,000)	–
(Reversal of loss allowance)/loss allowance provision for trade receivables	(5,161)	79
Gain on disposal of a subsidiary	(6,658)	–
Loss allowance provision for loans to employees	73	723
	<hr/>	<hr/>
Operating profit before changes in working capital	123,233	139,714
Change in trade receivables	2,354	(2,305)
Change in prepayments, deposits and other receivables	10,962	3,579
Change in trade and other payables	1,064	(4,531)
Change in contract liabilities	(2,434)	(2,078)
	<hr/>	<hr/>
Cash generated from operating activities	135,179	134,379
Income tax paid	(6,128)	(10,204)
Lease interests paid	(657)	(240)
	<hr/>	<hr/>
Net cash generated from operating activities	128,394	123,935

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
		(Restated)
Cash flows from investing activities		
Change in restricted bank deposits	–	(142,277)
Placement of term deposits with original maturities over three months	(1,410,642)	(1,424,189)
Proceeds from maturity of term deposits with original maturities over three months	1,286,084	1,128,367
Interest received	36,194	16,605
Proceeds from disposals of a subsidiary	10,790	–
Dividends from investments at fair value through profit or loss	9,000	–
Purchases of investments at fair value through profit or loss	(100,000)	(55,000)
Proceeds from settlements of investments at fair value through profit or loss	80,392	200,386
Proceeds from disposal of equity investment through other comprehensive income	–	22,233
Purchases of property, plant and equipment	(3,516)	(2,983)
Proceeds from disposals of property, plant and equipment	1,920	520
Net cash used in investing activities	(89,778)	(256,338)
Cash flows from financing activities		
Repayment of lease liabilities	(4,023)	(3,756)
Repurchase of ordinary shares	(112)	(422)
Net cash used in financing activities	(4,135)	(4,178)
Net increase/(decrease) in cash and cash equivalents	34,481	(136,581)
Effect of foreign exchange rate changes	11,168	(4,220)
Cash and cash equivalents at beginning of the year	248,307	389,108
Cash and cash equivalents at end of the year	293,956	248,307
Analysis of cash and cash equivalents		
Bank and cash balances	293,956	248,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

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

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

The 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 2022. 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. Prior year adjustments

Re-assessment of the recoverability of the Relevant Frozen Sum

In relation to the Case (as disclosed and defined in Note 19), the High People’s Court of Hebei Province (the “**Court of Second Instance**”) had delivered the ruling of the rehearing of the Retrial (the “**Second Instance Ruling**”). Pursuant to the Second Instance Ruling, the Court of Second Instance ruled that, among others: (a) the appeal shall be dismissed and the Retrial Judgment had been upheld; and (b) the Employees are guilty of the Alleged Crime and had used the frozen account of the Group to transfer funds for relevant illegal activities. Therefore the Relevant Frozen Sum, representing all funds in the frozen account of the Group in the amount of RMB291,696,677.62 and wealth management products in the amount of RMB350,000,000 and the relevant interests therefrom, shall be confiscated and paid to the State treasury.

On 8 December 2022, an aggregate of approximately RMB683,223,000 had been withdrawn from the frozen bank accounts by the Trial Court where all available funds, wealth management products and relevant interests were held (the “**Enforcement Sum**”). The Enforcement Sum represented 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 and relevant interests of approximately RMB5,207,000 arising from the Enforcement Sum during the year ended 31 December 2022.

Hence, the Directors re-assessed the recoverability of the frozen investments at fair value through profit or loss and restricted bank deposits. According to the applicable laws and regulations of the PRC, the Enforcement Sum will not be returned to the Company until a ruling from the retrial quashing the Retrial Judgment in respect of the confiscation of the Relevant Frozen Sum is given. Having taking all relevant factors into consideration and until there is a final result from the relevant court, the Directors had taken a prudent approach and had concluded that it would be more appropriate, at the material time, to determine that the recoverable amount of the Group’s frozen investments at fair value through profit or loss and restricted bank deposits as at 31 December 2021 and 31 December 2020 were zero. Accordingly, prior year adjustments have been made to adjust the amounts of investments at fair value through profit or loss and restricted bank deposit as at 31 December 2021 and 31 December 2020, respectively, and provided the impairment of frozen sum of RMB12,334,000 (relevant interests arising from the Relevant Frozen Sum during the year 2021) for the year ended 31 December 2021.

