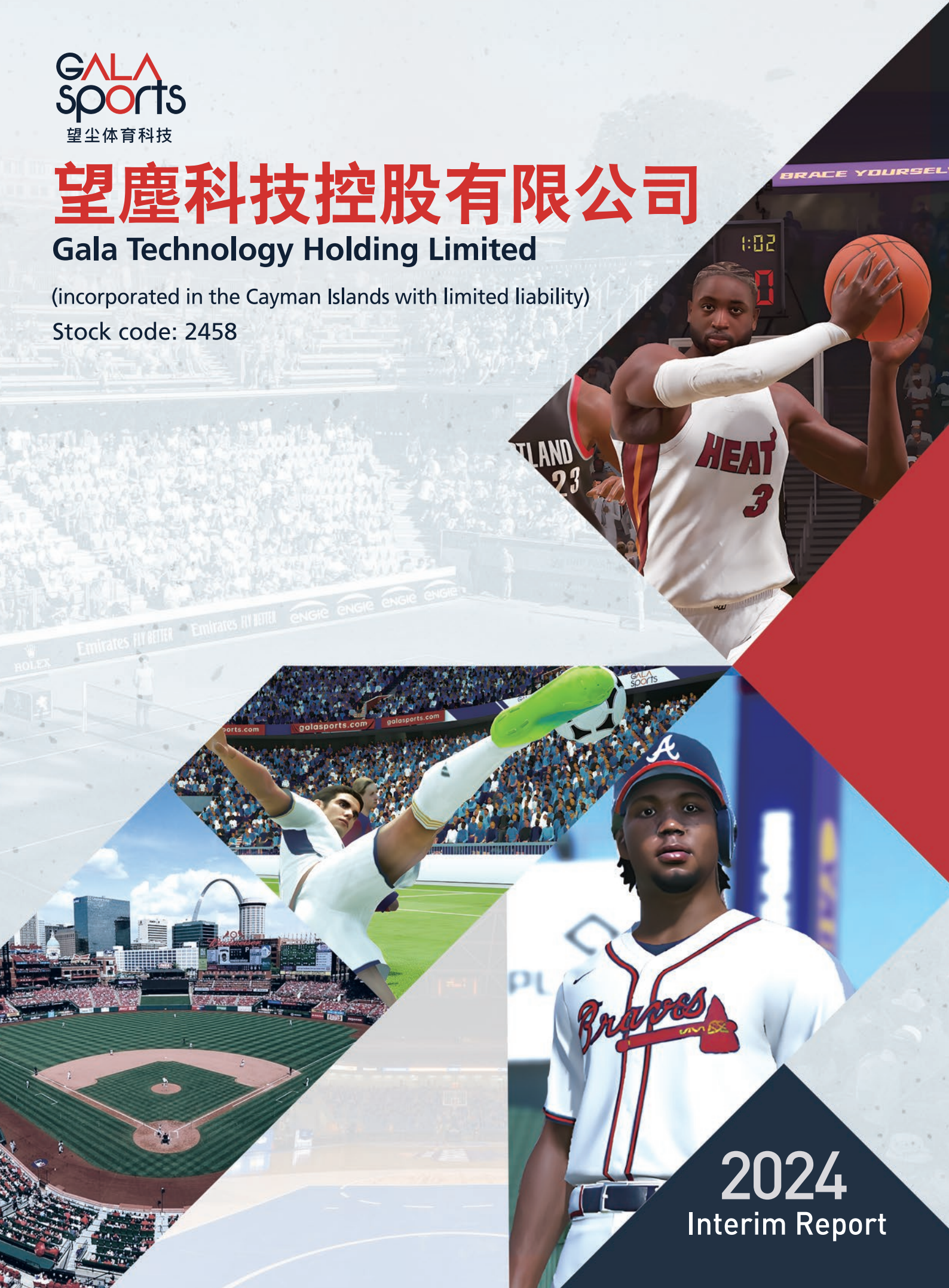


# 望塵科技控股有限公司

Gala Technology Holding Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 2458



**2024**  
Interim Report



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Jia Xiaodong (*Chairman and Chief Executive Officer*)  
Mr. Huang Xiang  
Mr. Li Xin

### Independent Non-executive Directors

Mr. Leung Ming Shu  
Mr. Zhan Peixun  
Ms. Chak Hoi Kee Clara

## COMPANY SECRETARY

Ms. Cheng Lucy

## AUTHORIZED REPRESENTATIVES

Mr. Li Xin  
Ms. Cheng Lucy

## AUDIT COMMITTEE

Mr. Leung Ming Shu (*Chairman*)  
Mr. Zhan Peixun  
Ms. Chak Hoi Kee Clara

## REMUNERATION COMMITTEE

Mr. Zhan Peixun (*Chairman*)  
Mr. Li Xin  
Mr. Leung Ming Shu

## NOMINATION COMMITTEE

Mr. Jia Xiaodong (*Chairman*)  
Ms. Chak Hoi Kee Clara  
Mr. Zhan Peixun

## ESG OVERSIGHT COMMITTEE

Mr. Jia Xiaodong (*Chairman*)  
Ms. Lin Zhendan (*Administrative Management Director*)  
Ms. Shao Jingfei (*Human Resource Director*)

## INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu  
Certified Public Accountants  
Registered Public Interest Entity Auditors

## PRINCIPAL BANKS

Bank of China (Hong Kong) Limited  
China Merchants Bank Co., Ltd.  
Industrial and Commercial Bank of China Limited

## LEGAL ADVISERS

*As to Hong Kong Law*  
Jingtian & Gongcheng LLP

## COMPLIANCE ADVISER

UOB Kay Hian (Hong Kong) Limited

## REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F., 148 Electric Road  
North Point  
Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

4203–4204, Qianhai Shimao Finance Centre II  
No. 3040, Aohai Avenue, Nanshan Street  
Qianhai Shenzhen-Hong Kong Cooperation Zone  
Shenzhen  
PRC

## COMPANY'S WEBSITE ADDRESS

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

## SHARE REGISTRARS

### Principal Share Registrar and Transfer Office

Maples Fund Services (Cayman) Limited  
PO Box 1093  
Boundary Hall  
Cricket Square  
Grand Cayman KY1-1102  
Cayman Islands

### Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East, Wan Chai  
Hong Kong

## STOCK CODE

02458

# FINANCIAL PERFORMANCE HIGHLIGHTS

The following is a summary of the results of the Group:

	Six months ended 30 June		Change %
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000	
Revenue	315,379	354,399	-11.0%
Cost of revenue	(143,976)	(155,231)	-7.3%
<b>Gross profit</b>	<b>171,403</b>	199,168	-13.9%
Other gains/(losses), net	535	(3,751)	-114.3%
Other income	4,315	7,042	-38.7%
Selling and marketing expenses	(68,401)	(80,455)	-15.0%
General and administrative expenses	(21,531)	(25,330)	-15.0%
Research and development expenses	(58,899)	(50,324)	17.0%
Impairment loss under expected credit loss model, net of reversal	(21)	(647)	-96.8%
Finance costs, net	(1,812)	(2,383)	-24.0%
<b>Profit before tax</b>	<b>25,589</b>	43,320	-40.9%
Income tax expenses	(50)	(3,969)	-98.7%
<b>Profit for the period</b>	<b>25,539</b>	39,351	-35.1%
<b>(Non-HKFRS measure)</b>			
Adjusted net profit <sup>(1)</sup>	25,539	39,625	-35.5%

Note:

- (1) Adjusted net profit for the period represents profit for the period after adjusting for the listing expenses. HKFRS does not define adjusted net profit for the period and therefore it may not be comparable to similar items presented by other listed companies.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

As a leading technology-driven mobile sports game company in China, Gala Technology Holding Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) adheres to the principle of “enhancing sports with technology for more fun”. As a mobile sports game company, we maintain amicable long-term co-operation relationship with international sports associations (FIFPro, NBA and NBPA, Major League Baseball (the “**MLB**”) and Major League Baseball Players Association (the “**MLBPA**”), as well as top football clubs such as F.C. Barcelona, F.C. Bayern Munich, and Manchester City F.C.. The games we have launched hitherto include *Football Master* (足球大師), *NBA Basketball Master* (NBA籃球大師), *Total Football* (最佳球會), *Football Champion* (最佳11人 – 冠軍球會), and *MLB Clutch Hit Baseball* (棒球大師). We strive to provide game players in different parts of the world with unmatched experience by developing high-quality products with our technology.

