



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



2021 中期報告
Interim Report



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ANYTIME ANYWHERE SHARE THE HAPPINESS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Dai Zhikang (*Chairman*)

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

Independent Non-executive Directors

Mr. Cheung Ngai Lam

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

AUDIT COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

NOMINATION COMMITTEE

Ms. Tao Ying (*Chairlady*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)

Mr. Choi Hon Keung Simon

Mr. Kong Fanwei

COMPANY SECRETARY

Ms. Chou Kwai Wah

AUTHORISED REPRESENTATIVES

Ms. Chou Kwai Wah

Ms. Tao Ying

AUDITOR

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Unit 701, 7th Floor

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18 Whitfield Road

Causeway Bay

Hong Kong

COMPANY'S WEBSITE

www.boyaa.com.hk

STOCK CODE

0434



Corporate Information

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Postal code: 518000

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Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Maples Corporate Services Limited
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Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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188 Des Voeux Road Central
Hong Kong

PRINCIPAL BANK

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



Business Overview and Outlook

In terms of financial performance, although the Company's revenue performance in the first quarter of 2021 was year-on-year lower due to the outbreak of novel coronavirus ("COVID-19 Pandemic") had eased and the online time and consumption of online games by game users had decreased, in the second quarter of 2021, the Company's revenue level improved in this quarter as a result of optimisation of its game products and gameplay and the holding of certain online operating activities during this period. We recorded revenue of approximately RMB96.6 million in the second quarter of 2021, representing a quarter-on-quarter increase of approximately 13.7% compared to the first quarter of 2021 and a year-on-year increase of approximately 1.2% compared to the same period in 2020. We recorded revenue of approximately RMB181.5 million in the first half of 2021, representing a year-on-year decrease of approximately 3.7% compared to the first half of 2020. The year-on-year decrease in revenue in the first half of 2021 was mainly due to the lower performance of revenue in the first quarter of 2021 as compared to the same period of last year.

We recorded an unaudited non-IFRS adjusted net profit of approximately RMB5.2 million in the second quarter of 2021, whereas we recorded an unaudited non-IFRS adjusted loss of approximately RMB16.1 million in first quarter of 2021 and the unaudited non-IFRS adjusted loss in the second quarter of 2020 was approximately RMB25.5 million. The quarter-on-quarter and year-on-year increases for unaudited non-IFRS adjusted net profit in the second quarter of 2021 were primarily due to (i) the increase in revenue in the second quarter of 2021; and (ii) the smaller extent of the decrease in the second quarter of 2021 in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, the Group would have recorded an unaudited non-IFRS adjusted net profits of approximately RMB35.3 million and RMB23.7 million for the second quarter of 2021 and the first quarter of 2021, respectively, representing a quarter-on-quarter increase of 49.2% in unaudited non-IFRS adjusted net profit for the second quarter of 2021, which was mainly due to the quarter-on-quarter increase in revenue. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit of approximately RMB28.8 million for the second quarter of 2020. The unaudited non-IFRS adjusted net profit for the second quarter of 2021 increased by approximately 22.7% as compared to the same period in 2020, mainly due to the year-on-year increase in revenue and the decrease in administrative expenses compared to the same period in 2020. We recorded an unaudited non-IFRS adjusted loss of approximately RMB11.0 million in the first half of 2021, while the unaudited non-IFRS adjusted loss in the first half of 2020 was approximately RMB13.6 million, representing a reduction in loss of approximately 19.3% as compared to the same period in 2020, which was mainly due to the decrease in administrative expenses in the second quarter of 2021 compared to the same period in 2020.



Business Overview and Outlook

In terms of the operating data performance, we recorded a decrease in the number of paying players and users during the second quarter of 2021 as compared to the first quarter of 2021. In particular, the number of paying players decreased by 13.2% from approximately 0.28 million in the first quarter of 2021 to approximately 0.24 million in the second quarter of 2021. The number of Daily Active Users (“**DAUs**”) decreased by approximately 9.1% from approximately 1.5 million in the first quarter of 2021 to 1.4 million in the second quarter of 2021. The number of Monthly Active Users (“**MAUs**”) decreased by approximately 9.6% from approximately 4.4 million in the first quarter of 2021 to approximately 4.0 million in the second quarter of 2021. However, the number of DAUs and MAUs for our Traditional Chinese version games increased, and the Average Revenue Per Paying Users (“**ARPPU**”) grew relatively in mobile games of Texas Hold’em Series and other card and board.

During the second quarter of 2021, we successfully held BPT branded competition series – 2021 BPT Competition in Europe. We stay true to the mission and have upheld the concept of “growing in love” in the charity for years, shouldering a strong sense of responsibility to make contributions to the society and continuously transmit the spirit of love to the society. During the second quarter of 2021, we organized public welfare activities, such as donating teaching materials to Yan’an Zaoyuan Primary School (延安棗園小學). We will continue to pay attention to the education development of left-behind children, hoping to create good conditions for their healthy growth and make our best efforts to bring warmth to more people in need so as to fulfill our corporate social responsibility.

The Company will continue to conduct more intensive market surveys, improve and launch innovative game rules, explore various operation modes for card and board games in domestic and foreign markets, improve the experience of our game players, continue to strengthen product refinement and operation diversification, ramp up the quality of our games in an all-rounded manner, and spare no effort to build our brand for online and offline match series. On top of consolidating our existing market, more efforts will be made to further expand our overseas market as well as other card and board games business. The Company will strictly comply with various laws and regulations of the People’s Republic of China (the “**PRC**”), develop high-quality puzzle games and matches, and continue with its journey to forge a century-old brand for card and board games.



Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2021 Compared to Second Quarter of 2020

Revenue

Our revenue for the three months ended 30 June 2021 amounted to approximately RMB96.6 million, representing a year-on-year increase of approximately 1.2% from approximately RMB95.4 million recorded for the same period in 2020. The year-on-year increase in revenue was primarily due to the Company's optimisation of its game products and gameplay and the holding of certain online operation activities during this period. For the three months ended 30 June 2021, revenue generated from our mobile games and web-based games accounted for approximately 61.8% and 38.2% of our total revenue, respectively, as compared with approximately 59.8% and 40.2%, respectively, for the three months ended 30 June 2020.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2021 amounted to approximately RMB31.5 million, representing a year-on-year increase of approximately 12.6% from approximately RMB28.0 million recorded for the same period in 2020. The year-on-year increase was primarily due to the increase in commission charges by platforms and third party payment vendors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the three months ended 30 June 2021 amounted to approximately RMB65.1 million, representing a year-on-year decrease of approximately 3.5% from approximately RMB67.4 million recorded for the same period in 2020.

Our gross profit margin were approximately 67.4% and 70.7%, respectively, for the three months ended 30 June 2021 and the same period in 2020.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2021 amounted to approximately RMB6.0 million, representing a year-on-year decrease of approximately 1.6% from approximately RMB6.1 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 30 June 2021 amounted to approximately RMB20.9 million, representing a year-on-year decrease of approximately 33.2% from approximately RMB31.2 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in professional service expenses.



Management Discussion and Analysis

Other losses – net

For the three months ended 30 June 2021, we recorded other losses, net of approximately RMB31.7 million, compared to other losses, net of approximately RMB51.7 million recorded for the same period in 2020. The other losses, net primarily consisted of fair value changes on investment at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, and government subsidies.

Finance income – net

Our net finance income for the three months ended 30 June 2021 was approximately RMB4.9 million, compared to approximately RMB5.1 million recorded for the same period in 2020. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 2020.

Share of result of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen Huifu World Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Shanghai Allin Network Technology Co., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2021 (31 December 2020: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.8 million for the three months ended 30 June 2021, compared to a share of loss of associates of approximately RMB1.1 million recorded for the same period in 2020.

