

# 2024 INTERIM REPORT



Feiyu Technology International Company Ltd.

飛魚科技國際有限公司

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code : 1022



To Better The Virtual World



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. YAO Jianjun (*Chairman and Chief Executive Officer*)  
Mr. CHEN Jianyu (*President*)  
Mr. BI Lin (*Vice President*)  
Mr. LIN Zhibin (*Vice President*)

### Independent Non-executive Directors

Ms. LIU Qianli  
Mr. LAI Xiaoling  
Mr. CAO Xi

## AUDIT COMMITTEE

Ms. LIU Qianli (*Chairwoman*)  
Mr. LAI Xiaoling  
Mr. CAO Xi

## REMUNERATION COMMITTEE

Ms. LIU Qianli (*Chairwoman*)  
Mr. BI Lin  
Mr. LAI Xiaoling

## NOMINATION COMMITTEE

Mr. YAO Jianjun (*Chairman*)  
Ms. LIU Qianli  
Mr. CAO Xi

## AUTHORISED REPRESENTATIVES

Mr. BI Lin  
Ms. LUI Mei Ka

## JOINT COMPANY SECRETARIES

Ms. LUI Mei Ka  
Ms. WEI Yulan

## LEGAL ADVISERS

*As to Hong Kong law:*

**Dentons Hong Kong LLP**  
Suite 3201, Jardine House  
1 Connaught Place  
Central, Hong Kong

*As to Cayman Islands law:*

**Conyers Dill & Pearman (Cayman) Limited**  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## AUDITORS

**Ernst & Young**  
*Certified Public Accountants*  
27/F, One Taikoo Place  
979 King's Road Quarry Bay  
Hong Kong

## CORPORATE INFORMATION

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### CORPORATE HEADQUARTERS

Block A, Feiyu Tower,  
No. 78 Hu'an Road, Huli District  
Xiamen, Fujian Province, PRC

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 17/F, United Centre,  
95 Queensway, Admiralty, Hong Kong

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

#### **Conyers Trust Company (Cayman) Limited**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

#### **Computershare Hong Kong Investor Services Limited**

Shops 1712-1716, 17th Floor  
Hopewell Centre, 183 Queen's Road East  
Wanchai, Hong Kong

### PRINCIPAL BANKERS

#### **The Industrial and Commercial Bank of China Xiamen Branch, Siming sub-branch**

No. 270 Lujiang Road  
Xiamen, Fujian Province  
PRC

#### **China Merchants Bank, Beijing branch Jianwaidajie sub-branch**

No. 0668, Block 6, Jianwai SOHO  
No. 39 Dongsanhuan Zhonglu  
Chaoyang District  
Beijing, PRC

### INVESTOR RELATIONS

#### **Intelligent Joy Limited**

Unit 2803, Level 28, Admiralty Centre Tower 1  
18 Harcourt Road, Admiralty,  
Hong Kong

### COMPANY'S WEBSITE

[www.feiyuhk.com](http://www.feiyuhk.com)

### STOCK CODE ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

1022

### DATE OF LISTING

5 December 2014

# FINANCIAL HIGHLIGHTS

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 30 June		
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)	Change %
Revenue	101,752	107,902	(5.7)
Gross profit	85,587	94,870	(9.8)
(Loss)/Profit before tax	(1,635)	40,297	N/A
(Loss)/Profit for the period attributable to owners of the parent	(1,586)	40,262	N/A
<b>(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
– Basic & Diluted	RMB0.00	RMB0.02	

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As of 30 June 2024 (RMB'000) (Unaudited)	As of 31 December 2023 (RMB'000) (Audited)	Change %
<b>Assets</b>			
Non-current assets	521,377	477,672	9.1
Current assets	152,886	224,257	(31.8)
<b>Total assets</b>	<b>674,263</b>	701,929	(3.9)
<b>Equity and liabilities</b>			
Total equity	529,605	525,940	0.7
Non-current liabilities	90,232	95,148	(5.2)
Current liabilities	54,426	80,841	(32.7)
Total liabilities	144,658	175,989	(17.8)
Total equity and liabilities	674,263	701,929	(3.9)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW AND OUTLOOK

### OVERVIEW

The online game market in China in the first half of 2024 experienced a mild growth of 2.08% in its total revenue to RMB147.3 billion versus the same period of last year, according to the China Game Industry Report for January to June 2024 (《2024年1-6月中國遊戲產業報告》) jointly published by the Game Publishers Association Publications Committee (GPC) of the China Audio-Video and Digital Publishing Association (中國音數協遊戲工委) and China Game Industry Research Institute (中國遊戲產業研究院). Among all categories, HTML5 game was the only one that recorded strong revenue growth, increasing by 60.5% year-on-year to RMB16.6 billion.

In addition to the headwind of slowing growth, China's online game industry continued to be featured by intensified competition during the reporting period. In the meantime, the weakening consumer confidence and users' willingness to pay as a result of the challenging economic conditions added pressure to the Company's operating environment. However, there were some positive developments as well. The regulatory environment has become more favorable, with an increase in the number of new game approvals in the first six months of 2024 compared to the same period of last year. In addition, regulatory bodies have released supportive policies to encourage the inheritance of traditional Chinese culture, the development of high-quality games, and technological innovation, which also have been an essential part of the Company's core strategy and values.

To provide users with high-quality games and engaging gameplay, the Company focused on preparing new titles in the first half of the year, mainly in the HTML5 segment. The research and development ("R&D") and publishing teams have spared no efforts in developing and conducting extensive testing of the new games, with the goal of creating unparalleled gaming experiences, albeit this had a short-term impact on the Company's financial results.

The Company recorded total revenue of RMB101.8 million for the first half of 2024, representing a slight decrease of 5.7% year-on-year. Loss for the period attributable to owners of the parent was RMB1.6 million, mainly reflecting the recognition of an investment loss of RMB11.6 million arising from the Group's investment in an unlisted limited partnership because of the decrease in its fair value. Designed to generate long-term risk-adjusted returns, the limited partnership primarily invests in emerging sectors including intelligent system, auto system and information technology.

The Company's strategy of developing premium games combined with maintaining long-term operations has allowed its existing titles to continue demonstrating strong resilience. Many games first launched in early to mid 2010s, such as *Shen Xian Dao* (神仙道), *Da Hua Shen Xian* (大話神仙), and *San Guo Zhi Ren* (三國之刃), are still making stable revenue contributions. *Carrot Fantasy 4* (保衛蘿蔔4), which debuted in June 2022, has continued to record growth in the number of active users both year-on-year and sequentially in the first half of this year, endorsing the Company's capability in crafting enduring hit titles.

As the backbone of the Company, blockbuster titles not only contribute steady and sustained revenue, but also enable the establishment of its own IP library. The *Carrot Fantasy* (保衛蘿蔔) game series' IP has continued to reach a wider audience through both online and offline channels in the first half of this year, and has also achieved new breakthroughs in the forms of the licensed products/services. In January 2024, the Company partnered with Beijing Orient Landscape & Environment Co., Ltd. (SHE: 002310) to co-develop physical theme parks, based on the *Carrot Fantasy* (保衛蘿蔔) IP. The first park "*Carrot Fantasy Kingdom* (保衛蘿蔔歡樂王國)" is located in Yunnan Province of the PRC, and is expected to officially open in the first half of 2025. The theme parks are expected to take the development of the *Carrot Fantasy* (保衛蘿蔔) IP to a new level in terms of brand exposure's length of time, spatial scale, and forms of carriers.

## MANAGEMENT DISCUSSION AND ANALYSIS

On the licensed physical products, the licensing agreement with Shanghai Xiongchang Industrial Co., Ltd. enabled the launch of 7 models of *Carrot Fantasy* (保衛蘿蔔) & Saturday co-branded clogs in the first half of this year, which were sold through major e-commerce platforms and 58 offline Saturday retail stores, and were very well received by consumers. Additionally, in the reporting period, our licensed partner Hangzhou Jargee Culture Communication Co., Ltd., “Jargee”, had multiple launches of *Carrot Fantasy* (保衛蘿蔔) themed stuffed toys in their claw machines across Jargee’s nationwide claw machine store network, leading to frequent sell-outs within just a few days and significantly driving store traffic and revenue. Furthermore, buoyed by the great popularity of the game series’ IP, the exquisite design, and the superior quality, the *Carrot Fantasy* (保衛蘿蔔) blind box toys have continued to be beloved by players and enthusiasts, resulting in sell-outs of various editions.





## MANAGEMENT DISCUSSION AND ANALYSIS

The diverse IP licensing and co-branding collaborations have effectively expanded the reach and monetisation channels of the *Carrot Fantasy* (保衛蘿蔔) IP, further enhancing its brand influence and commercial value.

In terms of management and operations, the Company has been focusing on refined operations and the creation of high-quality games by adopting a startup mentality. To improve operational efficiency, the Company is also quick to adopt the latest technologies, such as AI-generated content.

### OUTLOOK FOR 2024

Despite intense industry competition, new opportunities continue to emerge, particularly in the HTML5 game space. Thanks to their easy accessibility, HTML5 games allow players to utilise their fragmented time to engage in gaming, anytime and anywhere. The Company has been proactively positioning itself in the HTML5 game segment since its early stage, having launched the HTML5 version of *Carrot Fantasy* (保衛蘿蔔), which has allowed the Company to accumulate valuable experience.

Leveraging its diverse game themes, gameplay, and game license reserves, the Company is currently focusing its efforts on developing several HTML5 games, aiming to launch 8 of them in the second half of 2024 and deliver an enjoyable gaming experience to players. On 1 August 2024, the Company officially launched a HTML5 game named *Yi Bu Liang Bu* (一步兩步) which received positive responses from users.

The IP licensing activities remain a strategic focus in the second half. By building and successfully operating the first *Carrot Fantasy* (保衛蘿蔔)-themed park in Yunnan Province, the Company expects to facilitate the investment in and building of other *Carrot Fantasy* (保衛蘿蔔)-themed parks in multiple cities across the country. In addition, the IP licensing team will continue to expand the collaboration with industry-leading online platforms, explore co-branding with offline chain stores, and increase licensed products.

### INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

### FINANCIAL REVIEW

#### Operating Information

##### *The Company's Games*

During the first half of 2024, the Company remained committed to the long-term operation of its esteemed IP portfolio, which includes *Carrot Fantasy* (保衛蘿蔔) and *Shen Xian Dao* (神仙道), laying a sturdy groundwork for potential sequels. We focus on understanding the ever-evolving needs of our users to ensure that our products continue to meet their expectations and deliver value consistently. In addition, we are investing in the R&D and distribution of HTML5 games, aiming to capitalise on the surge of this segment.

## MANAGEMENT DISCUSSION AND ANALYSIS

The table below presents a breakdown of revenue from game operations in absolute amounts and as a percentage of total revenue:

	For the six months ended 30 June			
	2024	(% of Total Revenue)	2023	(% of Total Revenue)
	(RMB'000)		(RMB'000)	
Game Operations				
Web games	5,414	5.3	6,292	5.8
Mobile games				
RPGs	37,755	37.1	35,675	33.1
Casual	38,458	37.8	47,806	44.3
PC games	960	1.0	771	0.7
HTML5 games	387	0.4	1	0.0
Console games	338	0.3	639	0.6
<b>Total</b>	<b>83,312</b>	<b>81.9</b>	<b>91,184</b>	<b>84.5</b>

Revenue contributed by game operations was approximately RMB83.3 million for the six months ended 30 June 2024, representing a decrease of approximately 8.6%, compared with approximately RMB91.2 million for the corresponding period in 2023. The decrease was primarily due to the decline in revenue generated by *Carrot Fantasy 4* (保衛蘿蔔4), as we have been focusing on long term operation of the game instead of instant monetisation.