The Group has been in the sports gaming track for over 10 years. As of now, the variety of our games covers football, basketball and baseball, spanning from business simulation games to esports competition games. We strive to provide players with rich and diverse gaming experience. In the first half of 2024, we celebrated the 4th anniversary of the trending football club operation simulation game of the Group, *Football Champion* (最佳11人 – 冠軍球會), where we introduced the “two-way player” playing mode to develop the versatility of players, so as to make the game more fun and competitive for players. The game has been highly rated by many players, and its monthly revenue has registered growth of historic proportion. Another flagship game — *Total Football* (最佳球會) achieved breakthrough in market size during the first half of the year and grew into a highly competitive football manual mobile game in mainland China, with paying users increased remarkably from the same period last year. Leveraging on the marketing effect of Euro 2024, *Total Football* (最佳球會) and *Football Champion* (最佳11人 – 冠軍球會) have concluded licensing agreements with the National Football Team of Germany and the semi-finalists of UEFA Champions League respectively. We have been constantly adding to contents of the game with its popularity and reputation going from strength to strength. To follow up, we intend to strike up more collaboration with famous football stars, thereby increasing further the size of active users and paying users.

In June 2023, *MLB Clutch Hit Baseball* (棒球大師) — our manual competitive baseball game launched in North America has become one of the top 2 most popular MLB authorized games in North America after several rounds of optimization and iteration exercises, with gross billing significantly increased in the first half of 2024. This year in June, *MLB Clutch Hit Baseball* (棒球大師) was successfully launched in Taiwan, Japan and Korea markets. With highly authentic player modelling, rich player movements and delicate manual operation in the game, it has drawn considerable attention from the market and gained wide recognitions among players, with daily gross billings reaching over USD100,000. Furthermore, *NBA Rivals* (美職籃巔峰對決) — the Group’s first manual competitive basketball game has officially received its game publication number in July and has launched in mainland China this August. The game adopts enhanced motion capture and human motion engine, the Group’s own artificial intelligence (“**AI**”) technology and real audience rendering technology to maximise the reproduction of basketball player movements, tactical positioning and court interaction details in real basketball games, allowing users to enjoy a next-generation basketball gaming experience on mobile devices. With basketball being one of the top three popular sports worldwide, we are confident that the player population of *NBA Rivals* (美職籃巔峰對決) will further increase.

In recent years, the Group has continued to deploy in the field of AI and explored the integration of AI with operational scenarios. We have further applied such key applications of artificial intelligence generated content (“**AIGC**”) technology including Arena4D technology, automatic modelling and rendering technology in operational games. Based on neural network AI algorithm and Motion Matching motion engine, we have reached industry-leading level in several key indicators such as rendering, physics, simulation, players, and motion AI. This will provide players with a more realistic game experience. By combining with AIGC technology, we hope to bring an immersive gaming experience to players. AI intelligences are now being used in manual games to create more engaging and realistic game worlds and to enhance players’ sense of participation and satisfaction, thereby increasing the challenge and fun of the game.

For our financial performance, our revenue decreased by approximately RMB39.0 million or 11.0% to approximately RMB315.4 million, and our net profit decreased period-to-period by approximately RMB13.8 million or 35.1% to approximately RMB25.5 million. Selling and marketing expenses decreased from approximately RMB80.5 million for the six months ended 30 June 2023 to approximately RMB68.4 million for the six months ended 30 June 2024. Our decline in revenue was mainly due to natural decline in revenue of certain older games as they grew into more advanced stage in life cycle. On the other hand, the Group had hired more research and development (“R&D”) staff to develop new mobile sports games in the pipeline and had rewarded those staff with outstanding performance, causing R&D expenses to increase by approximately RMB8.6 million to approximately RMB58.9 million as compared to the corresponding period in 2023. To tackle the aging problem of some games, the Group has planned on development of new games long before. The launch of the first action simulation basketball game *NBA Rivals* (美職籃巔峰對決) is expected to give a new impetus to the Group, which compensates for the natural decline of gross billings from the older games. On this basis, the Group has full confidence in our long-term development and prospect.

Save for the above mentioned, during the six months ended 30 June 2024, there have been no material changes in the development of the Group’s business since the publication of the latest annual report.

### Outlook for the Second Half of 2024

Looking ahead to the second half of 2024, the Group will continue to expand into overseas markets while capitalizing on the domestic market. In late July 2024, *MLB Clutch Hit Baseball* (棒球大師) was officially launched in the mainland China market, being the only baseball game currently eligible to go online in the region. Meanwhile, *NBA Rivals* (美職籃巔峰對決) was officially launched in August in mainland China. We will closely follow changes in the market and pay attention to the needs of players, and continue to improve the content and quality of the game to enhance players’ experience. In the first half of 2024, *Football Champion* (最佳11人 – 冠軍球會) entered into a strategic partnership with China’s leading football media in organizing a series of events that had been well received by players. For the second half of the year, we will place greater emphasis on interaction with player communities and sports media platforms to increase player loyalty and engagement. The diverse contents of operations and market impact of major tournaments are expected to bring a significant increase in revenue year-on-year.

On overseas development, we will proactively expand into overseas gaming markets and constantly refine our overseas gaming products. In the first half of 2024, we completed a market analysis and initial preparation for various overseas regions for *Football Champion* (最佳11人 – 冠軍球會), and planned to further explore the regional markets of Japan, Italy, United Kingdom and France. *Total Football* (最佳球會) was also launched in Hong Kong, Japan and Korea in July. Meanwhile, *NBA Rivals* (美職籃巔峰對決) is expected to be launched separately in the first half of 2025 for Hong Kong, Macau and Taiwan markets. The Group will capitalize on its accumulated R&D capabilities and adhere to its strategy of product excellence and long-term operation to continue to cultivate overseas markets and generate overseas revenue.

With the opening up by various platforms to the traffic flow of WeChat applet games, there will be more games being launched in applet version, and the dual versions of APP+applet will become a trend in the future. To further expand our player base, we have set our direction of exploration at the multi-platform expansion on personal computer and applet ends. For our games in the pipeline, *Codename: Fishing Master* (代號：釣魚大師) is expected to proceed to testing stage in the fourth quarter this year and be released in the first half of 2025, the manual rugby game *Codename: Manual Rugby* (代號：操作橄欖球) is also in active preparation, and will be formally launched in the next one to two years. In addition, we will continue to proactively embrace AIGC technology and explore the integration of AI technology with application of gaming scenarios, in-depth integration at various operational levels such as AI intelligent body, intelligent voice interpretation, art painting and customer service, so as to significantly improve the efficiency of research and operation and provide players with more delicate gaming experience.

## FINANCIAL REVIEW

### Revenue

The following table sets forth a breakdown of revenue by publishing models in absolute amounts and as percentages to the total revenue of the Group for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Self-publishing games	314,563	99.7	352,386	99.4
Third party publishing game	816	0.3	2,013	0.6
<b>Total</b>	<b>315,379</b>	<b>100</b>	<b>354,399</b>	<b>100</b>

Revenue decreased by approximately RMB39.0 million, or 11.0%, from approximately RMB354.4 million for the six months ended 30 June 2023 to approximately RMB315.4 million for the six months ended 30 June 2024, which was mainly attributable to the natural decline in the revenue from certain old games as a result of their lengthened life cycle.