Income tax expenses

Our income tax expenses for the three months ended 30 June 2021 was approximately RMB5.4 million, representing a decrease of approximately 30.6% from approximately RMB7.8 million recorded for the three months ended 30 June 2020.

Profit/(loss) attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 30 June 2021 amounted to approximately RMB5.2 million, whereas we recorded a loss attributable to owners of the Company of approximately RMB25.5 million for the same period in 2020.

We recorded a lower profit attributable to owners of the Company for the second quarter of 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded a profit attributable to owners of the Company amounted to approximately RMB35.3 million for the three months ended 30 June 2021, whereas we would have recorded a profit attributable to owners of the Company amounted to approximately RMB28.8 million for the three months ended 30 June 2020.

* For identification purpose only



Management Discussion and Analysis

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

To supplement our unaudited condensed consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit/(loss) 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/(loss)” is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit/(loss) has material limitations as an analytical tool, as adjusted net profit/(loss) does not include all items that impact our net profit/(loss) for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under IFRS.

Our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2021 amounted to approximately RMB5.2 million, as compared to our unaudited non-IFRS adjusted loss for the three months ended 30 June 2020 of approximately RMB25.5 million. We recorded a lower unaudited non-IFRS adjusted net profit for the second quarter of 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB35.3 million for the three months ended 30 June 2021, whereas we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB28.8 million for the three months ended 30 June 2020.

First Half of 2021 Compared to First Half of 2020

Revenue

Our revenue for the six months ended 30 June 2021 amounted to approximately RMB181.5 million, representing a year-on-year decrease of approximately 3.7% from approximately RMB188.5 million recorded for the same period in 2020. The year-on-year decrease was primarily due to the COVID-19 Pandemic had eased and the online time and consumption of online games by game users had decreased in the first quarter of 2021. For the six months ended 30 June 2021, revenue generated from our mobile games and web-based games accounted for approximately 60.6% and 39.4% of our total revenue, respectively, as compared with approximately 60.1% and 39.9%, respectively, for the six months ended 30 June 2020.

Cost of revenue

Our cost of revenue for the six months ended 30 June 2021 amounted to approximately RMB58.8 million, representing a year-on-year increase of approximately 5.3% from approximately RMB55.9 million recorded for the same period in 2020. The year-on-year increase was mainly due to the increase in commission charges by platforms and third party payment vendors.



Management Discussion and Analysis

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the six months ended 30 June 2021 amounted to approximately RMB122.7 million, representing a year-on-year decrease of approximately 7.5% from approximately RMB132.6 million recorded for the same period in 2020.

Our gross profit margin were approximately 67.6% and 70.4%, respectively, for the six months ended 30 June 2021 and the same period in 2020.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2021 amounted to approximately RMB14.2 million, representing a year-on-year increase of approximately 26.6% from approximately RMB11.2 million recorded for the same period in 2020. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2021 amounted to approximately RMB42.6 million, representing a year-on-year decrease of approximately 28.0% from approximately RMB59.2 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in professional service expenses.

Other losses – net

For the six months ended 30 June 2021, we recorded other losses, net of approximately RMB73.1 million, compared to other losses, net of approximately RMB70.7 million recorded for the same period in 2020. The other losses, net primarily consisted of fair value changes on investment at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, and government subsidies.

Finance income – net

Our net finance income for the six months ended 30 June 2021 was approximately RMB9.8 million, compared to approximately RMB10.5 million recorded for the same period in 2020. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 2020.



Management Discussion and Analysis

Share of results of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Shanghai Allin Network Technology Co., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2021 (31 December 2020: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB1.5 million for the six months ended 30 June 2021, compared to a share of loss of associates of approximately RMB1.7 million recorded for the same period in 2020.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2021 was approximately RMB12.1 million, representing an decrease of approximately 14.0% from approximately RMB14.0 million recorded for the six months ended 30 June 2020.

(Loss)/profit attributable to owners of the Company

As a result of the foregoing, our loss attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB11.0 million, and we recorded a loss attributable to owners of the Company of approximately RMB13.6 million recorded for the same period in 2020, representing a reduction in loss of approximately 19.3% as compared to the same period in 2020.

We recorded a loss attributable to owners of the Company for the six months ended 30 June 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded a profit attributable to owners of the Company amounted to approximately RMB59.0 million for the six months ended 30 June 2021, whereas we would have recorded a profit attributable to owners of the Company amounted to approximately RMB54.1 million for the six months ended 30 June 2020.

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

Our unaudited non-IFRS adjusted loss for the six months ended 30 June 2021 amounted to approximately RMB11.0 million, as compared to our unaudited non-IFRS adjusted loss for the six months ended 30 June 2020 of approximately RMB13.6 million. We recorded an unaudited non-IFRS adjusted loss for the six months ended 30 June 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB59.0 million for the six months ended 30 June 2021, whereas we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB54.1 million for the six months ended 30 June 2020.

* For identification purpose only



Management Discussion and Analysis

Liquidity and capital resources

For the six months ended 30 June 2021, we generated sufficient cash through our operating activities to satisfy our capital needs for our business operations. We intend to provide financial support to our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Gearing ratio

As at 30 June 2021, the Group's gearing ratio (total liabilities divided by total assets) was 11.8% (31 December 2020: 12.0%).

Term deposits

As at 30 June 2021, we had term deposits of approximately RMB961.8 million (31 December 2020: approximately RMB725.6 million), which were mainly denominated in RMB and United States dollars ("USD"). The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2021 was approximately 1.6%.

Cash and cash equivalents

As at 30 June 2021, we had cash and cash equivalents of approximately RMB208.3 million (31 December 2020: approximately RMB389.1 million), which primarily consisted of cash at banks and in hand and short-term bank deposits, which were mainly denominated in RMB (as to approximately 23.2%), USD (as to approximately 66.5%) and other currencies (as to approximately 10.3%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

As at 30 June 2021, the total amount of the net proceeds from our initial public offering had been fully utilized.

Equity investment at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 30 June 2021, the fair value of our unlisted and listed investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB64.3 million (31 December 2020: approximately RMB67.2 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Dalian Zeus Entertainment Co., Ltd. (Shenzhen Stock Exchange: 002354), Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other unlisted and listed investments classified as equity investments at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2021.



Management Discussion and Analysis

Investments at fair value through profit or loss

As at 30 June 2021, we also recorded investments at fair value through profit or loss amounted to approximately RMB632.2 million (31 December 2020: approximately RMB708.0 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 30 June 2021, the fair values of the investments in asset management plans were determined by discount cash flows model; the fair values of the investments in equity investment partnerships were determined by market approach and discount cash flows model; and the fair values of investments in wealth management products, which have an initial term ranging from immediate to 360 days, were determined based on the estimated rate of return of investments. For the six months ended 30 June 2021, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB70.2 million (fair value losses for the six months ended 30 June 2020: approximately RMB71.1 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 Group has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs even after the investments in wealth management products. During the six months ended 30 June 2021, the Company entered into various transactions with one licensed bank in the PRC regarding a type of deposit in an aggregate sum of RMB48.0 million. Such deposit constituted discloseable transactions under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The deposit was fully redeemed as at 30 June 2021. For further details, please refer to the Company's announcement dated 23 April 2021. Save as disclosed above, each of the other investments made by the Group does not constitute a notifiable transaction or a connected transaction of the Group 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 inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited (深圳市東方博雅科技有限公司) ("**Boyaa Shenzhen**"), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise ("**Jiaxing Boyaa**") with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the six months ended 30 June 2021, the Group's accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2021 was approximately RMB33.0 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.



