



2024
INTERIM
REPORT



Homeland
Interactive

家乡互动科技有限公司
Homeland Interactive Technology Ltd.

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE : 3798



CONTENTS

Corporate Information	2
Business Overview and Outlook	4
Management Discussion and Analysis	6
Report on Review of Condensed Consolidated Financial Statements	11
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Changes in Equity	16
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20
Other Information	47

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WU Chengze (*Chairman*)
Mr. SU Bo (*appointed on 5 April 2024*)
Mr. DING Chunlong
Mr. TANG Yinghao (*resigned on 6 June 2024*)

Independent Non-Executive Directors

Mr. ZHANG Yuguo
Mr. HU Yangyang
Ms. GUO Ying

AUDIT COMMITTEE

Mr. HU Yangyang (*Chairman*)
Mr. ZHANG Yuguo
Ms. GUO Ying

REMUNERATION COMMITTEE

Mr. HU Yangyang (*Chairman*)
Mr. ZHANG Yuguo
Ms. GUO Ying

NOMINATION COMMITTEE

Mr. WU Chengze (*Chairman*)
Mr. HU Yangyang
Ms. GUO Ying

JOINT COMPANY SECRETARIES

Ms. NG Ka Man (*ACG, HKACG*)
Mr. WU Jieran

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

AUTHORIZED REPRESENTATIVES

Ms. NG Ka Man
Mr. SU Bo

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Hong Kong

COMPANY'S WEBSITE

<https://www.jiaxianghudong.com>

STOCK CODE

3798

HEADQUARTERS IN THE PRC

17/F, Qianhai Shima Finance Centre II
No. 3040, Xinghai Avenue
Nanshan Street
Qianhai Shenzhen-Hong Kong Cooperation Zone
Shenzhen
PRC

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

LM8, 5/F, Lee & Man Commercial Center,
169 Electric Road, North Point, Hong Kong
(with effect from 31 January 2024)

PRINCIPAL BANKS

Jilin Jiutai Rural Commercial Bank, Tongzhi
Street Branch
Bank of China, Xiamen Taiwan Road Branch
Hua Xia Bank, Xiamen Branch

Business Overview and Outlook

The board of directors (the “**Board**”) of the Company is pleased to present the unaudited consolidated results (the “**Interim Results**”) of the Group for the six months ended 30 June 2024 (the “**Reporting Period**”). The Interim Results have been reviewed by Deloitte Touche Tohmatsu, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

BUSINESS REVIEW

During the first half of 2024, the Group continuously optimized its product research and development and distribution methods. On the research and development side, we implemented the concept of pioneering innovation and a long-term, sustainable development strategy, aiming to provide users with higher-quality products. On the distribution side, we experimented with various marketing methods to expand our market share and adapt to the continuous changes in the market and the fierce competitive environment.

After experiencing rapid growth in user scale in 2022 and 2023, the Group has intensified its product iteration efforts, continuously improving user experience in terms of game content, gameplay, artistic quality, and technical optimization. During the first half of 2024, several innovative rule games such as “花語乾坤” and “花語紅顏” were launched to increase the novelty of the game. On the other hand, we have been meticulously refining the artistic expression of our products, with new 3D upgraded versions of 微樂鬥地主 and 微樂四川麻將 being launched for promotion. The upgraded game version brings players more exquisite 3D scenes, UI, and other game visuals. The new version also introduces a brand-new appearance system, where players can obtain personalized appearances in various styles such as ancient style, China-Chic, and techwear through matches, allowing them to freely dress up their characters. Based on the continuous improvement of user experience, the willingness to pay of active players has significantly increased. During the Reporting Period, our number of paying players reached 15,691,516, representing a year-on-year increase of 70.0%.

In terms of customer acquisition, we have strengthened the joint operations with various MCN organizations, and the joint operation cost of the new media sector has increased accordingly. Meanwhile, in response to industry competition, we have increased the advertising investment in several game projects. Due to these layouts, the net profit of the Group has significantly decreased year-on-year. However, this was also influenced by non-operating one-time factors such as share-based payment expenses.

In terms of overseas markets, the operational data of “歡樂捕魚場越南版” and “歡樂捕魚場國際版” showed stable performance during the Reporting Period, and considerable overseas seed users have been accumulated. During the second half of 2024, we will continue to explore overseas gaming markets such as Southeast Asia, Japan, North America, and the Middle East, and optimize and test several casual games. These games are expected to be launched in the near future, and it is expected that they will further increase the proportion of overseas revenue in the near future.

In terms of game industry regulation, the Group has been closely following the latest changes in industry policies and has been actively promoting various online protection measures for underage and adult players, ensuring that our game products meet relevant management requirements.

The management’s business decisions aim to ensure the sustainable development of the Group and the long-term interests of shareholders. We have decided not to declare any interim dividend for the Reporting Period. However, in the future, the Company will continue to focus on the return of shareholders’ interests and implement a sustainable dividend policy, in order to reward the shareholders through action for their long-term support and trust towards us.

BUSINESS OUTLOOK

During the second half of 2024, the Group will focus on implementing the following strategies to drive business expansion and development:

1. Further diversify and optimize our game portfolio, deeply cultivate local regions to increase market penetration.

Leveraging our Group's product brands and years of accumulated regional competitive advantages, we will continue to introduce innovative gameplay to attract potential users in the second and third-tier domestic markets and underdeveloped areas, meeting different entertainment needs. Many provinces in central, northwest, and southeast China still have great potential, and we plan to continue to increase marketing efforts in the target expansion areas to attract and accumulate players to the target level, hoping to generate a fission growth.

2. Continuously explore, experiment, and invest in new marketing channels, collaborate with MCNs and influencers, expand customer acquisition channels, and reduce customer acquisition costs.

As the market environment continues to change, the Group is always under the pressure of increasing market share. The management will continue to try new ways and methods in marketing and customer acquisition and continue to invest. We will formulate different marketing strategies based on the characteristics of different game categories and the traffic rules of different platforms, in order to achieve more efficient user conversion for our Group.

3. Increase research and development investment to prepare new products for testing and online promotion in domestic and overseas markets.

During the second half of the year, the Group will continue to strengthen its research and development efforts, preparing to optimize, test, and launch multiple new games. We will continue to adjust the collaboration mechanisms between product teams and optimize the organizational structure to achieve business growth and sustainable development. Some of these products aim to expand overseas markets and generate overseas revenue.

4. Continue to explore potential business opportunities.

As an established game developer, we will leverage on our industry experience and collaborate with strategic partners to expand our business. Our Group intends to identify high-potential research and development teams which complement our current game portfolio, and explore new opportunities through different approaches, including incubation, investment and acquisition.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue is consisted of three major components: (i) revenue from self-developed mobile games; (ii) revenue from third-party mobile games; and (iii) advertising revenue. For self-developed mobile games, the Group's revenue is primarily derived from the sales of virtual tokens. Virtual tokens can be used by the customers to play mobile games of the Group or for purchasing virtual products. For third-party mobile games, the Group is only responsible for marketing, providing payment gateway for players to purchase the virtual tokens of respective games directly. The Group recognizes its revenue, net of the portion of proceeds to be shared with the third-party mobile game developers. Advertising revenue is derived principally from online advertising arrangements. The Group inserts certain in-game advertisement slots into its mini-programs and shares the proceeds with those mini-program platform operators.

The Group's revenue for the six months ended 30 June 2024 amounted to approximately RMB835.7 million, representing a decrease of 12.4% from approximately RMB953.5 million recorded in the corresponding period in 2023. During the Reporting Period, the Group's paying players increased by 70.0% year-on-year, but the Group's overall revenue decreased due to the Group's adjustment of its monetization strategy and lowering the recharge threshold, resulting in a decrease in average revenue per paying player.

For the six months ended 30 June 2024, revenue generated from the Group's sale of virtual tokens, distribution of third-party mobile games and advertising accounted for approximately 91.2%, 6.4% and 2.4% of the Group's total revenue, respectively, as compared with approximately 85.9%, 9.9% and 4.2%, respectively, for the six months ended 30 June 2023.

Cost of sales

The Group's cost of sales primarily includes (i) employee benefit expenses; (ii) commissions and fees charged by third-party game distribution channels and payment vendors; (iii) server-related and technical support fees; and (iv) depreciation and amortization. The Group's cost of sales increased by approximately 35.2% to approximately RMB422.7 million in the six months ended 30 June 2024 from approximately RMB312.6 million in the six months ended 30 June 2023, primarily due to (i) a RMB20.6 million increase in commissions and fees paid to third-party distribution channels and payment vendors; (ii) a RMB33.3 million increase in new media cost; (iii) a RMB24.9 million increase in game operation costs and revenue share to game developer; and (iv) a RMB16.1 million increase in employee benefit expenses. As at 30 June 2024, the Group does not have any trade payables.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by 35.6% to approximately RMB413.0 million for the six months ended 30 June 2024 from approximately RMB640.8 million for the six months ended 30 June 2023, and the Group's gross profit margin decreased to 49.4% for the six months ended 30 June 2024 from 67.2% for the corresponding period in 2023.

Other income

Other income decreased by approximately 33.5% from approximately RMB30.4 million for the six months ended 30 June 2023 to approximately RMB20.2 million for the six months ended 30 June 2024. The decrease was primarily due to a RMB3.8 million decrease in government subsidies, and a RMB3.5 million decrease in write-off of payables from expired room cards.

Other gains and losses

Other gains and losses decreased RMB17.6 million from a gain of approximately RMB27.0 million for the six months ended 30 June 2023 to a gain of approximately RMB9.4 million for the six months ended 30 June 2024. The decrease was primarily due to there was a RMB27.9 million in gain on disposal of investments in associates for the six months ended 30 June 2023, details of which are set out in note 5, and no such event occurred for the six months ended 30 June 2024.

Foreign exchange gains/(losses), net

Foreign exchange losses of approximately RMB0.7 million was recorded for the six months ended 30 June 2024 while foreign exchange gains of approximately RMB9.6 million was recorded for the six months ended 30 June 2023, mainly due to the fluctuation of exchange rate of Renminbi (RMB) against US dollars.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 101.4% from approximately RMB129.7 million for the six months ended 30 June 2023 to approximately RMB261.1 million for the six months ended 30 June 2024. The increase was primarily due to an increase in advertising and marketing expenses of RMB128.1 million. In the first half of 2024, in response to fierce market competition, the Company increased its marketing efforts to maintain and increase its market share, mainly through advertising on streaming platforms and WeChat applets.

Administrative and other expenses

The Group's administrative and other expenses decreased by approximately 15.4% from approximately RMB146.4 million for the six months ended 30 June 2023 to approximately RMB123.9 million for the six months ended 30 June 2024. The decrease was primarily due a decrease of RMB22.4 million in staff costs and a decrease of RMB13.9 million in share-based payment expense.

Profit Before Income Tax

The Group's profit before income tax decreased by approximately 91.0% from approximately RMB449.5 million for the six months ended 30 June 2023 to approximately RMB40.3 million in the corresponding period in 2024. The Group's profit before income tax as a percentage of total revenue decreased from 47.1% for the six months ended 30 June 2023 to 4.8% for the six months ended 30 June 2024, primarily due to (i) the Group's WeChat mini-game revenue increased, and the corresponding channel expenses increased significantly; (ii) the Group changed its promotion model and is in cooperation with MCN organizations to distribute games, which increased new media costs; and (iii) in response to the increasing competition in the industry, the Group increased its marketing efforts in order to retain its market share.

