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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)

**POSSIBLE VERY SUBSTANTIAL ACQUISITION
ACQUISITION MANDATE IN RELATION TO
THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS**

**ACQUISITION MANDATE IN RELATION TO THE POTENTIAL
CRYPTOCURRENCY ACQUISITIONS**

Reference is made to the voluntary announcement of the Company dated 10 August 2023 in relation to, among others, the proposed purchase of cryptocurrencies by the Company. As the Board are of the view that purchase and holding of cryptocurrencies is a pivotal move for the Group to path its business layout and development in the field of Web3, and a significant component of the Group's asset allocation strategy, after careful consideration, the Board proposed to seek approval for the Acquisition Mandate from the Shareholders in advance to authorize and empower the Board to conduct the Potential Cryptocurrency Acquisitions, for an aggregate amount not exceeding US\$100 million, during the 12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed at the Extraordinary General Meeting.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Potential Cryptocurrency Acquisitions is expected to exceed 100%, the Potential Cryptocurrency Acquisitions, if materialized, may constitute a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Potential Cryptocurrency Acquisitions will be open market transactions and will be conducted on an ongoing basis and considering the cryptocurrency investment market is volatile and fast-changing, acquiring cryptocurrencies at the best possible prices requires prompt actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each acquisition of cryptocurrencies. Accordingly, the Board proposed to seek the Shareholders' prior approval for the grant of the Acquisition Mandate at the Extraordinary General Meeting.

A circular containing, among other things, further details of the Acquisition Mandate and the Potential Cryptocurrency Acquisitions, the notice of the Extraordinary General Meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 November 2023.

Shareholders and potential investors of the Company should note that any possible purchase or sell of cryptocurrencies by the Group may depend on market conditions and will be made at the Board's discretion. The cryptocurrency market is volatile in the near-term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity or price of any cryptocurrencies to be purchased or sold by the Group. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

ACQUISITION MANDATE IN RELATION TO THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS

Reference is made to the voluntary announcement of the Company dated 10 August 2023 in relation to, among others, the proposed purchase of cryptocurrencies by the Company. As the Board are of the view that purchase and holding of cryptocurrencies is a pivotal move for the Group to path its business layout and development in the field of Web3, and a significant component of the Group's asset allocation strategy, after careful consideration, the Board proposed to seek approval for the Acquisition Mandate from the Shareholders in advance to authorize and empower the Board to conduct the Potential Cryptocurrency Acquisitions, for an aggregate amount not exceeding US\$100 million, during the Mandate Period, namely a period of 12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the Extraordinary General Meeting.

The Terms of the Acquisition Mandate

The Acquisition Mandate to be sought from the Shareholders at the Extraordinary General Meeting will be on the following terms:

1. *Mandate Period*

The Acquisition Mandate is for the Mandate Period, namely a period of 12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the Extraordinary General Meeting.

2. *Maximum Amount*

The Acquisition Mandate shall authorize and empower the Board to acquire cryptocurrencies in an aggregate amount not exceeding US\$100 million in open market transactions, which was determined with reference to the Group's business development strategy in the field of Web3 in the future, the asset allocation strategy of the Group and the possible increase in the price for cryptocurrency acquisition in the future.

3. *Types of Cryptocurrencies to be Acquired*

The types of cryptocurrencies which the Group intends to purchase should be cryptocurrencies that accord with the Group's business development strategy and asset allocation demands, as assessed by the Group's virtual asset management and risk control department and approved by the Board under the Acquisition Mandate, and have good market liquidity, large market value, wide recognition on the market and relatively long-term holding value. The cryptocurrencies that the Group intends to purchase under the Acquisition Mandate will consist mainly of Bitcoin (BTC) and Ether (ETH). It is currently expected that the Company will use approximately US\$45 million to acquire each of BTC and ETH and the remainder of not more than US\$10 million will be used to purchase Tether USD (USDT) and USD Coin (USDC), which are cryptocurrencies of similar nature as they are pegged to US dollars and are considered as stablecoin.

4. *Acquisition Consideration for the Cryptocurrencies*

The consideration for the Potential Cryptocurrency Acquisitions will be determined according to the bid and ask prices of the cryptocurrencies as quoted on the open market, and the Company will purchase cryptocurrencies at its discretion with reference to the cryptocurrency market and price. The maximum percentage of premium the Company would pay for acquisition of relevant cryptocurrencies will not exceed 10% of the market price.

The consideration for the Potential Cryptocurrency Acquisitions will be satisfied in cash and will be funded by the idle cash reserve of the Group generated from business operation in Hong Kong and overseas.

5. *Scope of Authorization*

The Board shall be authorized and empowered to determine, decide, execute and implement with full discretion in relation to the Potential Cryptocurrency Acquisitions, including but not limited to the number of each type of cryptocurrencies to be acquired under each transaction, the number of batches of each type of cryptocurrencies to be acquired, and the timing and price of the Potential Cryptocurrency Acquisitions.