### The Company's Players

The Company assesses its operating performance using a set of key performance indicators, which include MAUs, MPUs and ARPPU. Fluctuations in operating data were primarily a result of changes in the number of players who played, downloaded (in the case of mobile games and PC games) and paid for virtual items and premium features in the games. Using these key performance indicators helps the Company monitor its ability to offer engaging online games, the popularity of its games, the monetisation potential of its player base and the degree of competition in the online game industry, and as a result, it allows the Company to adjust its business strategies and continuously improve its products.

As at 30 June 2024, the Company's (i) RPG mobile games and web games had approximately 235.3 million cumulative registered users, composed of approximately 173.3 million web game users and approximately 62.0 million mobile game users; (ii) casual games had approximately 725.1 million cumulative activated downloads; (iii) HTML5 games had approximately 39.4 million cumulative registered users; (iv) PC games had approximately 2.2 million cumulative copies sold; and (v) console games had approximately 552,000 cumulative copies sold. For the month of June 2024, the Company's (i) RPG mobile games and web games had approximately 0.2 million MAUs, composed of approximately 0.1 million mobile game MAUs and approximately 0.1 million web game MAUs; and (ii) casual games had approximately 5.3 million MAUs.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth certain operating statistics related to the Company's business for the periods indicated:

	Six Months Ended 30 June		Change %
	2024	2023	
Average MPUs			
Web games (RPGs) (000's)	<b>5</b>	6	(16.7)
Mobile games (RPGs) (000's)	<b>60</b>	313	(80.8)
Casual (000's)	<b>155</b>	219	(29.2)
ARPPU			
Web games (RPGs) (RMB)	<b>179.3</b>	181.9	(1.4)
Mobile games (RPGs) (RMB)	<b>104.9</b>	19.0	452.1
Casual (RMB)	<b>41.3</b>	36.3	13.8

Note: Duplicated paying users of games published on the Company's own platforms were not eliminated during calculation.

MPUs for web games averaged approximately 5,000 for the six months ended 30 June 2024 as compared to approximately 6,000 for the six months ended 30 June 2023, primarily due to our web games reached the later stage of their expected lifecycles. Average MPUs for mobile RPG games decreased by 80.8% from approximately 313,000 for the six months ended 30 June 2023 to approximately 60,000 for the six months ended 30 June 2024, primarily due to the debut of *Shen Xian Dao 3* (神仙道3) in June 2023, which had higher number of MPUs in the early stage of its launch. Average MPUs for casual games decreased by 29.2% from approximately 219,000 for the six months ended 30 June 2023 to approximately 155,000 for the six months ended 30 June 2024, primarily attributable to our strategy of maintaining long-term operation of the game instead of instant monetisation.

ARPPU for web games decreased from approximately RMB181.9 for the six months ended 30 June 2023 to approximately RMB179.3 for the six months ended 30 June 2024. The decrease was primarily because our web games entered the later stage of their expected lifecycles. ARPPU for RPG mobile games increased from approximately RMB19.0 for the six months ended 30 June 2023 to approximately RMB104.9 for the six months ended 30 June 2024, primarily due to the launch of *Shen Xian Dao 3* (神仙道3) in June 2023, which had lower ARPPU when it was newly introduced. ARPPU for casual games increased by 12.1% from approximately RMB36.3 for the six months ended 30 June 2023 to approximately RMB41.3 for the six months ended 30 June 2024, primarily due to the increase in ARPPU for the *Carrot Fantasy* (保衛蘿蔔) game series, which was updated frequently with new features, resulting in users being more willing to pay.

As part of its business strategy, the Company continued to launch various in-game promotions and activities, release regular updates for premium games, and offer high-quality customer service, in order to enhance gaming experience and maintain user interest. The Company believes that these initiatives are vital for retaining active players and expanding the active player base of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### First Half of 2024 compared with First Half of 2023

The following table sets forth the Group's income statement for the six months ended 30 June 2024 compared with the six months ended 30 June 2023.

	Six Months Ended 30 June		Change %
	2024 (RMB'000)	2023 (RMB'000)	
<b>Revenue</b>	<b>101,752</b>	107,902	(5.7)
Cost of sales	<b>(16,165)</b>	(13,032)	24.0
<b>Gross profit</b>	<b>85,587</b>	94,870	(9.8)
Other income and gains	<b>8,597</b>	17,907	(52.0)
Selling and distribution expenses	<b>(36,213)</b>	(17,846)	102.9
Administrative expenses	<b>(19,711)</b>	(21,802)	(9.6)
Research and development costs	<b>(27,152)</b>	(27,622)	(1.7)
Finance costs	<b>(2,153)</b>	(1,735)	24.1
Other expenses	<b>(13,212)</b>	(2,938)	349.7
Share of profits/(losses) of associates	<b>2,622</b>	(537)	N/A
<b>(LOSS)/PROFIT BEFORE TAX</b>	<b>(1,635)</b>	40,297	N/A
Income tax (expenses)/credit	<b>(329)</b>	569	N/A
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(1,964)</b>	40,262	N/A
Attributable to:			
Owners of the parent	<b>(1,586)</b>	40,262	N/A
Non-controlling interests	<b>(378)</b>	604	N/A

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

The following table sets forth a breakdown of the Group's revenue for the six months ended 30 June 2024 and 2023:

	Six Months Ended 30 June		2023	
	2024 (RMB'000)	(% of Total Revenue)	(RMB'000)	(% of Total Revenue)
Game operations	83,312	81.9	91,184	84.5
Online game distribution	192	0.2	279	0.2
Licensing and IP-related income	8,594	8.4	3,528	3.3
Advertising revenue	9,646	9.5	10,975	10.2
Game development service income	–	0.0	1,865	1.7
Technical service income	8	0.0	71	0.1
<b>Total</b>	<b>101,752</b>	<b>100.0</b>	<b>107,902</b>	<b>100.0</b>

Total revenue decreased by 5.7% to approximately RMB101.8 million for the six months ended 30 June 2024 from approximately RMB107.9 million for the six months ended 30 June 2023.

Revenue from game operations was approximately RMB83.3 million for the six months ended 30 June 2024, representing a decrease of approximately 8.6% from approximately RMB91.2 million for the six months ended 30 June 2023. The decrease was primarily due to the decline in revenue generated by *Carrot Fantasy 4* (保衛蘿蔔4), as we have been focusing on long-term operation of the game instead of instant monetisation. The decrease was also due to the postponed launch of several new HTML5 games, as the Group strategically decided to invest additional development time and resources to enhance the quality of such new games.

Revenue from online game distribution decreased by approximately 31.2% to approximately RMB0.2 million for the six months ended 30 June 2024 from approximately RMB0.3 million for the six months ended 30 June 2023. The decrease was mainly due to the decline in revenue of *Mushroom War 2* (蘑菇戰爭2) which entered the later stage of its expected lifecycle in 2024.

Licensing and IP-related income increased by approximately 143.5% from approximately RMB3.5 million for the six months ended 30 June 2023 to approximately RMB8.6 million for the six months ended 30 June 2024. The increase was primarily attributable to the recognition of a one-off licensing fee of approximately RMB4.2 million for the cloud gaming version of *Carrot Fantasy 4* (保衛蘿蔔4), while there was no such one-off licensing fee recognised for the six months ended 30 June 2023.

Advertising revenue decreased by approximately 12.1% from approximately RMB11.0 million for the six months ended 30 June 2023 to approximately RMB9.6 million for the six months ended 30 June 2024. Advertising revenue was primarily generated by *Carrot Fantasy* (保衛蘿蔔) game series, which attracted a large player base that we were able to monetise. The decrease in advertising revenue was primarily attributable to the decline in revenue generated by *Carrot Fantasy 4* (保衛蘿蔔4), as we have been focusing on long term operation of the game instead of instant monetisation.

Game development service income for the six months ended 30 June 2023 represented the service income for the completion of a commissioned game development in early 2023 and there was no such commissioned game development in 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of sales

Cost of sales increased by 24.0% to approximately RMB16.2 million for the six months ended 30 June 2024 from approximately RMB13.0 million for the six months ended 30 June 2023. The increase was mainly attributable to the increased staff cost from approximately RMB9.3 million for the six months ended 30 June 2023 to approximately RMB11.5 million for the six months ended 30 June 2024 as a result of the Company's preparation for the launch of new HTML5 games. The increase in cost of sales was also attributable to the increase of server cost from approximately RMB1.4 million for the six months ended 30 June 2023 to approximately RMB2.1 million for the six months ended 30 June 2024 as a result of the server cost associated with *Shen Xian Dao 3* (神仙道3) which was initially operated by a third-party agency and later transferred to in-house operation at the end of 2023.

### Gross profit and gross profit margin

Gross profit decreased by 9.8% to approximately RMB85.6 million for the six months ended 30 June 2024 from approximately RMB94.9 million for the six months ended 30 June 2023. Gross profit margin for the six months ended 30 June 2024 was 84.1%, compared with 87.9% for the corresponding period in 2023.

### Other income and gains

Other income and gains decreased by approximately 52.0% from approximately RMB17.9 million for the six months ended 30 June 2023, to approximately RMB8.6 million for the six months ended 30 June 2024. The decrease was primarily attributable to the lower investment income of approximately RMB0.7 million for the six months ended 30 June 2024, as compared to approximately RMB10.5 million for the six months ended 30 June 2023, which was primarily driven by the fair value changes in the Company's financial assets at fair value through profit or loss.

### Selling and distribution expenses

Selling and distribution expenses increased by approximately 102.9% from approximately RMB17.8 million for the six months ended 30 June 2023, to approximately RMB36.2 million for the six months ended 30 June 2024. The increase was mainly attributable to the increase in promotional and advertising expenses from approximately RMB3.4 million for the six months ended 30 June 2023 to approximately RMB22.4 million for the six months ended 30 June 2024, as the promotional activities and related expenses for *Shen Xian Dao 3* (神仙道3) were undertaken by the Company after the game was transferred to in-house operation from a third-party agency at the end of 2023.

### Administrative expenses

Administrative expenses decreased by approximately 9.6% from approximately RMB21.8 million for the six months ended 30 June 2023, to approximately RMB19.7 million for the six months ended 30 June 2024. The decrease was mainly attributable to the decrease in staff costs as a result of the Company's efforts to streamline its corporate structure to allocate resources to units generating higher business value.

## MANAGEMENT DISCUSSION AND ANALYSIS

### R&D costs

R&D costs were approximately RMB27.2 million for the six months ended 30 June 2024, decreasing by approximately 1.7% compared with approximately RMB27.6 million for the six months ended 30 June 2023.

### Finance costs

Finance costs increased by approximately 24.1% from approximately RMB1.7 million for the six months ended 30 June 2023 to approximately RMB2.2 million for the six months ended 30 June 2024. The increase was primarily due to the increase in interest expenses resulting from the further utilisation of bank facility in conjunction with the operation of the Company's R&D centre and headquarters building in Xiamen in the second half of 2023.

### Other expenses

Other expenses were approximately RMB13.2 million for the six months ended 30 June 2024, compared with approximately RMB2.9 million for the six months ended 30 June 2023. The increase was primarily due to a recognition of an investment loss of approximately RMB11.6 million for the six months ended 30 June 2024 from the Group's investment in an unlisted limited partnership. The change was primarily due to a decrease in fair value of several investments of this unlisted limited partnership which primarily invested in the sectors of intelligent system, auto system and information technology. The unlisted limited partnership expects to realise its investments at a later stage in order to capitalise on an improved market environment. The increase in other expenses was partially offset by the fair value changes of the Company's R&D centre and headquarters building in Xiamen.