Income Tax Expenses

Income tax expenses decreased by approximately 85.8% from RMB46.9 million for the six months ended 30 June 2023 to RMB6.7 million in the corresponding period in 2024. The Group's effective tax rates were 10.4% and 16.5% for the six months ended 30 June 2023 and 2024, respectively. The decrease in the Group's income tax expenses was due to the decrease in profit before tax. The increase in effective tax rate was mainly due to tax rate increased for the profitable subsidiaries. For further details, please refer to note 7 to the consolidated financial statements of the Company in this report.

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by approximately 92.9% from approximately RMB395.3 million for the six months ended 30 June 2023 to approximately RMB28.0 million in the corresponding period in 2024.

Non-IFRS Measures – Adjusted Net Profit

To supplement the Group’s consolidated financial statements which are presented in accordance with International Financial Reporting Standards (“IFRS”), the Company also used unaudited non-IFRS adjusted net profit as an additional financial measure in order to evaluate its financial performance by eliminating the impact of certain non-recurring and non-cash items that it does not consider indicative of the performance of its business. The Company’s management believes that the presentation of non-IFRS measures, in conjunction with the corresponding IFRS measures, provides useful information to investors relating to the Group’s financial condition and results of operations. The term “adjusted net profit” is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact the Group’s net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under IFRS.

The following table sets out the calculation of adjusted net profit attributable to the owners of the Company for the periods indicated:

	For the six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
Profit for the period attributable to the owners of the Company	28,009	395,293
Add:		
Share-based payment expenses	13,993	27,818
Withholding tax on undistributed profits of subsidiaries operating in the PRC	—	22,500
Adjusted net profit attributable to the owners of the Company	42,002	445,611

The adjusted net profit attributable to the owners of the Company for the six months ended 30 June 2024, adjusted by excluding the non-cash item of share-based payment expenses and withholding tax on undistributed profits of subsidiaries operating in the PRC, was approximately RMB42.0 million, decreased by 90.6% as compared to approximately RMB445.6 million for the six months ended 30 June 2023.

Liquidity and Capital Resources

For the six months ended 30 June 2024, the Group financed its operations primarily through cash generated from the Group's operating activities. The Group intends to finance its expansion and business operations with internal resources and through organic and sustainable growth.

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements from time to time.

Cash and cash equivalents

The Group primarily operates its business in the PRC and its transactions and revenue were primarily denominated in Renminbi. The Group has certain cash and cash equivalents and trade receivables denominated mostly in Renminbi and is exposed to foreign exchange risk arising from exchange rate fluctuation of RMB against HK dollars and US dollars. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB1,028.7 million (31 December 2023: approximately RMB1,340.9 million), which primarily consisted of cash at bank and fix bank deposits that with maturity less than three months.

The Group currently does not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Indebtedness

During the six months ended 30 June 2024, the Group did not have any short-term or long-term bank borrowings and had no outstanding bank and other borrowings and other indebtedness apart from lease liabilities for the relevant lease terms amounting to RMB20.5 million in aggregate (31 December 2023: RMB20.8 million).

Gearing ratio

The gearing ratio was zero since there was no debt as at 30 June 2024. The Group's gearing ratio represented the percentage of the sum of non-current and current borrowings over total assets.

Charge on assets

As at 30 June 2024, the Group did not pledge any of its assets.

Capital expenditures

For the six months ended 30 June 2024, the Group's capital expenditure amounted to approximately RMB261.3 million (for the six months ended 30 June 2023: approximately RMB71.2 million, which mainly comprised expenditures on the purchase of office furniture and equipment, motor vehicles, leasehold improvements, the purchase of the copyright of game software and computer software, the purchase of equity instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss as well as investment in joint ventures and associates. The Group funded its capital expenditure by using the cash flow generated from its operations. The capital expenditure for the six months ended 30 June 2024 was higher primarily due to increased expenditure with respect to the purchase of financial assets at fair value through profit or loss as well as investment in joint ventures and associates.

Contingent liabilities and guarantees

As at 30 June 2024, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against the Group.

Material acquisitions, disposals and future plans for major investment or capital assets

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, joint ventures, associates or financial assets, or any future plan for major investment or capital assets.

Employees and Staff Costs

As at 30 June 2024, the Group had a total of 617 full time employees, mainly located in mainland China. In particular, 40 employees are responsible for the Group's research and development, 361 for game development, 52 for technical support, 33 for customer service, 66 for marketing and 65 for operations and general administration. The total staff cost incurred by the Group for the six months ended 30 June 2024 was approximately RMB99.8 million compared to approximately RMB101.2 million in the corresponding period in 2023. The decrease was mainly due to the decrease in share-based payment expenses.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses. The remuneration policies and employee training programs of the Company remained the same as those set out in the published 2023 annual report of the Company dated 25 April 2024. The Company has also adopted a share option scheme (the "**Share Option Scheme**") and a share award scheme (the "**Share Award Scheme**") on 5 June 2019 and 6 June 2019 respectively to incentivize employees and senior management and to align their interests with that of the Company.

Further details of the Share Option Scheme and the Share Award Scheme are set out in the section headed "Share Incentive Schemes" in this interim report.



TO THE BOARD OF DIRECTORS OF HOMELAND INTERACTIVE TECHNOLOGY LTD.

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Homeland Interactive Technology Ltd. (the “**Company**”) and its subsidiaries set out on pages 12 to 46, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 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” 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 International 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 IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 August 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	3	835,659	953,477
Cost of sales		(422,691)	(312,637)
Gross profit		412,968	640,840
Other income	4	20,203	30,382
Other gains and losses	5	9,382	26,983
Foreign exchange (losses) gains, net		(683)	9,621
Selling and marketing expenses		(261,129)	(129,680)
Administrative expenses and other expenses		(123,890)	(146,364)
Share of results of associates		(14,928)	18,488
Share of results of joint ventures		(960)	—
Interest on lease liabilities		(629)	(786)
Profit before income tax		40,334	449,484
Income tax expense	7	(6,664)	(46,927)
Profit for the period	8	33,670	402,557
Other comprehensive expense			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value loss on investment in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of income tax		—	(3,333)
Other comprehensive expense for the period		—	(3,333)
Total comprehensive income for the period		33,670	399,224

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Profit for the period attributable to:			
Owners of the Company		28,009	395,293
Non-controlling interests		5,661	7,264
		33,670	402,557
Total comprehensive income for the period attributable to:			
Owners of the Company		28,009	391,960
Non-controlling interests		5,661	7,264
		33,670	399,224
Earnings per share (in RMB cents)			
— Basic	9	2.23	30.98
— Diluted		2.23	30.73

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	NOTES	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current assets			
Property, plant and equipment	10	63,672	66,627
Right-of-use assets	10	19,254	19,938
Intangible assets		6,467	1,635
Investments in associates	11	81,963	56,186
Investments in joint ventures		28,581	24,640
Financial assets at fair value through profit or loss ("FVTPL")	12	31,243	31,532
Equity instruments at FVTOCI		17,999	1,499
Loans to employees		5,097	4,755
Rental and other deposits	14	4,590	4,640
Deferred tax assets	15	48,550	36,959
Prepayments and other receivables	14	—	1,414
Receivables for disposal of subsidiaries		—	48,062
Receivables for disposal of associates	11	—	89,610
Loans to associates	20	4,000	12,000
		311,416	399,497
Current assets			
Trade receivables	13	110,728	150,527
Financial assets at FVTPL	12	246,262	97,418
Prepayments and other receivables	14	253,735	197,556
Receivables for disposal of subsidiaries		19,159	—
Receivables for disposal of associates	11	93,207	—
Loans to associates	20	107,102	68,000
Loans to employees		15,200	33,000
Fixed deposits		136,000	—
Cash and cash equivalents		1,028,691	1,340,918
		2,010,084	1,887,419
Current liabilities			
Other payables		43,604	74,393
Deferred revenue	16	106,515	72,965
Tax payable		24,987	29,654
Lease liabilities		7,812	8,352
Dividend payable		122,026	4,800
		304,944	190,164
Net current assets		1,705,140	1,697,255
Total assets less current liabilities		2,016,556	2,096,752

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	NOTES	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current liabilities			
Lease liabilities		12,663	12,402
Deferred tax liabilities	15	200	200
		12,863	12,602
Net assets		2,003,693	2,084,150
Capital and reserves			
Share capital	17	42	42
Reserves		1,997,143	2,083,261
Equity attributable to owners of the Company		1,997,185	2,083,303
Non-controlling interests		6,508	847
Total equity		2,003,693	2,084,150

The condensed consolidated financial statements on pages 12 to 46 were approved by the board of Directors on 28 August 2024 and were signed on its behalf:

Mr. WU Chengze
DIRECTOR

Mr. SU Bo
DIRECTOR

Condensed Consolidated Statement of Changes in Equity

For the six month ended 30 June 2024

	Attributable to owners of the Company										
	Share capital	Shares held for Share Award Scheme	Share premium	Statutory reserve	Other reserve	Share-based payments reserve	FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023 (audited)	42	(30,421)	31,210	15,027	19,718	25,469	(7,785)	1,741,159	1,794,419	(406)	1,794,013
Profit for the period	—	—	—	—	—	—	—	395,293	395,293	7,264	402,557
Other comprehensive expense for the period	—	—	—	—	—	—	(3,333)	—	(3,333)	—	(3,333)
Total comprehensive (expense) income for the period	—	—	—	—	—	—	(3,333)	395,293	391,960	7,264	399,224
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant (defined in Note 18)	—	—	—	—	—	564	—	—	564	—	564
Recognition of share-based payment expenses under the 2021 Share Award Scheme (defined in Note 18)	—	—	—	—	—	102	—	—	102	—	102
Recognition of share-based payment expenses under the 2023 Share Award Scheme (defined in Note 18)	—	—	—	—	—	27,152	—	—	27,152	—	27,152
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2023 Share Award Scheme	—	28,410	9,053	—	—	(37,463)	—	—	—	—	—
Share-based payment expenses related to the share awards forfeited after the vesting date	—	—	—	—	—	(2,054)	—	2,054	—	—	—
Repurchase of shares (Note ii)	—	(7,657)	—	—	—	—	—	—	(7,657)	—	(7,657)
Dividend recognized as distribution	—	—	—	—	—	—	—	(162,823)	(162,823)	—	(162,823)
As at 30 June 2023 (unaudited)	42	(9,668)	40,263	15,027	19,718	13,770	(11,118)	1,975,683	2,043,717	6,858	2,050,575