### Cost of Revenue

The following table sets forth a breakdown of the cost of revenue in absolute amounts and as percentages to the total cost of revenue of the Group for the periods indicated:

	Six months ended 30 June			
	2024		2023	
	RMB'000	%	RMB'000	%
Commission fee to the platforms	86,470	60.1	100,550	64.8
License fees	38,938	27.0	36,734	23.7
Revenue sharing to third-party publishers	572	0.4	1,533	1.0
Staff costs	10,557	7.3	9,762	6.3
Server usage expenses	5,119	3.6	5,669	3.7
Others*	2,320	1.6	983	0.5
<b>Total</b>	<b>143,976</b>	<b>100</b>	<b>155,231</b>	<b>100</b>

\* Others mainly consist of depreciation of property, plant and equipment and depreciation of right-of-use assets.

Cost of revenue decreased by approximately RMB11.3 million, or 7.3%, from approximately RMB155.2 million for the six months ended 30 June 2023 to approximately RMB144.0 million for the six months ended 30 June 2024. The decrease in cost of revenue was primarily attributable to the decrease in commission fee to the platforms as a result of the decline in revenue for some of the old games, which was partially offset by the increase in license fees.

### Gross Profit and Gross Profit Margin

The gross profit decreased by approximately RMB27.8 million, or 13.9%, from approximately RMB199.2 million for the six months ended 30 June 2023 to approximately RMB171.4 million for the six months ended 30 June 2024. The gross profit margin of the Group decreased from approximately 56.2% for the six months ended 30 June 2023 to approximately 54.3% for the six months ended 30 June 2024. The decrease in gross profit and gross profit margin was primarily due to the natural decline in the revenue from old games as a result of their lengthened life cycle, whereas certain overhead costs such as license fees and staff costs increased during the period.

### Other Gains/(Losses), Net

Other gains/(losses), net primarily consisted of (i) fair value gains on financial assets measured at fair value through profit or loss (“**FVTPL**”); and (ii) net foreign exchange gains/(losses). For the six months ended 30 June 2024, our net other gains amounted to approximately RMB0.5 million as compared with net other losses of RMB3.8 million for the corresponding period in 2023, mainly because of the fluctuation of foreign currency exchange.

### Other Income

Other income decreased by approximately RMB2.7 million, or 38.7%, from approximately RMB7.0 million for the six months ended 30 June 2023 to approximately RMB4.3 million for the six months ended 30 June 2024, mainly due to the decrease in certain new grants and/or subsidies received from local government departments of approximately RMB3.7 million or 94.3% during the six months ended 30 June 2024, which was partially offset by the increase in the Group’s interest income by approximately RMB1.1 million or 55%.

### Selling and Marketing Expenses

Selling and marketing expenses decreased by approximately RMB12.1 million, or 15.0%, from approximately RMB80.5 million for the six months ended 30 June 2023 to approximately RMB68.4 million for the six months ended 30 June 2024, which was primarily attributable to our continuous improvement in customer acquisition and operation refinement, which led to a decrease in the overall marketing expenses, however, the launch of *MLB Clutch Hit Baseball* (棒球大師) in new geographical regions in the first half of 2024 has led to a short-term increase in promotional costs.

### General and Administrative Expenses

General and administrative expenses decreased by approximately RMB3.8 million, or 15.0%, from approximately RMB25.3 million for the six months ended 30 June 2023 to approximately RMB21.5 million for the six months ended 30 June 2024, which was primarily attributable to the increase in salaries and bonuses for general and administrative staff by approximately RMB1.1 million, or 11.9%, which was partially offset by the decrease in other general and administrative expenses and the professional fees incurred after the shares of the Company (the “**Shares**”) were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 January 2023 (the “**Listing**”) of approximately RMB5.7 million.

### Research and Development Expenses

Research and development expenses increased by approximately RMB8.6 million, or 17.0%, from approximately RMB50.3 million for the six months ended 30 June 2023 to approximately RMB58.9 million for the six months ended 30 June 2024, which was primarily attributable to the increase in employee benefits and salaries of the R&D staff of approximately RMB9.0 million, or 20.4%, as a result of the increase in the number of the Group’s R&D staff during the six months ended 30 June 2024 for the development of the new mobile sports games both released and in the pipeline and the salary increment offered to reward the talented R&D personnel of the Group.



## Impairment Loss under Expected Credit Loss Model, Net of Reversal

The net impairment loss on financial assets decreased to RMB21,000 for the six months ended 30 June 2024 from approximately RMB0.6 million for the corresponding period in 2023, which was primarily due to the measures taken by the Group to reduce the occurrence of bad debts through the establishment of a repayment monitoring mechanism to track the repayment status of debtors.

## Finance Costs, Net

The net finance costs decreased by approximately RMB0.6 million, or 24.0%, from approximately RMB2.4 million for the six months ended 30 June 2023 to approximately RMB1.8 million for the six months ended 30 June 2024, which was primarily due to the decrease in interest cost on lease liabilities and interest accretion on non-current license fee and royalties payables.

## Income Tax Expenses

Income tax expenses decreased by approximately RMB3.9 million, or 98.7%, from approximately RMB4.0 million for the six months ended 30 June 2023 to approximately RMB50,000 for the six months ended 30 June 2024, which was primarily due to the decrease in current income tax of subsidiaries and the decrease in income tax expenses related to deferred income tax assets.

## Adjusted Net Profit

The below table sets forth the adjusted net profit (Non-HKFRS measure) of the Group for the periods indicated, after adjusting for the listing expenses for the six months ended 30 June, as a non-HKFRS measure:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
<b>Profit and total comprehensive income for the period, net of tax</b>	<b>25,539</b>	39,351
Add:		
Listing expenses	0	274
<b>Adjusted net profit</b> (Non-HKFRS measure)	<b>25,539</b>	39,625

## Liquidity, Financial and Capital Resources

The Group's main capital resources are cash flows from operating activities. As of 30 June 2024, the Group's cash and cash equivalents was approximately RMB309.2 million, mainly denominated in Renminbi ("RMB"). The cash and cash equivalents comprise cash on hand and demand deposits, which are subject to an insignificant risk of changes in value. The Group generally deposits its excess cash in interest-bearing bank accounts and current accounts.

The net current assets of the Group decreased by approximately RMB49.1 million from approximately RMB268.6 million as of 31 December 2023 to approximately RMB219.5 million as of 30 June 2024. As of 30 June 2024, the Group's current ratio (current assets/current liabilities) was approximately 2.3 times (31 December 2023: approximately 2.8 times).

As of 30 June 2024, the Group did not have any bank borrowings (31 December 2023: nil).

## Gearing Ratio

As at 30 June 2024, gearing ratio (defined as debt divided by total equity, where debt includes lease liabilities) was 0.01 times (31 December 2023: 0.01 times).

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Leases liabilities	2,777	4,660
— Current	1,008	4,330
— Non-current	1,769	330
Debt	2,777	4,660
Equity	303,886	331,588
Gearing ratio	0.01 times	0.01 times

## Contingent Liabilities

As at 30 June 2024, the Group did not have any contingent liabilities (31 December 2023: nil).

## Pledge of Assets

As at 30 June 2024, none of the assets of the Group was pledged (31 December 2023: nil).

## Capital Commitments

As at 30 June 2024, the Group did not have any capital commitments (31 December 2023: nil).

## Material Acquisitions and Disposal of Subsidiaries, Associates and Joint Ventures

The Group had neither material acquisition nor disposal of subsidiaries, associates and joint ventures for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## Significant Investments

As at 30 June 2024, the Group did not have any significant investments (31 December 2023: nil).

## Future Plans for Material Investments and Capital Assets

As at 30 June 2024, save as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 30 December 2022 (the "**Prospectus**"), the Group did not have any other future plans for material investments or capital assets (31 December 2023: same).

### Treasury Policies and Foreign Exchange Exposure

The Group has adopted a prudent approach on treasury management for the purpose of investing the sufficient financial resources in wealth management products.

The Group's foreign currency transactions are mainly denominated in United States dollar ("**US\$**"), European dollar ("**EUR**") and Hong Kong dollar ("**HK\$**"). The majority of assets and liabilities are denominated in RMB, US\$, EUR and HK\$ and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities denominating in a currency other than RMB, which is the functional currency of the major operating companies within the Group.