### Income tax expense

The Company recorded an income tax expense of approximately RMB0.3 million for the six months ended 30 June 2024 as compared to an income tax credit of approximately RMB0.6 million for the six months ended 30 June 2023. The change was primarily attributable to the change in deferred tax expenses resulted from the fair value changes of the investment properties.

### Loss for the period

As a result of the above, loss for the six months ended 30 June 2024 was approximately RMB2.0 million, as compared to a profit for the six months ended 30 June 2023 of approximately RMB40.9 million. Loss attributable to owners of the parent for the six months ended 30 June 2024 was approximately RMB1.6 million, as compared to a profit attributable to owners of the parent for the six months ended 30 June 2023 of approximately RMB40.3 million.

### Financial Position

As at 30 June 2024, total equity of the Group was approximately RMB529.6 million, which remained steady as compared with approximately RMB525.9 million as at 31 December 2023.

As at 30 June 2024, the Group had net current assets of approximately RMB98.5 million, representing a decrease of approximately 31.3% from approximately RMB143.4 million as at 31 December 2023. The decrease was mainly due to the purchase of time deposits of approximately RMB50.0 million in the first half of 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Liquidity and Financial Resources

	30 June 2024 (RMB'000)	31 December 2023 (RMB'000)	Change %
Cash at bank and on hand	92,912	160,678	(42.2)
<b>Total</b>	<b>92,912</b>	<b>160,678</b>	<b>(42.2)</b>

Total cash and cash equivalents were approximately RMB92.9 million as at 30 June 2024, compared with approximately RMB160.7 million as at 31 December 2023. The decrease was primarily due to the purchase of time deposits of approximately RMB50.0 million.

As at 30 June 2024, approximately RMB7.6 million of financial resources (31 December 2023: RMB7.4 million) were held in deposits denominated in non-RMB currencies. The Company currently does not hedge transactions undertaken in foreign currencies, rather it manages foreign exchange exposure by limiting such exposure and constantly monitoring foreign currency levels. The Group adopts a prudent cash and financial management policy. In order to better control costs and minimise the cost of funds, the Group's treasury activities were centralised and cash was generally deposited at banks, denominated mostly in Renminbi, Hong Kong dollars and United States dollars.

As at 30 June 2024, the Group had aggregate bank loans of approximately RMB92.5 million (31 December 2023: RMB95.5 million), of which approximately RMB6.0 million is payable within one year, approximately RMB25.3 million is payable between one and five years and approximately RMB61.2 million is payable after five years. The Group had lease liabilities of approximately RMB0.7 million (31 December 2023: RMB1.7 million), which is payable within one year.

As at 30 June 2024, the Group's bank loans of approximately RMB92.5 million were used by the Company for the operation of the Company's R&D centre. The interest rate was approximately 3.95% per annum and the loans were secured by the land use rights, investment properties and building on the Land.

### Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss

As at 30 June 2024, the Company had debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately RMB138.1 million (31 December 2023: RMB147.0 million), which represented the Company's investment in straight bonds and a bond fund issued by banks or reputable companies with coupon rates ranging from 2.25% to 4.5% per annum, and the interest held by the Group in six unlisted companies and one company listed on the National Equities Exchange And Quotations of the PRC.

The principal of the debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 30 June 2024 were not protected.



## MANAGEMENT DISCUSSION AND ANALYSIS

According to the Company's current internal investment management policies, no less than 50% of total investments can be invested in risk-free or principal protected investments, while for the remainder, up to 50% of the total investments is invested in low-risk products. The Company has a diversified investment portfolio to mitigate risks. In addition, the abovementioned investments were made in line with the Company's effective capital and investment management policies and strategies.

### Performance and Future Prospect of Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss

Details of the Group's debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 30 June 2024 are presented as follows:

#### (A) Straight Bonds

Name of the straight bonds	Notes	Interest income recognised in consolidated statement of profit or loss for the six months ended 30 June 2024 (RMB'000)	Gain/(loss) on fair value changes recognised in consolidated statement of comprehensive income for the six months ended 30 June 2024 (RMB'000)	Fair value as at 30 June 2024 (RMB'000)	Percentage of	Percentage of
					total FVOCI and FVPL Investments as at 30 June 2024	total assets of the Group as at 30 June 2024
CHINLP Medium Term Note Programme ("CHINLP")	2	279	(590)	20,556	14.9%	3.0%
POLHON Guaranteed Notes ("POLHON")	3	397	(259)	18,506	13.4%	2.7%
NWDEVL Medium Term Note Programme ("NWDEVL")	4	558	74	18,559	13.4%	2.8%

Notes:

- The Group's investment in straight bonds has been accounted for as debt investments at fair value through other comprehensive income. The fair value of the straight bonds was estimated using a discounted cash flow valuation model based on the assumptions that were supported by observable market inputs. Please refer to note 12 to the financial statements for details of the investment in straight bonds.

## MANAGEMENT DISCUSSION AND ANALYSIS

2. On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited (“**CLP Financing**”) and guaranteed by CLP Power Hong Kong Limited (“**CLP HK**”) with a nominal amount of US\$3,500,000 at a consideration of US\$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

CLP Financing, the issuer, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of the guarantor CLP HK. CLP Financing was established to raise financing for CLP HK. The net proceeds from the issue of CHINLP will be on-lent by CLP Financing to CLP HK to be used for general corporate purposes. CLP HK, established in 1901 in Hong Kong, is one of the only two electricity providers in Hong Kong, which supplies approximately 80% of the electricity consumed in Hong Kong. CLP Holdings Limited, the parent company of CLP HK was listed on the Main Board of the Stock Exchange in 1998 with the stock code of 00002. CLP Holdings Limited, together with its subsidiaries, namely the CLP Group, is an investor and operator in the Asia-Pacific energy sector. In Hong Kong, through CLP HK, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity. Outside Hong Kong, CLP Group holds investments in the energy sector in Mainland China, India, Southeast Asia, Taiwan, and Australia. Its diversified portfolio of power generation assets include coal, gas, nuclear and renewables (wind, hydro, solar).

According to the interim report for the six months ended 30 June 2024 of CLP Holdings Limited, consolidated revenue was stable with a modest increase of 1.8% to HK\$44,086 million. CLP Group operating earnings before fair value movements increased 22.0% to HK\$5,683 million for the first half of 2024 thanks to a solid performance across the CLP Group along with an improved earnings contribution from EnergyAustralia, more than offsetting the lower generation volumes from the two nuclear power plants in Mainland China due to planned outages.

While the world’s energy industry grapples with major issues, the opportunities in pursuit of a net-zero future remain enormous. CLP Group, possessing a world-class supply reliability of 99.999%, is dedicated to investing in these opportunities in a manner that increases shareholder value while providing reliable and sustainable energy at a reasonable tariff to its customers and communities everywhere it does business. The Group is therefore optimistic about the future prospect of the bond CHINLP.

## MANAGEMENT DISCUSSION AND ANALYSIS

3. During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited ("**Ease Trade**") and guaranteed by Poly Property Group Co. Limited ("**Poly Property**") with an accumulated nominal amount of US\$2,800,000 at an accumulated consideration of US\$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

Ease Trade, the issuer, is the direct wholly owned subsidiary of the guarantor Poly Property, which is a limited liability company incorporated in Hong Kong and is listed on the Main Board of the Stock Exchange with the stock code of 00119. Poly Property, together with its subsidiaries, namely the Poly Group, is a prominent property developer in the PRC. It is principally engaged in the business of property development, investment and management. Its projects typically comprise various types of developments, including apartments, villas, offices and commercial properties. As at 31 December 2023, China Poly Group Corporation Limited, being one of the large-scale state-owned enterprises under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (SASAC), is deemed to be interested in 48.09% of the issued share capital of Poly Property under the Securities and Futures Ordinance (Cap. 571) of the law of Hong Kong.

According to the annual report for the year ended 31 December 2023 issued by Poly Property, the profit attributable to owners of Poly Property for the year ended 31 December 2023 was RMB1,445 million, representing a year-on-year increase of 77.0%. Poly Property achieved cost reduction and efficiency gains by strengthening operational and tax control. The core net profit attributable to parent company of Poly Property after deducting the changes in fair value of investment property and financial assets and exchange gains and losses was RMB1,761 million, representing a year-on-year increase of 15.9%. During the year, Poly Property realized a net cash inflow from operating activities of approximately RMB5.4 billion and proactively adjusted its leverage level. As at the end of 2023, total debt decreased by 7.7% year-on-year to RMB73.9 billion and the net gearing ratio decreased by 22.8 percentage points year-on-year to 93.1%. The structure of existing debts continued to be optimized through replacement.

According to the profit warning issued by Poly Property, it is expected that the profit attributable to owners of the Poly Property for the six months period ended 30 June 2024 would drop by about 41% period-on-period. The decrease was mainly due to the decrease in recognised property sales during the period and the decline in gross profit margin due to the market downturn.

Poly Property controlled leverage to prevent risks, stabilised operations and then sought development. Poly Property has a strong development resilience despite the weak market confidence and intensive industry competition. Therefore, the Group is optimistic about the future prospect of the bond POLHON.

## MANAGEMENT DISCUSSION AND ANALYSIS

4. On 15 July 2021, the Group invested in a bond issued by NWD (MTN) Limited (“**NWD**”) and guaranteed by New World Development Company Limited (“**New World**”) with a nominal amount of US\$3,500,000 at a consideration of US\$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

The issuer NWD is one of wholly owned subsidiaries of New World, the guarantor. New World is the holding company of one of the largest Hong Kong-based property developers. Established in 1970, New World was listed on the Main Board of the Stock Exchange in 1972 (Stock code: 00017) and its shares are currently a constituent stock of the Hang Seng Index. New World, together with its subsidiaries, namely New World Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. NWS Holdings Limited, one of New World’s subsidiary, engaged in roads construction and aviation infrastructure, is also listed on the Main Board of the Stock Exchange (Stock Code: 00659). New World China Land Limited, wholly-owned by New World, is one of the largest foreign property developers and investors in the PRC.

According to the interim report for the six months ended 31 December 2023 of New World Group, recorded revenue from continuing operations was approximately HK\$17,066 million for the six months ended 31 December 2023, representing a year-over-year decrease of 25.1% compared to HK\$22,786 million in 2022, due to less bookings from property development in both Hong Kong and mainland China; however, gross profit was up by 2.4% to HK\$7,257 million contributed by higher margin from property investment in K11 portfolio. Net profit after tax from continuing operation for the six months ended 31 December 2023 amounted to HK\$1,543 million, representing an increase of 15.8% compared to the HK\$1,332 million for the corresponding period in 2022.