Condensed Consolidated Statement of Changes in Equity

For the six month ended 30 June 2024

	Attributable to owners of the Company												
	Share capital	Shares held for Share Award		Share premium	Statutory reserve	Other reserve	Share-based payments		FVTOCI reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
		RMB'000	RMB'000				RMB'000	RMB'000					
As at 1 January 2024 (audited) (Note i)	42	(9,551)	40,163	15,027	19,199	13,878	(13,593)	2,018,138	2,083,303	847	2,084,150		
Profit for the period	-	-	-	-	-	-	-	28,009	28,009	5,661	33,670		
Other comprehensive expense for the period	-	-	-	-	-	-	-	-	-	-	-		
Total comprehensive income for the period	-	-	-	-	-	-	-	28,009	28,009	5,661	33,670		
Recognition of share-based payment expenses under the Share Option Scheme and the incremental fair value under the Compensation Grant (defined in Note 18)	-	-	-	-	-	142	-	-	142	-	142		
Recognition of share-based payment expenses under the 2021 Share Award Scheme (defined in Note 18)	-	-	-	-	-	43	-	-	43	-	43		
Recognition of share-based payment expenses under the 2024 Share Award Scheme (defined in Note 18)	-	-	-	-	-	13,808	-	-	13,808	-	13,808		
Vesting of award shares under the Compensation Grant, the 2021 Share Award Scheme and the 2024 Share Award Scheme	-	14,382	12,162	-	-	(26,544)	-	-	-	-	-		
Share-based payment expenses related to the share awards forfeited after the vesting date	-	-	-	-	-	(1,327)	-	1,327	-	-	-		
Donation from shareholders (Note ii)	-	(64,790)	-	-	64,790	-	-	-	-	-	-		
Repurchase of shares (Note iii)	-	(10,894)	-	-	-	-	-	-	(10,894)	-	(10,894)		
Dividend recognized as distribution (Note 6)	-	-	-	-	-	-	-	(117,226)	(117,226)	-	(117,226)		
As at 30 June 2024 (unaudited)	42	(70,853)	52,325	15,027	83,989	-	(13,593)	1,930,248	1,997,185	6,508	2,003,693		

Condensed Consolidated Statement of Changes in Equity

For the six month ended 30 June 2024

Note i: The other reserve as at 1 January 2024 mainly represents (i) the difference between the consideration paid and share of the subsidiary's net assets acquired from the non-controlling interests in prior years, (ii) the effect of group reorganization on 24 September 2018, pursuant to which Xiamen Kexin Network Technology Company Limited ("**Homeland PRC**", formerly known as Beijing Kexin Network Technology Company Limited), Jiaxiang Interactive (Xiamen) Network Technology Company Limited ("**Jiaxiang Interactive**") and Jilin Yutai Network Technology Company Limited ("**Jilin Yutai**", which is controlled by Mr. Wu Chengze ("**Mr. Wu**") entered into a series of contractual arrangements which enable the Group to have control over the assets, liabilities and operating profits from Jiaxiang Interactive and its subsidiaries.

Note ii: During the period ended 30 June 2024, the Company received 32,085,086 share donation from two shareholders, who transferred their shares to Futu Securities International (Hong Kong) Limited which is an account designated for the Share Award Scheme of the Group. These shares are included under "Shares held for Share Award Scheme" at their fair value of RMB64,790,000 determined based on the quoted price of the Company's shares at the date of transfer with the corresponding credit to other reserve as shareholders' contributions.

Note iii: During the period ended 30 June 2024, the Company repurchased 5,164,000 (six months ended 30 June 2023: 4,798,000) of shares with total consideration of RMB10,893,569 (HK\$11,982,260) (six months ended 30 June 2023: RMB7,657,223 (HK\$8,463,960)) on the open market at a price of HK\$ 1.915 to HK\$ 2.684 (six months ended 30 June 2023: HK\$1.473 to HK\$1.841) through Futu Securities International (Hong Kong) Limited, which was appointed as an independent trustee for the share award schemes of the Company, for the purpose of future share award schemes. Details are as follows:

Month of repurchase	No of ordinary shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January	2,974,000	2.684	2.197	7,439
April	1,352,000	2.248	1.966	2,962
June	838,000	1.915	1.877	1,581
Total	5,164,000			11,982

Condensed Consolidated Statement of Cash Flows

For the six month ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Net cash from operating activities	12,162	182,951
Investing activities		
Interest received	11,404	14,559
Purchase of financial assets at FVTPL	(184,079)	(28,502)
Purchase of financial assets at FVTOCI	(16,500)	—
Purchase of property, plant and equipment	(9,861)	(12,394)
Purchase of intangible assets	—	(683)
Acquisition of investment associates and joint ventures	(45,605)	(29,600)
Dividend received	520	44,400
Loans to employees	(452)	(2,000)
Repayment of loans to employees	18,000	5,000
Loans to associate and joint ventures	(21,000)	(12,000)
Loans to third parties	—	(12,760)
Loans received from third parties	2,414	—
Proceeds from disposal of financial assets at FVTPL	39,982	—
Purchase of six-month fixed deposits	(136,000)	—
Consideration received for disposal of subsidiaries	32,030	12,400
Net cash used in investing activities	(309,147)	(21,580)
Financing activities		
Repayment of lease liabilities	(5,403)	(4,862)
Interest paid on lease liabilities	(629)	(786)
Dividends paid	—	(162,823)
Payment on repurchase of shares	(10,894)	(7,657)
Net cash used in financing activities	(16,926)	(176,128)
Net decrease in cash and cash equivalents	(313,911)	(14,757)
Cash and cash equivalents at the beginning of the period	1,340,918	1,163,316
Effect of foreign exchange rate changes	1,684	7,393
Cash and cash equivalents at the end of the period, represented by cash and cash equivalents	1,028,691	1,155,952

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

1. GENERAL INFORMATION AND BASIS OF PREPARATION

General information

Homeland Interactive Technology Ltd. (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands on 7 May 2018 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 4 July 2019 (the “**Listing Date**”). The registered office of the Company is Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, KY1-1104, Grand Cayman Islands. The address of principal place of business of the Company is 17/F, Qianhai Shimao Finance Centre II No. 3040, Xinghai Avenue Nanshan Street Qianhai Shenzhen-Hong Kong Cooperation Zone Shenzhen, the People’s Republic of China (the “**PRC**”). The Company is controlled by Mr. Wu Chengze, Mr. Jiang Mingkuan and Mr. Su Bo (collectively referred to as the “**Founders**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are primarily engaged in the development, publication and operation of mobile games in the PRC.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is the same as the functional currency of the Company and its subsidiaries.

Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to 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 financial instruments, which are measured at fair values, as appropriate.

Other than application of certain accounting policies listed below which became relevant to the Group, 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 financial statements for the year ended 31 December 2023.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, 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 IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements Accounting Policies

The application of the amendments to IFRSs 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 on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents (1) income from sales of virtual tokens on the Group's self-developed mobile games; (2) income from third-party mobile games, and; (3) advertising income. The Group's operating activities are attributable to a single operating segment focusing on development and operation of mobile games. This operating segment has been identified on the basis of internal management reports, prepared in accordance with the relevant accounting principles and financial regulations applicable in the PRC which materially conform with IFRSs, that are regularly reviewed by the chief operating decision maker ("**CODM**") of the Group for the purpose of allocating resources and assessing its performance. The CODM reviews the financial results of the Group as a whole for performance assessments. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Revenue from self-developed mobile games and third-party mobile games is recognized at a point in time when the customers obtain control of the services, being at the point the customers consume the virtual tokens in self-developed mobile games or the customers purchase the virtual tokens in the relevant third-party mobile games.

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

3. REVENUE AND SEGMENT INFORMATION (Continued)

Advertising revenue is recognized at a point in time when the advertisements placed by third-party platforms are displayed in the game interface.

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue from:		
– Self-developed mobile games	761,849	818,662
– Third-party mobile games	53,549	94,635
	815,398	913,297
Advertising revenue	20,261	40,180
	835,659	953,477

The Group has a large number of customers, no revenue from any individual customer exceeded 10% or more of the Group's revenue during both periods.

4. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest income	16,661	17,599
Government subsidies (<i>note a</i>)	2,065	5,864
Write-off of payables from expired room cards (<i>note b</i>)	–	3,458
Others	1,477	3,461
Total	20,203	30,382

Notes:

- (a) Government subsidies mainly represent various industry-specific subsidies granted by the government authorities to subsidize the research and development costs already incurred by the Group during the course of its business, as well as government incentives to reward the Group's effort for the technological innovation and support to the local economy with no future related costs to be incurred. There are no unfulfilled conditions relating to such government subsidies recognized.
- (b) During the interim period ended 30 June 2022, the Group ceased its remaining operations of private game room cards carried out by Jilin Xinze Network Technology Company Limited ("Jilin Xinze"). For all unused room cards at the date of termination of the room card business, customers were given a one-year period to request for refund and this write-off represents payables in connection to expired and unconsumed room cards in the preceding interim period.

5. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Gain on assets disposal transaction (<i>Note a</i>)	8,632	—
Impairment losses under expected credit loss model	(6,285)	—
Gain (loss) from changes in fair value of financial assets at FVTPL	4,458	(2,635)
Gain on early repayment of receivables for disposal of subsidiaries	1,583	1,424
(Loss) gain on disposal of property, plant and equipment	(197)	315
Loss on termination of leases	(55)	—
Gain on disposal of investments in associates (<i>Note b</i>)	—	27,879
Others	1,246	—
Total	9,382	26,983

Notes:

- (a) Details on the gain on assets disposal transaction are set out in Note 20(c).
- (b) Details on disposed of Jilin Xinyue Network Technology Limited (“**Jilin Xinyue**”) and Jilin Anrui Network Technology Co., Ltd (“**Jilin Anrui**”) are set out in Note 11.

6. DIVIDENDS

During the current interim period, a final dividend of HK\$0.10 cents (equivalent to RMB\$0.09) per share in respect of the year ended 31 December 2023 was declared and approved by the shareholders in the general meeting. The aggregate amount of the final dividend declared in the interim period was amounted to HK\$128,340,350 (equivalent to RMB\$117,226,076) and was paid on 11 July 2024.

During the preceding interim period, a final dividend of HK\$0.14 cents (equivalent to RMB0.13) per share in respect of the year ended 31 December 2022 was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$179,676,490 (equivalent to RMB162,823,000).

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

7. INCOME TAX EXPENSE

The income tax expense of the Group is analyzed as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current tax — PRC Enterprise Income Tax	21,835	44,336
(Over) Under provision in prior years	(3,580)	4,035
Deferred tax (Note 15)	18,255	48,371
	(11,591)	(1,444)
Income tax expense	6,664	46,927

The Company and a subsidiary incorporated in the British Virgin Islands (“**BVI**”) is not subject to income tax in the Cayman Islands or the BVI.

No provision for Hong Kong Profits Tax has been made since the entity operating in Hong Kong had no assessable profits for both years.

PRC CIT

The income tax provision of the subsidiaries operating in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for both interim periods, based on the existing legislation, interpretations and practices in respect thereof.

Jilin Xinze was qualified as “High and New Technology Enterprises” (“**HNTE**”) under the Corporate Income Tax Law (“**CIT Law**”) since 2017 with a valid period of three years and such qualification has been renewed in 2020 and 2023 with a valid period of three years respectively. However, in the current interim period, Jilin Xinze transferred all the research and development activities to other entities in the Group, management believed Jilin Xinze is no longer qualified as HNTE. As a result, Jilin Xinze is entitled to a preferential income tax rate at 15% for the preceding period.