Details of the Case are set out in Note 19 to the consolidated financial statements.

The following tables disclose the restatements that have been made in order to reflect the above corrections to each of the line items in the consolidated statement of profit or loss and other comprehensive income as previously reported for the year ended 31 December 2021 and consolidated statement of financial position as at 31 December 2021 and 1 January 2021 as previously reported.

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021

	2021 (As previously reported) <i>RMB'000</i>	Re-assessment of the Relevant Frozen Sum <i>RMB'000</i>	2021 (As restated) <i>RMB'000</i>
Revenue	366,161		366,161
Cost of revenue	<u>(121,199)</u>		<u>(121,199)</u>
Gross profit	244,962		244,962
Other losses, net	(102,647)		(102,647)
Selling and marketing expenses	(28,311)		(28,311)
Administrative expenses	(97,036)		(97,036)
Impairment of frozen sum	<u>–</u>	(12,334)	<u>(12,334)</u>
Operating profit	16,968		4,634
Finance income	19,739		19,739
Finance costs	(240)		(240)
Share of losses of associates	<u>(5,529)</u>		<u>(5,529)</u>
Profit before income tax	30,938		18,604
Income tax expense	<u>(22,970)</u>		<u>(22,970)</u>
Profit/(loss) for the year attributable to owners of the Company	7,968		(4,366)
Other comprehensive expenses:			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity investments at fair value through other comprehensive income	(24,647)		(24,647)
Exchange differences on translation	(2,093)		(2,093)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations	<u>(10,043)</u>		<u>(10,043)</u>
Other comprehensive expenses for the year, net of tax	<u>(36,783)</u>		<u>(36,783)</u>
Total comprehensive expenses for the year attributable to owners of the Company	<u>(28,815)</u>		<u>(41,149)</u>

Consolidated statement of financial position as at 31 December 2021

	2021 (As previously reported) <i>RMB'000</i>	Re-assessment of the Relevant Frozen Sum <i>RMB'000</i>	2021 (As restated) <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	38,180		38,180
Right-of-use assets	962		962
Investments in associates	4,404		4,404
Equity investments at fair value through other comprehensive income	27,629		27,629
Investments at fair value through profit or loss	356,044	(243,873)	112,171
Prepayments, deposits and other receivables	17,594		17,594
Deferred tax assets	4,646		4,646
Restricted bank deposits	434,143	(434,143)	–
	<u>883,602</u>		<u>205,586</u>
Current assets			
Trade receivables	21,849		21,849
Prepayments, deposits and other receivables	36,396		36,396
Investments at fair value through profit or loss	98,500		98,500
Term deposits	1,014,996		1,014,996
Bank and cash balances	248,307		248,307
	<u>1,420,048</u>		<u>1,420,048</u>
Total assets	<u>2,303,650</u>		<u>1,625,634</u>

Consolidated statement of financial position as at 31 December 2021 (Continued)

	2021 (As previously reported) <i>RMB'000</i>	Re-assessment of the Relevant Frozen Sum <i>RMB'000</i>	2021 (As restated) <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	232		232
Reserves	<u>2,017,738</u>	(678,016)	<u>1,339,722</u>
Total equity	<u>2,017,970</u>		<u>1,339,954</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities	<u>4,588</u>		<u>4,588</u>
	<u>4,588</u>		<u>4,588</u>
Current liabilities			
Trade and other payables	76,828		76,828
Contract liabilities	11,845		11,845
Lease liabilities	860		860
Current tax liabilities	<u>191,559</u>		<u>191,559</u>
	<u>281,092</u>		<u>281,092</u>
Total liabilities	<u>285,680</u>		<u>285,680</u>
Total equity and liabilities	<u>2,303,650</u>		<u>1,625,634</u>
Net current assets	<u>1,138,956</u>		<u>1,138,956</u>
Total assets less current liabilities	<u>2,022,558</u>		<u>1,344,542</u>