Management Discussion and Analysis

On 25 October 2018, the Group, through Boyaa On-line Game Development (Shenzhen) Co., Ltd* (博雅網絡遊戲開發(深圳)有限公司) (“**Boyaa PRC**”), had subscribed for two RMB wealth management products issued by Industrial and Commercial Bank of China at the amount of RMB200.0 million and RMB128.5 million, respectively (the “**Wealth Management Products**”). As at 30 June 2021, the fair value of the two Wealth Management Products were approximately RMB218.8 million and RMB138.9 million, respectively. The Wealth Management Products were assessed by the Group as very low-risk products. As at 30 June 2021, the bank accounts which holds the Wealth Management Products had been frozen. For details as to the circumstance leading to the freezing of the accounts, please refer to Note 22 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this report (“**Note 22**”) and the announcements of the Company dated 1 September 2019, 13 December 2019, 3 January 2020, 6 January 2020 and 9 November 2020.

We consider that, save for our capital investment in Jiaying Boyaa as a limited partnership and the subscription of the Wealth Management Products, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2021.

Borrowings

For the six months ended 30 June 2021, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditure

For the six months ended 30 June 2021, our capital expenditure amounted to approximately RMB9.0 million (for the six months ended 30 June 2020: approximately RMB2.9 million). The capital expenditure mainly included purchasing equipment and leasehold improvements of approximately RMB9.0 million (for the six months ended 30 June 2020: approximately RMB2.9 million), which was funded by using our cash flows generated from our operations.

Commitment

As at 30 June 2021, the Group did not have significant outstanding commitments.

Contingent liabilities and guarantee

As at 30 June 2021, the Group did not have any significant unrecorded contingent liabilities and guarantees.

Material acquisitions and disposals

Saved as disclosed in this interim report, the Group did not have any material acquisitions or disposals of subsidiaries, consolidated affiliated entities or associated companies for the six months ended 30 June 2021.

* For identification purposes only



Management Discussion and Analysis

Pledge/charge of the Group's assets

As at 30 June 2021, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 30 June 2021, we had a total of 262 full time employees, who are mainly based in mainland China. In particular, 211 employees are responsible for our game development and operation functions, 34 employees for game support and 17 employees for administration and senior management functions.

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

For the six months ended 30 June 2021, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB39.8 million, representing approximately 34.4% 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 Scheme adopted by the Company in September 2013 (the "**RSU Scheme**"), there were a total of 5,722,429 share options and 4,187,089 shares underlying the RSUs outstanding and/or granted to a total of 241 directors, senior management members and employees of the Group as at 30 June 2021. There were also 53,040,494 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme will be set out in the section headed "Share Option Schemes and Restricted Share Unit Scheme" in the Other Information section in this report.

On 19 July 2021, the Company has adopted a new RSU Scheme. For further details, please refer to the announcement of the Company dated 19 July 2021.



Management Discussion and Analysis

Significant investments and future plans for major investments

At at 30 June 2021, the Group's significant investment of Jiaxing Boyaa was classified as investments at fair value through profit or loss. Jiaxing Boyaa mainly carried out equity investments and venture capital investments. As at 30 June 2021, the investee companies held by Jiaxing Boyaa were (1) Shanghai Niwo Information Service Co., Ltd.* (上海大途弘安信息科技有限公司); (2) Nong Fa Zi Ran (Shanghai) Agricultural Technology Co., Ltd.* (農法自然(上海)農業科技有限公司); (3) Shandong Zhendong Network Technology Co., Ltd.* (山東震東網絡科技有限公司); (4) Dalian Jijie Technology Co., Ltd.* (大連集杰科技有限公司); (5) Yunnan Xiyuan Network Technology Co., Ltd.* (雲南西元網絡科技有限公司); (6) Shenzhen Gule Time Technology Co., Ltd.* (深圳市穀樂時光科技有限公司); (7) Shanghai Shandian Technology Co., Ltd.* (上海閃店聯信息科技有限公司); (8) Centaurs Technologies Co., Ltd. (深圳市人馬互動科技有限公司) (collectively, the “**Investee Companies**”), which are mainly engaged in industries of (i) information technology focusing on, inter alia, the provision of interactive media platforms and business intelligence systems; (ii) agricultural technology, and (iii) online card and board games. Based on the information and report provided by the managing partner of Jiaxing Boyaa, due to the economic downturn caused by the COVID-19 Pandemic and market factors, the prospects of the online card and board game industry and the information technology industry may be uncertain. The Company believes and maintains prudence in Jiaxing Boya's investment portfolio and continues to pay attention to the development of its investment portfolio. None of the Investee Company have a carrying amount that accounts for more than 5% of the total assets as at 30 June 2021.

The fair value of Jiaxing Boyaa is determined through conducting an independent valuation of each underlying Investee Company by an independent professional valuer engaged by the Company. Income approach is mainly adopted in the fair value estimation for the corresponding underlying Investee Companies.

* For identification purposes only

Management Discussion and Analysis

Under the income approach, a discounted cash flow (the “DCF”) method is adopted. The DCF method begins with an estimation of the annual cash flows. The estimated cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the certain underlying Investee Companies’ projected cash flows. The present values of the estimated cash flows are then added to the present value equivalent of the residual value of the certain underlying Investee Companies at the end of the discrete projection period to arrive at an estimate of the values.

As at 30 June 2021, the fair value of Jiaying Boyaa was estimated to be approximately RMB33.0 million. For the six months ended 30 June 2021, the fair value loss of the investment in Jiaying Boyaa was approximately RMB80.8 million. We will closely monitor the performance of Jiaying Boyaa on an on-going basis.

As at 30 June 2021, as disclosed in Note 15 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this report, the Group also held the Wealth Management Products in the sum of approximately RMB379.2 million. Information of the Wealth Management Products which had a carrying amount for more than 5% of the total assets as at 30 June 2021 are as follows:

Issuer of the Wealth Management Product	Name of the Wealth Management Product	Initial investments (RMB'000)	Fair value gain for the six months ended	Fair value as at	Size of fair value relative to total assets of the Group as at
			30 June 2021 (RMB'000)	30 June 2021 (RMB'000)	30 June 2021
Industrial and Commercial Bank of China	Net-worth Wealth Management Product of Industrial and Commercial Bank of China for Corporate – “Tain Li Bao” * (中國工商銀行法人「添利寶」淨值型理財產品) (Product Code: TLB1801)	200,000	3,471	218,795	9.5%
Industrial and Commercial Bank of China	Net-worth RMB Wealth Management Product without Fixed Term of Industrial and Commercial Bank of China for of “e Ling Tong” * (中國工商銀行「e靈通」淨值型法人無固定期限人民幣理財產品) (Product Code: 1701ELT)	128,500	1,912	138,850	6.0%

The Wealth Management Products are classified as low-risk with short investment duration and high liquidity and with reference to the similar investment products in the market and their general rates of return. The Board is of the view that the investments in the Wealth Management Products are fair and reasonable and in the best interests of the Company and its shareholders as a whole. As at 30 June 2021, the bank accounts which holds the Wealth Management Products have been frozen. For details, as to the circumstances, leading to the freezing of the accounts, please refer to Note 22.

The Group has been continuously reviewing its business and investment strategies pursuant to the Group’s financial needs and change of financial circumstances and will take a prudent approach in allocating its financial assets. The Group will continue to explore different investment portfolios as part of its assets allocation plan, including but not limited to the selection of fixed income assets and the vehicles the Group uses to access them.

* For identification purposes only



Other Information

CONTRACTUAL ARRANGEMENTS

Reasons for Contractual Arrangements

Reference is made to the section headed “History, Reorganization and Corporate Structure – Contractual Arrangements” in the prospectus of the Company dated 31 October 2013 (the “**Prospectus**”) and the section headed “Connected Transactions – Contractual Arrangements” in the Directors’ Report of the Company’s 2020 Annual Report.