For the year ended 31 December 2022, Yuetang (Xiamen) Network Technology Co., Ltd (“**Yuetang Xiamen**”) qualified as a “Double Soft Enterprise” (“**DSE**”) under the CIT Law. According to relevant tax regulations, Yuetang Xiamen is exempted from CIT for two years, followed by a 50% reduction in the applicable tax rates for the next three years if the criteria of DSE are met each year, commencing from 2022, the first year of profitable operation. Therefore, Yuetang Xiamen was entitled a 50% reduction in the applicable tax rates in current period and was exempted from CIT for the preceding period.

7. INCOME TAX EXPENSE (Continued)

PRC CIT (Continued)

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in research and development activities are entitled to claim 200% (six months ended 30 June 2023:200%) of the research and development expenses incurred in a year as tax deductible expenses in determining the taxable income for that year (“**Super Deduction**”). Jiaxiang Interactive, Yuetang Xiamen, Yuetang Shenzhen and Jilin Haiqi (six months ended 30 June 2023: Jiaxiang Interactive and Jilin Xinze) have claimed such Super Deduction in ascertaining its tax assessable profits for current interim period.

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Commissions and fees charged by distribution channels and payment vendors	288,031	267,416
Lease expenses in respect of short-term leases on office properties	—	93
Depreciation of property, plant and equipment	8,007	5,375
Depreciation of right-of-use assets	5,530	5,361
Amortization of intangible assets	470	210
Auditors' remuneration	630	750
Directors' emoluments	8,108	20,044
Other staff costs:		
Salaries and other benefits in kind	79,540	68,457
Retirement benefit costs	3,176	3,271
Share-based payments for staff	9,023	9,383
Total staff costs	99,847	101,155

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share from operations attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share:		
— Profit for the period attributable to owners of the Company	28,009	395,293
	Number of shares	
	2024 (unaudited)	2023 (unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,254,914,473	1,275,889,879
Effect of dilutive potential ordinary shares in respect of the Compensation Grant, the 2021 Share Award Scheme	—	10,340,506
Weighted average number of ordinary shares of the Company for the purpose of diluted earnings per share	1,254,914,473	1,286,230,385

There is no effect of dilutive potential ordinary shares for the current interim period.

10. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired and paid RMB9,861,000 (six months ended 30 June 2023: RMB12,394,000) for furniture, equipment and motor vehicles.

During the current interim period, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMB3,811,000 (six months ended 30 June 2023: RMB49,000) for proceeds of RMB3,614,000 (six months ended 30 June 2023: RMB364,000), resulting in a loss on disposal of RMB197,000 (six months ended 30 June 2023: gain on disposal of RMB315,000).

During the current interim period, the Group entered into a lease agreement and recognized right-of-use assets of RMB5,044,000 and lease liabilities of RMB5,044,000. On the other hand, the Group terminated a lease agreement with right-of-use assets of RMB198,000 and lease liabilities of RMB143,000 derecognized and resulted a loss on the termination amounted to RMB55,000.

11. INVESTMENTS IN ASSOCIATES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Cost of investment in associates (<i>Note</i>)	111,005	70,300
Share of post-acquisition profits and other comprehensive income, net of dividends received	(29,042)	(14,114)
Total	81,963	56,186

Note: During the current interim period, the Group invested in four new associates which mainly operated in multi-channel network business with a total consideration of RMB26,000,000 and further invested in an existing associate with a consideration of RMB14,705,000.

During the preceding interim period, the Group disposed all its interest in Jilin Xinyue and Jilin Anrui to entities controlled by Mr. Luo Wei for consideration of RMB99,000,000 and RMB35,100,000 respectively. The total consideration amounted to RMB134,100,000 will be settled on 31 May 2025. The fair value of the total consideration is determined by discounting the consideration of RMB116,372,000 using the discount rate of 8.05% per annum. This transaction has resulted in the Group recognizing gains of RMB27,879,000 in profit or loss, calculated as follows:

	RMB'000 (unaudited)
The fair value of the total consideration	116,372
Less: carrying amount of the 40% investment on the date of loss of significant influence of Jilin Xinyue and Jilin Anrui	88,493
Gain recognized in profit or loss for the period ended 30 June 2023	27,879
Less: adjust to the supplemental agreement (<i>Note</i>)	(44,660)
Loss recognized in profit or loss for the year ended 31 December 2023	(16,781)

Note: On 31 August 2023, the Group signed a supplemental agreement with the entities controlled by Mr. Luo Wei to cancel a declared interim dividend total amounting RMB44,660,000 in connection to profit of Jilin Xinyue and Jilin Anrui for the period from 1 January 2023 to 30 June 2023. As a result of this supplement agreement, the dividend receivable was considered as part of the cost of the disposal.

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

11. INVESTMENTS IN ASSOCIATES (Continued)

Subsequent to the disposal, the Group received early settlements to the deferred consideration amounted to RMB10,000,000 and RMB25,100,000 on 31 July 2023 and 31 August 2023 respectively, which resulted in a gain on early repayment of RMB4,488,000 in other gains and losses. On the other hand, an interest income of RMB3,850,000 was recognized in other income. As at 31 December 2023, the receivables for disposal of associates was RMB89,610,000 and presented under non-current assets on the condensed consolidated statement of financial position. During the current interim period, an interest income of RMB3,597,000 was recognized in other income. As at 30 June 2024, the receivables for disposal of associates was RMB93,207,000 and presented under current assets on the condensed consolidated statement of financial position.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current unlisted securities		
— Investment in partnership (note i)	31,243	31,532
Current listed securities held for trading		
— Equity securities listed in Shanghai Stock Exchange (the "SSE") (note ii)	19,144	34,819
Current unlisted securities held for trading		
— Private funds (note iii)	130,824	62,599
— Money market fund (note iv)	61,294	—
— Structured deposit (note v)	35,000	—
	246,262	97,418

Notes:

- (i) On 31 October 2022, Jiexiang Interactive, along with other investors (each as a limited partner), Challengers Management Team (as a special limited partner), Challengers Yunteng (as a general partner) and Chuangxinyizhou (as a fund manager) entered into the partnership agreement for the formation of a partnership to carry out equity and equity-related investment with a focus on the consumer industry, corporate services and entertainment sectors. Jiexiang Interactive, as a limited partner, committed to make capital contribution of RMB100,000,000, which account for 10% interest in the partnership. During the year ended 31 December 2022, Jiexiang Interactive made a capital contribution of RMB30,000,000 to the partnership.
- (ii) The listed equity investments represent ordinary shares of entities listed on SSE. The investment is held for trading and its fair value is based on the quoted market price.
- (iii) The private funds mainly represent private fund products issued by private funds management companies and mainly invest in debt and equity instruments. The investment is held for trading and its fair value is based on the fund net value calculated by the private funds management companies.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)*Notes: (Continued)*

- (iv) The money market fund represents money market fund products issued by commercial bank. The investment is held for trading and its fair value is based on the fund net value provided by the commercial bank.
- (v) The structured deposit represents structured deposit products issued by commercial bank. The investment is held for trading and its fair value is determined by considering the expected return in the product agreements.

Further details of the fair value measurements of the above investments are set out in Note 19.

13. TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Trade receivables	110,728	150,527
Less: allowance for credit losses	—	—
Total	110,728	150,527

Trade receivables comprise receivables from distribution channels, payment vendors and advertisement agents. The credit terms of trade receivables granted to them are usually 0 to 60 days (31 December 2023: 0 to 60 days). Ageing analysis of trade receivables presented based on date of invoices is as follows:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
0–30 days	5,566	99,721
31–60 days	48,921	30,863
61–90 days	43,679	5,123
91–180 days	9,678	9,931
Over 180 days	2,884	4,889
Total	110,728	150,527

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

13. TRADE RECEIVABLES (Continued)

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date on which the credit was initially granted up to the reporting date. As at 30 June 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB14,139,000 (31 December 2023: RMB21,328,000) which are past due. Out of the past due balances, RMB2,921,000 (31 December 2023: RMB 7,673,000) has been past due 90 days or more and is not considered as in default due to the history of cooperation and the sound collection history of the debtors.

14. PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Non-current		
Rental deposits	4,590	4,640
Loans to third parties	—	1,414
	4,590	6,054
Current		
Prepayment for advertisement and promotion fees	118,487	145,384
Earnest money for future business collaboration (<i>note i</i>)	50,000	—
Loans to third parties	26,032	32,432
Prepayment for new media costs	25,604	—
Prepayment for research and development fees	12,849	7,342
Prepayment to game developers	573	8,000
Prepayment for game and server-related fees	7,048	2,999
Prepayment for market research fees	5,960	—
Receivables of service income	6,285	—
Prepayment for professional fees	2,010	—
Other deposits	5,513	3,865
Others	8,510	6,385
	268,871	206,407
Less: Allowance for credit losses	(15,136)	(8,851)
Total	253,735	197,556

14. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

Note:

- (i) During the current interim period, the Group signed a strategic corporation framework agreement with a Hong Kong listed mobile game company to facilitate future business collaborate on game research and development and paid an refundable earnest money amounted to RMB50,000,000.

15. DEFERRED TAX ASSETS/LIABILITIES

The followings are the major deferred tax liabilities and assets recognized and movements thereon during the current and preceding interim periods:

	Fair value losses of FVTOCI investments RMB'000	Undistributed profit of subsidiaries RMB'000	Fair value change of financial assets at FVTPL RMB'000	Tax losses RMB'000	Temporary difference arising from prepaid advertising expenses RMB'000	Excess deductible advertising expenses RMB'000	Temporary difference arising from disposal of a subsidiary RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2023	1,731	(29,000)	4	9,466	(168)	45,219	971	—	28,223
Credit (charge) to profit or loss	—	6,500	479	1,690	168	(7,683)	—	290	1,444
As at 30 June 2023	1,731	(22,500)	483	11,156	—	37,536	971	290	29,667
Credit (charge) to profit or loss	—	22,300	66	(9,053)	(88)	(6,651)	604	(86)	7,092
As at 31 December 2023	1,731	(200)	549	2,103	(88)	30,885	1,575	204	36,759
(Charge) credit to profit or loss	—	—	(447)	(2,103)	—	13,358	—	(35)	10,773
Effect of change in tax rate	—	—	517	—	(80)	—	381	—	818
As at 30 June 2024	1,731	(200)	619	—	(168)	44,243	1,956	169	48,350

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

15. DEFERRED TAX ASSETS/LIABILITIES (Continued)

For the purpose of presentation in the condensed consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Deferred tax assets	48,550	36,959
Deferred tax liabilities	(200)	(200)
	48,350	36,759

At the end of the reporting period, the Group has unused tax losses of RMB27,776,000 (2023: RMB15,982,000) available for offset against future profits. No deferred tax asset has been recognized in respect of such tax losses due to the unpredictability of future profit streams. As at 31 December 2023, A deferred tax asset has been recognized in respect of approximately RMB8,412,000 of such losses and no deferred tax asset has been recognized in respect of the remaining approximately RMB7,570,000 due to the unpredictability of future profit streams.