Consolidated statement of financial position as at 1 January 2021

	2021 (As previously reported) <i>RMB'000</i>	Re-assessment of the Relevant Frozen Sum <i>RMB'000</i>	2021 (As restated) <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	40,981		40,981
Right-of-use assets	5,049		5,049
Intangible assets	27		27
Investments in associates	9,933		9,933
Equity investments at fair value through other comprehensive income	67,246		67,246
Investments at fair value through profit or loss	705,136	(373,816)	331,320
Prepayments, deposits and other receivables	25,601		25,601
Deferred tax assets	12,205		12,205
Restricted bank deposits	291,866	(291,866)	–
	<u>1,158,044</u>		<u>492,362</u>
Current assets			
Trade receivables	19,557		19,557
Prepayments, deposits and other receivables	37,989		37,989
Investments at fair value through profit or loss	2,900		2,900
Term deposits	725,631		725,631
Bank and cash balances	389,108		389,108
	<u>1,175,185</u>		<u>1,175,185</u>
Total assets	<u>2,333,229</u>		<u>1,667,547</u>

Consolidated statement of financial position as at 1 January 2021 (Continued)

	2021 (As previously reported) <i>RMB'000</i>	Re-assessment of the Relevant Frozen Sum <i>RMB'000</i>	2021 (As restated) <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity			
Share capital	232		232
Reserves	<u>2,046,584</u>	(665,682)	<u>1,380,902</u>
Total equity	<u>2,046,816</u>		<u>1,381,134</u>
Liabilities			
Non-current liabilities			
Lease liabilities	806		806
Deferred tax liabilities	<u>6,574</u>		<u>6,574</u>
	<u>7,380</u>		<u>7,380</u>
Current liabilities			
Trade and other payables	81,359		81,359
Contract liabilities	15,071		15,071
Lease liabilities	3,810		3,810
Current tax liabilities	<u>178,793</u>		<u>178,793</u>
	<u>279,033</u>		<u>279,033</u>
Total liabilities	<u>286,413</u>		<u>286,413</u>
Total equity and liabilities	<u>2,333,229</u>		<u>1,667,547</u>
Net current assets	<u>896,152</u>		<u>896,152</u>
Total assets less current liabilities	<u>2,054,196</u>		<u>1,388,514</u>

4. Revenue and segment information

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Web-based games	125,161	142,167
Mobile games	250,105	223,994
	<hr/>	<hr/>
Revenue from contracts with customers	375,266	366,161

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At a point of time	375,266	366,161

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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Simplified Chinese	22,360	24,910
Other languages	352,906	341,251
	<hr/>	<hr/>
	375,266	366,161

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	78,980	47,182
Other locations	<u>56,532</u>	<u>13,958</u>
	<u>135,512</u>	<u>61,140</u>

5. Other losses, net

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Dividends from investments at fair value through profit or loss	9,000	–
Loss on disposals of property, plant and equipment	(3)	(243)
Government subsidies and tax rebates (<i>Note a</i>)	1,698	1,714
Net foreign exchange loss	(6,429)	(1,413)
Gain on disposal of a subsidiary	6,658	–
Fair value changes on investments at fair value through profit or loss	(57,953)	(102,708)
Others (<i>Note (b)</i>)	<u>(8,043)</u>	<u>3</u>
	<u>(55,072)</u>	<u>(102,647)</u>

Notes:

- (a) Government subsidies represented various industry-specific subsidies granted by the government authorities to subsidise the research and development costs incurred by the Group during the course of its business.
- (b) Other loss of RMB5,207,000 was the remaining balance of the Enforcement Sum. For details, please refer to the notes 3 and 19 to the consolidation financial statements.