The Group did not experience any significant liquidity problems resulting from currency exchange fluctuations during the six months ended 30 June 2024. The Group did not hedge its foreign currency exposure during the six months ended 30 June 2024 (for the six months ended 30 June 2023: same). However, continuous monitoring on the foreign exchange exposure is carried out by the management.

### Employees and Remuneration Policy

As of 30 June 2024, the Group had 443 full-time employees (31 December 2023: 412), most of whom were based in the People's Republic of China (the "**PRC**"). During the six months ended 30 June 2024, the total staff costs were approximately RMB81.7 million (for the six months ended 30 June 2023: RMB70.4 million). The Group has established rules and procedures of recruitment, job promotion, compensation, benefits, leave, dismissal, etc. The Group determines employees' compensation packages on the basis of work performance and the market standard of remuneration. The Group compensates its employees with base salaries and performance-based bonuses. The Group has also adopted a share option scheme and two share award schemes as a long term incentive to directors and employees. In addition, the Group is committed to enhancing the professional knowledge and skills of its employees and facilitating their personal growth and development. It also provides its employees with multi-faceted training opportunities, including induction training, business-related training and training on compliance and corruption prevention, etc.

The Group's companies incorporated in the PRC contribute, based on certain percentage of the salaries of the employees, to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis.

# OTHER INFORMATION

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

Save for the purchase of 6,752,000 Shares at a total consideration, including the relevant transaction costs, of HK\$29,914,000 through its trustee on the open market for the purposes of the share award scheme of the Company, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities nor sale of treasury shares (as defined under the Listing Rules) for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

As at 30 June 2024, the Company did not hold any treasury shares (as defined under the Listing Rules) (31 December 2023: nil).

## INTERIM DIVIDEND

After taking into consideration the capital expenditure required by the Group's plan to develop new games and promote its existing games and new games in overseas markets in 2024, the board of directors of the Company (the "Board") recommended not to declare any interim dividend of the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

On 11 July 2024, the Company granted a total of 4,742,928 awarded shares to 61 grantees under the 2023 share award scheme of the Company (the "2023 Share Award Scheme"). The issue of new Shares to satisfy the 4,742,928 awarded shares represent (i) approximately 3.4369% of the issued Shares as at 11 July 2024; and (ii) approximately 3.3227% of the issued Shares as enlarged after such issue. The grant of the award will be settled by the issue of new Shares within the scheme mandate limit under the 2023 Share Award Scheme. Following the grant of the award, the number of Shares available for future grants under the 2023 Share Award Scheme that will be settled in new Shares is 2,157,072. Please refer to the announcement of the Company dated 11 July 2024 for further details.

Save as disclosed above, the Group did not have any significant events after 30 June 2024 and up to the date of this report.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's net proceeds from the global offering were approximately HK\$11.0 million (after deducting the underwriting commissions and other expenses in connection with the global offering). The following table sets forth details of the use of net proceeds during the reporting period.

Purpose of the net proceeds	Percentage of total amount of net proceeds (%)	Amount of net proceeds allocated* (HK\$'000)	Unutilised net proceed as at 1 January 2024 (HK\$'000)	Actual usage for the six months ended 30 June 2024 (HK\$'000)	Unutilised net proceeds as at 30 June 2024 (HK\$'000)
Renew existing intellectual property ("IP") right licenses and obtain additional IP right licenses from sports leagues, sports associations and sports clubs for the development of existing and new mobile sports games	30	3,289	1,961	1,961	0
Solidifying the marketing efforts to actively promote the Group's games to both PRC and overseas markets	35	3,838	1,832	1,832	0
Further strengthening the Group's talent pool and further improving the Group's research and development capabilities	25	2,741	946	946	0
Working capital and general corporate purposes	10	1,096	646	646	0
Total	100	10,964	5,385	5,385	0

\* Refers to the intended use of proceeds under the section headed "Future Plans and Use of Proceeds" as stated in the Prospectus.

## OTHER INFORMATION

As at 30 June 2024, the net proceeds have been fully utilised and they were used in the manner consistent with the proposed allocations and expected timeframe as disclosed in the Prospectus and above.

During the six months ended 30 June 2024, to the extent that the net proceeds of the Global Offering are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will only place such funds in short-term interest-bearing deposits at authorized financial institutions and/or licensed banks as defined under SFO and laws in the relevant jurisdictional (where applicable).

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) since the Listing Date. The Company has made specific enquiry with its directors (the “**Directors**”) and all Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

Since the Listing Date, the Company has adopted and applied the code provisions under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the “**CG Code**”) as its own. The Board has reviewed the Company’s corporate governance practices and is satisfied that save as disclosed below, the Company has been in compliance with the code provisions set out in Part 2 of the CG Code during the six months ended 30 June 2024.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Jia Xiaodong (“**Mr. Jia**”) is currently the chairman of the Board and the chief executive officer of the Group. Taking into account Mr. Jia’s extensive experience in the online game industry and in view of Mr. Jia’s role in the overall management of the Group since the Group’s founding, the Board believes that it is in the interest of the Group for Mr. Jia to take up both roles for effective management and operations. Therefore, the Directors consider that the deviation from such code provision is appropriate. Notwithstanding such deviation, the Directors are of the view that the Board is able to function efficiently and perform its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions will be made in consultation with the members of the Board and the relevant Board committees, and there are three independent non-executive Directors on the Board who can provide independent advice on the operations and management of the Group, the Board takes the view that there is adequate safeguard in place to ensure a sufficient balance of powers within the Board. The Board will also review the structure and composition of the Board and senior management team from time to time in light of the prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

### REVIEW OF THE INTERIM RESULTS BY THE AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) on 21 December 2022 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee consists of three members, namely Mr. Leung Ming Shu (chairman of the Audit Committee), Ms. Chak Hoi Kee Clara and Mr. Zhan Peixun, all being independent non-executive Directors.

The primary duties of the Audit Committee include, but are not limited to, (i) reviewing and supervising the financial reporting process and internal control system of the Group, risk management and internal audit; (ii) providing advice and comments to the Board; and (iii) performing other duties and responsibilities as may be assigned by the Board.

The Audit Committee had discussed and reviewed the Group’s unaudited interim results for the six months ended 30 June 2024 and this interim report with the Company’s management.

The Group's unaudited interim results and this interim report for the six months ended 30 June 2024 have been reviewed by the Company's independent auditor, Deloitte Touche Tohmatsu, 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 (the "HKICPA").

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO") which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

### (a) Interest in Shares

Name of Director or chief executive	Capacity/Nature of interest	Number of Shares interested <sup>(1)</sup>	Approximate percentage of interest
Mr. Jia <sup>(2)</sup>	Interest in controlled corporation/ Corporate interest	31,307,986 (L)	22.69%
Mr. Huang Xiang ("Mr. Huang") <sup>(3)</sup>	Interest in controlled corporation/ Corporate interest	21,837,345 (L)	15.82%
Mr. Li Xin ("Mr. Li") <sup>(4)</sup>	Interest in controlled corporation/ Corporate interest	3,654,323 (L)	2.65%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) These Shares were held directly by Great Shine Holding Limited ("Great Shine"). Mr. Jia is the sole shareholder of Great Shine. By virtue of the SFO, Mr. Jia is deemed to be interested in all the Shares held by Great Shine.
- (3) These Shares were held directly by High Triumph Holding Limited ("High Triumph"). Mr. Huang is the sole shareholder of High Triumph. By virtue of the SFO, Mr. Huang is deemed to be interested in all the Shares held by High Triumph.
- (4) These Shares were held directly by Neo Honour Holding Limited ("Neo Honour"). Mr. Li is the sole shareholder of Neo Honour. By virtue of the SFO, Mr. Li is deemed to be interested in all the Shares held by Neo Honour.