At the end of the reporting period, the Group has deductible temporary differences of RMB411,535,000 (2023: RMB332,689,000) in connection to the excess advertising expenses. A deferred tax asset has been recognized in respect of approximately RMB294,029,000 (2023: RMB205,900,000) of such deductible temporary differences. No deferred tax asset has been recognized in relation to the remaining approximately RMB117,506,000 (2023: RMB126,789,000) as it is not probable that the deductible temporary differences can be utilized to reduce the taxable profit in the future.

Under the CIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB1,954,545,000 as at 30 June 2024 (2023: RMB1,946,743,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

16. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the customers for the Group's self-developed mobile games in the forms of prepaid virtual tokens and private game room cards, for which the related services had not been rendered as at the end of each period. As the unsatisfied performance obligations will be recognized as revenue within one year, therefore, the deferred revenue is recognized as current liability.

	Virtual tokens RMB'000
As at 1 January 2024 (audited)	72,965
Sales proceeds, net of tax	848,948
Revenue recognized during the period	(815,398)
As at 30 June 2024 (unaudited)	106,515

17. SHARE CAPITAL

	Number of shares	Nominal amount US\$	Shown in the condensed consolidated financial statements RMB'000
Authorized			
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024			
— Ordinary shares of US\$0.000005 each	10,000,000,000	50,000	
Issued and fully paid			
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024			
— Ordinary shares of US\$0.000005 each	1,283,403,500	6,417	42

18. SHARE-BASED PAYMENT TRANSACTIONS

(a) Share Option Scheme

A share option scheme was approved and adopted by the Company on 5 June 2019 (the “**Share Option Scheme**”). The Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares as the Board may determine to an employee (whether full time or part-time) or a director of a member of the Group or associated companies of the Company (the “**Eligible Persons**”).

The purpose of the Share Option Scheme is to incentivize and reward the Eligible Persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of the Company must not in aggregate exceed 10% of the total number of shares in issue as at the Listing Date, being 125,600,000 shares, or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange’s discretion (the “**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Share Option Scheme and any Other Scheme of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

No options shall be granted to any Eligible Person under the Share Option Scheme and any Other Schemes of the Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange’s discretion.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date, after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

No dividends (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an option that has not been exercised. The shares allotted and issued on the exercise of an option will rank equally in all respects with the shares in issue on the date of allotment. They will not rank for any rights attaching to shares by reference to a record date preceding the date of allotment.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Share Option Scheme (Continued)

If an option-holder ceases to be an Eligible Person by reason of (i) his employer terminating his contract of employment in accordance with its terms or any right conferred on his employer by law, or (ii) his contract of employment, being a contract for a fixed term, expiring and not being renewed, or (iii) his employer terminating his contract for serious or gross misconduct, then any outstanding offer of an option and all options, vested or unvested, will lapse on the date the option-holder ceases to be an Eligible Person.

On 14 November 2019, the Company granted share options (the “**Share Options**”) under the Share Option Scheme to 58 eligible employees to subscribe for a total of 62,360,000 ordinary shares of US\$0.000005 each in the Company. The estimated fair value of the options granted was HK\$47,452,000 (equivalent to RMB42,508,000). The exercise price was HK\$2.09 per share and the vesting terms of the Share Options for each grantee is as below:

- (1) 30% of the total number of Share Options shall be vested on 14 November 2020;
- (2) 40% of the total number of Share Options shall be vested on 14 November 2021; and
- (3) 30% of the total number of Share Options shall be vested on 14 November 2022.

The exercise price is determined by the directors of the Company, and will not be less than the highest of: (i) the closing price of HK\$2.07 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. 14 November 2019, (ii) the average closing price of HK\$2.09 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 US\$0.000005 per share.

Up to 30 September 2021, 1,600,000 Share Options granted to two option grantees were lapsed due to the termination of their employment with the Company and 60,760,000 Share Options remained outstanding (the “**Outstanding Existing Options**”). None of the Share Options were exercised by the option grantees as at 30 September 2021. The Board resolved to cancel the Outstanding Existing Options with effect from 30 September 2021 and details are disclosed in Note 18(b).

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Compensating Share Awards

The Board resolved to cancel the Outstanding Existing Options with effect from 30 September 2021 in accordance with the terms of the Share Option Scheme with respect to cancellation of options granted but not exercised, at the request of the option grantees other than the two grantees whose share options have lapsed (the “**Remaining Option Grantees**”). The Company obtained consent and mutually agreed with each of the Remaining Option Grantees with respect to the arrangement and compensation for the cancellation of the Outstanding Existing Options.

As compensation for the cancellation of the Outstanding Existing Options and in accordance with the mutual agreement with each of the individual Remaining Option Grantees, the Board resolved to compensate the Remaining Option Grantees with the grant of Share Awards (the “**Compensating Share Awards**”) calculated based on the number of Outstanding Existing Options held by individual Remaining Option Grantees. Each Outstanding Existing Option held by individual Remaining Option Grantees can be compensated with 0.35, 0.50 or 0.8333 Compensating Share Awards depending on the department or product unit in which the Remaining Option Grantee serves, his seniority and his past contribution to the Group, as follow:

- 26,510,000 Outstanding Existing Options held by 26 Remaining Option Grantees were compensated by the grant of 9,278,500 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.35 Compensating Share Award;
- 33,050,000 Outstanding Existing Options held by 29 Remaining Option Grantees were compensated by the grant of 16,525,000 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to 0.5 Compensating Share Award; and
- 1,200,000 Outstanding Existing Options held by one Remaining Option Grantee were compensated by the grant of 1,000,000 Compensating Share Awards representing the same number of underlying Shares at the compensation ratio of one Outstanding Existing Option to approximately 0.8333 Compensating Share Award.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Compensating Share Awards (Continued)

As a result, a total of 26,803,500 Compensating Share Awards representing the same number of underlying Shares were granted as compensation for the cancellation of the Outstanding Existing Options (the “**Compensation Grant**”).

The vesting date of the Compensation Grant for each grantee:

- (1) 40% of the total number of Share Awards shall be vested on 30 April 2022;
- (2) 30% of the total number of Share Awards shall be vested on 30 April 2023; and
- (3) 30% of the total number of Share Awards shall be vested on 30 April 2024.

Other vesting conditions of the Compensation Grant are as follows:

- (1) In respect of the vesting on 30 April 2022, (a) the Company’s consolidated revenue for the year ending 31 December 2021 shall increase by 10% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2021 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2021;
- (2) In respect of the vesting on 30 April 2023, (a) the Company’s consolidated revenue for the year ending 31 December 2022 shall increase by 15% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2022 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2022; and
- (3) In respect of the vesting on 30 April 2024, (a) the Company’s consolidated revenue for the year ending 31 December 2023 shall increase by 20% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2023 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2023.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) Compensating Share Awards (Continued)

Details of specific vesting date and movements of the Compensation Grant are as follows:

	Outstanding at 1/1/2024	Lapsed during period	Vested during period	Outstanding at 30/6/2024
Shares vested on 30 April 2022	—	—	—	—
Shares vested on 30 April 2023	—	—	—	—
Shares vested on 30 April 2024	5,538,000	195,000	5,343,000	—
	5,538,000	195,000	5,343,000	—

As the management considered the Compensating Grant as replacement to the Share Option Scheme, the Company accounted for the Compensating Grant as a modification of the Share Option Scheme. The incremental fair value granted is the difference between the fair value of Compensating Share Awards and the fair value of the Outstanding Existing Options as at 30 September 2021. The Company adopted the market price of HK\$2.15 per share to measure the fair value of Compensating Share Awards as at 30 September 2021 and used the Binomial Option-Pricing Model to calculate the fair value of Outstanding Existing Options as at 30 September 2021. The inputs used for measuring the fair value of Outstanding Existing Options as at 30 September 2021 were as follows:

The share price on 30 September 2021	HK\$2.15 per share
Exercise price	HK\$2.09 per share
Expected volatility	63.73%
Option life	3.10 years
Risk-free rate	0.44%
Dividend yield	0.00%
Exit rate	0%
Early Exercise Multiple	2.20

The resulting incremental fair value, amounting HK\$7,710,000, was expensed or will be expensed over the respective modified vesting period between 30 September 2021 and the three vesting dates, i.e. 30 April 2022, 30 April 2023 and 30 April 2024, of Compensating Share Awards in the proportion of 40%, 30% and 30% respectively, in addition to the amount based on the grant date fair value of the original Share Option Scheme, which is recognized over the remainder of the original vesting period. During the period ended 30 June 2024, the Group recognized the share-based payment expense of RMB142,000 (six months ended 30 June 2023: RMB564,000) in relation to the incremental fair value.

The number of the Share Options and Compensating Share Awards granted expected to vest is based on the directors' best estimate on the expected percentage of the 56 eligible employees that will remain in employment with the Group at the end of the vesting period and the probability of meeting the performance conditions.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 Share Award Scheme

On 30 September 2021, the Board resolved to grant a total of 600,000 share awards to two grantees pursuant to the Share Award Scheme (the “**2021 Share Award Scheme**”) to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group.

The vesting date of the 2021 Share Award Scheme for each grantee:

- 40% of the total number of Share Awards shall be vested on 30 April 2022;
- 30% of the total number of Share Awards shall be vested on 30 April 2023; and
- 30% of the total number of Share Awards shall be vested on 30 April 2024.

Other vesting conditions of the 2021 Share Award Scheme are as follows:

- (1) In respect of the vesting on 30 April 2022, (a) the Company’s consolidated revenue for the year ending 31 December 2021 shall increase by 10% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2021 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2021;
- (2) In respect of the vesting on 30 April 2023, (a) the Company’s consolidated revenue for the year ending 31 December 2022 shall increase by 15% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2022 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2022; and
- (3) In respect of the vesting on 30 April 2024, (a) the Company’s consolidated revenue for the year ending 31 December 2023 shall increase by 20% or more as compared with the consolidated revenue for the year ended 31 December 2020; (b) the Company’s operating profit for the year ending 31 December 2023 shall account for not less than 75% of the Company’s total profit for the same year; and (c) the individual grantee shall pass the annual personal performance appraisal for the year ending 31 December 2023.

18. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(c) 2021 Share Award Scheme (Continued)

Details of specific vesting date and movements of 2021 Share Award Scheme are as follows:

	Outstanding at 1/1/2024	Vested during period	Outstanding at 30/6/2024
Shares vested on 30 April 2022	—	—	—
Shares vested on 30 April 2023	—	—	—
Shares vested on 30 April 2024	180,000	180,000	—
	180,000	180,000	—

The directors of the Company estimated the fair values of the above shares on the grant date. The fair value of the shares held for the 2021 Share Award Scheme was determined using the market price of the shares as at 30 September 2021, the aggregate fair value of the shares held for the 2021 Share Award Scheme was assessed to be HK\$1,290,000 (equivalent to RMB1,075,000). During the period ended 30 June 2024, the Group recognized the share-based payment expenses of RMB43,000 (six months ended 30 June 2023: RMB102,000) in relation to the 2021 Share Award Scheme.

(d) 2023 Share Award Scheme

On 9 May 2023, the Board resolved to grant a total of 19,311,675 share awards to 21 grantees pursuant to the Share Award Scheme (the “**2023 Share Award Scheme**”) to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group. The awarded shares are vested on 9 May 2023. During the period ended 30 June 2023, the Group recognized the share-based payment expenses of RMB27,152,000 in relation to the 2023 Share Award Scheme.