6. *Manner of the Potential Cryptocurrency Acquisitions*

The Potential Cryptocurrency Acquisitions by the Group shall be conducted in the open market on regulated and licensed trading platforms, including but not limited to HashKey Exchange. HashKey Exchange is a virtual asset trading platform operated by Hash Blockchain Limited, which is a virtual asset trading platform operator licensed by the Securities and Futures Commission of Hong Kong (CE Reference: BPL992).

The Group may also continue to explore to conduct the Potential Cryptocurrency Acquisitions on other trading platforms which are regulated and licensed by relevant regulatory authorities under the Acquisition Mandate. Furthermore, the Group has formed up a specialized supervisory team, which will monitor the licensing and regulatory environment of the trading platforms on a regular basis and ensure that the platforms used by the Group are secure and recognised.

INFORMATION ON CRYPTOCURRENCY

Cryptocurrencies are digital currencies in which encryption techniques are used to regulate the generation of units of currency and verify the transfer of funds using blockchain technology. The blockchain is a public record of cryptocurrency transactions in chronological order and is shared between all users in that blockchain so as to verify the permanence of transactions and to prevent double spending. Cryptocurrencies make it easier to transfer funds between two parties in a transaction and these transfers are facilitated through the use of public and private keys for security purposes. 14.60(2)

Among various types of cryptocurrencies, BTC was launched in 2009 and has become the world's largest cryptocurrency by market capitalization, while ETH was launched in 2014 and is second only to BTC in market capitalization up to the present.

USDT is a cryptocurrency stablecoin launched in 2014 and has become the third largest cryptocurrency after BTC and ETH and the stablecoin with the largest market value. USDC is another type of stablecoin backed by reserve assets like U.S. dollars and euros, which was launched in 2018. USDC is the stablecoin second only to USDT by market value currently. As stablecoins pursue steady valuation and the prices of stablecoins are relatively stable, stablecoins are usually favored by investors who want to avoid the volatility typical of cryptocurrencies.

REASONS FOR AND BENEFITS OF THE POTENTIAL CRYPTOCURRENCY ACQUISITIONS AND THE GRANT OF ACQUISITION MANDATE

Since October 2022, the Hong Kong Government has released a series of regulating policies on cryptocurrency transactions, recognizing the potential of Web3 to become the future trends in the development of finance and commerce. In view of the virtual assets' attraction to global investors and the future opportunities that will be opened up as virtual assets move into the field of Web3, the Hong Kong Government has been committed to providing a facilitating environment for promoting the sustainable development of virtual asset transactions. In view of the remarkable results achieved by Hong Kong in the development of Web3 industry, and the promulgation of relevant regulating policies by the Hong Kong Government in forming up a facilitating environment for the sustainable development of Web3 industry, the Group is confident in the future of Web3 industry and understands that it is an emerging market with great development potential.

Besides, the principal business operated by the Group, namely the online gaming business, has high compatibility with Web3 technology, and its focus on communities, users and virtual assets may enable an easier and wider application of Web3 technology to the online gaming industry. Currently, the development of Web3 games is still at its early stage with explorations and attempts being made to form up the unique game rules and operating mechanism. The Group as a global online gaming business operator has launched gaming products in multi-languages in over 100 countries and regions, and thus is in a particularly advantageous position to develop Web3 games. Deeply rooted in the online gaming industry for years, we have acquired solid and leading technologies related to online gaming and network security maintenance, which provides strong support for our business expansion in the field of Web3. The Group intends to create industry-leading Web3 games through a combination of existing online games and Web3 technology and make more profound business layout in the field of Web3. The Board is confident in the Group's innovation on Web3 games and continuous development in the field of Web3. The Group has built up a Web3 research, development and operation team to focus on (i) the development, operation and expansion of Web3 games; and (ii) the research and development of Web3 infrastructure, including but not limited to Web3 wallet, DeFi infrastructure and etc.. The Group will also make every effort to bring in and cultivate expertise in Web3 industry and crypto assets to promote the Group's achievement of business development strategies in the field of Web3.

The purchase and holding of cryptocurrencies is expected to be the pivotal basis of and move for the Group's expansion and operation of Web3 games and pathing of its layout in the field of Web3 to achieve its continuous development. Besides, purchase of cryptocurrencies is also an important arrangement for the Group's asset allocation, as allocating part of the Group's idle reserve funds in cryptocurrencies can serve as a diversification to holding cash in treasury management, and a measure to balance investment risks and returns. We believe that cryptocurrencies, as means of storing value, are backed up by strong public open source architecture, and therefore have the potential to resist inflation in the long run and appreciate the value stored and have long-term value. The Group is confident in the development of the cryptocurrency market, and considers that now is the right timing for purchasing cryptocurrencies.