In the second half of 2024, New World Group will successively launch a number of residential projects in phases and provide over 2,500 units. It will also continuously solicit sales for its Grade A office projects including remaining units at NCB Innovation Centre and projects at both Wing Hong Street and King Lam Street, Cheung Sha Wan. Therefore, the Group is optimistic about the future prospect of the bond NWDEVL.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (B) Bond Fund

Name of the bond fund	Note	Interest income recognised in consolidated statement of profit or loss for the six months ended 30 June 2024 (RMB'000)	Loss on fair value changes recognised in consolidated statement of profit or loss for the six months ended 30 June 2024 (RMB'000)	Fair value as at 30 June 2024 (RMB'000)	Percentage of	Percentage of
					total FVOCI and FVPL Investments as at 30 June 2024	total assets of the Group as at 30 June 2024
UBS Asian Bonds Series 5 (USD)	2	232	(97)	7,302	5.3%	1.1%

#### Notes:

- The Group's investment in bond fund, UBS Asian Bonds, has been accounted for as financial assets at fair value through profit or loss. The fair value of the bond fund represented the net asset value of the sub-fund determined by UBS Asset Management (Singapore) Ltd, as manager (the "**Manager**") in consultation with HSBC Trustee (Cayman) Limited as trustee (the "**Trustee**"). Please refer to note 12 to the financial statements for details of the UBS Asian Bonds.
- On 23 January 2020, the Group invested in 16,000 units of the UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD) Class A-qdist (USD) Units (the "**Sub-Fund**") at the subscription price of US\$100 per unit with a consideration of US\$1,614,000 (equivalent to approximately RMB11.1 million). The Sub-Fund has a maturity period of 4.5 years and a target yield to maturity of 4.8% to 5.3% per annum, assuming no defaults and is held to maturity. The Sub-Fund has matured on 28 June 2024 and the Group has recovered the funds of US\$1,024,506.36 on 5 July 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (C) Unlisted Equity Investments

Company Name	Notes	Percentage of Shareholdings as at 30 June 2024	Gain/(loss) on fair value changes recognised in consolidated statement of comprehensive income for the six months ended 30 June 2024 (RMB'000)	Fair value as at 30 June 2024 (RMB'000)	Percentage of total FVOCI and FVPL investments as at 30 June 2024	Percentage of the total assets of the Group as at 30 June 2024
Xiamen eName Technology Co., Ltd. ("eName")	2	2%	5,738	28,501	20.6%	4.2%
Others	3	-	(200)	11,241	8.1%	1.7%

#### Notes:

- The Group's unlisted equity investments have been accounted for as equity investments designated at fair value through other comprehensive income. The fair value of the unlisted equity investments was assessed by management or employed by other available methods.
- eName is a company listed on China New Third Board (Stock Code: 838413) principally engaged in domain related businesses and providing domain registration, transfer and transaction services for internet customers. It is a well-known domain service provider in China.  
  
Pursuant to eName's interim report for the six months ended 30 June 2024, eName recorded revenue of approximately RMB128.3 million, representing a decrease of 12.6% compared with the corresponding period, and net profit attributable to the shareholders of approximately RMB10.8 million, representing a decrease of 6.2% from RMB11.5 million for the six months ended 30 June 2023.  
  
eName has established a leading position in the domain transaction and service industry through mature technical support, convenient transaction procedure and humanized service management. eName adhered to expand its domain name business and it has actively increased promotional efforts and successfully maintained its transactions despite the gloomy industry environment. The Group is therefore optimistic about the domain service market in China and the performance of eName in the future.
- Others comprised four unlisted limited liability companies and none of these investments accounted for more than 1.1% of the total assets of the Group as at 30 June 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (D) Unlisted Debt Investments

Company Name	Notes	Percentage of Shareholdings as at 30 June 2024	Gain/(loss) on fair value changes recognised in consolidated statement of profit or loss for the six months ended 30 June 2024 (RMB'000)	Fair value as at 30 June 2024 (RMB'000)	Percentage of total FVOCI and FVPL investments as at 30 June 2024	Percentage of the total assets of the Group as at 30 June 2024
Future Capital Discovery Fund II, L.P. ("Future Capital")	2	1.8797%	(11,566)	31,070	22.5%	4.6%
Others	3	-	482	2,359	1.7%	0.3%

#### Notes:

- The Group's unlisted debt investments have been accounted for as financial assets at fair value through profit or loss. The fair value of the unlisted debt investments was assessed by management or employed by other available methods.
- Future Capital is an unlisted limited partnership principally engaged in investment in companies which are primarily in the sectors of intelligent system, auto system and information technology to achieve earnings in the form of medium to long term capital appreciation. The aggregate investment cost of the investment in Future Capital was USD1,452,197.91. As at 30 June 2024, the Company held approximately 1.8797% partnership interests in Future Capital.

Pursuant to Future Capital's financial statements for the six months ended 30 June 2024, Future Capital recorded income of approximately US\$10,847 and net decrease in partners' capital resulting from operations of approximately US\$115.3 million. The substantial decrease in partners' capital resulting from operations was primarily due to an decrease in fair value changes on several Future Capital's investments. Future Capital expected to realise its investments at a later stage in order to enjoy a higher capital appreciation.

The Group believes that Future Capital has sufficient capital and is managed by an experienced management team and the sectors it invests in have positive future and its future business prospect is positive.

- Others comprised one unlisted debt investments and none of these investments accounted for more than 0.3% of the total assets of the Group as at 30 June 2024.

There was no impairment made for any investments in debt instruments for the six months ended 30 June 2024. Investments in equity instruments did not involve any separate impairment accounting under IFRS 9 – Financial Instruments.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Other significant investments held, significant acquisitions and disposal of subsidiaries, associates and joint ventures and future plans for material investments or capital assets

Save as disclosed in this interim report, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024. Except for those disclosed in this interim report, there was no plan authorised by the Board for other significant investments or acquisitions of major capital assets or other businesses in the first half of 2024. However, the Group will continue to identify new opportunities for business development.

### Gearing ratio

The Group's gearing ratio, which is calculated based on total liabilities divided by total assets, was 21.5% as at 30 June 2024 and 25.1% as at 31 December 2023.

### Capital expenditures

The following table sets forth the Group's capital expenditures for the six months ended 30 June 2024 and 2023:

	Six Months Ended 30 June		Change %
	2024 (RMB'000)	2023 (RMB'000)	
Property, plant and equipment	311	1,359	(77.1)
<b>Total</b>	<b>311</b>	<b>1,359</b>	<b>(77.1)</b>

Capital expenditures consisted of property, plant and equipment which include but are not limited to office equipment, company vehicles for employees' use and leasehold improvements. The total capital expenditures for the six months ended 30 June 2024 were approximately RMB0.3 million, compared with RMB1.4 million for the six months ended 30 June 2023, representing a decrease of approximately 77.1%. The decrease was mainly attributable to the decrease in purchase of office equipment and company vehicles.

### Pledge of Assets

As at 30 June 2024, bank loans of approximately RMB92.5 million (under a loan facility of up to RMB100.0 million) were used for the operation of the Company's R&D centre. The bank loans were secured by the land use rights, investment properties and building on the Land with a total carrying value of approximately RMB239.1 million.

### Contingent liabilities and guarantees

As at 30 June 2024, the Company did not have any unrecorded significant contingent liabilities, guarantees or any litigation with claims made against it.



## MANAGEMENT DISCUSSION AND ANALYSIS

### EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Company had 345 full-time employees, the majority of whom were based in Xiamen, Fujian Province of the PRC. The following table sets forth the number of employees categorised by function as at 30 June 2024:

	<b>Number of Employees</b>	<b>% of Total</b>
Development	208	60.3
Operations	65	18.8
Administration	57	16.5
Sales and marketing	15	4.3
<b>Total</b>	<b>345</b>	<b>100.0</b>

The remuneration of the Group's employees is determined based on their performance, experience, competence and market comparables. Their remuneration package includes salaries, bonuses related to the Group's performance, allowances, equity settled share-based payments and state-managed retirement benefit schemes for employees in the PRC. The Company also provides customised training programs to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualifications, position, experience, performance, seniority and time devoted to the Group's business. They receive compensation in the form of salaries, bonuses, share options, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension scheme on their behalf. The remuneration policy of the Directors and the senior management is reviewed by the Remuneration Committee and approved by the Board.

In addition, the Group has currently adopted the 2024 Share Option Scheme and 2024 Restricted Share Unit Scheme as long-term incentive schemes.

# OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

### Long positions in Shares

Name of Director/ chief executive	Capacity	Number of ordinary shares held (long position)	Approximate percentage of shareholding <sup>6</sup> %
YAO Jianjun	Founder of a discretionary trust Interest of controlled corporation and Beneficial owner <sup>1 and 2</sup>	489,884,500	28.00
CHEN Jianyu	Founder of a discretionary trust Interest of controlled corporation <sup>1 and 3</sup>	161,538,000	9.23
BI Lin	Founder of a discretionary trust Interest of controlled corporation <sup>1 and 4</sup>	77,470,000	4.43
LIN Zhibin	Founder of a discretionary trust Interest of controlled corporation <sup>1 and 5</sup>	37,390,500	2.14

Notes:

- 1 As at 30 June 2024, TMF (Cayman) Ltd. is the trustee of The Yao Family Trust, The Bi Family Trust, The Chen Family Trust and The Zhi Family Trust.
- 2 These interests represented:
  - (a) 8,485,500 Shares held directly by Mr. YAO; and
  - (b) 481,399,000 Shares held by YAO Holdings Limited. The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 shares held by YAO Holdings Limited pursuant to Part XV of the SFO.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

- 3 The entire share capital of Fishchen Holdings Limited is wholly owned by Honour Gate Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Chen Family Trust, which was established by Mr. CHEN Jianyu (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. CHEN and his family members. Mr. CHEN (as founder of The Chen Family Trust) and Honour Gate Limited are taken to be interested in 161,538,000 Shares held by Fishchen Holdings Limited pursuant to Part XV of the SFO.
- 4 The entire share capital of BILIN Holdings Limited is wholly owned by Rayoon Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Bi Family Trust, which was established by Mr. BI Lin (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. BI and his family members. Mr. BI (as founder of The Bi Family Trust) and Rayoon Limited are taken to be interested in 77,470,000 Shares held by BILIN Holdings Limited pursuant to Part XV of the SFO.
- 5 The entire share capital of LINCEN Holdings Limited is wholly owned by Sheen Field Limited, as the nominee of TMF (Cayman) Ltd., the trustee of The Zhi Family Trust, which was established by Mr. LIN Zhibin on 13 August 2014 as a discretionary trust for the benefit of Mr. LIN and his family members. Mr. LIN (as founder of The Zhi Family Trust) and Sheen Field Limited are taken to be interested in 37,390,500 Shares held by LINCEN Holdings Limited pursuant to Part XV of the SFO.
- 6 The percentage is calculated on the basis of 1,749,442,062 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SHARE SCHEMES

The Post-IPO Share Option Scheme and RSU Plan II were terminated with effect from 24 May 2024. Upon termination of the Post-IPO Share Option Scheme, no further options may be granted. All 5,800,000 outstanding share options under the Post-IPO Share Option Scheme would continue to be valid and exercisable in accordance with the principal terms of the Post-IPO Share Option Scheme. Upon termination of the RSU Plan II, no further awards may be granted. No RSU had been granted under the RSU Plan II from the date of its adoption up to the date of its termination. The Company adopted the 2024 Share Option Scheme and the 2024 Restricted Share Unit Scheme at the extraordinary general meeting held on 24 May 2024 reflecting the latest changes and requirements under Chapter 17 of the Listing Rules.

No options or rewards were granted under the Post-IPO Share Option Scheme, the 2024 Share Option Scheme, the RSU Plan II and the 2024 Restricted Share Unit Scheme during the six months ended 30 June 2024.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

The table below sets out details of the outstanding options granted to the grantees under the Post-IPO Share Option Scheme and their movements during the six months ended 30 June 2024:

Name	Date of Grant	Vesting schedule	Option period	Exercise price	Closing price immediately before the date on which the options were granted	Number of Shares				
						Granted on the date of grant	Outstanding as at 1/1/2024	Exercised during the six months ended 30/6/2024	Cancelled/Lapsed during the six months ended 30/6/2024	Outstanding as at 30/6/2024
<b>Senior management</b>										
Ms. XU Yiqing	27/3/2017	25% of options on 31 December 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HK\$1.256	HK\$1.24	3,000,000 <sup>(1)</sup>	3,000,000	-	-	3,000,000
Ms. WEI Yulan	27/3/2017	25% of options on 31 December 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HK\$1.256	HK\$1.24	600,000 <sup>(1)</sup>	600,000	-	-	600,000
<b>Other Grantees</b>										
9 other grantees	27/3/2017	25% of options on 31 December 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HK\$1.256	HK\$1.24	3,560,000 <sup>(1)</sup>	2,200,000	-	-	2,200,000
<b>Total</b>						<b>5,800,000</b>				<b>5,800,000</b>

Note:

- On 27 March 2017, 10,160,000 share options were granted to two senior management and other 10 eligible participants with exercise price of HK\$1.256 per Share, which represents the highest of: (i) the closing price of HK\$1.23 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the date of grant of the Share Options, i.e. 27 March 2017; (ii) the average of the closing price of HK\$1.256 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the date of grant of the Share Options; and (iii) the nominal value of a Share of US\$0.0000001.