(e) 2024 Share Award Scheme

On 2 April 2024 and 3 June 2024, the Board resolved to grant a total of 4,832,541 and 2,173,913 share awards to 22 and 1 grantees respectively pursuant to the Share Award Scheme (the “**2024 Share Award Scheme**”) to recognize their contributions to the growth of the Group and to incentivize them to remain with the Group and to motivate them to strive for the future development and expansion of the Group. The awarded shares are vested on the grant date. During the period ended 30 June 2024, the Group recognized the share-based payment expenses of RMB13,808,000 in relation to the 2024 Share Award Scheme.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements and valuation processes

In estimating the fair value, 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 Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorized (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on 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 measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Financial assets/ Financial liabilities	30/06/2024	Fair value as at 31/12/2023	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable input
Equity Instruments at FVTOCI	5 percent equity interest in Youhu Technologies (Shanghai) Co. engaged in security investment- RMB15,000,000	N/A	Level 2 (31/12/2023: N/A)	Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	5 percent equity interest in Spirejoy Pte. Ltd. Engaged in security investment – RMB2,999,000	5 percent equity interest in Spirejoy Pte. Ltd. Engaged in security investment – RMB1,499,000	Level 2 (31/12/2023: Level 2)	Recent transaction approach (31/12/2023: Recent transaction approach)	N/A (31/12/2023: N/A)
Financial assets at FVTPL	Equity securities listed in SSE – RMB19,144,000	Equity securities listed in SSE – RMB34,819,000	Level 1 (31/12/2023: Level 1)	Quoted market price (31/12/2022: Quoted market price)	N/A (31/12/2023: N/A)
	Private fund – RMB130,824,000	Private fund – RMB62,599,000	Level 3 (31/12/2023: Level 3)	Recent transaction approach (31/12/2023: Recent transaction approach)	N/A (31/12/2023: N/A)
	Money market fund – RMB61,294,000	N/A		Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	Structured deposit – RMB35,000,000	N/A		Recent transaction approach (31/12/2023: N/A)	N/A (31/12/2023: N/A)
	10 percent interest in a partnership engaged in investments on the consumer industry, corporate services and entertainment sectors – RMB 31,243,000	10 percent interest in a partnership engaged in investments on the consumer industry, corporate services and entertainment sectors – RMB 31,532,000		Asset-based approach (31/12/2023: Asset- based approach)	Recent transaction price of the similar assets as the underlying assets of the funds (31/12/2023: Recent transaction price of the similar assets as the underlying assets of the funds)

Note: The directors of the Company considered the Group does not have significant influence over the investees as the Group does not have power to appoint directors in the investees and participate in the financial and operating policy decisions of the investees.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)**Reconciliation of Level 3 fair value measurements of financial instruments**

	Financial assets at FVTOCI RMB'000
At 1 January 2023 (audited)	5,808
Purchased	—
Disposals	—
Total losses:	
— in other comprehensive income	(3,333)
At 30 June 2023 (unaudited)	2,475
At 1 January 2024 (audited)	—
Purchased	—
Disposals	—
Total losses:	
— in other comprehensive income	—
At 30 June 2024 (unaudited)	—

No gains and losses was included in other comprehensive income for current interim period (six months ended 30 June 2023: loss of RMB3,333,000) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of current reporting period and is reported as changes of FVTOCI.

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

20. RELATED PARTY TRANSACTIONS

Other than as disclosed in Note 11 in these condensed consolidated financial statements, the Group has following transactions with related parties:

(a) Services received from associates and joint ventures

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Research and development services		
Shenzhen Jinyunshan Technology Co. Limited	4,950	—
Yuetang (Guangzhou) Network Technology Co. Limited	4,108	—
Guangzhou Yueyang Technology Co. Limited ("Guangzhou Yueyang")	2,736	—
Advertising and promotion services		
Guangzhou Yueyang	56,145	—
Beijing Zijingshu Technology Co. Limited ("Beijing Zijingshu")	3,773	20,863
Chengdu Weiyin Interactive Culture Media Co. Limited ("Chengdu Weiyin")	2,830	17,236
Jilin Hengxi Network Technology Co. Limited ("Jilin Hengxi")	309	—
Game operation costs		
Guangzhou Yueyang	19,288	—
Revenue share to game developer		
Shenzhen Yueyang Network Technology Co. Limited ("Shenzhen Yueyang")	5,619	—
New media costs		
Hangzhou Weiyin Interactive Culture Media Co. Limited ("Hangzhou Weiyin")	13,765	—
Chengdu Weiyin	8,777	—
Beijing Zijingshu	5,593	—
Jilin Hengxi	2,175	—
Foshan Chouwa Visual Culture Co. Limited	1,578	—
Customer services		
Chuangke Future (Jilin) Network Technology Co. Limited	3,878	516
Rental fees		
Hangzhou Weiyin	222	—
Total	127,215	38,615

20. RELATED PARTY TRANSACTIONS (Continued)**(b) Services provide to associates and joint ventures**

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Research and development services		
Guangzhou Yueyang	829	—
Beijing Zijingshu	566	—
Guangzhou Xinze food Technology Co. Limited	421	—
Total	1,816	—

(c) Assets disposal transaction

During the current interim period, Shenzhen Tongquan Technology Co., Ltd, a subsidiary of the Group, entered into an assets disposal agreement with Shenzhen Yueyang, a 40%-owned associate of the Group, pursuant to which certain assets, including 1) the research and development results of several mobile games (including the underlying software copyrights), 2) certain property plant and equipment and 3) a loan receivable, were disposed of to Shenzhen Yueyang for a total consideration of RMB10,102,000 (“**Assets Disposal Transaction**”), which represented the aggregate of an amount determined by applying a discount to the research and development costs incurred by the Group on these mobile games that were charged to the profit or loss in prior years, and the carrying amounts of the property plant and equipment and loan receivable. The consideration of RMB10,102,000 was settled through offsetting the loan receivables from Shenzhen Yueyang with other subsidiaries within the Group hence it constituted a non-cash transaction. The Assets Disposal Transaction resulted in a gain on disposal of RMB9,032,000, of which RMB400,000 was eliminated against the Group’s interest in Shenzhen Yueyang to the extent of its carrying amount, and the remaining RMB8,632,000 (included unrealized gain of RMB3,213,000 not eliminated) was recognized in the profit or loss during the current interim period. The Group will not recognize any further share of Shenzhen Yueyang’s profits until the unrealized gain not eliminated at the time of the disposal is covered in the future.

Notes to the Condensed Consolidated Financial Statements

For the six month ended 30 June 2024

20. RELATED PARTY TRANSACTIONS (Continued)

(d) Amounts due from associates

	30/06/2024 RMB'000 (unaudited)	31/12/2023 RMB'000
Loans to associates	111,102	80,000
Prepayment for advertisement and promotion fees	41,289	14,245
Prepayment for new media costs	16,596	—
Prepayment for research and development	12,849	7,342
Receivables on disposal of property, plant and equipment	1,200	—
Others	491	400
Total	183,527	101,987

(e) Amounts due to associates

	30/06/2024 RMB'000 (unaudited)	31/12/2023 RMB'000
Payable for customer service fee	20	1,108
Selling and marketing expenses accruals	—	1,686
Total	20	2,794

(f) Key management personnel compensations

The compensations paid or payable to key management personnel (including directors, chief executive officers and other senior executives) are shown below:

	Six months ended 30 June 2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, bonuses, allowances and benefits in kind	3,275	6,847
Share-based payments	5,052	23,939
Total	8,327	30,786

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

As at 30 June 2024, the interests and short positions of the directors of the Company (the “**Directors**”) or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”)) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) were as follows:

(i) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Nature of interest	Number of underlying Shares ⁽¹⁾	Approximate percentage of shareholding interest
Mr. Wu Chengze (“ Mr. Wu ”)	Interest in controlled corporation ⁽²⁾	433,842,000	33.80%
Mr. Su Bo (“ Mr. Su ”)	Interest in controlled corporation ⁽³⁾	67,414,500	5.25%
	Beneficial owner	698,338	0.06%
Mr. Ding Chunlong (“ Mr. Ding ”)	Interest of spouse ⁽⁴⁾	67,414,500	5.25%
	Interest in controlled corporation ⁽⁵⁾	44,179,457	3.44%
Ms. Cui Wei	Beneficial owner	35,838,681	2.79%
	Beneficial owner	3,513,462	0.27%

Notes:

(1) All interests stated are long positions.

(2) Mr. Wu holds the entire share capital of Wu Chengze Network Limited, which in turn directly holds 433,842,000 Shares. Accordingly, Mr. Wu is deemed to be interested in the 433,842,000 Shares held by Wu Chengze Network Limited.

(3) Mr. Su holds the entire share capital of Su Bo Network Limited, which in turn directly holds 67,414,500 Shares. Accordingly, Mr. Su is deemed to be interested in the 67,414,500 Shares held by Su Bo Network Limited.

(4) Mr. Su, the spouse of Ms. Zhang Na, is deemed to be interested in Ms. Zhang Na’s interest in our Company by virtue of the SFO.

(5) Mr. Ding holds the entire share capital of Ding Chun Long Network Limited, which in turn directly holds 44,179,457 Shares. Accordingly, Mr. Ding is deemed to be interested in the 44,179,457 Shares held by Ding Chun Long Network Limited.

(ii) Interest in the Company's subsidiary, Jiayang Interactive (Xiamen) Network Technology Company Limited

Name of Director/ Chief Executive	Nature of Interest	Registered capital	Percentage of interest
Mr. Wu ⁽¹⁾	Interest in controlled corporation	RMB10,000,000	100%
Mr. Su ⁽¹⁾	Other	RMB10,000,000	18.4%

Note:

- (1) Jilin Yutai Network Technology Company Limited holds the entire registered capital of RMB10,000,000 in Jiayang Interactive (Xiamen) Network Technology Company Limited. Jilin Yutai Network Technology Company Limited is held as to 92% by Mr. Wu and 8% by Mr. Guo Shunshun. Accordingly, Mr. Wu is deemed to be interested in the RMB10,000,000 registered capital in Jiayang Interactive (Xiamen) Network Technology Company Limited. 55.2% of Jilin Yutai Network Technology Company Limited was held by Mr. Wu as beneficial owner, 18.4% held by Mr. Wu as nominee for Mr. Jiang Mingkuan and 18.4% was held by Mr. Wu as nominee for Mr. Su Bo.