6. Finance income

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest revenue	28,994	18,897
Interest revenue on non-current loans to employees	<u>754</u>	<u>842</u>
	<u>29,748</u>	<u>19,739</u>

7. Finance costs

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Lease interests	<u>657</u>	<u>240</u>

8. Income tax expense

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC Enterprise Income Tax (“EIT”) and other jurisdictions	24,161	24,715
Deferred tax	<u>(3,164)</u>	<u>(1,745)</u>
	<u>20,997</u>	<u>22,970</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 2022 and 2021, based on the existing legislation, interpretations and practices in respect thereof.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its “High and New Technology Enterprise” (“HNTE”) qualification under EIT Law during the year ended 31 December 2022 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2022 to 31 December 2024. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (2021: 15%) for the year ended 31 December 2022.

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

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 175% (2021: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“Super Deduction”). Shenzhen Dong Fang Bo Ya Technology Co., Limited, Boyaa On-line Game Development (Shenzhen) Co., Limited and Shenzhen Erlulu Technology Company Limited (2021: Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited) had claimed such Super Deduction in ascertaining its tax assessable profits for the years ended 31 December 2022.

(b) PRC withholding tax (“WHT”)

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

As at 31 December 2022, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB189,733,000 (2021: RMB888,030,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on the management’s estimation of overseas funding requirements.

(c) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the years ended 31 December 2022 and 2021.

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

	2022	2021
	RMB’000	RMB’000
		(Restated)
Profit before income tax	85,197	18,604
Less: share of losses of associates	630	5,529
	85,827	24,133
Tax at EIT rate of 25% (2021: 25%)	21,457	6,033
Tax effect of incomes that are not taxable	(4,291)	(2,343)
Tax effect of expenses that are not deductible	1,302	4,533
Under-provision in prior years	1,334	254
Tax losses not recognised	6,383	17,268
Super Deduction	(6,189)	(6,862)
Effect of different tax rates of subsidiaries	990	4,004
Others	11	83
Income tax expense	20,997	22,970

9. Profit/(loss) for the year

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of intangible assets		
– included in cost of revenue	–	27
	<u>–</u>	<u>27</u>
Depreciation	14,726	17,162
Directors' emoluments		
– Fee	776	746
– Salaries, allowances and bonuses	1,704	1,626
– Retirement benefit scheme contributions	23	22
	<u>2,503</u>	<u>2,394</u>
Research and development expenditure		
– included in staff costs	57,168	51,685
– included in depreciation	258	82
– included in other administrative expenses	1,154	2,331
	<u>58,580</u>	<u>54,098</u>
Auditor's remuneration		
– Audit services	2,100	2,200
– Non-audit services	750	1,000
	<u>2,850</u>	<u>3,200</u>
(Reversal of loss allowance)/loss allowance provision for trade receivables	(5,161)	79
Loss allowance provision for loans to employees	73	723
Staff costs including directors' emoluments		
– Wages, salaries and bonuses	74,631	74,196
– Retirement benefit scheme contributions	6,803	5,797
– Share-based payments	2,925	391
	<u>84,359</u>	<u>80,384</u>

10. Dividend

The board of directors of the Company (the “**Board**”) has resolved not to declare any dividend for the year ended 31 December 2022 (2021: nil).

11. Earnings/(loss) per share

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Earnings/(loss)		
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	64,200	(4,366)
	2022 <i>'000</i>	2021 <i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	657,015	657,253
Effect of dilutive potential ordinary shares arising from RSUs	6,260	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	663,275	657,253

12. Investments in associates

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Unlisted investments in PRC:		
Share of net assets	7,905	4,404

The directors of the Company considered that all associates as at 31 December 2022 and 31 December 2021 were insignificant to the Group and thus the individual summarised financial information of these associates is not disclosed.

13. Equity investments at fair value through other comprehensive income

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Equity securities, at fair value		
– Listed in Hong Kong - Xiaomi Corporation	16,614	26,269
– Listed in USA - Qudian Inc.	1,460	1,360
	<hr/>	<hr/>
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	18,074	27,629

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.