The Board has resolved, and relevant resolutions have been duly passed by the Company in the extraordinary general meeting held on 24 May 2024 to, among other matters, (i) terminate the Post-IPO Share Option Scheme adopted on 17 November 2014; (ii) terminate the RSU Plan II adopted on 28 May 2018; (iii) adopt the 2024 Share Option Scheme; and (iv) adopt the 2024 Restricted Share Unit Scheme.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### SUMMARY OF THE 2024 SHARE OPTION SCHEME

- Purpose**

To provide incentives or rewards for the participants for their contribution to the Group.
- Eligible Participants**

(i) the Employee Participants, (ii) the Related Entity Participants, and (iii) the Service Providers.
- Maximum number of shares**

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Share Option Scheme and any other share schemes of the Company shall not in aggregate exceed 174,944,206, representing 10% of the total number of Shares in issue as of 24 May 2024 (the “**Scheme Mandate Limit under the 2024 Share Option Scheme**”).

As at the date of this interim report, the total number of shares available for issue under the 2024 Share Option Scheme and any other share schemes of the Company was 174,944,206, representing approximately 10% of the total number of issued Shares as at the date of this interim report.

The Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2024 Share Option Scheme and any other share schemes of the Company, which shall not in aggregate exceed 1% of the total number of Shares in issue on the adoption date (i.e. 24 May 2024).
- Option period**

An option may be exercised in accordance with the terms of the 2024 Share Option Scheme at any time during the period as notified by the Board to each grantee provided that such period of time shall not exceed a period of ten years from the date of grant.
- Vesting period**

Not less than twelve (12) months from the date of grant of the share option, unless the Board determines in its sole discretion that the options granted to employee participants may be less than 12 months under specific circumstances under the rules of the 2024 Share Option Scheme.
- Amount on acceptance of the option**

A non-refundable amount of HK\$1.00 shall be paid by an eligible participant in favour of the company on acceptance of an offer of the share option.
- Basis of determining the exercise price**

Exercise price shall be the higher of: (1) the official closing price of the Shares as stated on the Stock Exchange’s daily quotations sheets on the date of offer of option; (2) average of the official closing prices of the Shares stated on the Stock Exchange’s daily quotation sheets for the 5 business days before the date of offer; and (3) nominal value of a Share.
- Effective period**

It shall be valid and effective for 10 years from 24 May 2024 (i.e. until 24 May 2034).

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### SUMMARY OF THE 2024 RESTRICTED SHARE UNIT SCHEME

- 1. Purpose**

To provide incentives or rewards for the participants for their contribution to the Group.
- 2. Eligible Participants**

(i) the Employee Participants, (ii) the Related Entity Participants, and (iii) the Service Providers.
- 3. Maximum number of shares**

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2024 Restricted Share Unit Scheme and any other share schemes of the Company shall not in aggregate exceed 174,944,206, representing 10% of the total number of Shares in issue as of 24 May 2024 (the “**Scheme Mandate Limit under the 2024 Restricted Share Unit Scheme**”).

As at the date of this interim report, the total number of shares available for issue under the 2024 Restricted Share Unit Scheme and any other share schemes of the Company was 174,944,206, representing approximately 10% of the total number of issued Shares as at the date of this interim report.

The Service Provider Sublimit, being a sublimit under the Scheme Mandate Limit, is the total number of Shares which may be issued in respect of all options and awards to be granted to the Service Providers under the 2024 Restricted Share Unit Scheme and any other share schemes of the Company, which shall not in aggregate exceed 1% of the total number of Shares in issue on the adoption date (i.e. 24 May 2024).
- 4. Award period**

An award may be granted by the Board from time to time during the period commencing from the adoption date (i.e. 24 May 2024) and ending on the business day immediately prior to 10th anniversary of the adoption date (the “**Award Period**”). No award may be granted after the Award Period or after the 2024 Restricted Share Unit Scheme has been terminated in accordance with the provisions of the 2024 Restricted Share Unit Scheme.
- 5. Vesting period**

Not less than twelve (12) months from the date of grant of the award, unless the Board determines in its sole discretion that the options granted to employee participants may be less than 12 months under specific circumstances under the rules of the 2024 Restricted Share Unit Scheme.
- 6. Amount on acceptance of the award**

No acceptance price of the award will be payable on the acceptance of such an award.
- 7. Purchase price**

The purchase price of the award shares (if any) shall be such price determined by the Board, the committee of the Board, or person(s) to which the Board has delegated its authority from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the award and the characteristics and profile of the selected participant.
- 8. Effective period**

It shall be valid and effective for 10 years from 24 May 2024 (i.e. until 24 May 2034).

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued share capital of the Company.

Name of Shareholder	Capacity	Number of ordinary Shares held (long position)	Approximate percentage of shareholding <sup>6</sup> %
TMF (Cayman) Ltd. <sup>1</sup>	Trustee of the family trusts	817,627,500	46.74
YAO Holdings Limited <sup>2</sup>	Beneficial owner	481,399,000	27.52
Jolly Spring International Limited <sup>2</sup>	Interest in a controlled corporation	481,399,000	27.52
Mr. YAO Jianjun <sup>3</sup>	Founder of a discretionary trust Interest in a controlled corporation and Beneficial owner	489,884,500	28.00
Fishchen Holdings Limited <sup>4</sup>	Beneficial owner	161,538,000	9.23
Honour Gate Limited <sup>4</sup>	Interest in a controlled corporation	161,538,000	9.23
Mr. CHEN Jianyu <sup>4</sup>	Founder of a discretionary trust Interest in a controlled corporation	161,538,000	9.23
Tencent Holdings Limited <sup>5</sup>	Interest in a controlled corporation	261,882,607	14.97

Notes:

- 1 As at 30 June 2024, TMF (Cayman) Ltd. is the trustee of The Yao Family Trust, The Bi Family Trust, The Chen Family Trust and The Zhi Family Trust.
- 2 The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 Shares held by YAO Holdings Limited pursuant to Part XV of the SFO.
- 3 These interests represented:
  - (a) 8,485,500 Shares held directly by Mr. YAO; and
  - (b) 481,399,000 Shares held by YAO Holdings Limited. The entire share capital of YAO Holdings Limited is wholly owned by Jolly Spring International Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Yao Family Trust, which was established by Mr. YAO Jianjun (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. YAO and his family members. Mr. YAO (as founder of The Yao Family Trust) and Jolly Spring International Limited are taken to be interested in 481,399,000 shares held by YAO Holdings Limited pursuant to Part XV of the SFO.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

- 4 The entire share capital of Fishchen Holdings Limited is wholly owned by Honour Gate Limited, as nominee of TMF (Cayman) Ltd., the trustee of The Chen Family Trust, which was established by Mr. CHEN Jianyu (as the settlor) on 13 August 2014 as a discretionary trust for the benefit of Mr. CHEN and his family members. Mr. CHEN (as founder of The Chen Family Trust) and Honour Gate Limited are taken to be interested in 161,538,000 Shares held by Fishchen Holdings Limited pursuant to Part XV of the SFO.
- 5 Tencent holds 261,882,607 Shares indirectly through its wholly-owned subsidiary, THL H Limited, a company incorporated under the laws of British Virgin Islands.
- 6 The percentage is calculated on the basis of 1,749, 442,062 Shares in issue as at 30 June 2024.

Other than as disclosed above, as at 30 June 2024, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company, its subsidiaries nor any of the PRC Operating Entities has purchased, sold or redeemed any of the Company's listed securities.

## SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available and to the best of the Directors' knowledge, information and belief on the date of this interim report, the Company has always maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2024 and up to the date of this interim report.

## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### Compliance with the Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. Save as disclosed herein below, the Company has complied with all applicable code provisions under the CG Code during the six months ended 30 June 2024.

Code provision C.2.1 of the CG Code stipulates the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. YAO Jianjun serves as the Chairman and Chief Executive Officer of the Company. In view of Mr. YAO Jianjun's extensive experience in the industry, personal profile and role in the Group and its historical development, the Board believes that it is appropriate and beneficial to the business prospects of the Group that Mr. YAO Jianjun acts as both Chairman and Chief Executive Officer. Furthermore, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. YAO Jianjun would provide strong and consistent leadership, allowing the Company to more effectively plan and implement business decisions and strategies. Besides, all major decisions have been made in consultation with members of the Board, which comprises experienced and high caliber individuals, appropriate Board committees, as well as the senior management team. The Board is, therefore, of the view that there are adequate checks and balances in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and make necessary changes at an appropriate time.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.



## OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

### The Board

The Board currently comprises seven Directors, including four Executive Directors, viz, Mr. YAO Jianjun, Mr. CHEN Jianyu, Mr. BI Lin and Mr. LIN Zhibin; and three Independent Non-executive Directors with at least one Independent Non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, viz, Ms. LIU Qianli, Mr. LAI Xiaoling and Mr. CAO Xi.

During the six months ended 30 June 2024 and up to the date of this interim report, there were no changes to the composition of the Board.

### Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during the six months ended 30 June 2024.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the six months ended 30 June 2024.

### Review of Interim Results

The Audit Committee, comprising three Independent Non-executive Directors, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024 and considered that they were prepared in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure thereof.

The unaudited interim results of the Group for the six months ended 30 June 2024 have been reviewed by Ernst & Young, the external auditors of the Company.

### 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 since the date of the 2023 annual report of the Company are as follows:

- (i) Mr. Bi Lin (畢林), an Executive Director, has resigned as a director of Hainan Feiyi Internet Technology Company Limited (海南飛翼網絡科技有限公司) which was a subsidiary of the Company that has been deregistered since 7 May 2024;
- (ii) Mr. Yao Jianjun (姚劍軍), an Executive Director, has ceased to be director of Xiamen Feiyu Technology Co., Ltd. (廈門飛魚科技有限公司), a subsidiary of the Company, since 16 July 2024; and
- (iii) Mr. Bi Lin (畢林), an Executive Director, has been acting as director of Xiamen Feiyu Technology Co., Ltd. (廈門飛魚科技有限公司), a subsidiary of the Company, since 16 July 2024.

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 date of the 2023 annual report of the Company and up to the date of this interim report.

# INDEPENDENT REVIEW REPORT



**To the board of directors of Feiyu Technology International Company Ltd.**

(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 33 to 70, which comprises the condensed consolidated statement of financial position of Feiyu Technology International Company Ltd. (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 International Accounting Standards Board. The directors of the Company 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. Our report is made 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

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.

## CONCLUSION

Based on our review, 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.