## OTHER INFORMATION

### (b) Interest in shares and underlying shares in associated corporations of the Company

Name of Director or chief executive	Name of associates	Capacity/Nature of interest	Number of shares interested <sup>(1)</sup>	Approximate percentage of shareholding interest
Mr. Jia <sup>(2)</sup>	Wangchen Technology	Beneficial owner/Personal interest	2,771,342 (L)	23.53%
		Interest in controlled corporations/ Corporate interest	1,780,280 (L)	15.12%
Mr. Huang	Wangchen Technology	Beneficial owner/Personal interest	2,049,475 (L)	17.40%
Mr. Li <sup>(3)</sup>	Wangchen Technology	Beneficial owner/Personal interest	274,444 (L)	2.33%
		Interest in controlled corporations/ Corporate interest	118,333 (L)	1.00%

Notes:

- (1) The letter "L" denotes the person's long position in the equity interest.
- (2) Mr. Jia is a general partner of 深圳市望伯納烏科技企業(有限合夥) (Shenzhen Wangbo Nawu Technology Enterprise (Limited Partnership))\* ("Wangbo Nawu"), 深圳市望聖西羅科技企業(有限合夥) (Shenzhen Wangsheng Xiluo Technology Enterprise (Limited Partnership))\* ("Wangsheng Xiluo"), 深圳市騰望投資中心(有限合夥) (Shenzhen Chengwang Investment Centre (Limited Partnership))\* ("Chengwang Investment") and 深圳市望諾坎普科技企業(有限合夥) (Shenzhen Wangnuo Kanpu Technology Enterprise (Limited Partnership))\* ("Wangnuo Kanpu"). By virtue of the SFO, Mr. Jia is deemed to be interested in the equity interest in 深圳市望塵科技有限公司 (Shenzhen Wangchen Technology Co., Ltd)\* ("Wangchen Technology") held by Wangbo Nawu, Wangsheng Xiluo, Chengwang Investment and Wangnuo Kanpu.
- (3) Mr. Li is a general partner of Wangsheng Xiluo. By virtue of the SFO, Mr. Li is deemed to be interested in the equity interest in Wangchen Technology held by Wangsheng Xiluo.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company had 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 to be entered in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

\* for identification purpose

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARE AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares, which would be required to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

### Interests in the Shares or Underlying Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held <sup>(1)</sup>	Approximate percentage in total number of Shares
Great Shine <sup>(2)</sup>	Beneficial owner/Personal interest	31,307,986 (L)	22.69%
High Triumph <sup>(3)</sup>	Beneficial owner/Personal interest	21,837,345 (L)	15.82%
Crystal Pleasant <sup>(4)</sup>	Beneficial owner/Personal interest	8,036,353 (L)	5.82%
Suzhou Fudebo <sup>(4)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Mr. Song Yubo <sup>(4)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Mr. Lu Yaoping <sup>(4)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Mr. Gong Peigen <sup>(4)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Easy Flourish <sup>(5)</sup>	Beneficial owner/Personal interest	8,036,353 (L)	5.82%
Zhuiyuan Caifu <sup>(5)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Zhuiyuan Venture <sup>(5)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Zhongguancun Venture <sup>(5)</sup>	Interest in controlled corporation/Corporate interest	8,036,353 (L)	5.82%
Mr. Liu Chengmin <sup>(5)(6)</sup>	Interest in controlled corporations/Corporate interest	10,179,380 (L)	7.38%
Garena Ventures <sup>(7)</sup>	Beneficial owner/Personal interest	12,000,000 (L)	8.70%
Sea Limited <sup>(7)</sup>	Interest in controlled corporation/Corporate interest	12,000,000 (L)	8.70%

Notes:

- (1) The letter "L" denotes a long position in our Shares.
- (2) Great Shine is wholly owned by Mr. Jia. By virtue of the SFO, Mr. Jia is deemed to be interested in the Shares in which Great Shine is interested. Ms. Yuan Qingyun is the spouse of Mr. Jia. By virtue of the SFO, Ms. Yuan Qingyun is deemed to be interested in the Shares in which Mr. Jia is interested.
- (3) High Triumph is wholly owned by Mr. Huang. By virtue of the SFO, Mr. Huang is deemed to be interested in the Shares in which High Triumph is interested. Ms. Zou Wenjing is the spouse of Mr. Huang. By virtue of the SFO, Ms. Zou Wenjing is deemed to be interested in the Shares in which Mr. Huang is interested.
- (4) Crystal Pleasant Holding Limited ("**Crystal Pleasant**") is wholly owned by 蘇州富德博企業管理諮詢合夥企業(有限合夥) (Suzhou Fudebo Enterprise Management Consultancy Partnership Enterprise (Limited Partnership)) ("**Suzhou Fudebo**"), one of the Pre-IPO Investors (as defined in the Prospectus). Mr. Song Yubo (宋宇博) is the general partner of Suzhou Fudebo with 2.00% partnership interest in Suzhou Fudebo, and each of Mr. Lu Yaoping (陸耀平) and Mr. Gong Peigen (龔培根) is a limited partner of Suzhou Fudebo with 49.00% and 49.00% partnership interest in Suzhou Fudebo, respectively. Please refer to the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments – Background information about the existing Onshore Pre-IPO Investors" in the Prospectus for further details on Suzhou Fudebo. By virtue of the SFO, each of Mr. Song Yubo, Mr. Lu Yaoping, Mr. Gong Peigen and Suzhou Fudebo is deemed to be interested in the Shares in which Crystal Pleasant is interested.

\* for identification purpose



## OTHER INFORMATION

- (5) Easy Flourish Holding Limited ("**Easy Flourish**") is wholly owned by 北京追遠財富資本合夥企業(有限合夥) (Beijing Zhuiyuan Caifu Capital Partnership Enterprise (Limited Partnership)) ("**Zhuiyuan Caifu**"), one of the Pre-IPO Investors. 北京追遠創業投資有限公司 (Beijing Zhuiyuan Venture Investment Co., Ltd.) ("**Zhuiyuan Venture**") is the general partner of Zhuiyuan Caifu and is controlled by Mr. Liu Chengmin (劉成敏). 北京中關村創業投資發展有限公司 (Beijing Zhongguancun Venture Investment Development Co., Ltd.) ("**Zhongguancun Venture**") is a limited partner of Zhuiyuan Caifu with approximately 34.68% partnership interest in Zhuiyuan Caifu and is ultimately controlled by 北京市人民政府國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality). Please refer to the section headed "History, Reorganization and Corporate Structure – Pre-IPO Investments – Background information about the existing Onshore Pre-IPO Investors" in the Prospectus for further details on Zhuiyuan Caifu. By virtue of the SFO, each of Zhongguancun Venture, Mr. Liu Chengmin, Zhuiyuan Venture and Zhuiyuan Caifu is deemed to be interested in the Shares in which Easy Flourish is interested.
- (6) Mr. Liu Chengmin is the general partner of 天津龍淵雲騰投資管理合夥企業(有限合夥) (Tianjin Longyuan Yunteng Investment Management Partnership Enterprise (Limited Partnership)) ("**Longyuan Yunteng**") (one of the Onshore Pre-IPO Investors (as defined in the Prospectus)), which holds 100% shareholding interest in Perfect Ranger Holding Limited ("**Perfect Ranger**"). Perfect Ranger was interested in 2,143,027 Shares. By virtue of the SFO, each of Mr. Liu Chengmin and Longyuan Yunteng is deemed to be interested in the Shares in which Perfect Ranger is interested.
- (7) Garena Ventures Private Limited ("**Garena Ventures**") is wholly owned by Sea Limited. By virtue of the SFO, Sea Limited is deemed to be interested in the Shares in which Garena Ventures is interested.

Save as disclosed above, as at 30 June 2024, the Directors were not aware that any other person has any interests or short positions in the Shares and underlying Shares, which is required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which is required to be entered in the register maintained by the Company under section 336 of the SFO.

## CHANGE IN DIRECTORS' INFORMATION

There has been no change in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report save for Mr. Li Xin took up the role of the chief financial officer of the Company on 29 April 2024 for an interim of time until a more suitable candidate is appointed.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 21 December 2022, pursuant to which the Company may grant options to eligible participants to subscribe for the Shares subject to the terms and conditions stipulated therein. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. Pursuant to the terms and conditions of the Share Option Scheme, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date, being 13,800,000 Shares.