The maximum value of the Potential Cryptocurrency Acquisitions accounts for approximately 38.03% of the Group's total assets as of 30 June 2023 (approximately RMB1.887 billion), and approximately 43.91% of the Group's current assets as of 30 June 2023 (approximately RMB1.635 billion). According to the financial data as of 30 June 2023, even if the Group had fully utilized the limit of US\$100 million to conduct the Potential Cryptocurrency Acquisitions, the Group will still have current assets of approximately RMB917 million. The Group's annual revenue generated from traditional business operations is sufficient to support its daily operation with a surplus, and the above plan for purchasing cryptocurrencies has no substantial impact on the financial needs related to the Group's daily operation and others.

The Group also notes that cryptocurrency price may be highly volatile and therefore the Group intends to mainly invest in cryptocurrencies that are more mature, and have wider recognition, desirable market liquidity, relatively large market value on the market and relatively long-term holding value. Therefore, the cryptocurrencies that the Group intends to purchase consist mainly of BTC and ETH, with the possibility of including a small amount of USDT and USDC as well. The Group will choose appropriate timing based on the performance of the cryptocurrency market and price, and purchase cryptocurrencies by steps at separate timing and by separate batches after strict assessment and review of the type, price range, and appropriateness of the timing of each proposed transaction. The Group has established a specialized virtual asset management and risk control department, responsible for establishing relevant policies and systems for cryptocurrency trading and management, monitoring and analyzing the cryptocurrency market and cryptocurrency price, overseeing the standardization and security of all cryptocurrency trading applications, approvals, operations, storage management, transaction reporting, and other processes, and evaluating and reviewing the reasonableness, appropriateness and security of the price range, number and type of cryptocurrencies and timing of each proposed cryptocurrency transaction. The Group will strictly comply with the relevant policies and regulations of the Hong Kong Government on the regulation of cryptocurrencies, and strictly follow the Group's policies and rules on the purchase, use, and management of cryptocurrencies.

In view of the above, the Board believes that the Potential Cryptocurrency Acquisitions is in line with the Group's long-term business development strategy and asset allocation strategy, and is an important and pivotal move for the Group to explore and achieve sustainable development in the field of Web3 in the future, and will have a positive and crucial impact on the Group's future development. The Potential Cryptocurrency Acquisitions is a highly forward-looking strategic layout pathed after careful consideration by the Group. The approval of the Acquisition Mandate by the Shareholders will provide the Board with flexibility in dealing in cryptocurrencies and reacting promptly to the rapidly changing market. The Board are therefore of the view that the terms of the Acquisition Mandate are fair and reasonable and on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Company is an investment holding company. The principal activity of the Group is the development and operation of online card and board games, and the Group will be committed to promoting and developing Web3 gaming related business.

As the Potential Cryptocurrency Acquisitions will be conducted in the open market and on licensed and regulated trading platforms, the identities and principal business activities of the vendors of the Potential Cryptocurrency Acquisitions cannot be ascertained. The Company hereby undertake that to the best of their knowledge, information and belief, having made all reasonable enquiries, in the event that any vendor or its ultimate beneficial owner is a connected person of the Company or the Company's connected persons, the Company will comply with the requirements under the Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Potential Cryptocurrency Acquisitions is expected to exceed 100%, the Potential Cryptocurrency Acquisitions, if materialized, may constitute a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Potential Cryptocurrency Acquisitions will be open market transactions and will be conducted on an ongoing basis and the cryptocurrency investment market is volatile and fast-changing, acquiring cryptocurrencies at the best possible prices requires prompt actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each acquisition of cryptocurrencies. Accordingly, the Board proposed to seek the Shareholders' prior approval for the grant of the Acquisition Mandate at the Extraordinary General Meeting.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Acquisition Mandate and the Potential Cryptocurrency Acquisitions. Accordingly, it is expected that no Shareholder is required to abstain from voting at the Extraordinary General Meeting.

A circular containing, among other things, further details of the Acquisition Mandate and the Potential Cryptocurrency Acquisitions, the notice of the Extraordinary General Meeting and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 30 November 2023.

Shareholders and potential investors of the Company should note that any possible purchase or sell of cryptocurrencies will depend on market conditions and will be made at the Board’s discretion. The cryptocurrency market is volatile in the near-term and the prices of cryptocurrencies may be subject to fluctuations. There is therefore no assurance as to the timing, quantity or price of any cryptocurrencies to be purchased or sold by the Group. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition Mandate”	a specific mandate proposed by the Board in order to seek Shareholders’ approval to authorize and empower the Board to conduct the Potential Cryptocurrency Acquisitions during the Mandate Period
“Board”	the board of Directors
“Company”	Boyaa Interactive International Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	an extraordinary general meeting of the Company to approve, among other things, the Acquisition Mandate and the Potential Cryptocurrency Acquisitions
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Government”	the government of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Mandate Period”	a period of 12 months from the date on which the ordinary resolution in relation to the Acquisition Mandate and the Potential Cryptocurrency Acquisitions is duly passed by the Shareholders at the Extraordinary General Meeting
“Potential Cryptocurrency Acquisitions”	the potential acquisitions of cryptocurrencies up to US\$100 million in open market transactions on an ongoing basis
“Share(s)”	the share(s) in the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United States dollars, the lawful currency of the United States

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

Hong Kong, 13 November 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.