The Group is primarily engaged in the development and operation of online card and board games business and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of the websites of the Group. The Group conducts online games business through a PRC operating entity, Boyaa Shenzhen. According to provisions on the Administration of Foreign funded Telecommunications Enterprises issued by the State Council on 11 December 2001 and amended on 10 September 2008 and 6 February 2016, and the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2020) published by the National Development and Reform Commission and the Ministry of Commerce on 23 June 2020, foreign investors are not allowed to hold more than 50% of the equity interest in a company providing value-added telecommunications services (except for e-commerce, domestic multi-party communication, store and forward, and call center). Internet content provision services are classified as value-added telecommunications businesses, and a commercial operator of such services must obtain an Internet Content Provider (the “**ICP**”) license from the appropriate telecommunications authorities in order to carry on any commercial internet content provision operations in China. Boyaa Shenzhen has obtained the requisite ICP license for the operations of the Group. Therefore, in order for the Group to be able to carry on its online games business in China in compliance with the applicable PRC laws and regulations, the Group entered into the Contractual Arrangements (the “**Contractual Arrangements**”) with Boyaa Shenzhen through an indirect wholly-owned subsidiary, Boyaa PRC, pursuant to which the Group will be able to assert management control over the operations of, and enjoy all economic benefits of, Boyaa Shenzhen. In addition, the Group will be able to consolidate Boyaa Shenzhen’s financial results in the results of the Company under IFRS as if it was a wholly-owned subsidiary of the Company. There are no new Contractual Arrangements entered into, renewed or reproduced between the Group and Boyaa Shenzhen during the six months ended 30 June 2021. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the six months ended 30 June 2021. During the six months ended 30 June 2021, none of the agreements underlying the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements has been removed.



Other Information

In addition, a foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services overseas (the “**Qualification Requirement**”). As advised by the Company’s PRC legal advisers, as at 30 June 2021, there were no applicable PRC laws, regulations or rules that provide clear guidance or interpretation on the Qualification Requirement. Therefore, in order for the Company to be able to carry on its business in China, the Group has taken steps to build up its track record of overseas telecommunications business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interest of Boyaa Shenzhen when the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership in online culture products and business are lifted. Moreover, the Group has completed equity investments in Shenzhen Coalaa Network Technology Co., Ltd. (深圳市卡拉網絡科技有限公司), Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司), Shenzhen Guanhai Technology Co., Ltd. (深圳市觀海科技有限公司) (voluntary dissolved in 2020) and Function Technology Co., Ltd. (voluntary dissolved in 2020) (collectively referred to as “**Coalaa**”), through a series of agreements and at a total consideration of RMB5 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version), which is offered as both a web-based game and a mobile game and in 10 language versions, including Arabian, Indonesian and Thai, as its important games. Through such acquisition, we aim to further complement the Group’s game portfolio and further expand its market share in overseas market, and in particular, the Thai market.

Boyaa Shenzhen is significant to the Group as it holds certain licenses and permits that are essential to the operation of the business of the Group, including ICP License and Internet Culture Business License. In addition, Boyaa Shenzhen also holds certain intellectual property rights, including software copyrights, trademarks, patents and domain names. The revenue and the total asset value of Boyaa Shenzhen subject to the Contractual Arrangements amounted to approximately RMB10.9 million for the six months ended 30 June 2021 and approximately RMB720.4 million as at 30 June 2021, respectively.



Other Information

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

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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

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



Other Information

Risks associated with the Contractual Arrangements

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

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

Mitigation actions taken by the Company

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

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



Other Information

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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

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

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



Other Information

Risks associated with the Contractual Arrangements

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

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

Mitigation actions taken by the Company

Boyaa Shenzhen has successfully renewed its "High and New Technology Enterprise" ("HNTTE") qualification under the PRC Corporate Income Tax Law in 2018 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the six month ended 30 June 2021 (2020: 15%). Boyaa Shenzhen is still renewing the HNTTE qualification as at the date of this interim report. See Note 9 to the condensed consolidated financial statements of this report.

Boyaa PRC has successfully renewed its HNTTE qualification under the PRC Corporate Income Tax Law in 2019 and as a result, Boyaa PRC enjoyed a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Therefore, the actual income tax rate for Boyaa PRC was 15% for the six month ended 30 June 2021 (2020: 15%). Also see Note 9 to the condensed consolidated financial statements of this report.

As a result, as both Boyaa Shenzhen and Boyaa PRC enjoy the reduced income tax rate of 15%, the transfer of the before-tax profits by Boyaa Shenzhen to Boyaa PRC during the reporting period or any future period will not result in increased income tax expenses for the Group on a consolidated basis and hence will not materially and adversely affect the Group's results of operations, particularly, its net profit and net profit margin.

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



Other Information

Risks associated with the Contractual Arrangements

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

Mitigation actions taken by the Company

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

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



Other Information

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

As at 30 June 2021, the interests and short positions of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

(a) Interests in the Company

Name of Director/ Chief Executive	Name of company	Capacity/ Nature of interest	Number of shares/ underlying shares held ⁽¹⁾	Approximate percentage of shareholding ⁽⁴⁾
Mr. Dai Zhikang ⁽²⁾	The Company	Founder of a discretionary trust	36,500,000 (L)	5.13%
Mr. Tao Ying ⁽³⁾	The Company	Beneficial owner	135,000 (L)	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Visioncode Holdings Limited, a company wholly-owned by a trust named the Visioncode Trust (the "Dai Family Trust"), directly holds the entire issued share capital of Comsenz Holdings Limited. The Dai Family Trust is a discretionary trust established by Mr. Dai Zhikang (as the settlor) and the discretionary beneficiaries of which include Mr. Dai Zhikang and his children. Accordingly, Mr. Dai Zhikang is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (3) Ms. Tao Ying is interested in 50,000 underlying Shares in respect of the RSUs granted by Company under the 2013 RSU Scheme and 85,000 underlying Shares in respect of the options granted by the Company under the Post-IPO Share Option Scheme.
- (4) As at 30 June 2021, the Company had 710,876,301 issued shares.

(b) Interests in associated corporations of the Company

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

Save as disclosed above, as at 30 June 2021, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.



Other Information

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

As at 30 June 2021, the following persons (other than the directors or the chief executive of the Company) have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Name of company	Nature of interest	Number of Shares or securities held ⁽¹⁾	Approximate percentage of interest ⁽⁶⁾
Mr. Zhang Wei ⁽²⁾	The Company	Founder of a discretionary trust	246,237,474 (L)	34.64%
Cantrust (Far East) Limited ⁽³⁾	The Company	Trustee of a trust	282,737,474 (L)	39.77%
Rustem Limited ⁽³⁾	The Company	Nominee for another person	282,737,474 (L)	39.77%
Chunlei Investment ⁽²⁾	The Company	Interest in a controlled corporation	246,237,474 (L)	34.64%
Boyaa Global Limited ⁽³⁾	The Company	Beneficial owner	176,572,474 (L)	24.84%
Emily Technology Limited ⁽³⁾	The Company	Beneficial owner	69,665,000 (L)	9.80%
Visioncode Holdings Limited ⁽⁴⁾	The Company	Interest in a controlled corporation	36,500,000 (L)	5.13%
The Core Trust Company Limited ⁽⁵⁾⁽⁷⁾	The Company	Trustee of a trust	56,711,350 (L)	7.98%
The Core Admin Boyaa RSU Limited ⁽⁵⁾⁽⁷⁾	The Company	Nominee for another person	56,703,829 (L)	7.98%
TCT (BVI) Limited ⁽⁵⁾⁽⁷⁾	The Company	Other	56,711,350 (L)	7.98%

Notes:

- (1) The letter "L" denotes the person's long position in such shares.
- (2) Chunlei Investment Limited ("**Chunlei Investment**"), a company wholly-owned by a trust named the Chunlei Trust (the "**Zhang Family Trust**"), directly holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, Mr. Zhang Wei is deemed to be interested in the 176,572,474 shares and 69,665,000 shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (3) Cantrust (Far East) Limited, the trustee of the Zhang Family Trust, holds the entire issued share capital of Chunlei Investment through Rustem Limited (as nominee for Cantrust (Far East) Limited). Chunlei Investment in turn holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, each of Mr. Zhang Wei, Cantrust (Far East) Limited and Chunlei Investment are deemed to be interested in the shares held by each of Boyaa Global Limited and Emily Technology Limited under the SFO, respectively.
- (4) Visioncode Holdings Limited, a company wholly-owned by the Dai Family Trust, directly holds the entire issued share capital of Comsenz Holdings Limited. Accordingly, Visioncode Holdings Limited is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited under the SFO.
- (5) The Core Trust Company Limited, being the RSU Trustee, indirectly holds the entire issued share capital of The Core Admin Boyaa RSU Limited as the RSU nominee, which holds 56,703,829 shares underlying the RSUs (as defined below) granted and to be granted under the 2013 RSU Scheme (as defined below) for the benefit of eligible participants pursuant to the 2013 RSU Scheme (as defined below) through its wholly-owned subsidiary TCT (BVI) Limited.
- (6) As at 30 June 2021, the Company had 710,876,301 issued shares.
- (7) Pursuant to Section 336 of the SFO, the shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 30 June 2021, no persons (other than the directors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.



Other Information

SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEME

Post-IPO Share Option Scheme

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

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from 12 November 2013, being the date on which the trading of shares of the Company on the Stock Exchange commenced (the “**Listing Date**”). Accordingly, as at 30 June 2021, the remaining life of the Post-IPO Share Option Scheme is approximately two years and four months.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus and the Company’s 2020 Annual Report. During the six months ended 30 June 2021, 360,000 options granted under the Post-IPO Share Option Scheme have been lapsed, no option has been granted or agreed to be granted nor has any option been cancelled under the Post-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2021 under the Post-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2021” below.

Pre-IPO Share Option Scheme

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

No further options can be granted under the Pre-IPO Share Option Scheme after the Listing Date. However, all options granted under the Pre-IPO Share Option Scheme are exercisable over an eight-year period from the date of vesting. Therefore, given that the last batch of options under the Pre-IPO Share Option Scheme were granted on 1 November 2012 and the options so granted shall vest over a period of four years after the date of grant, as at 30 June 2021, such remaining life is three years and four months.

Further details of the principal terms of the Pre-IPO Option Scheme are set out in the Prospectus and the Company’s 2020 Annual Report. As at 30 June 2021, no options to subscribe for shares of the Company remained outstanding under the Pre-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2021 under the Pre-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2021” below.



Other Information

Restricted Share Unit Scheme (the “RSU Scheme”)

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

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

Further details of the principal terms of the 2013 RSU Scheme are set out in the Prospectus and the Company’s 2020 Annual Report. During the six months ended 30 June 2021, no RSU has been granted or agreed to be granted under the 2013 RSU Scheme, nor has any RSU been cancelled. Details of the movements in the RSUs under the 2013 RSU Scheme are set out in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2021” below.



Other Information

Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 30 June 2021

Name of option holder/ Grantees of RSU	Position held with the Group	Nature	Number of shares represented by options or RSUs at 1 January 2021	Date of grant	Granted during the period	Exercise price	Exercised during the period	Weighted average closing price of shares immediately before the dates on which the options were exercised	Lapsed during the period	Number of shares represented by options or RSUs at 30 June 2021
Director of the Company										
Ms. Tao Ying	Executive Director	Options	85,000	7 September 2015	-	HK\$3.108	-	-	-	85,000
		RSUs	50,000	12 March 2015	-	-	-	-	-	50,000
		granted under 2013 RSU Scheme								
		Sub-total	135,000		-		-		-	135,000
248 employees and previous employees of the Group										
		Options	5,997,429	7 September 2015	-	HK\$3.108	-	-	360,000	5,637,429
		RSUs	60,909	1 February 2011	-	-	-	-	-	60,909
		granted	22,202	2 March 2012	-	-	-	-	-	22,202
		under	22,408	1 July 2012	-	-	16,500	-	-	5,908
		2013	4,290,499	4 March 2013	-	-	315,500	-	72,417	3,902,582
		RSU	194,439	12 March 2015	-	-	-	-	48,951	145,488
		Scheme								
		Sub-total	10,587,886		-		352,000		481,368	9,774,518
Total										
		Options	6,082,429	7 September 2015	-	HK\$3.108	-	-	360,000	5,722,429
		RSUs	60,909	1 February 2011	-	-	-	-	-	60,909
		granted	22,202	2 March 2012	-	-	-	-	-	22,202
		under	22,408	1 July 2012	-	-	16,500	-	-	5,908
		2013	4,290,499	4 March 2013	-	-	315,500	-	72,417	3,902,582
		RSU	244,439	12 March 2015	-	-	-	-	48,951	195,488
		Scheme								
		Total	10,722,886		-		332,000		481,368	9,909,518



Other Information

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

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

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

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

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

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

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

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

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

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



Other Information

(c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the 2013 RSU Scheme

The grantees of the RSUs granted under the 2013 RSU Scheme as referred to in the table above are not required to pay for the grant of any RSU under the 2013 RSU Scheme.

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

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

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

For the RSUs granted on 12 March 2015, they shall vest as follows:

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

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



Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021.

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

Save as disclosed under the section "SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEME" of this interim report, at no time during the six months ended 30 June 2021 was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.



Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021, the Company has at all times complied with the applicable code provisions of the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviation:

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following a specific enquiry made by the Company, that they have at all times complied with the Model Code throughout the six months ended 30 June 2021.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors’ biographical details of the Company since the publication date of the 2020 Annual Report of the Company are as follows:

Mr. Cheung Ngai Lam, an independent non-executive director of the Company, has been appointed as an executive director of Silk Road Logistics Holdings Limited (HKEx Stock Code: 988) with effect from 4 June 2021 and had resigned as an independent non-executive director of Guoan International Limited (HKEx Stock Code: 143) on 17 June 2021.

Mr. Choi Hon Keung Simon, an independent non-executive director of the Company, has been appointed as an executive director of Sun International Group (HKEx Stock Code: 8029) Limited with effect from 2 June 2021.

Save as disclosed above, there is no other change in the directors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2020 Annual Report of the Company.



Other Information

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited consolidated financial statements and the interim report of the Group for the six months ended 30 June 2021. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

Reference is made to Note 22 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this report and the announcements of the Company dated 1 September 2019, 4 September 2019, 13 December 2019, 3 January 2020, 6 January 2020 and 9 November 2020.

The Company is informed, on 3 September 2021, that the PRC court of second instance (the “**Appeal Court**”) had made a decision on the Appeal Hearing to quash the Judgment and remanded the case to the Trial Court for a retrial (the “**Retrial**”) since it is of the view that certain facts under the Judgment is unclear. As advised by the PRC Legal Advisers, the Judgment has been quashed by the Appeal Court, and the frozen funds involved (the “**Frozen Sum**”) (amounted to approximately RMB671,758,000 as at 30 June 2021 as disclosed in Note 22) will remain frozen. The PRC court will not order payment of the Frozen Sum until the final effective judgment is handed down by the PRC court. As advised by the PRC Legal Advisers, as at the date of this report, the PRC court had not yet indicated the timetable of the Retrial.

For further details, please refer to the announcement of the Company dated 3 September 2021.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

As at 30 June 2021, proceeds from the abovementioned issuances have been used up.