No share options have been granted since the date of adoption of the Share Option Scheme. Accordingly, no share options were granted/exercised/cancelled/lapsed under the Share Option Scheme during the six months ended 30 June 2024 and no share options were outstanding under the Share Option Scheme as at 1 January 2024 and 30 June 2024, respectively. As at 1 January 2024 and 30 June 2024, the total number of share options available for grant under the Share Option Scheme was options for 13,800,000 Shares, representing 10% of the Shares in issue as at the date of this report.

\* for identification purpose

## 2023 SHARE AWARD SCHEME

The Company adopted the 2023 Share Award Scheme on 14 December 2023, pursuant to which the Board may, in its discretion, grant share awards to eligible participant(s). Unless the Board decides to terminate it in accordance with the rules of the scheme, the scheme shall be valid and effective for a period of 10 years from the date of its adoption. The total number of Shares which may be issued in any financial year in respect of all options and awards to be granted under the 2023 Share Award Scheme and other share schemes of the Company, if any (the “**Scheme Mandate Limit**”) shall not exceed 5% of the total number of Shares in issue as at the date of adoption or the date on which the refreshment of the Scheme Mandate Limit has been approved (as at the Latest Practicable Date, the Scheme Mandate Limit was 6,900,000 Shares, representing 5% of the Shares in issue as at the date of this report).

No share awards had been granted since the adoption date of the 2023 Share Award Scheme and up to 30 June 2024. Accordingly, during the six months ended 30 June 2024, no share awards had been granted/vested/cancelled/lapsed under the 2023 Share Award Scheme and there were no unvested share awards under the 2023 Share Award Scheme as at 1 January 2024 and 30 June 2024, respectively. As at 1 January 2024 and 30 June 2024, the number of awards available for grant under the Scheme Mandate Limit was 6,900,000 Shares.

On 11 July 2024, the Company granted a total of 4,742,928 awarded shares to 61 grantees (who are all the Group’s employees) under the 2023 Share Award Scheme. Please refer to the announcement of the Company dated 11 July 2024 for further details of the awards granted.

## EXECUTIVE ALIGNED SHARE AWARD SCHEME

The Company adopted a share award scheme (the “**Executive Aligned Share Award Scheme**” or the “**Scheme**”) on 15 December 2023, pursuant to which the Board may, in its discretion, grant awarded shares to eligible participant(s). Unless the Board decides to terminate it in accordance with the rules of the Scheme, the Scheme shall be valid and effective from the adoption date until the earlier of (i) the date falling on the fifth anniversary of the adoption date; or (ii) the date on which all the unvested awarded shares have been fully vested, delivered, lapsed, forfeited or cancelled (as the case may be).

The total number of Shares to be granted by the Board under the Scheme shall not exceed 5% of the issued share capital of the Company as at 15 December 2023 (being not more than 6,900,000 Shares, representing 5% of the Shares in issue as at the date of this report). There is no restriction on the grantee in relation to (i) the number of Shares that may be awarded under the Executive Aligned Share Award Scheme; and (ii) the amount that is required to be paid to the trustee in respect of the making of such purchases.

No share awards have been granted since the adoption date of the Executive Aligned Share Award Scheme. Accordingly during the six months ended 30 June 2024, no share awards were granted/vested/cancelled/lapsed under the Executive Aligned Share Award Scheme, and there were no unvested share awards under the Executive Aligned Share Award Scheme as at 1 January 2024 and 30 June 2024, respectively. On 1 January 2024 and 30 June 2024, the number of awards available for grant under the Executive Aligned Share Award Scheme was 6,900,000 Shares.

For the six months ended 30 June 2024, the total number of Shares that may be issued in respect of all options and share awards granted under the Company’s schemes divided by the weighted average number of Shares in issue for the six months ended 30 June 2024 was nil.

# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**Deloitte.**

德勤

To the Board of Directors of Gala Technology Holding Limited

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of Gala Technology Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 19 to 36, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

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” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
28 August 2024

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>Revenue</b>	3	<b>315,379</b>	354,399
Cost of revenue		<b>(143,976)</b>	(155,231)
<b>Gross profit</b>		<b>171,403</b>	199,168
Other gains/(losses), net	4	<b>535</b>	(3,751)
Other income	5	<b>4,315</b>	7,042
Selling and marketing expenses		<b>(68,401)</b>	(80,455)
General and administrative expenses		<b>(21,531)</b>	(25,330)
Research and development expenses		<b>(58,899)</b>	(50,324)
Impairment loss under expected credit loss model, net of reversal		<b>(21)</b>	(647)
Finance costs, net		<b>(1,812)</b>	(2,383)
<b>Profit before tax</b>	6	<b>25,589</b>	43,320
Income tax expenses	7	<b>(50)</b>	(3,969)
Profit for the period		<b>25,539</b>	39,351
<b>Other comprehensive (expense)/income for the period</b>		<b>(69)</b>	4,716
		<b>25,470</b>	44,067
<b>Profit/(loss) for the period attributable to:</b>			
– Owners of the Company		<b>25,546</b>	39,313
– Non-controlling interests		<b>(7)</b>	38
		<b>25,539</b>	39,351
<b>Profit and other comprehensive income/(expense) attributable to:</b>			
Owners of the Company		<b>25,477</b>	44,029
Non-controlling interests		<b>(7)</b>	38
		<b>25,470</b>	44,067
<b>Earnings per share for profit attributable to owners of the Company (RMB per share)</b>	8		
– Basic		<b>0.19</b>	0.29
– Diluted		<b>N/A</b>	0.29

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	3,796	4,235
Right-of-use assets		2,670	4,009
Intangible assets	10	97,891	92,884
Interest in an associate	11	24,000	—
Prepayments, deposits and other receivables	13	3,097	5,707
Deferred tax assets		2,456	2,358
		<b>133,910</b>	109,193
<b>Current assets</b>			
Trade receivables	12	41,849	33,371
Prepayments, deposits and other receivables	13	18,347	34,458
Financial assets at fair value through profit or loss	16	14,254	41,837
Contract costs		9,331	8,148
Cash and cash equivalents		309,212	300,411
		<b>392,993</b>	418,225
<b>Total assets</b>		<b>526,903</b>	527,418
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserve</b>			
Share capital		1,186	1,186
Reserves		303,547	331,242
		<b>304,733</b>	332,428
Non-controlling interests		(847)	(840)
<b>Total equity</b>		<b>303,886</b>	331,588

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
<b>Non-current liabilities</b>			
Trade payables	14	47,774	45,774
Other payables	15	—	52
Lease liabilities		1,769	330
		<b>49,543</b>	46,156
<b>Current liabilities</b>			
Trade payables	14	66,788	78,106
Other payables and accruals	15	41,512	31,959
Dividend payable		25,971	—
Current income tax liabilities		3,615	4,572
Contract liabilities		34,580	30,707
Lease liabilities		1,008	4,330
		<b>173,474</b>	149,674
<b>Total liabilities</b>		<b>223,017</b>	195,830
<b>Total equity and liabilities</b>		<b>526,903</b>	527,418

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## Attributable to owners of the Company