(iii) Interests in Other Members of the Group

So far as the Directors are aware, as at 30 June 2024, the following persons (excluding the Company) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Registered capital	Percentage of interest
Jiayang Interactive (Xiamen) Network Technology Company Limited	Jilin Yutai Network Technology Company Limited	RMB10,000,000	100%

Save as disclosed above, as at 30 June 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2024, so far as is known to the Directors, the following persons, not being a Director or chief executive of the Company, had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO:

Name	Nature of interest	Number of underlying Shares ⁽¹⁾	Approximate percentage of shareholding interest
Wu Chengze Network Limited	Beneficial owner	433,842,000	33.80%
Xiamen Challenger Venture Capital Partnership (Limited Partnership) (廈門挑戰者創業投資合夥企業(有限合夥)) (“ Xiamen Challenger ”) ⁽²⁾	Interest in controlled corporation	70,840,000	5.52%
Xiamen Yizhou Xingchen Investment Management Limited (廈門壹舟星辰投資管理有限公司) (“ Xingchen Investment Management ”) ⁽²⁾	Interest in controlled corporation	70,840,000	5.52%
Beijing Chuangxin Yizhou Investment Management Limited (北京創新壹舟投資管理有限公司) (“ Yizhou Investment Management ”) ⁽²⁾	Interest in controlled corporation	70,840,000	5.52%
Mr. Li Bo ⁽²⁾	Interest in controlled corporation	70,840,000	5.52%
Co-challengers Growth Limited ⁽²⁾	Beneficial owner	70,840,000	5.52%
Futu Trustee Limited	Trustee	65,884,358	5.14%
	Custodian (other than an exempt custodian interest)	14,929,970	1.16%
Mr. Jiang Mingkuan (“ Mr. Jiang ”) ⁽³⁾	Interest in controlled corporation	84,885,000	6.61%
Jiang Ming Kuan Network Limited ⁽³⁾	Beneficial owner	84,885,000	6.61%
Ms. Zhang Na (“ Ms. Zhang ”)	Beneficial owner	67,414,500	5.25%
	Interest of spouse ⁽⁴⁾	68,112,838	5.31%
Su Bo Network Limited	Beneficial owner	67,414,500	5.25%

Notes:

(1) All interests stated are long positions.

(2) Co-challengers Growth Limited is wholly-owned by Xiamen Challenger, a limited partnership, and is ultimately controlled by Mr. Li Bo, who has approximately 99.9% interest in Yizhou Investment Management, which has approximately 90% interest in Xingchen Investment Management, the sole general partner of Xiamen Challenger. Accordingly, each of Xiamen Challenger, Mr. Li Bo, Yizhou Investment Management and Xingchen Investment Management is deemed to be interested in the Shares held by Co-challengers Growth Limited.

(3) Mr. Jiang holds the entire share capital of Jiang Ming Kuan Network Limited, which in turn directly holds 84,885,000 Shares. Accordingly, Mr. Jiang is deemed to be interested in the 84,885,000 Shares held by Jiang Ming Kuan Network Limited.

(4) Ms. Zhang, the spouse of Mr. Su, is deemed to be interested in Mr. Su's interest in our Company by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO.

SHARE INCENTIVE SCHEMES

Share Option Scheme

On 5 June 2019, the Share Option Scheme was approved and adopted by the shareholders of the Company. The purpose of the Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors or members of the Group or associated companies of the Company (the “**Eligible Person(s)**”) for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company (the “**Share(s)**”) as the Board may determine to an Eligible Person.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes (the “**Other Schemes**”) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the listing date of the Company (the “**Listing Date**”), being 125,600,000 Shares (equivalent to approximately 9.79% of the Company’s share capital in issue as at the date of this interim report), or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange’s discretion (the “**Scheme Mandate Limit**”).

Options lapsed in accordance with the terms of the Share Option Scheme and Other Schemes will not be counted for the purpose of calculating the Scheme Mandate Limit.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Share Option Scheme and any Other Schemes of the Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time.

No options shall be granted to any Eligible Person under the Share Option Scheme and Other Schemes which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange’s discretion. Any further grant of options to an Eligible Person in excess of this 1% limit or such higher limit as the Stock Exchange may allow pursuant to a waiver granted at the Stock Exchange’s discretion shall be subject to the approval of the Shareholders in general meeting with such Eligible Person and his close associates (or if such Eligible Person is a connected person of the Company, his associates) abstaining from voting.

The Share Options granted shall be open for acceptance for a period of not exceeding 30 days inclusive of, and from, the date of offer of the Share Options. An offer of Share Options not accepted within this period shall lapse. An amount of HK\$1.00 is payable upon acceptance of the grant of the Share Options and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

The exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option; (ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the Shares.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date. Accordingly, as at 30 June 2024, the remaining life of the Share Option Scheme is approximately 5 years.

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any vesting schedule and/or conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such vesting schedule and/or upon the fulfillment of the vesting conditions (as the case may be). Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

For the six months ended 30 June 2024, no Share Options were granted/exercised/cancelled/lapsed under the Share Option Scheme. 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, 63,240,000 and 63,240,000 Share Options were available to be granted under the Share Option Scheme respectively.

Please refer to note 18 to the financial statements for further information of the Share Option Scheme.

Share Award Scheme

The Share Award Scheme was approved and adopted by the Board on 6 June 2019, under which the Board may, from time to time at its absolute discretion select any individual who is an employee, officer, agent or consultant of the Company or any of its subsidiaries (the "**Subsidiaries**") and for the avoidance of doubt, including Jiexiang Interactive (Xiamen) Network Technology Company Limited and its subsidiaries) who is not a connected person (as defined or deemed to be the case under the Listing Rules) of the Company; and if the Board or any committee of the Board delegated with the power and authority to administer the Share Award Scheme so determines in its absolute discretion, any director (including executive and non-executive director) of the Company or any Subsidiary to be a selected participant and grant Share Awards to such selected participant.

The purpose of the Share Award Scheme is to (i) encourage or facilitate the holding of Shares by the participants selected by the Board in accordance with the terms of and entitled to receive a grant of share awards (the "**Share Awards**") under the Share Award Scheme (the "**Selected Participant**"); (ii) encourage and retain such individuals to work with the Group; and (iii) provide additional incentive for them to achieve performance goals. The Share Award Scheme shall be valid for ten years commencing from the adoption date.

Other Information

The maximum number of new Shares that can be allotted and issued for the purpose of the Share Award Scheme in any financial year is 3% of the total number of issued Shares at the relevant time (the “**New Share Limit**”); and the maximum number of new Shares that can be allotted and issued to a Selected Participant in any 12-month period is 1% of the total number of issued Shares at the relevant time. There is no limit on (i) the number of Shares that can be purchased pursuant to the Share Award Scheme or (ii) the amount paid to the Trustee for the purpose of making such a purchase.

On 3 June 2024, the Board resolved that the Share Award Scheme will be funded solely by the existing Shares and will not be funded by any new Shares. For details, please refer to the Company’s announcement dated 3 June 2024.

The Board may from time to time while the Share Award Scheme is in force determine any vesting criteria or conditions for any Share Awards to be vested or credited. Such vesting criteria may be based on the passage of time after the grant of Share Awards, the satisfaction of specified performance criteria relating generally to the Company or particularly to a Selected Participant or the satisfaction of any other conditions as the Board may in its discretion determine for any Selected Participant and as set out in the relevant grant letter or agreement for and with the relevant Selected Participant.

Subject to any termination as may be determined by the Board pursuant to the Share Award Scheme Rules, the Share Award Scheme shall be valid and effective for a period of ten (10) years commencing on 6 June 2019. Accordingly, as at 30 June 2024, the remaining life of the Share Award Scheme is approximately 4 years and 10 months.

Details of the Share Awards granted under the Share Award Scheme

In May 2019, the Company has appointed The Core Trust Company Limited as a trustee for the purpose of the Share Award Scheme pursuant to the Share Award Scheme Rules. In November 2021, the Company has appointed Futu Trustee Limited (“**Futu Trustee**”, together with The Core Trust Company Limited, the “**Trustees**”) as another trustee for the purpose of the Share Award Scheme pursuant to the Share Award Scheme Rules. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Trustees and their ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company. The Company had entered into separate trust deeds with the two Trustees in relation to their respective appointment as the trustee of the Share Award Scheme (the “**Trust Deeds**”). The Trustees shall administer the Share Award Scheme in accordance with the Share Award Scheme Rules and the respective Trust Deeds.

Rule 17.07(3) of the Listing Rules was not applicable as the Company did not grant any Share Options or Share Awards to be satisfied through the issue of new Shares by the Company for the six months ended 30 June 2024.

As of 31 December 2022, details of the Share Awards granted to the grantees and Share Awards repurchased by the Trustee on the open market pursuant to the Share Award Scheme are set out below:

Category of Participant	Date of Award	Number of Share Awards	Purchase Price	Vesting Period	Number of Share Awards					
					Unvested at 1 January 2022	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested at 31 December 2022
Share Awards settled by issuance of new Shares by the Company to the grantees										
Employees	30 September 2021	600,000	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	600,000	–	240,000	–	–	360,000
Employees	30 September 2021	26,803,500	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	26,803,500	–	9,965,400	4,160,100	–	12,678,000
Share Awards settled by the Shares repurchased by the Trustee on the open market										
The Five Highest Paid Individuals during 2022	31 March 2022	3,624,490	Nil	1 April 2022	–	3,624,490	3,624,490	–	–	–
The Five Highest Paid Individuals during 2022	8 July 2022	12,000,000	Nil	8 July 2022	–	12,000,000	12,000,000	–	–	–
Other Employees	31 March 2022	6,317,459	Nil	1 April 2022	–	6,317,459	6,317,459	–	–	–
Total		49,345,449			27,403,500	21,941,949	32,147,349	4,160,100	–	13,038,000

Notes:

- Please refer to note 18 to the financial statements for more details (including the vesting conditions, if any) of the above Share Awards, and please refer to note 3 to the financial statements for details of the accounting policy of share-based payments.
- For the Share Awards granted on 31 March 2022, the closing price of the Shares on 30 March 2022, being the trading date immediately before the relevant grant date, was HK\$1.39. The fair value of the relevant Share Awards was HK\$14,118,000 (equivalent to RMB11,731,000), which was determined using the market price of HKD1.42 per share as at the grant date.
- For the Share Awards granted on 8 July 2022, the closing price of the Shares on 7 July 2022, being the trading date immediately before the relevant grant date, was HK\$1.39. The fair value of the relevant Share Awards was HK\$16,680,000 (equivalent to RMB14,330,000), which was determined using the market price of HKD1.39 per share as at the grant date.
- The weighted average closing price of the Shares immediately before the dates on which the Share Awards were vested in 2022 was HKD1.404 per Share.
- Based on the New Share Limit, as at 1 January 2022 and 31 December 2022, the number of Share Awards available for issue under the Share Award Scheme were 38,502,105 Shares and 38,502,102 Shares, respectively.
- The source of share price data is Futu.