### **Ernst & Young**

*Certified Public Accountants*

27/F, One Taikoo Place

979 King’s Road Quarry Bay

Hong Kong

28 August 2024

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>REVENUE</b>	4	<b>101,752</b>	107,902
Cost of sales		<b>(16,165)</b>	(13,032)
<b>Gross profit</b>		<b>85,587</b>	94,870
Other income and gains	4	<b>8,597</b>	17,907
Selling and distribution expenses		<b>(36,213)</b>	(17,846)
Administrative expenses		<b>(19,711)</b>	(21,802)
Research and development costs		<b>(27,152)</b>	(27,622)
Finance costs		<b>(2,153)</b>	(1,735)
Other expenses		<b>(13,212)</b>	(2,938)
Share of profits and losses of associates	14	<b>2,622</b>	(537)
<b>(LOSS)/PROFIT BEFORE TAX</b>	5	<b>(1,635)</b>	40,297
Income tax (expense)/credit	6	<b>(329)</b>	569
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(1,964)</b>	40,866
Attributable to:			
Owners of the parent		<b>(1,586)</b>	40,262
Non-controlling interests		<b>(378)</b>	604
		<b>(1,964)</b>	40,866
<b>(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic			
For (loss)/profit for the year		<b>RMB0.00</b>	RMB0.02
Diluted			
For (loss)/profit for the year		<b>RMB0.00</b>	RMB0.02

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>	<b>(1,964)</b>	40,866
<b>OTHER COMPREHENSIVE INCOME</b>		
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	(775)	84
Exchange differences:		
Exchange differences on translation of foreign operations	821	4,239
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	<b>46</b>	4,323
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	5,538	975
<b>Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<b>5,538</b>	975
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>5,584</b>	5,298
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3,620</b>	46,164
Attributable to:		
Owners of the parent	3,997	45,556
Non-controlling interests	(377)	608
	<b>3,620</b>	46,164

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	59,306	60,577
Investment properties	10	155,120	156,154
Right-of-use assets	11	31,209	32,601
Goodwill	12	11,427	11,427
Other intangible assets	13	302	417
Investment in associates	14	15,432	10,210
Prepayments, other receivables and other assets	16	20,487	19,261
Time deposits	19	90,000	40,000
Equity investments designated at fair value through other comprehensive income	17	39,742	34,204
Debt investments at fair value through other comprehensive income	17	57,621	58,177
Financial assets at fair value through profit or loss	17	40,731	54,644
Total non-current assets		521,377	477,672
<b>CURRENT ASSETS</b>			
Accounts receivable and receivables due from third-party game distribution platforms and payment channels	15	33,299	36,940
Prepayments, other receivables and other assets	16	16,547	15,843
Cash and cash equivalents	18	92,912	160,678
Other current assets		10,128	10,796
Total current assets		152,886	224,257
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	20	41,469	61,840
Interest-bearing bank loans	21	6,000	6,000
Lease liabilities		694	1,569
Tax payable		2,014	2,013
Contract liabilities	22	4,249	9,419
Total current liabilities		54,426	80,841
<b>NET CURRENT ASSETS</b>		98,460	143,416
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		619,837	621,088

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank loans	21	86,500	89,500
Lease liabilities		–	106
Deferred tax liabilities		2,498	2,169
Contract liabilities	22	1,234	3,373
Total non-current liabilities		90,232	95,148
<b>Net assets</b>		<b>529,605</b>	525,940
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	23	1	1
Share premium	23	604,624	604,566
Reserves		(89,149)	(93,133)
		515,476	511,434
<b>Non-controlling interests</b>		<b>14,129</b>	14,506
<b>Total equity</b>		<b>529,605</b>	525,940

**YAO Jianjun**  
Director

**CHEN Jianyu**  
Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Equity-settled share-based payment reserve RMB'000	Other reserve RMB'000	Financial assets revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 (audited)	1	604,566	29,020	149,159	324,419	(21,383)	37,059	(611,407)	511,434	14,506	525,940
Loss for the period	-	-	-	-	-	-	-	(1,586)	(1,586)	(378)	(1,964)
Other comprehensive income for the period:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	5,538	-	-	5,538	-	5,538
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	(775)	-	-	(775)	-	(775)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	820	-	820	1	821
Total comprehensive income for the period	-	-	-	-	-	4,763	820	(1,586)	3,997	(377)	3,620
Exercise of share option	-	58	-	(13)	-	-	-	-	45	-	45
At 30 June 2024 (unaudited)	1	604,624	29,020*	149,146*	324,419*	(16,620)*	37,879*	(612,993)*	515,476	14,129	529,605

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent										Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Equity-settled share-based payment reserve RMB'000	Other reserve RMB'000	Financial assets revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 31 December 2022 (audited)	1	597,945	20,704	150,866	328,474	(31,966)	35,299	(655,104)	446,219	10,284	456,503
Profit for the period	-	-	-	-	-	-	-	40,262	40,262	604	40,866
Other comprehensive loss for the period:											
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	84	-	-	84	-	84
Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	975	-	-	975	-	975
Exchange differences on translation of foreign operations	-	-	-	-	-	-	4,235	-	4,235	4	4,239
Total comprehensive income for the period	-	-	-	-	-	1,059	4,235	40,262	45,556	608	46,164
Contribution to non-controlling shareholders	-	-	-	-	(4,054)	-	-	-	(4,054)	4,054	-
Exercise of share option	-	3,250	-	(802)	-	-	-	-	2,448	-	2,448
At 30 June 2023 (unaudited)	1	601,195	20,704*	150,064*	324,420*	(30,907)*	39,534*	(614,842)*	490,169	14,946	505,115

\* These reserve accounts comprise the consolidated negative reserves of RMB89,149,000 (For the six months ended 30 June 2023: RMB111,027,000) in the consolidated statement of financial position.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

Notes	<b>2024 (Unaudited) RMB'000</b>	2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
(Loss)/Profit before tax	<b>(1,635)</b>	40,297
Adjustments for:		
Finance costs	<b>2,153</b>	1,735
Interest income	<b>(2,970)</b>	(1,543)
Depreciation of property, plant and equipment	<b>1,387</b>	1,725
Depreciation of right-of-use assets	<b>1,193</b>	1,777
Amortisation of other intangible assets	<b>115</b>	115
Loss/(gain) on disposal of items of property, plant and equipment	<b>140</b>	(149)
Gain on disposal of right-of-use assets	<b>(16)</b>	–
Fair value loss/(gain), net:		
Financial assets at fair value through profit or loss	<b>11,012</b>	(10,165)
Changes in fair value of investment properties	<b>1,034</b>	2,293
Reversal of impairment of other receivables	<b>(99)</b>	(100)
Share of profits and losses of associates	<b>(2,622)</b>	537
	<b>9,692</b>	36,522
Decrease/(increase) in accounts receivable and receivables due from third-party game distribution platforms and payment channels	<b>3,641</b>	(2,400)
Decrease in prepayments, other receivables and other assets	<b>155</b>	2,027
Decrease in other payables and accruals	<b>(19,184)</b>	(21,314)
Decrease/(increase) in other current assets	<b>668</b>	(336)
Decrease in contract liabilities	<b>(7,309)</b>	(3,274)
Cash (used in)/generated from operations	<b>(12,337)</b>	11,225
Interest paid	<b>(2,519)</b>	(1,721)
Net cash flows (used in)/generated from operating activities	<b>(14,856)</b>	9,504

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received		1,797	1,543
Purchases of items of property, plant and equipment		(722)	(1,912)
Proceeds from disposal of items of property, plant and equipment		55	222
Dividend received from a financial asset at fair value through profit or loss		2,294	765
Investment in associate		(1,000)	–
Purchase of equity investments designated at fair value through other comprehensive income		(2,500)	–
Purchase of financial assets at fair value through profit or loss		(148,220)	(234,840)
Proceeds from disposal of financial assets		148,389	235,608
Purchase of time deposits		(50,000)	(10,000)
Dividends received from associates		400	300
Net cash flows used in investing activities		(49,507)	(8,314)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of bank loans		(3,000)	(1,500)
Principal portion of lease payments		(766)	(1,297)
Proceeds from exercise of share options		45	2,142
Net cash flows used in financing activities		(3,721)	(655)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period		160,678	133,153
Effect of foreign exchange rate changes, net		318	406
Cash and cash equivalents at end of period		92,912	134,094
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as stated in the statement of financial position	18	92,912	134,094

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

## 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised IFRSs are described below:

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the revised IFRSs are described below: (Continued)

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### 3. OPERATING SEGMENT INFORMATION

#### Information about geographical areas

Since no revenue or operating profit from transactions with a single geographical area other than Chinese Mainland accounted for 10% or more of the Group's revenue and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

#### Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue for the six months ended 30 June 2024 (2023: No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 4. REVENUE, OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Revenue</b>		
Game operations	83,312	91,184
– Gross basis	37,702	38,334
– Net basis	45,610	52,850
Online game distribution	192	279
Licensing income	6,498	2,456
Advertising revenue	9,646	10,975
Sale of goods	2,096	1,072
Technical service income	8	71
Game Development service income	–	1,865
	<b>101,752</b>	107,902
<b>Timing of revenue recognition</b>		
Services transferred over time	6,498	4,321
Services and goods transferred at a point of time	95,254	103,581
Total revenue from contracts with customers	<b>101,752</b>	107,902
	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Other income</b>		
Government grants	1,418	2,155
Interest income	2,970	1,543
Gross rental income from investment property operating leases	3,152	3,072
	<b>7,540</b>	6,770
<b>Gains</b>		
Fair value gains, net:		
– Financial assets	651	10,466
Other gains	406	671
	<b>8,597</b>	17,907

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 5. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Channel costs	11,782	11,952
Advertising expenses	22,359	3,430
Outsource fee	147	646
Depreciation of property, plant and equipment	1,387	1,725
Depreciation of right-of-use assets	1,193	1,777
Amortisation of other intangible assets	115	115
Lease payments not included in the measurement of lease liabilities	1,053	656
Loss/(gain) on disposal of items of property, plant and equipment	140	(149)
Fair value gains, net		
Fair value loss/(gain), net:		
Financial assets at fair value through profit or loss	11,012	(10,165)
Changes in fair value of investment properties, net	1,034	2,293
Exchange difference, net	(181)	(32)

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 6. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Under the relevant income tax law, the PRC subsidiaries were subject to income tax at a statutory rate of 25% for the year on their respective taxable income, except for Kailuo Tianxia and Xiamen Feixin, which were certified as High and New Technology Enterprises (“HNTEs”) and entitled to a preferential income tax rate of 15% from 2022 to 2025, and Xiamen Yidou, Xiamen Youli and Xiamen Feiyu which were certified as High and New Technology Enterprises (“HNTEs”) in 2021 and entitled to a preferential income tax rate of 15% from 2021 to 2024. Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax	–	–
Deferred tax	329	(569)
Total tax charge/(credit) for the period	329	(569)

### 7. DIVIDEND

The Board does not recommend the payment of an interim dividend to the ordinary equity holders of the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 8. EARNING PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,733,746,210 (for the six months ended 30 June 2023: 1,726,184,979) in issue during the period, as adjusted to reflect the share issuance during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings (Loss)/profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	(1,586)	40,262
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,733,746,210	1,726,184,979
Effect of dilution – weighted average number of ordinary shares: Share options	–	5,640,987
	1,733,746,210	1,731,825,966

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB311,000 (for the six months ended 30 June 2023: RMB1,359,000). Depreciation for items of property, plant and equipment was RMB1,387,000 during the period (for the six months ended 30 June 2023: RMB1,725,000).

During the six months ended 30 June 2024, the Group disposed property, plant and equipment amounting to RMB195,000 (for the six months ended 30 June 2023: RMB73,000).



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 10. INVESTMENT PROPERTIES

	30 June 2024 RMB'000 (Unaudited)
Carrying amount at 1 January	156,154
Net loss from a fair value adjustment	(1,034)
Carrying amount at 30 June	155,120

The Group's investment property is a commercial property in Chinese Mainland. The directors of the Company have determined that the investment property is a commercial property based on the nature, characteristics and risks of the property.