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Statutory reserves RMB'000 (note i)	Translation reserve RMB'000	Other reserves RMB'000 (note ii)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>At 1 January 2024 (audited)</b>	1,186	130,891	–	34,496	2,670	57,005	106,180	332,428	(840)	331,588
Profit/(loss) for the period	–	–	–	–	–	–	25,546	25,546	(7)	25,539
Other comprehensive expense for the period	–	–	–	–	(69)	–	–	(69)	–	(69)
Profit/(loss) and other comprehensive income/(expense) for the period	–	–	–	–	(69)	–	25,546	25,477	(7)	25,470
Purchase of unvested shares under the share award scheme (note 18)	–	–	(27,201)	–	–	–	–	(27,201)	–	(27,201)
Dividends recognised as distribution	–	–	–	–	–	–	(25,971)	(25,971)	–	(25,971)
<b>At 30 June 2024 (unaudited)</b>	1,186	130,891	(27,201)	34,496	2,601	57,005	105,755	304,733	(847)	303,886
<b>At 1 January 2023 (audited)</b>	8	–	–	27,583	–	57,005	38,890	123,486	(872)	122,614
Profit for the period	–	–	–	–	–	–	39,313	39,313	38	39,351
Other comprehensive income for the period	–	–	–	–	4,716	–	–	4,716	–	4,716
Profit and other comprehensive income for the period	–	–	–	–	4,716	–	39,313	44,029	38	44,067
Issue of shares by capitalisation of share premium account	968	(968)	–	–	–	–	–	–	–	–
Issue of new shares	107	69,287	–	–	–	–	–	69,394	–	69,394
Transaction costs attributable to issuance of shares	–	(6,718)	–	–	–	–	–	(6,718)	–	(6,718)
Issue of shares on conversion of Pre-IPO convertible bonds	103	69,290	–	–	–	–	–	69,393	–	69,393
<b>At 30 June 2023 (unaudited)</b>	1,186	130,891	–	27,583	4,716	57,005	78,203	299,584	(834)	298,750

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

Notes:

- (i) In accordance with the Companies Laws of the People's Republic of China (the "PRC") and the stipulated provisions of the articles of association of the subsidiaries of the Company with limited liabilities in the Mainland China, appropriation of net profits (after offsetting accumulated losses from prior years) should be made by these companies to their respective statutory surplus reserve funds and the discretionary reserve funds before distributions are made to the owners. The percentage of appropriation to statutory surplus reserve fund is 10%. The amount to be transferred to the discretionary reserve fund is determined by the equity owners of these companies. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, such transfer needs not to be made. Both the statutory surplus reserve fund and discretionary reserves fund can be capitalised as capital of an enterprise, provided that the remaining statutory surplus reserve fund shall not be less than 25% of the registered paid in capital. In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions of the articles of association of wholly owned foreign subsidiaries in the Mainland China, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these companies to their respective reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer needs not to be made. With approvals obtained from respective boards of directors of these companies, the reserve funds can be used to offset accumulated deficit or to increase capital.
- (ii) The balance as at 30 June 2024 and 31 December 2023 represent a) combined share capital and reserves of the companies comprising the Group before the Listing (as defined in note 1 to the condensed consolidated financial statements) amounting to RMB56,512,000; b) difference between the consideration and the carrying amount of net assets value resulting from acquisition of additional equity interests in subsidiaries from non-controlling interests amounting to RMB2,379,000; and c) an one-off share-based payment expense of RMB2,872,000 arising from share transfer between two shareholders of the Company in previous years.



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	For the six months ended 30 June	
		2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>47,605</b>	40,059
<b>INVESTING ACTIVITIES</b>			
Purchase of intangible assets		(28,732)	(24,418)
Investment in an associate	11	(24,000)	—
Purchase of financial assets at fair value through profit or loss		(14,254)	(74,302)
Purchases of property, plant and equipment	10	(1,255)	(818)
Repayment of loan to a third party		18,065	—
Proceeds from disposal of financial assets at fair value through profit or loss		42,090	61,473
Advance to a third party		—	(16,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(8,086)</b>	(54,065)
<b>FINANCING ACTIVITIES</b>			
Payments for repurchase of shares		(27,201)	—
Payment for principal elements of lease liabilities		(4,044)	(2,665)
Interest paid		(78)	(241)
Proceeds from issue of shares		—	69,394
Payment for listing expenses		—	(2,429)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(31,323)</b>	64,059
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>8,196</b>	50,053
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>		<b>300,411</b>	232,566
Effect of foreign exchange rate changes		605	2,787
<b>TOTAL CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>309,212</b>	285,406

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Gala Technology Holding Limited (the “**Company**”; together with its subsidiaries, the “**Group**”) was incorporated in the Cayman Islands on 12 June 2018 as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands and the Group’s principal place of business is 4203-4204, Qianhai Shimao Finance Centre II, No. 3040, Aohai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 January 2023 (the “**Listing**”).

The Company is an investment holding company and the Group is principally engaged in the mobile sports game development, publishing and operation mainly in the PRC.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional/change in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Application of amendments to HKFRSs (Continued)

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### Application of accounting policies which became relevant to the Group in the current interim period

#### *Investments in an associate*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate is incorporated in these condensed consolidated financial statements using the equity method of accounting. The financial statements of an associate used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

## 2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### Application of accounting policies which became relevant to the Group in the current interim period (Continued)

#### *Investments in an associate (Continued)*

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

## 3. REVENUE

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker. As a result of this evaluation, the directors of the Company consider that the Group's operations are operated and managed as a single segment, which is mobile sports game development, publishing and operation mainly in the PRC, and no segment information is presented, accordingly.

Revenue for the six months ended 30 June 2024 and 30 June 2023 are as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Web-based and mobile online game revenue — over time	<b>315,379</b>	354,399

The Group has a large number of game players. No revenue from any individual game player exceeded 10% or more of the Group's revenue during the six months ended 30 June 2024 or 30 June 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 4. OTHER GAINS/(LOSSES), NET

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Fair value gains on financial assets measured at fair value through profit or loss ("FVPTL")	284	574
Exchange gain/(loss), net	258	(3,977)
Others	(7)	(348)
	<b>535</b>	<b>(3,751)</b>

## 5. OTHER INCOME

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Interest income from banks	2,958	1,908
Government grants (note)	222	3,928
Others	1,135	1,206
	<b>4,315</b>	<b>7,042</b>

Note: The amounts represent the Group's entitlement to subsidies for technological innovation received from the local government grants in the Mainland China. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 6. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Profit before tax has been arrived at after charging:		
Staff costs:		
Directors' emoluments	1,445	1,678
Other staff costs		
Wages, salaries and bonuses	63,561	54,757
Social security costs, housing provident fund and other staff cost	16,697	13,999
	<b>81,703</b>	70,434
Depreciation of property, plant and equipment	1,694	1,625
Depreciation of right-of-use assets	3,500	3,047
Amortisation of intangible assets	20,027	18,679
Total depreciation and amortisation	<b>25,221</b>	23,351

### 7. INCOME TAX EXPENSES

The income tax expenses of the Group for the six months ended 30 June 2023 and 2024 is analysed as follows:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Current tax		
PRC Enterprise Income Tax ("EIT")	148	2,827
Hong Kong profits tax	—	789
Overprovision in prior years		
PRC EIT	—	(1,011)
Deferred tax	(98)	1,364
Income tax expenses	<b>50</b>	3,969

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 7. INCOME TAX EXPENSES (CONTINUED)

### (i) Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2,000,000 of taxable profits of qualifying group entity will be taxed at 8.25%, and taxable profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% for the six months ended 30 June 2024 and 30 June 2023 on the assessable profits.

### (ii) PRC EIT

The income tax provision of the Group in respect of its operations in the Mainland China was calculated at the tax rate of 25% for the six months ended 30 June 2024 and 30 June 2023 on the assessable profits, except for stated below, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Wangchen Technology Co., Ltd was subject to EIT rate of 15% (six months ended 30 June 2023: 15%) for the six months ended 30 June 2024. Preferential tax rate of 15% is subject to requirement of the “Preferential Enterprise Income Tax Treatment for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”.

Shenzhen Wangchen Moji Technology Co., Ltd has fulfilled the requirement of the “Notice of the State Council on Printing and Distributing Several Policies for Promoting the High-quality Development of the Integrated Circuit Industry and Software Industry in the New Era” (Guo Fa [2020] No.8) and it is subject to a reduced preferential EIT tax rate of 12.5% for the six months ended 30 June 2024 (six months ended 30 June 2023: 12.5%).

### (iii) PRC Withholding Tax (“WHT”)

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

During the six months ended 30 June 2024 and 2023, the Group did not require its subsidiaries in the Mainland China to distribute their retained earnings to foreign investors, and the Group is able to control the timing of the reversal of the temporary differences arising from the unremitted earnings of these subsidiaries in the Mainland China and it is probable that the temporary differences will not reverse in the foreseeable future. Accordingly, no deferred income tax liability on WHT was accrued as at the end of each reporting period.