14. Investments at fair value through profit or loss

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans (<i>Notes (i) and (iv)</i>)	64,550	–
– equity investment partnerships (<i>Notes (ii) and (iv)</i>)	70,416	112,171
	<hr/>	<hr/>
	134,966	112,171
	<hr/>	<hr/>
Included in current assets		
Non-quoted investments in:		
– asset management plan (<i>Note (i)</i>)	–	98,500
– wealth management products (<i>Note (iii)</i>)	50,367	–
	<hr/>	<hr/>
	50,367	98,500
	<hr/>	<hr/>
	185,333	210,671

Notes:

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

For asset management plan A, the principal was RMB80.0 million at 31 December 2022. During the year ended 31 December 2022, the agreement between the Group and the asset management company had been continued. The Group will obtain the accumulated return and the entrusted principal in 2025 (originally in 2022).

For asset management plan B, after several supplemental agreements, the remaining principal was RMB21.1 million at 31 December 2022. During the year ended 31 December 2022, the Group and the asset management company entered into an extension agreement, the Group will obtain the accumulated return and the entrusted principal in 2024 (originally planned 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 ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited. During the year ended 31 December 2022, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 December 2022 was approximately RMB7.4 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 2022, the fair value loss of the investment in Jiaxing Boyaa was approximately RMB10.0 million (for the year ended 31 December 2021: fair value loss was approximately RMB96.4 million).

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

15. 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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	24,095	26,449
Provision for loss allowance	(264)	(4,600)
	<hr/>	<hr/>
Carrying amount	<u>23,831</u>	<u>21,849</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	19,671	21,355
31 to 60 days	3,002	35
61 to 90 days	793	26
91 to 180 days	127	306
181 to 360 days	17	111
Over 360 days	221	16
	<hr/>	<hr/>
	<u>23,831</u>	<u>21,849</u>

Reconciliation of loss allowance for trade receivables:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
At 1 January	4,600	4,587
(Decrease)/increase in loss allowance for the year	(5,161)	79
Currency translation differences	825	(66)
	<hr/>	<hr/>
At 31 December	<u>264</u>	<u>4,600</u>

16. Trade and other payables

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables	1,078	1,051
Other tax payables	44,800	44,436
Accrued expenses	6,690	7,886
Accrued commissions charges by Platforms	10,136	8,849
Accrued advertising expenses	4,060	3,837
Salary and staff welfare payables	4,809	4,472
Others	6,319	6,297
	<u>77,892</u>	<u>76,828</u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 30 days	787	784
31 to 90 days	–	18
91 to 180 days	–	1
181 to 365 days	2	–
Over 365 days	289	248
	<u>1,078</u>	<u>1,051</u>

17. Share Capital

The total authorised share capital of the Company comprises 2,000,000,000 ordinary shares (2021: 2,000,000,000 ordinary shares) with par value of USD0.00005 (2021: USD0.00005) per share.

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares <i>USD'000</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
Issued and fully paid:				
At 1 January 2021		710,876,301	36	232
Cancellation of ordinary shares	<i>(i)</i>	<u>(1,000,000)</u>	<u>–</u>	<u>–</u>
At 31 December 2021, 1 January 2022 and 31 December 2022		<u>709,876,301</u>	<u>36</u>	<u>232</u>

Notes:

- (i) The Group repurchased 300,000 shares (2021: 1,000,000 shares) of its own shares from the market during the year. The total amount paid to acquire the shares was RMB112,000 (2021: RMB422,000) and has been deducted from the shareholders' equity. The related weighted average price at the time of buy-back was HK\$0.42 (2021: HK\$0.51) per share. 300,000 repurchased shares have been cancelled as at the date of this announcement. For the repurchased 1,000,000 shares of its own shares from the market during the year ended 31 December 2021 were all cancelled.