#### Fair value hierarchy

	Fair value measurement as at 30 June 2024 using			Total RMB'000
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for: Commercial property	-	-	155,120	155,120

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

### 11. LEASES

During the six months ended 30 June 2024, there was no addition on right-of-use assets (six months ended 30 June 2023: Nil) and the depreciation incurred for the period amounting to RMB1,193,000 (six months ended 30 June 2023: RMB1,777,000).

### 12. GOODWILL

	RMB'000
At 30 June 2024 and 31 December 2023:	
Cost	432,278
Accumulated impairment	(420,851)
Net carrying amount	11,427

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 13. OTHER INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group did not acquire any intangible asset (for the six months ended 30 June 2023: Nil). Amortisation for intangible assets were RMB115,000 during the period (for the six months ended 30 June 2023: RMB115,000).

No intangible asset was disposed of for the six months ended 30 June 2024 and 2023.

### 14. INVESTMENT IN ASSOCIATES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Shares of net assets	5,242	3,185
Goodwill on acquisition	10,190	7,025
	<b>15,432</b>	10,210

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	30 June 2023 RMB'000 (Unaudited)
Share of the associates' profits and losses for the period	2,622	(537)

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 15. ACCOUNTS RECEIVABLE AND RECEIVABLES DUE FROM THIRD-PARTY GAME DISTRIBUTION PLATFORMS AND PAYMENT CHANNELS

The Group's credit terms with customers generally range from one month to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its receivable balances. These receivables are non-interest-bearing.

An ageing analysis of the receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 3 months	<b>33,299</b>	36,940

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The balances consist of receivables from third parties which have no recent history of default and past due amounts. As at 30 June 2024 and 31 December 2023, the loss allowance was assessed to be minimal.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Non-current</b>		
Prepayments	<b>8,178</b>	10,669
Prepaid land lease payments related deposits	<b>1,605</b>	1,605
Other receivables	<b>19,827</b>	21,464
Deposits	<b>89</b>	698
	<b>29,699</b>	34,436
Impairment allowance	<b>(9,212)</b>	(15,175)
	<b>20,487</b>	19,261
<b>Current</b>		
Prepayments	<b>4,754</b>	4,591
Investment property rental income	<b>4,725</b>	4,834
Deposits	<b>767</b>	529
Other receivables	<b>18,927</b>	20,958
	<b>29,173</b>	30,912
Impairment allowance	<b>(12,626)</b>	(15,069)
	<b>16,547</b>	15,843

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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### 17. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Debt investments at fair value through other comprehensive income</b>			
Straight bond	(1)	57,621	58,177
<b>Equity investments designated at fair value through other comprehensive income</b>			
Unlisted equity investments, at fair value	(2)	39,742	34,204
<b>Financial assets at fair value through profit or loss</b>			
Unlisted debt investments, at fair value	(3)	33,429	47,297
Bond fund	(4)	7,302	7,347
		<b>40,731</b>	<b>54,644</b>

- (1) On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited with a nominal amount of US\$3,500,000 at a consideration of US\$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited with an accumulated nominal amount of US\$2,800,000 at an accumulated consideration of US\$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

On 15 July 2021, the Group invested in a bond issued by New World Development Company Limited with a nominal amount of US\$3,500,000 at a consideration of US\$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

Debt investments at fair value through other comprehensive income are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 17. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

- (2) The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature, which represented equity investments in one company listed on the National Equities Exchange And Quotations of the PRC, and four unlisted entities incorporated in the PRC and Singapore.
- (3) The above unlisted debt investments represented the investments in two unlisted limited partnerships, and one unlisted entity incorporated in the Cayman Islands.
- (4) In January 2020, the Group invested in a bond fund issued by UBS (CAY) Fund Series with a nominal amount of US\$1,600,000 and with income stream from a diversified portfolio at a consideration of US\$1,614,000 (equivalent to approximately RMB11.1 million).

### 18. CASH AND CASH EQUIVALENTS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<b>92,912</b>	160,678
Denominated in RMB	<b>85,293</b>	153,275
Denominated in US\$	<b>5,455</b>	5,562
Denominated in HK\$	<b>1,780</b>	1,804
Denominated in SGD\$	<b>384</b>	37
Cash and cash equivalents	<b>92,912</b>	160,678

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 19. TIME DEPOSITS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Time deposits	<b>90,000</b>	40,000

Non-current time deposits represent deposits over one year. As at 30 June 2024, non-current time deposits of RMB10,000,000 carried a fixed interest rate at 3.25% per annum with maturity on May 2026, non-current time deposits of RMB30,000,000 carried a fixed interest rate at 2.85% per annum with maturity on November 2026, non-current time deposits of RMB20,000,000 carried a fixed interest rate at 2.15% per annum with maturity on January 2026 and non-current time deposits of RMB30,000,000 carried a fixed interest rate at 2.60% per annum with maturity on January 2027.

### 20. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Salaries and welfare payables	<b>21,444</b>	39,125
Other payables and accruals	<b>15,116</b>	17,564
Other tax payables	<b>4,497</b>	5,031
Advance from customers	<b>412</b>	120
	<b>41,469</b>	61,840

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 21. INTEREST-BEARING BANK LOANS

	As at 30 June 2024			As at 31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current</b>						
Bank loans-secured	3.950	2025	6,000	4.200	2024	6,000
			6,000			6,000
<b>Non-current</b>						
Other-secured bank loans	3.950	2025-2038	86,500	4.200	2025-2038	89,500
			92,500			95,500

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	6,000	6,000
In the second year	6,000	6,000
In the third to fifth years, inclusive	19,250	18,750
Beyond five years	61,250	64,750
	92,500	95,500

Notes:

- The Group's long term loan facility amounted to RMB100,000,000 (2023: RMB120,000,000), of which RMB100,000,000 (2023: RMB70,000,000) had been drawn as at 30 June 2024.
- The Group's headquarters building, investment property and leasehold land were pledged for the long term loan facility granted to the Group at 30 June 2024. The loan will be repaid year by year in accordance with the contracts. RMB1,500,000 is repayable every 3 month from 15 June 2023 to 15 March 2028 and RMB1,750,000 is repayable every 3 month from 15 June 2028 to 15 March 2038.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 22. CONTRACT LIABILITIES

Details of contract liabilities as at 30 June 2024 and 31 December 2023 are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<i>Short-term advances received</i>		
Online web and mobile games	<b>3,117</b>	8,452
Licensing income	<b>1,132</b>	967
	<b>4,249</b>	9,419
<i>Long-term advances received</i>		
Online web and mobile games	-	1,478
Licensing income	<b>1,234</b>	1,895
Total contract liabilities	<b>5,483</b>	12,792

Contract liabilities mainly represented prepaid unconsumed virtual currencies, virtual items from players and upfront revenue sharing and remaining upfront licenses fee for online game services from game distribution platforms, for which the related services had not been rendered as at 30 June 2024.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 23. SHARE CAPITAL

#### Shares

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Issued and fully paid or credited as fully paid:		
Ordinary shares of US\$0.0000001 each	<b>1,749,442,062</b>	1,749,166,062
Equivalent to RMB'000	<b>1</b>	1

A summary of movements in the Company's share capital is as follows:

	<b>Number of issued and fully paid ordinary shares</b>	<b>Nominal value of ordinary shares RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2023	1,718,826,062	1	597,945	597,946
Share options exercised	30,340,000	–	6,621	6,621
At 31 December 2023 and 1 January 2024	1,749,166,062	1	604,566	604,567
Share options exercised	276,000	–	58	58
<b>At 30 June 2024</b>	<b>1,749,442,062</b>	<b>1</b>	<b>604,624</b>	<b>604,625</b>

### 24. EQUITY-SETTLED SHARE-BASED PAYMENT

#### Share option schemes

The Company approved and adopted a post-IPO share option scheme (the "Post-IPO Share Option Scheme") pursuant to shareholders' written resolutions and directors' written resolution passed on 17 November 2014. The Post-IPO Share Option Scheme was terminated in the extraordinary general meeting on 24 May 2024. All 5,800,000 outstanding share options under the Post-IPO Share Option Scheme would continue to be valid and exercisable in accordance with the principal terms of the Post-IPO Share Option Scheme.

The Company approved and adopted a new share option scheme (the "2024 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the employee participants, the related entity participants, and the service providers. The Scheme became effective on 24 May 2024 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

## 24. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

### Share option schemes (Continued)

The maximum number of unexercised share options and awards currently permitted to be granted under the 2024 Share Option Scheme and any other share schemes of the Company is an amount equivalent, upon their exercise, to 10% of the shares of the Company, being 174,944,206 Shares, as at the adoption date. The maximum number of shares issuable under share options and awards to be granted to service providers under the 2024 Share Option Scheme and any other share schemes of the Company is limited to 1% of the shares of the Company in issue on the adoption date.

The maximum number of shares issuable under share options and awards granted to each eligible participant under the 2024 Share Option Scheme and any other share schemes of the Company within any 12-month period is limited to 1% of the shares of the Company in issue as at the date on which the share options are granted to the relevant eligible participants. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options proposed to be granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, which would result in the total number of shares issuable under all share options and awards granted under the 2024 Share Option Scheme and any other share schemes of the Company within the 12-month period exceeding 0.1% of the shares of the Company in issue on the grant date are subject to shareholders' approval in advance in a general meeting.

On 27 March 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 10,160,000 shares at an exercise price of HK\$1.256 per share. 7,160,000 share options granted will be vested equally in four tranches as to 25% of the number of shares on 31 December 2017, 2018, 2019 and 2020, respectively. 3,000,000 share options granted will be vested in three tranches as to 50%, 25% and 25% of the number of shares on 30 June 2017, 2018 and 2019, respectively. Each option granted if not exercised subsequently will expire on 26 March 2027. On 15 May 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 5,000,000 shares at an exercise price of HK\$1.1 per share. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 15 May 2018, 2019, 2020 and 2021, respectively. Each option granted if not exercised subsequently will expire on 14 May 2027. On 13 November 2017, under the Post-IPO Share Option Scheme, share options were granted to one member of senior management to subscribe for 15,000,000 shares at an exercise price of HK\$1.026 per share. All share options granted will be vested equally in three tranches as to 33% of the aggregate number of shares on 13 November 2018, 2019 and 2020, respectively. Each option granted if not exercised subsequently will expire on 12 November 2027. On 1 January 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 22,000,000 shares at an exercise price of HK\$0.1804 per share. 10,000,000 share options granted will be vested in three tranches as to 10%, 40%, 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 12,000,000 share options granted will be vested equally in three tranches as to 33% of the number of shares on 31 December 2020, 2021 and 2022, respectively. Each option granted if not exercised subsequently will expire on 21 January 2024. On 8 May 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 90,000,000 shares at an exercise price of HK\$0.1804 per share. 50,000,000 share options granted will be vested in three tranches as to 20%, 30%, 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 18,000,000 share options granted will be vested in two tranches as to 44%, 56% of the number of shares on 31 December 2021 and 2022, respectively. 22,000,000 share options granted will be vested in three tranches as to 32%, 32%, 36% of the number of shares on 31 December 2020, 2021 and 2022, respectively. Each option granted if not exercised subsequently expired on 21 January 2024.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 24. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

#### Share option schemes (Continued)

The following share options were outstanding under the Schemes during the period/year:

	2024	
	Weighted average exercise price HK\$ per share	Number of options  '000
At 1 January	0.71	8,300
Exercised during the period	0.18	(276)
Expired during the period	0.18	(2,224)
At 30 June	0.93	5,800

	2023	
	Weighted average exercise price HK\$ per share	Number of options  '000
At 1 January	0.34	108,300
Forfeited during the year	0.36	(69,660)
Exercised during the year	0.18	(30,340)
At 31 December	0.71	8,300

The weighted average share price at the date of exercise for share options exercised during the year was HK\$0.1804 per share (2023: HK\$0.1804 per share).