Other Information

As of 31 December 2023, details of the Share Awards granted to the grantees and Share Awards repurchased by the Trustee on the open market pursuant to the Share Award Scheme are set out below:

Category of Participant	Date of Award	Number of Share Awards	Purchase Price	Vesting Period	Number of Share Awards					
					Unvested at 1 January 2023	Granted during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested at 31 December 2023
Share Awards settled by issuance of new Shares by the Company to the grantees										
Mr. TANG Yinghao (executive Director during 2023)	30 September 2021	1,000,000	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	600,000	–	300,000	–	–	300,000
Employees	30 September 2021	600,000	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	360,000	–	180,000	–	–	180,000
Employees	30 September 2021	25,803,500	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	12,078,000	–	5,673,750	1,166,250	–	5,238,000
Share Awards settled by the Shares repurchased by the Trustee on the open market										
Mr. TANG Yinghao (executive Director during 2023)	9 May 2023	100,658	Nil	9 May 2023	–	100,658	100,658	–	–	–
Mr. DING Chunlong (executive Director during 2023)	9 May 2023	12,000,000	Nil	9 May 2023	–	12,000,000	12,000,000	–	–	–
	10 October 2023	19,000,000	Nil	10 October 2023	–	19,000,000	19,000,000	–	–	–
	10 November 2023	1,250,000	Nil	10 November 2023	–	1,250,000	1,250,000	–	–	–
Mr. GUO Shunshun (executive Director, resigned on 1 June 2023)	9 May 2023	1,000,000	Nil	9 May 2023	–	1,000,000	1,000,000	–	–	–
The Five Highest Paid Individuals during 2023 (Excluding Directors of the Company)	9 May 2023	3,184,916	Nil	9 May 2023	–	3,184,916	3,184,916	–	–	–
Other Employees	9 May 2023	3,026,101	Nil	9 May 2023	–	3,026,101	3,026,101	–	–	–
Total		67,965,175			13,038,000	39,561,675	45,715,425	1,166,250	–	5,718,000

Notes:

- Please refer to note 18 to the financial statements for more details (including the vesting conditions, if any) of the above Share Awards, and please refer to note 3 to the financial statements for details of the accounting policy and fair value measurement basis of share-based payments.
- For the Share Awards granted on 9 May 2023, the closing price of the Shares on 8 May 2023, being the trading date immediately before the relevant grant date, was HK\$1.66. The fair value of the relevant Share Awards was HK\$31,092,000 (equivalent to RMB27,152,000), which was determined using the market price of HK\$1.61 per share as at the grant date.
- For the Share Awards granted on 10 October 2023, the closing price of the Shares on 9 October 2023, being the trading date immediately before the relevant grant date, was HK\$2.05. The fair value of the relevant Share Awards was HK\$39,520,000 (equivalent to RMB32,180,000), which was determined using the market price of HK\$2.08 per share as at the grant date.
- For the Share Awards granted on 10 November 2023, the closing price of the Shares on 9 November 2023, being the trading date immediately before the relevant grant date, was HK\$2.11. The fair value of the relevant Share Awards was HK\$2,675,000 (equivalent to RMB2,459,000), which was determined using the market price of HK\$2.14 per share as at the grant date.
- The weighted average closing price of the Shares immediately before the dates on which the Share Awards were vested in 2023 was HK\$1.86 per Share.

6. Based on the New Share Limit, as at 1 January 2023 and 31 December 2023, the number of Share Awards available for issue under the Share Award Scheme were 38,502,105 Shares and 38,502,102 Shares, respectively.
7. The source of share price data is Futu.

Save as disclosed above, there has been no options granted and outstanding under the Share Option Scheme or Share Awards granted under the Share Award Scheme during the year ended 31 December 2023.

As of 30 June 2024, details of the Share Awards granted pursuant to the Share Award Scheme to the grantees are set out below:

Category of Participant	Date of Award	Number of Share Awards		Purchase Price	Vesting Period	Number of Share Awards				
						Unvested at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period
Share Awards settled by issuance of new Shares by the Company to the grantees										
Mr. TANG Yinghao (resigned as executive Director on 6 June 2024)	30 September 2021	1,000,000	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	300,000	–	300,000	–	–	–
Employees	30 September 2021	600,000	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	180,000	–	180,000	–	–	–
Employees	30 September 2021	25,803,500	US\$0.000005 per Share Award	30 April 2022 to 30 April 2024	5,238,000	–	5,043,000	195,000	–	–
Share Awards settled by the Shares repurchased by the Trustee on the open market										
Mr. Ding Chunlong (executive Director)	2 April 2024	698,338	Nil	2 April 2024	–	698,338	698,338	–	–	–
Mr. Su Bo (executive Director)	2 April 2024	698,338	Nil	2 April 2024	–	698,338	698,338	–	–	–
Ms. Cui Wei (chief executive officer)	2 April 2024	1,000,000	Nil	2 April 2024	–	1,000,000	1,000,000	–	–	–
The Five Highest Paid Individuals during the first six months of 2024 (Excluding Directors of the Company)	2 April 2024	250,000	Nil	2 April 2024	–	250,000	250,000	–	–	–
The Five Highest Paid Individuals during the first six months of 2024 (Excluding Directors of the Company)	3 June 2024	2,173,913	Nil	3 June 2024	–	2,173,913	2,173,913	–	–	–
Other Employees	2 April 2024	2,185,865	Nil	2 April 2024	–	2,185,865	2,185,865	–	–	–
Total		34,409,954			5,718,000	7,006,454	12,529,454	195,000	–	–

Notes:

- Please refer to note 18 to the financial statements for more details (including the vesting conditions, if any) of the above Share Awards.
- For the Share Awards granted on 2 April 2024, the closing price of the Shares on 28 March 2024, being the trading date immediately before the relevant grant date, was HK\$2.54. The fair value of the relevant Share Awards was HK\$10,631,590.34 (equivalent to RMB9,674,747.08), which was determined using the market price of HK\$2.2 per share as at the grant date. There is no specific condition, performance target or lock up restriction attached to the granted Award Shares.

Other Information

3. For the Share Awards granted on 3 June 2024, the closing price of the Shares on 31 May 2024, being the trading date immediately before the relevant grant date, was HK\$2.06. The fair value of the relevant Share Awards was HK\$4,586,956.43 (equivalent to RMB4,174,130.35), which was determined using the market price of HK\$2.11 per share as at the grant date. There is no specific condition, performance target or lock up restriction attached to the granted Award Shares.
4. For the Share Awards granted on 30 September 2021, 2 April 2024 and 3 June 2024, the weighted average closing price of the Shares immediately before the dates on which the Share Awards were vested during the Reporting Period was HK\$2.09 per share, HK\$2.54 per Share and HK\$2.06 per Share, respectively; During the Reporting Period, the weighted average closing price of the Shares immediately before the dates on which the Share Awards were vested was HK\$2.26 per Share.
5. Based on the New Share Limit, as at 1 January 2024, the number of Share Awards available for issue under the Share Award Scheme were 38,502,105 Shares. As disclosed above, on 3 June 2024, the Board resolved that the Share Award Scheme will be funded solely by the existing Shares and will not be funded by any new Shares. Therefore, as at 30 June 2024, the number of Share Awards available for issue under the Share Award Scheme was nil.
6. The source of share price data is Futu.

Save as disclosed above, there has been no options granted and outstanding under the Share Option Scheme or Share Awards granted under the Share Award Scheme during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board did not declare the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

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

During the six months ended 30 June 2024, Futu Securities International (Hong Kong) Limited, an independent trustee for the Share Award Scheme, purchased 5,164,000 Shares with total consideration of RMB10,893,569 (equivalent to HK\$11,982,260) on the open market for the purpose of future Share Award Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold (including sale of treasury shares, if any) or redeemed any listed securities of the Company during the six months ended 30 June 2024.

As at 30 June 2024, the Company did not hold any treasury shares.

CONTRACTUAL ARRANGEMENTS

On 22 March 2024, the Group entered into New Contractual Arrangements through Yutai Shenzhen with Jilin Yutai Network Technology Company Limited* (“**Jilin Yutai**”), Mr. Wu Chengze, Mr. Guo Shunshun, and Shenzhen Jiayang Weilai Network Technology Co., Ltd.* (“**Jiayang Weilai**”), among others, to establish an independent framework. This framework enables the Group to recognise and receive the economic benefits from Jiayang Weilai’s businesses and operations and allows the Company to effectively control and have the right, to the extent permitted by the laws of the PRC, to acquire the equity interests in Jiayang Weilai owned by Jilin Yutai or the assets of Jiayang Weilai. The Group entered into the New Contractual Arrangements, with a view to establishing new contractual structure for companies within the non-card and board game business segment that are engaged in businesses where foreign ownership is prohibited. For details, please refer to the Company’s announcement dated 22 March 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has complied with the applicable code provisions of the Code as set forth in the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix C1 to the Listing Rules.

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. As at the date of this report, the Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Hu Yangyang, Mr. Zhang Yuguo and Ms. Guo Ying. Mr. Hu Yangyang is the chairman of the Audit Committee.

The Audit Committee has reviewed the Company’s unaudited consolidated interim results for the Reporting Period, and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made.

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

The changes in the information of the directors since the date of the Company’s 2023 Annual Report are as follows:

Name	Details of Change
Mr. Tang Yinghao	resigned as an executive director of the Company on 6 June 2024
Mr. Su Bo	elected as an executive Director of the Company on 5 April 2024

Other Information

Mr. Su Bo, aged 39, is a founder and the chief investment officer of the Group. Mr. Su is primarily responsible for overseeing and managing the strategic development and expansion plan of the Group. He was an executive Director from May 2018 to May 2023. He has held various other positions in the Group, including an officer responsible for overseeing the financial, legal and administrative matters of the Group and a chief investment officer of the Group since February 2018. Mr. Su has over ten years of experience in the game industry. Prior to founding the Group, Mr. Su worked at Changchun Anxin Power Technology Co., Ltd. (長春安信電力科技有限公司) as a programmer from July 2007 to November 2009. Since September 2017, Mr. Su has also been a mentor of post-graduate students at Changchun University of Technology (長春工業大學). Mr. Su completed his undergraduate degree in computer software from Jilin University (吉林大學) in the PRC through distance learning in June 2007.

Mr. Su has entered into a service agreement with the Company for a term of three years commencing from 5 April 2024, and is subject to retirement by rotation and re-election at the general meetings of the Company in accordance with the articles of association of the Company. The emolument of Mr. Su is determined by the Board with reference to the qualifications, experience, duties and responsibilities of Mr. Su with the Group, as well as the Group's performance and the prevailing market conditions, and will be reviewed annually. The specific amount of Mr. Su's remuneration will be announced in the annual report of the Company to be published in due course.

As at the date of this report and save as disclosed above, Mr. Su (i) has not held any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (ii) does not have any other major appointments and professional qualifications; and (iii) does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company (having the meaning ascribed to it under the Listing Rules). For further details, please refer to the announcement published by the Company on 5 April 2024.

Apart from above, there is no change in the Directors' biographical details which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company's principal place of business in Hong Kong was changed to LM8, 5/F, Lee & Man Commercial Center, 169 Electric Road, North Point, Hong Kong with effect from 31 January 2024. For further details of the changes, please refer to the announcement of the Company dated on 31 January 2024.

EVENTS AFTER THE REPORTING PERIOD

On September 10, 2024, the Board resolved to grant a total of 22,446,201 Award Shares to two employee participants under the Share Award Scheme, subject to the acceptance by the employee participants. As the Board resolved on June 3, 2024 that the Share Award Scheme will be funded solely by the existing Shares and will no longer be funded by any new Shares afterwards, this grant of the Award Shares will not result in any issue of new Shares or any dilution effect on the shareholdings of existing Shareholders. For further details, please refer to the announcement published by the Company on 10 September 2024.

Apart from above, there was no important event affecting the Group which occurred after the end of the Reporting Period up to the date of this interim report.