Independent Review Report



TO THE BOARD OF DIRECTORS OF BOYAA INTERACTIVE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 36 to 60 which comprises the condensed consolidated statement of financial position of the Boyaa Interactive International Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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



Independent Review Report

BASIS FOR QUALIFIED CONCLUSION

We were unable to obtain sufficient appropriate evidence to satisfy ourselves as to the recoverability of frozen investments at fair value through profit or loss and restricted bank deposits of RMB379,193,000 and RMB292,565,000 as at 30 June 2021 respectively and RMB373,816,000 and RMB291,866,000 as at 31 December 2020 respectively. Given the scope limitation, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying amounts of frozen investments at fair value through profit or loss and restricted bank deposits as at 30 June 2021 and 31 December 2020 were necessary.

QUALIFIED CONCLUSION

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

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Yeung Hong Chun

Practising Certificate Number P07374

Hong Kong, 26 August 2021



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Three Months and Six Months Ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	5	96,564	95,377	181,483	188,460
Cost of revenue		(31,498)	(27,978)	(58,824)	(55,863)
Gross profit		65,066	67,399	122,659	132,597
Other losses, net	6	(31,737)	(51,689)	(73,080)	(70,663)
Selling and marketing expenses		(6,025)	(6,125)	(14,160)	(11,184)
Administrative expenses		(20,850)	(31,228)	(42,599)	(59,150)
Operating profit/(loss)		6,454	(21,643)	(7,180)	(8,400)
Finance income	7	4,995	5,279	9,893	10,844
Finance costs	8	(59)	(141)	(133)	(300)
Share of losses of associates		(787)	(1,129)	(1,479)	(1,697)
Profit/(loss) before income tax		10,603	(17,634)	1,101	447
Income tax expense	9	(5,436)	(7,835)	(12,052)	(14,013)
Profit/(loss) for the period attributable to owners of the Company	10	5,167	(25,469)	(10,951)	(13,566)
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		2,229	9,782	(2,988)	415
Exchange differences on translation		(1,251)	196	(884)	1,437
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		(5,312)	347	(3,746)	4,795
Other comprehensive (expenses)/ income for the period, net of tax		(4,334)	10,325	(7,618)	6,647
Total comprehensive income/ (expenses) for the period attributable to owners of the Company		833	(15,144)	(18,569)	(6,919)
Earnings/(loss) per share (RMB cents)	12				
– Basic		0.78	(3.85)	(1.67)	(2.05)
– Diluted		0.78	(3.85)	(1.67)	(2.05)



Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	42,571	40,981
Right-of-use assets		3,365	5,049
Intangible assets		–	27
Investments in associates		8,453	9,933
Equity investments at fair value through other comprehensive income	14	64,258	67,246
Investments at fair value through profit or loss	15	605,207	705,136
Prepayments, deposits and other receivables		18,318	25,601
Deferred tax assets		9,106	12,205
Restricted bank deposits	17	292,565	291,866
		1,043,843	1,158,044
Current assets			
Trade receivables	16	27,346	19,557
Prepayments, deposits and other receivables		32,372	37,989
Investments at fair value through profit or loss	15	27,000	2,900
Term deposits		961,798	725,631
Bank and cash balances		208,268	389,108
		1,256,784	1,175,185
Total assets		2,300,627	2,333,229
EQUITY AND LIABILITIES			
Equity			
Share capital	19	232	232
Reserves		2,028,015	2,046,584
Total equity		2,028,247	2,046,816



Condensed Consolidated Statement of Financial Position

At 30 June 2021

	Notes	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Liabilities			
Non-current liabilities			
Lease liabilities		–	806
Deferred tax liabilities		7,501	6,574
		7,501	7,380
Current liabilities			
Trade payables	18	1,061	1,932
Accruals and other payables		72,127	79,427
Contract liabilities		8,458	15,071
Lease liabilities		2,806	3,810
Current tax liabilities		180,427	178,793
		264,879	279,033
Total liabilities		272,380	286,413
Total equity and liabilities		2,300,627	2,333,229
Net current assets		991,905	896,152
Total assets less current liabilities		2,035,748	2,054,196



Condensed Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2021

(Unaudited)
Attributable to owners of the Company

	Shares capital	Share premium	Repurchased shares	Share held for RSU scheme	Capital reserve	Foreign currency translation reserve	Statutory reserve	Share-based payments reserve	Other reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	234	380,970	(4,864)	(14)	2,000	24,490	33,990	80,721	(246,204)	1,838,920	2,110,243
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	6,232	-	-	415	(13,566)	(6,919)
Repurchase of ordinary shares	-	-	(1,577)	-	-	-	-	-	-	-	(1,577)
Cancellation of ordinary shares	(2)	(6,439)	6,441	-	-	-	-	-	-	-	-
Share-based payments – exercise and lapse of share options and RSUs	-	877	-	-	-	-	-	(877)	-	-	-
Changes in equity for the period	(2)	(5,562)	4,864	-	-	6,232	-	(877)	415	(13,566)	(8,496)
At 30 June 2020	232	375,408	-	(14)	2,000	30,722	33,990	79,844	(245,789)	1,825,354	2,101,747
At 1 January 2021	232	373,294	-	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,793,818	2,046,816
Total comprehensive (expenses)/ income for the period	-	-	-	-	-	(4,630)	-	-	(2,988)	(10,951)	(18,569)
Share-based payments – exercise and lapse of share options and RSUs	-	294	-	-	-	-	-	(294)	-	-	-
Changes in equity for the period	-	294	-	-	-	(4,630)	-	(294)	(2,988)	(10,951)	(18,569)
At 30 June 2021	232	373,588	-	(14)	2,000	(5,925)	33,990	79,497	(237,988)	1,782,867	2,028,247



Condensed Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2021

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cash flows from operating activities		
Cash generated from operating activities	67,946	72,173
Income tax paid	(9,003)	(8,258)
Lease interests paid	(133)	(300)
Net cash generated from operating activities	58,810	63,615
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(807,712)	(565,638)
Proceeds from maturity of term deposits with original maturities over three months	570,849	227,906
Interest received	8,205	7,431
Dividends from investments at fair value through profit or loss	–	430
Purchases of investments at fair value through profit or loss	(55,000)	(335,200)
Proceeds from settlements of investments at fair value through profit or loss	58,778	442,947
Purchases of property, plant and equipment	(9,284)	(2,940)
Proceeds from disposals of property, plant and equipment	148	222
Net cash used in investing activities	(234,016)	(224,842)
Cash flows from financing activities		
Repayment of lease liabilities	(1,850)	(1,850)
Repurchase of ordinary shares	–	(1,577)
Net cash used in financing activities	(1,850)	(3,427)
Net decrease in cash and cash equivalents	(177,056)	(164,654)
Effect of foreign exchange rate changes	(3,784)	3,536
Cash and cash equivalents at beginning of the period	389,108	487,301
Cash and cash equivalents at end of the period	208,268	326,183
Analysis of cash and cash equivalents		
Bank and cash balances	208,268	326,183



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS

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

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

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

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

Description	Fair value measurements at 30 June 2021 using:			Total 30 June 2021
	Level 1	Level 2	Level 3	
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	115,700	115,700
– Equity investment partnerships	–	–	137,314	137,314
– Wealth management products	–	–	379,193	379,193
	–	–	632,207	632,207
Equity investments at fair value through other comprehensive income				
– Listed equity securities in PRC	22,639	–	–	22,639
– Listed equity securities in Hong Kong	38,193	–	–	38,193
– Listed equity securities in USA	3,426	–	–	3,426
	64,258	–	–	64,258
Total recurring fair value measurements	64,258	–	632,207	696,465