## 24. EQUITY-SETTLED SHARE-BASED PAYMENTS (Continued)

### Share option schemes (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

#### 30 June 2024

Number of options '000	Exercise price* HK\$ per share	Exercise period
5,800	1.26	31-12-2017 to 26-03-2027
<b>5,800</b>		

#### 31 December 2023

Number of options '000	Exercise price* HK\$ per share	Exercise period
5,800	1.26	31-12-2017 to 26-03-2027
2,500	0.18	31-12-2020 to 20-01-2024
<b>8,300</b>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had 5,800,000 share options outstanding under the Schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 5,800,000 additional ordinary shares of the Company, an additional share capital of approximately RMB4 and a share premium of approximately RMB6,648,687.

At the date of approval of these financial statements, the Company had 5,800,000 share options outstanding under the Schemes, which represented 0.33% of the Company's shares in issue as at that date.

No share option expense was recognised by the Group for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 25. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for: Game operation	<b>6,503</b>	6,503

### 26. RELATED PARTY TRANSACTIONS

#### (a) Name and relationship of related parties

<b>Name</b>	<b>Relationship</b>
Mr. Yao Jianjun	Shareholder of the Company
Mr. Chen Jianyu	Shareholder of the Company
Tencent Holdings Limited and its subsidiaries ("Tencent")	Shareholder of the Company
Xiamen Jijidao Technology Co., Ltd. ("Xiamen Jijidao")	Associate
Xiamen Xianglian Technology Co., Ltd. ("Xianglian")	Significant influenced by Mr. Yao Jianjun
Xiamen Plump Fish Cultural Media Co., Ltd. ("Xiamen Plump Fish")	Significantly influenced by Mr. Chen Jianyu

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 26. RELATED PARTY TRANSACTIONS (Continued)

#### (b) Transactions with related parties

The following transactions were carried out with related parties:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cloud sever service from (note (i)) Tencent	874	1,519
Channel service from (note (i)) Tencent	100	–
Revenue from (note (ii)) Tencent	5,100	4,508
Rental income from (note (iii)) Xianglian	339	200
Service outsourcing from (note (iv)) Xiamen Jijidao	38	–

Notes:

- (i) The purchase of service from Tencent was mutually agreed after taking into account the prevailing market prices.
- (ii) The revenue from Tencent was mutually agreed after taking into account the prevailing market prices.
- (iii) The rental income from Xianglian was mutually agreed after taking into account the prevailing market prices.
- (iv) The service outsourcing from Xiamen Jijidao was mutually agreed after taking into account the prevailing market prices.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 26. RELATED PARTY TRANSACTIONS (Continued)

(c) Balances with related parties:

Due from related parties

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Tencent	3,698	4,234
Xiamen Jijidao	476	–
	<b>4,174</b>	4,234

Due to related parties

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Xiamen Jijidao	2,000	–
Tencent	101	98
Xiamen Plump Fish	80	80
Xianglian	79	79
	<b>2,260</b>	257



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 26. RELATED PARTY TRANSACTIONS (Continued)

#### (c) Balances with related parties: (Continued)

Advances from a related party

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Xianglian	<b>34</b>	36

#### (d) Compensation of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	<b>1,102</b>	1,958
Pension scheme contributions	<b>64</b>	84
	<b>1,166</b>	2,042

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the period were as follows:

#### Financial assets

As at 30 June 2024

	Financial assets at fair value through other comprehensive income				Total RMB'000 (Unaudited)
	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Debt investments RMB'000 (Unaudited)	Equity investments RMB'000 (Unaudited)	Financial assets at amortised cost RMB'000 (Unaudited)	
Debt investments at fair value through other comprehensive income	-	57,621	-	-	57,621
Equity investments designated at fair value through other comprehensive income	-	-	39,742	-	39,742
Financial assets at fair value through profit or loss	40,731	-	-	-	40,731
Accounts receivable and receivables due from third-party game distribution platforms and payment channels	-	-	-	33,299	33,299
Financial assets included in prepayments, other receivables and other assets	-	-	-	24,988	24,988
Time deposits	-	-	-	90,000	90,000
Cash and cash equivalents	-	-	-	92,912	92,912
	40,731	57,621	39,742	241,199	379,293

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 27. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

#### Financial assets (Continued)

As at 31 December 2023

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost RMB'000	Total RMB'000
		Debt investments RMB'000	Equity investments RMB'000		
Debt investments at fair value through other comprehensive income	–	58,177	–	–	58,177
Equity investments designated at fair value through other comprehensive income	–	–	34,204	–	34,204
Financial assets at fair value through profit or loss	54,644	–	–	–	54,644
Accounts receivable and receivables due from third-party game distribution platforms and payment channels	–	–	–	36,940	36,940
Financial assets included in prepayments, other receivables and other assets	–	–	–	24,186	24,186
Time deposit	–	–	–	40,000	40,000
Cash and cash equivalents	–	–	–	160,678	160,678
	54,644	58,177	34,204	261,804	408,829

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 27. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

#### Financial liabilities

	Financial liabilities at amortised cost	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial liabilities included in other payables and accruals	3,435	3,793
Interest-bearing bank loans	92,500	95,500
	<b>95,935</b>	99,293

### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the board of directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of unlisted equity investments designated at fair value through other comprehensive income, have been estimated using equity transaction price or a market-based valuation technique valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to revenue ("EV/Revenue") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by revenue measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

**28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**  
(Continued)

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2024 and 31 December 2023:

	<b>Valuation technique</b>	<b>Significant unobservable input</b>	<b>Range</b>	<b>Sensitivity of fair value to the input</b>
Certain equity investments (2024: five equity investments 2023: five equity investments)	Valuation multiple	Average EV/ Revenue multiple of peers	2024: 0.5 to 5.6 (2023: 3.2 to 6.0)	5% (2023: 5%) increase/decrease in multiple would result in increase/decrease in fair value by RMB1,439,000/RMB1,440,000 (2023: RMB636,000/RMB664,000)
		Discount for lack of marketability	2024: 10% to 15% (2023: 12% to 21%)	5% (2023: 5%) increase/decrease in multiple would result in decrease/increase in fair value by RMB241,000/RMB241,000 (2023: RMB256,000/RMB224,000)

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

### 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted price in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Debt investments at fair value through other comprehensive income	-	57,621	-	57,621
Financial assets at fair value through profit or loss	-	40,731	-	40,731
Equity investments designated at fair value through other comprehensive income	-	-	39,742	39,742
	-	98,352	39,742	138,094

## 28. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

### Fair value hierarchy (Continued)

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted price in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Debt investments at fair value through other comprehensive income	–	58,177	–	58,177
Financial assets at fair value through profit or loss	–	54,644	–	54,644
Equity investments designated at fair value through other comprehensive income	–	–	34,204	34,204
	–	112,821	34,204	147,025

The Group did not have any financial liabilities measured at fair value as at 30 June 2024 and 31 December 2023.

For the period ended 30 June 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: Nil).

The movements in fair value measurements within Level 3 during the period are as follows:

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
Equity investments at fair value through other comprehensive income – unlisted:		
At 1 January	34,204	16,205
Total gains recognised in other comprehensive income	5,538	3,909
At 30 June	39,742	20,114

## 29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the board of the directors on 28 August 2024.

# GLOSSARY

“2024 Restricted Share Unit Scheme”	the restricted share unit scheme adopted by the Shareholders on 24 May 2024
“2024 Share Option Scheme”	the share option scheme adopted by the Shareholders on 24 May 2024
“ARPPU”	average revenue per paying user, calculated by dividing monthly average revenue from the sale of virtual items and premium features during a certain period by the number of average MPUs during the same period
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“Cayman Islands”	the Cayman Islands
“CG Code”	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“Chief Executive Officer”	the chief executive officer of the Company
“China” or “PRC” or “Mainland China”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Company”, “our Company”, “we”, “us” or “our”	Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014
“Director(s)”	director(s) of the Company
“Executive Director(s)”	the executive Director(s)
“Global Offering”	the offer of 30,000,000 Shares for subscription by the public in Hong Kong pursuant to the Hong Kong Public Offering and the offer of 270,000,000 Shares for subscription by institutional, professional, corporate and other investors pursuant to the International Offering (as respectively defined in the Prospectus)
“Group”	the Company, its subsidiaries and the PRC Operating Entities
“HK\$”, “Hong Kong dollars” or “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS(s)”	International Accounting Standards
“IASB”	International Accounting Standard Board



## GLOSSARY

“IFRS(s)”	International Financial Reporting Standards, amendments and interpretations issued by the IASB
“Independent Non-executive Director(s)”	the independent non-executive Director(s)
“iOS”	a mobile operating system developed and maintained by Apple Inc. used exclusively in Apple touchscreen technology including, iPhones, iPods, and iPads
“IP(s)”	Intellectual Property(ies)
“Kailuo Tianxia”	Beijing Kailuo Tianxia Technology Co., Ltd (北京凱羅天下科技有限公司), a limited liability company established in the PRC and an indirect wholly owned subsidiary of the Company
“Land”	the land located in Huli District, Xiamen, the PRC as disclosed in the Company’s announcement dated 21 July 2016
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	the date which dealings in Shares first commence on the Stock Exchange, i.e. 5 December 2014
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“MAUs”	monthly active users, which is the number of players who logged into a particular game in the relevant calendar month. Under this metric, a player who logged into two different games in the same month is counted as two MAUs. Similarly, a player who plays the same game on two different publishing platforms in a month would be counted as two MAUs. Average MAUs for a particular period is the average of the MAUs in each month during that period
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Listing Rules
“MPUs”	monthly paying users, which is the number of paying players in the relevant calendar month. Average MPUs for a particular period is the average of the MPUs in each month during that period
“Nomination Committee”	the nomination committee of the Board
“PC”	personal computer
“Post-IPO Share Option Scheme”	the post-IPO Share Option Scheme adopted by the Shareholders on 17 November 2014 and was terminated on 24 May 2024
“PRC Operating Entities”	Xiamen Guanghuan and its subsidiaries and “PRC Operating Entity” means any one of them

## GLOSSARY

“Prospectus”	the prospectus dated 25 November 2014 issued by the Company
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“RPG”	role-playing games, which involve a large number of players who interact with each other in an evolving fictional world. Each player adopts the role of one or more “characters” who develop specific skill sets (such as melee combat or casting magic spells) and control the character’s actions. There are unlimited possible game scenarios where the evolution of the game world is determined by the actions of the players, and the storyline continuously evolves even while the players are offline and away from the games
“RSU(s)”	restricted share unit(s)
“RSU Plan II”	the RSU Plan II adopted by the Shareholders on 28 May 2018 and was terminated on 24 May 2024
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of US\$0.0000001 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it in the Listing Rules
“Tencent”, together with its subsidiaries, “Tencent Group”	Tencent Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: HKEX: 00700 (HKD counter) and 80700 (RMB counter))
“US\$”, “U.S. dollars”, “USD” or “United States Dollars”	United States dollars, the lawful currency of the United States of America
“Xiamen Guanghuan”	Xiamen Guanghuan Information Technology Co., Ltd. (廈門光環信息科技有限公司), a limited company incorporated under the laws of the PRC on 12 January 2009, being a company which the Group does not own but can exercise and maintain control over, and to consolidate its financial results as a wholly-owned subsidiary of the Company by virtue of certain contractual arrangements

In this interim report, the terms “associate”, “connected person”, “connected transaction” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.