18. 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	
	2022	2021
Outstanding at the beginning of the year	5,722,429	6,082,429
Lapsed during the year	<u>(500,000)</u>	<u>(360,000)</u>
Outstanding at the end of the year	<u>5,222,429</u>	<u>5,722,429</u>
Exercisable at the end of the year	<u>5,222,429</u>	<u>5,722,429</u>

No options were exercised in 2022 and 2021.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2022 and 2021 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	2022	2021
6 September 2025	HK\$3.108	3.108	<u>5,222,429</u>	<u>5,722,429</u>

(b) RSU

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

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

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

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2022	2021
At 1 January	9,722,089	4,640,457
Granted	15,000,000	5,650,000
Lapsed	(1,100,000)	(121,368)
Vested and transferred	<u>(134,000)</u>	<u>(447,000)</u>
At 31 December	<u>23,488,089</u>	<u>9,722,089</u>
Vested but not transferred as at 31 December	<u>5,200,589</u>	<u>4,072,089</u>

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$0.37 (2021: HK\$0.62) 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, 134,000 of RSUs were vested and transferred (Note (b) above), and as a result, 57,110,829 ordinary shares (2021: 57,244,829 ordinary shares) of the Company underlying the RSUs were held by Core Administration RSU Limited and The Core Admin Boyaa RSU Limited as at 31 December 2022.

19. Material events

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

At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company has engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter in March 2019. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers 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 (the “**Reply**”) from the relevant PRC court that the Relevant Idle Cash Reserves were frozen due to a prosecution (the “**Case**”) made by the relevant PRC judicial authority against its individual current or former employees (the “**Employees**”) for their alleged illegal activities conducted through one of the Company's onshore online gaming platforms (the “**Alleged Crime**”). Therefore, the Application was rejected. As at the date of this announcement, none of the Employees remains an employee of the Company. As advised by the PRC Legal Advisers, if the relevant PRC judicial authority finds that the Employees are guilty of the Alleged Crime and some or all of the Relevant Idle Cash Reserves contain income generated as a result of such conduct, such income may be confiscated.

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

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

As advised by the PRC Legal Advisers, if the Employees file a petition against the Second Instance Ruling to the Court of Second Instance, the Court of Second Instance can order a filing and a retrial. If the Court of Second Instance refuses to file the Case, the Employees can file a petition to the Supreme People's Court of the People's Republic of China. If the petition is accepted by the retrial judicial authorities and proceeds to retrial, it is possible that the retrial of the Case will revise the rulings of the Retrial Judgment. According to the applicable laws and regulations of the PRC, the Enforcement Sum will not be returned to the Company until a ruling from the retrial quashing the Retrial Judgment in respect of the confiscation of the Relevant Frozen Sum is given.

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

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 light of the fact that (i) the Company, its directors and senior management had not been subject to any prosecution or investigation by the relevant PRC judicial authority in relation to the Alleged Crime as at the date of this announcement; (ii) as advised by the PRC Legal Advisers, the Company had obtained all material licences, permits and approvals required for its operation and the fact that the Employees were found guilty will not have impact on the validity of these licences, permits and approvals; (iii) the Enforcement Sum only formed part of the idle cash reserve of the Company which was used for the purpose of idle fund management, and is the Company's general practice; (iv) the Company has sufficient cash reserves available in the other bank accounts for its day-to-day operations; and (v) the Company does not have any loan borrowing as at the date of this announcement, the Board is of the view that the Enforcement 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, March, May, July, August, December 2022, January and March 2023 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 are informed of the final results of the Incident. 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 Enforcement Sum and subsequent appeal/petition as and when appropriate pursuant to the requirements under the Listing Rules.