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

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

Description	Fair value measurements at 31 December 2020 using:			Total 31 December 2020
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	RMB'000 (audited)
Recurring fair value measurements:				
Investments at fair value through profit or loss				
– Asset management plans	–	–	110,900	110,900
– Equity investment partnerships	–	–	223,320	223,320
– Wealth management products	–	–	373,816	373,816
	–	–	708,036	708,036
Equity investments at fair value through other comprehensive income				
– Listed equity securities in PRC	17,764	–	–	17,764
– Listed equity securities in Hong Kong	47,500	–	–	47,500
– Listed equity securities in USA	1,982	–	–	1,982
	67,246	–	–	67,246
Total recurring fair value measurements	67,246	–	708,036	775,282



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS *(Continued)*

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

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

Description	Equity investments at fair value through other comprehensive income RMB'000 (unaudited)	Investments at fair value through profit or loss RMB'000 (unaudited)	Total RMB'000 (unaudited)
At 1 January 2020	2,417	997,359	999,776
Total gains or losses recognised			
in profit or loss (#)	–	(71,071)	(71,071)
in other comprehensive income	(1,530)	–	(1,530)
Purchases	–	335,200	335,200
Settlements	–	(442,947)	(442,947)
Currency translation differences	1	368	369
At 30 June 2020	888	818,909	819,797
(#) Include gains or losses for assets held at end of reporting period	–	(72,739)	(72,739)

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

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021:

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 30 June 2021 RMB'000 (unaudited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	12.34%	Decrease	115,700	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	137,314	
		Discount cash flows model	Discount rate	21.00%-26.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.00%-3.50%	Increase	379,193	



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 30 June 2021: (Continued)

Level 3 fair value measurements (Continued)

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value at 31 December 2020 RMB'000 (audited)	
<i>Investments at fair value through profit or loss</i>						
Asset management plans	Discount cash flows model	Discount rate	13.10%	Decrease	110,900	
Equity investment partnerships	Market approach	Lack of marketability discount	16.00%	Decrease	223,320	
		Discount cash flows model	Discount rate	16.00%-27.00%		Decrease
		Growth rate	3.00%	Increase		
Wealth management products	Discount cash flows model	Estimated return	3.00%-3.50%	Increase	373,816	

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



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Web-based games	36,916	38,388	71,527	75,234
Mobile games	59,648	56,989	109,956	113,226
Revenue from contracts with customers	96,564	95,377	181,483	188,460

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
At a point of time	96,564	95,377	181,483	188,460

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:

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Simplified Chinese	7,162	10,097	12,669	25,064
Other languages	89,402	85,280	168,814	163,396
	96,564	95,377	181,483	188,460

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three and six months ended 30 June 2020: nil).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Mainland China	59,996	67,633
Other locations	12,711	13,958
	72,707	81,591

6. OTHER LOSSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Dividends from investments at fair value through profit or loss	–	430	–	430
Gain/(loss) on disposals of property, plant and equipment	25	51	(451)	51
Government subsidies and tax rebates (Note)	108	2,483	200	3,025
Net foreign exchange (losses)/gains	(1,668)	2,561	(2,556)	(3,058)
Fair value changes on investments at fair value through profit or loss	(30,283)	(57,187)	(70,182)	(71,071)
Others	81	(27)	(91)	(40)
	(31,737)	(51,689)	(73,080)	(70,663)

Note:

Government subsidies represented various industry-specific subsidies granted by the government authorities to subsidise the research and development costs incurred by the Group during the course of its business.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

7. FINANCE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest revenue	4,786	5,246	9,476	10,641
Interest revenue on non-current loans to employees	209	33	417	203
	4,995	5,279	9,893	10,844

8. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Lease interests	59	141	133	300

9. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current tax				
– PRC Enterprise Income Tax (“EIT”) and other jurisdictions	3,982	6,539	10,737	13,418
Deferred tax	1,454	1,296	1,315	595
	5,436	7,835	12,052	14,013



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

9. INCOME TAX EXPENSE (Continued)

(a) EIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Limited has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification under PRC Enterprise Income Tax Law (“**EIT Law**”) during the year ended 31 December 2018 and as a result, Shenzhen Dong Fang Bo Ya Technology Co., Limited enjoy a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. Therefore, the applicable tax rate for Shenzhen Dong Fang Bo Ya Technology Co., Limited was 15% (for the six months ended 30 June 2020: 15%) for the six months ended 30 June 2021. Shenzhen Dong Fang Bo Ya Technology Co., Limited is still renewing the HNTE as at the date of this report.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its HNTE qualification under EIT Law during the year ended 31 December 2019 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (for the six months ended 30 June 2020: 15%) for the six months ended 30 June 2021.

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 175% (for the six months ended 30 June 2020: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited had claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2021 and 2020.

(b) PRC withholding tax (“WHT”)

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

As at 30 June 2021, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were RMB917,405,000 (31 December 2020: RMB1,000,672,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on the management’s estimation of overseas funding requirements.

(c) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to Hong Kong dollars (“**HK\$**”) 2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2021 and 2020.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

10. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Amortisation of intangible assets – included in cost of revenue	27	27	54	134
	27	27	54	134
Depreciation	4,862	3,836	8,307	7,653
Research and development expenditure				
– included in staff costs	11,676	11,440	27,751	23,451
– included in depreciation	12	85	34	181
– included in other administrative expenses	618	2,093	1,248	4,125
	12,306	13,618	29,033	27,757
(Reversal of loss allowance)/loss allowance provision for trade receivables	(738)	1,901	(730)	330
Loss allowance provision for loans to employees	2	49	–	8
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	20,796	15,765	36,926	31,883
– Retirement benefit scheme contributions	1,321	1,771	2,851	3,365
	22,117	17,536	39,777	35,248

11. DIVIDENDS

The board of the directors of the Company (the "Board") has resolved not to declare an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

12. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	5,167	(25,469)	(10,951)	(13,566)
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	657,680	661,930	657,680	661,992

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of RMB9,284,000 (for the six months ended 30 June 2020: RMB2,940,000).

Property, plant and equipment with a carrying amount of approximately RMB599,000 (for the six months ended 30 June 2020: approximately RMB171,000) were disposed by the Group during the six months ended 30 June 2021.

14. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Equity securities, at fair value		
– Listed in PRC – Dalian Zeus Entertainment Co., Limited	22,639	17,764
– Listed in Hong Kong – Xiaomi Corporation	38,193	47,500
– Listed in USA – Qudian Inc.	3,426	1,982
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	64,258	67,246



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

15. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	88,700	108,000
– equity investment partnerships	137,314	223,320
– wealth management products (Note (i))	379,193	373,816
	605,207	705,136
Included in current assets		
Non-quoted investments in:		
– asset management plan	27,000	2,900
	632,207	708,036

Note:

- (i) Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have initial terms ranging from 30 day to 364 days. As at 30 June 2021, an amount of RMB379,193,000 were frozen (31 December 2020: RMB373,816,000) (Note 22).

16. TRADE RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables	31,208	24,144
Provision for loss allowance	(3,862)	(4,587)
Carrying amount	27,346	19,557



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

16. TRADE RECEIVABLES (Continued)

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	26,070	19,365
31 to 60 days	–	92
61 to 90 days	992	33
91 to 180 days	252	45
181 to 365 days	14	3
Over 365 days	18	19
	27,346	19,557

17. RESTRICTED BANK DEPOSITS

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

18. TRADE PAYABLES

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	807	536
31 to 90 days	1	131
91 to 180 days	1	183
181 to 365 days	–	239
Over 365 days	252	843
	1,061	1,932



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

19. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (31 December 2020: 2,000,000,000 ordinary shares) ordinary shares with par value of United States dollar (“USD”) 0.00005 (31 December 2020: USD0.00005 per share) per share.