## 8. EARNINGS PER SHARE

### (a) Basis earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to the owners of the Company (RMB'000)	25,546	39,313
Weighted average number of ordinary shares in issue (thousand shares)	134,499	135,976
Basic earnings per share attributable to the owners of the Company (RMB per share)	0.19	0.29

### (b) Diluted earnings per share

No diluted earnings per share for the six months ended 30 June 2024 presented as there were no potential ordinary shares in issue for the current interim period.

The calculation of the diluted earnings per share for the six months ended 30 June 2023 is based on the profit attributable to ordinary equity holders of the Company, adjusted to reflect the impact from any dilutive potential ordinary shares issued by the Company, as appropriate. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares assumed to have been issued on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

In June 2021, the Company issued convertible bonds in the principal amount of HK\$77,112,000 (equivalent to RMB64,163,000). On 16 January 2023, the shares of the Company were listed on the Main Board of the Stock Exchange with offer price of HK\$6.5 per share. The Pre-IPO convertible bonds were automatically converted into 12,000,000 shares of the Company on the same day, representing approximately 8.70% of the issued share capital of the Company. It has no significant dilutive effect on earnings per share calculation for the six months ended 30 June 2023.

## 9. DIVIDENDS

During the current interim period, a final dividend of RMB18.82 cents per share in respect of the year ended 31 December 2023 (six months ended 30 June 2023: nil in respect of the year ended 31 December 2022) was declared to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to RMB25,971,000 (2022: nil). Subsequent to 30 June 2024, the 2023 final dividend has been settled by cash in entirety.

The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2024.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group incurred RMB1,255,000 (six months ended 30 June 2023: RMB818,000) for acquisition of property, plant and equipment.

During the six months ended 30 June 2024, the Group incurred RMB25,034,000 (six months ended 30 June 2023: RMB79,142,000) and nil (six months ended 30 June 2023: nil) for acquisition of licenses, which represent the intellectual property rights licenses used in games with a license period of 1 to 5 years, and software, respectively.

## 11. INTEREST IN AN ASSOCIATE

During the six months ended 30 June 2024, the Group established a private entity in the Mainland China with two independent third parties for an initial investment cost of RMB24,000,000. The assets of the investee principally include investments in funds and equity investments in private entities in the Mainland China.

The Group's investment in the investee is accounted for as interest in an associate as the directors of the Company consider the Group has significant influences therein. The share of result from the associate is insignificant for the current interim period.

## 12. TRADE RECEIVABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Trade receivables	42,226	33,727
Less: Allowance for credit losses	(377)	(356)
Trade receivables, net	41,849	33,371

The credit terms of trade receivables granted by the Group are normally from 30 to 90 days. An aging analysis of trade receivables based on recognition date is as follows:

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Up to 3 months	41,199	33,295
More than 3 months	1,027	432
	42,226	33,727

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Prepayment for selling and marketing expenses	2,503	9,410
Other prepayments	7,204	8,197
Deposits	1,497	1,707
Loan receivable (note)	—	17,707
Other receivables	10,240	3,144
	<b>21,444</b>	40,165
Analysed as:		
Current	18,347	34,458
Non-current	3,097	5,707
	<b>21,444</b>	40,165

Note: Amount as at 31 December 2023 was due from an independent third party, unsecured, carried interest of 5% per annum, and repayable in 12 months. The amount has subsequently been settled in full during the current interim period.

### 14. TRADE PAYABLES

Trade payables primarily consist of the license fee and royalty fee payable to the licensors for the rights to use the intellectual properties of certain football and basketball athletes in the Group's developed games in specified geographic areas for certain period of time.

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

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
0-365 days	30,095	101,958
1-2 years	75,257	16,693
Over 2 years	9,210	5,229
	<b>114,562</b>	123,880
Analysed as:		
Current	66,788	78,106
Non-current	47,774	45,774
	<b>114,562</b>	123,880

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 (Unaudited) RMB'000	As at 31 December 2023 (Audited) RMB'000
Payable for selling and marketing expenses	14,919	724
Payroll and welfare payables	9,845	14,333
Other tax payables	15,837	14,340
Accrued expenses	850	1,742
Advance from the publishers	61	820
Others	—	52
	<b>41,512</b>	32,011
Analysed as:		
Current	41,512	31,959
Non-current	—	52
	<b>41,512</b>	32,011

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### (a) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The following tables present the Group’s financial instruments that are measured at fair value as at 30 June 2024 and 31 December 2023 by fair value hierarchy:

Financial assets at FVTPL	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)		
A unlisted fund (note i)	N/A	13,720	Level 3	Valuation estimated by the management on underlying assets held by the fund
Wealth management products (note ii)	14,254	28,117	Level 2	Price provided by the relevant financial institutions with reference to underlying investment portfolios which have observable quoted price in active markets
	14,254	41,837		

Notes:

- (i) The unlisted fund represents a portfolio of investments managed by fund managers. The portfolio assets including principally equity securities in companies whose shares listed on the Stock Exchange and debt securities issued by private entities in Hong Kong. Subsequent to the end of the reporting period, the entire balance has been fully redeemed by the Group.
- (ii) The wealth management products as at 30 June 2024 and 31 December 2023 are issued by banks in Hong Kong and the Mainland China, respectively, that are non-principal guaranteed with floating return and principally invest in cash and money market instruments with good liquidity. The investment product as at 31 December 2023 is recognised by the Bank Insurance Regulatory Commission and the People’s Bank of China.

(b) Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The accounting team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The fluctuations in the fair value of the assets and liabilities are explained to the board of directors of the Company.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

The directors of the Company consider that there has been no changes in the business or economic circumstances that affect the fair value of the Group’s financial instruments.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities at amortised cost recognised in the consolidated financial statements approximate their fair values at 30 June 2024 and 31 December 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 17. RELATED PARTY TRANSACTIONS

The following significant transactions were carried out between the Group and its related parties during the six months ended 30 June 2023 and 2024.

### Key management compensation

Key management includes executive directors and senior management. The compensation paid or payable to key management, including directors' remuneration, is shown below:

	For the six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
Wages, salaries and bonuses	2,609	3,057
Other social security costs and housing benefits and other employee benefits	219	328
Total	2,828	3,385

## 18. SHARE AWARD SCHEME

The Company adopted a share award scheme (the "**Scheme**") on 15 December 2023 for the purpose of:

- (i) acknowledging and recognising the contribution which has been or may be made by i) any senior management of the Group or directors of the Company; and ii) any person deemed eligible by the directors of the Company to participate in the Scheme (the "**Eligible Participants**"); and
- (ii) awarding the Eligible Participants with excellent performance in order to attract people with suitable talent for further development of the Group.

The Scheme is a single scheme under which no share options can be granted. It will involve the purchase of the existing shares of the Company on the Stock Exchange through the trustee of the trust. A grant of an award shall be made to an Eligible Participant by a letter, which to be issued by the Company for the grant of an award with details in accordance with the rules relating to the Scheme, and in such written form as the board of directors may from time to time determine. The total number of shares may be granted under the Scheme is not permitted to exceed 5% of the issued share capital of the Company as at 15 December 2023 (i.e. being no more than 6,900,000 shares).

Unless there shall be any termination as may be determined by the board of directors pursuant to the scheme rules, the Scheme shall be valid and effective for the period commencing on 15 December 2023 until the earlier of (i) the fifth anniversary of 15 December 2023; or (ii) the date on which all unvested awarded shares have been fully vested, settled, lapsed, forfeited or cancelled (as the case may be), after which no further awards will be granted, but the scheme rules shall remain in full force in all other respects.

During the six months ended 30 June 2024, no award has been granted under the Scheme. An aggregate of 6,752,000 shares of the Company has been purchased from the market by the trustee of the trust for a total consideration, including the relevant transaction costs, of HK\$29,914,000 (equivalent to RMB27,201,000).

The Company granted a total of 4,742,928 shares to 61 grantees in accordance with the Scheme subsequent to 30 June 2024.