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

**RECONCILIATION FROM NET PROFIT/(LOSS) TO UNAUDITED NON-IFRS
ADJUSTED NET PROFIT/(LOSS)
FOR THE YEAR ENDED 31 DECEMBER 2022**

	For the year ended		Year- on-Year Change*
	31 December		
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
		(restated)	
Revenue	375,266	366,161	2.5
Cost of revenue	<u>(129,421)</u>	<u>(121,199)</u>	6.8
Gross profit	245,845	244,962	0.4
Selling and marketing expenses	(35,418)	(28,311)	25.1
Administrative expenses	(98,619)	(97,036)	1.6
Impairment of frozen sum	–	(12,334)	–
Other losses, net	<u>(55,072)</u>	<u>(102,647)</u>	(46.3)
Operating profit	56,736	4,634	1,124.3
Finance income, net	29,091	19,499	49.2
Share of losses of associates	<u>(630)</u>	<u>(5,529)</u>	(88.6)
Profit before income tax	85,197	18,604	357.9
Income tax expenses	<u>(20,997)</u>	<u>(22,970)</u>	(8.6)
Profit/(loss) for the year attributable to owners of the Company	<u>64,200</u>	<u>(4,366)</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>2,925</u>	<u>391</u>	648.1
Non-IFRS adjusted net profit/(loss) (unaudited)	<u>67,125</u>	<u>(3,975)</u>	–

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

**RECONCILIATION FROM NET PROFIT TO UNAUDITED NON-IFRS ADJUSTED
NET PROFIT
FOR THE THREE MONTHS ENDED 31 DECEMBER 2022**

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	31 December 2022 RMB'000 (unaudited)	30 September 2022 RMB'000 (unaudited) (restated)	31 December 2021 RMB'000 (unaudited) (restated)		
Revenue	94,332	94,480	87,666	7.6	0.2
Cost of revenue	<u>(33,401)</u>	<u>(32,409)</u>	<u>(30,235)</u>	10.5	3.1
Gross profit	60,931	62,071	57,431	6.1	(1.8)
Selling and marketing expenses	(10,100)	(8,149)	(7,773)	29.9	23.9
Administrative expenses	(28,798)	(23,319)	(32,607)	(11.7)	23.5
Impairment of frozen sum	–	–	(2,829)	–	–
Other losses, net	<u>(1,052)</u>	<u>(18,281)</u>	<u>(1,714)</u>	(38.6)	(94.2)
Operating profit	20,981	12,322	12,508	67.7	70.3
Finance income, net	9,468	8,026	4,991	89.7	18.0
Share of losses of associates	<u>(356)</u>	<u>(130)</u>	<u>(2,178)</u>	(83.7)	173.8
Profit before income tax	30,093	20,218	15,321	96.4	48.8
Income tax expenses	<u>(2,334)</u>	<u>(7,085)</u>	<u>(4,898)</u>	(52.3)	(67.1)
Profit for the period	<u>27,759</u>	<u>13,133</u>	<u>10,423</u>	166.3	111.4
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>877</u>	<u>899</u>	<u>283</u>	209.9	(2.4)
Non-IFRS adjusted net profit (unaudited)	<u>28,636</u>	<u>14,032</u>	<u>10,706</u>	167.5	104.1

* 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 2022 and the immediately preceding quarter.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2022, the Company repurchased 300,000 shares of the Company on the Stock Exchange at an aggregate consideration of HKD124,025 pursuant to the share repurchase mandates approved by the shareholders of the Company at the annual general meeting held on 10 June 2022. 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
	Highest <i>HKD</i>	Lowest <i>HKD</i>		
25 July 2022	0.415	0.41	<u>300,000</u>	<u>124,025</u>
Total:			<u>300,000</u>	<u>124,025</u>

All the above repurchased shares of the Company have been cancelled on 8 March 2023. The issued share capital of the Company has been reduced by the nominal value of the repurchased shares as at the date of this announcement. 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 2022.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (for the year ended 31 December 2021: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2022, the Company has complied with the applicable code provisions as set out in Part 2 of the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Listing Rules.

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 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 2022.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' biographical details during the year ended 31 December 2022 and up to the date of this announcement are as follows:

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

Save as disclosed above, there is no 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 2022 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 2022.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no other important event affecting the Group which has taken place since 31 December 2022 and up to the date of this announcement.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. 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 2022 is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>). The 2022 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, 23 March 2023

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.

* *For identification purpose only*