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2020 (audited)	721,751,301	36	234
Cancellation of ordinary shares (Note)	(10,875,000)	–	(2)
At 31 December 2020 (audited), 1 January 2021 (audited) and at 30 June 2021 (unaudited)	710,876,301	36	232

Note:

For the 10,875,000 cancelled shares during the year ended 31 December 2020, 6,050,000 ordinary shares were repurchased during the year ended 31 December 2020 and 4,825,000 ordinary shares were repurchased during the year ended 31 December 2019.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

20. SHARE-BASED PAYMENTS

(a) Share options

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

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

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

	Number of share options	
	For the six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)
Outstanding at the beginning of the period	6,082,429	7,311,427
Lapsed during the period	(360,000)	(1,068,998)
Outstanding at the end of the period	5,722,429	6,242,429
Exercisable at the end of the period	5,722,429	6,242,429

No options were exercised during the six months ended 30 June 2021 and 2020.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2021 and 2020 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	For the six months ended 30 June	
			2021 (unaudited)	2020 (unaudited)
6 September 2025	HK\$3.108	3.108	5,722,429	6,242,429



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

20. SHARE-BASED PAYMENTS (Continued)

(b) Restricted Share Unit ("RSU")

Pursuant to a resolution passed by the Board of the Company on 17 September 2013, the Company set up a 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.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2021 (unaudited)	2020 (unaudited)
At 1 January	4,640,457	5,589,245
Lapsed	(121,368)	–
Vested and transferred	(332,000)	(873,788)
At 30 June	4,187,089	4,715,457
Vested but not transferred at 30 June	4,187,089	4,715,457

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$0.65 (for the six months ended 30 June 2020: HK\$1.01) per share.

Subsequent to end of the reporting period, the Company has adopted the new restricted share unit scheme, details were set out in the Company's announcements dated 19 July 2021.

(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 period, 332,000 of RSUs were vested and transferred (note (b) above), and as a result, 57,359,829 ordinary shares (31 December 2020: 57,691,829 ordinary shares) of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 30 June 2021.



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

21. RELATED PARTY TRANSACTIONS

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Amount due from a director included in other receivables	657	657
Amount due from a related party included in other receivables	2,003	2,003

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

22. MATERIAL EVENTS

In March 2019, the Company found it was not able to continue to use the idle cash reserves in its individual bank accounts (the **"Relevant Idle Cash Reserves"**) for fixed-term deposits or wealth management (the **"Incident"**). As at 30 June 2021, the Group's investments at fair value through profit or loss of RMB379,193,000 and cash and cash equivalents of RMB292,565,000 were frozen.

At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company has engaged its PRC legal advisers (the **"PRC Legal Advisers"**) to advise on this matter. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers have submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilize the Relevant Idle Cash Reserves.

Upon advice of the PRC Legal Advisers, the Company filed 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 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"**).



Notes to the Condensed Consolidated Financial Statements

For the Six Months Ended 30 June 2021

22. MATERIAL EVENTS *(Continued)*

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

The Company is discussing with its PRC Legal Advisers as to the next step forward in relation to the Judgment, including the possibility to take appropriate legal actions as to the Judgment Amount to protect the interests of the Company and its shareholders. As advised by the PRC Legal Advisers, one of the Employees had applied for appeal against the Judgment and the appeal hearing against the Judgment (the “**Appeal Hearing**”) was heard on 10 November 2020. As at the date of this report, to the best knowledge of the Directors after working all reasonable enquiries and as advised by the PRC legal Advisors, the PRC court had not handed down the judgment of the Appeal Hearing. The Judgment will not be enforced and the Judgment Amount will not be ordered to be paid until a judgment from the court has finally been handed down.

In light of the fact that (i) the Company, its directors and senior management had not been subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime as at the date of this report; (ii) the Relevant Idle Cash Reserves of the Company are only used for the purpose of investing in fixed-term deposits and wealth management products, which is the Company’s general practice; (iii) the Company has sufficient cash reserves available in the other bank accounts for its day-to-day operations; and (iv) the Company does not have any loan borrowing as at the date of this report, the Board is of the view that the Judgment would not have any material adverse impact on the business, operation and financial conditions of the Group.

The Independent Investigation Committee had held meetings in January, March, May, November 2020, March and May 2021 to discuss various matters concerning the Case and the Incident. The senior management of the Company has been maintaining close contact with the Independent Investigation Committee to ensure that any updates of the Case and the Incident can be provided to the Independent Investigation Committee on a timely basis. The Independent Investigation Committee is in the course of preparing the report with details of their findings and their view on the Case and the Incident. After discussing with the Company and its legal advisors, the Independent Investigation Committee is of the view that it will be more appropriate for them to issue the report after they received the outcome of the Appeal Hearing. As at the date of this report, the Independent Investigation Committee was of the view that there were no material findings after conducting the independent investigation which have to bring to the attention of the shareholders and potential investors of the Company.

The Company will keep the shareholders and potential investors of the Company informed of any material development in connection with the Case and the Incident as and when appropriate pursuant to the requirements under the Listing Rules.

For details, please refer to the announcements of the Company dated 1 September 2019, 4 September 2019, 13 December 2019, 3 January 2020, 6 January 2020 and 9 November 2020.

23. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 August 2021.



Reconciliation from Unaudited Loss to Unaudited Non-IFRS Adjusted Loss

For the Six Months Ended 30 June 2021

	For the six months ended 30 June		Year-on-Year Change* %
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	
Revenue	181,483	188,460	(3.7)
Cost of revenue	(58,824)	(55,863)	5.3
Gross profit	122,659	132,597	(7.5)
Other losses, net	(73,080)	(70,663)	3.4
Selling and marketing expenses	(14,160)	(11,184)	26.6
Administrative expenses	(42,599)	(59,150)	(28.0)
Operating loss	(7,180)	(8,400)	(14.5)
Finance income, net	9,760	10,544	(7.4)
Share of loss of associates	(1,479)	(1,697)	(12.9)
Profit before income tax	1,101	447	146.3
Income tax expenses	(12,052)	(14,013)	(14.0)
Loss for the period	(10,951)	(13,566)	(19.3)
Non-IFRS adjustment			
Share-based compensation expenses included in cost of revenue	–	–	–
Share-based compensation expenses included in selling and marketing expenses	–	–	–
Share-based compensation expenses included in administrative expenses	–	–	–
Non-IFRS adjusted loss	(10,951)	(13,566)	(19.3)

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



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

For the Three Months Ended 30 June 2021

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	30 June 2021 RMB'000 (unaudited)	31 March 2021 RMB'000 (unaudited)	30 June 2020 RMB'000 (unaudited)		
Revenue	96,564	84,919	95,377	1.25	13.7
Cost of revenue	(31,498)	(27,326)	(27,978)	12.6	15.3
Gross profit	65,066	57,593	67,399	(3.5)	13.0
Other losses – net	(31,737)	(41,343)	(51,689)	(38.6)	(23.2)
Selling and marketing expenses	(6,025)	(8,135)	(6,125)	(1.6)	(25.9)
Administrative expenses	(20,850)	(21,749)	(31,228)	(33.2)	(4.1)
Operating profit/(loss)	6,454	(13,634)	(21,643)	129.8	147.3
Finance income – net	4,936	4,824	5,138	(3.9)	2.3
Share of loss of associates	(787)	(692)	(1,129)	(30.3)	13.7
Profit/(loss) before income tax	10,603	(9,502)	(17,634)	160.1	211.6
Income tax expenses	(5,436)	(6,616)	(7,835)	(30.6)	(17.8)
Profit/(loss) for the period	5,167	(16,118)	(25,469)	120.3	132.1
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	–	–	–	–	–
Share-based compensation expense included in selling and marketing expenses	–	–	–	–	–
Share-based compensation expense included in administrative expenses	–	–	–	–	–
Non-IFRS adjusted net profit/(loss) (unaudited)	5,167	(16,118)	(25,469)	120.3	132.1

* 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 30 June 2021 and the immediately preceding quarter.