

37 Interactive Entertainment Network

Technology Group Co., Ltd.

2023 Interim Report

August 2023

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of 37 Interactive Entertainment Network Technology Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the truthfulness, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Xu Zhigao, the Company’s legal representative, and Ye Wei, the Company’s Chief Financial Officer & Board Secretary, hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.

All the Company’s directors have attended the Board meeting for the review of this Report.

Any plans, development strategies and other forward-looking statements in this Report shall not be deemed as earnings forecasts or promises to investors. Investors and other stakeholders shall be fully aware of the risk and understand the difference between plans, forecasts and promises.

Possible risks facing the Company and countermeasures have been detailed in “VII Risks Facing the Company and Countermeasures” under “Part III Management Discussion and Analysis” herein, which investors are kindly reminded to pay attention to.

The Company is subject to the disclosure requirements for listed companies engaged in software and IT services.

The Board has approved an interim dividend plan as follows: based on the total issued share capital (exclusive of shares in the Company’s account for repurchased shares) on the date of record, a cash dividend of RMB 4.5 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with no bonus issue from either profit or capital reserves.

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Definitions

Term	Definition
CSRC	China Securities Regulatory Commission
SZSE/the Stock Exchange	Shenzhen Stock Exchange
Company/ the Company/ the Listed Company/ 37 Interactive Entertainment	Wuhu Shunrong Auto Parts Co., Ltd./Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd./ Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd./ 37 Interactive Entertainment Network Technology Group Co., Ltd.
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Articles of Association	Articles of Association of 37 Interactive Entertainment Network Technology Group Co., Ltd.
RMB, RMB'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
Reporting Period/the Reporting Period	The period from 1 January 2023 to 30 June 2023
Period-end/end of the Reporting Period	30 June 2023
Browser games	Clientless or browser kernel-based micro-client games that are based on web development technologies and utilize standard protocols as basic transmission modes. Game users can play browser games directly through an Internet browser
Mobile games	Games that are downloaded via mobile network and run on mobile phones or other mobile terminals
EyuGame	Shanghai Eyu Network Technology Co., Ltd. and its subsidiaries
StarUnion Interactive Entertainment	ChengDu StarUnion Interactive Entertainment Technology Co., Ltd.
Yanqu Network	Xiamen Yanqu Network Technology Co., Ltd.
Karma Game	Karma Game HK Limited and its business entities
Zhenshuo Network	Wuhu Zhenshuo Network Technology Co., Ltd.
Lihoo Network	Guangzhou Lihoo Network Co., Ltd.
Dobala	Shanghai Dobala Network Technology Co., Ltd.
Meng52	Beijing Meng52 Network Technology Co., Ltd.
Woowii Games	Shanghai Woowii Network Technology Co., Ltd.
UEGAME	Beijing UE Interactive Software Co., Ltd. and its subsidiaries
Chumen Network	Guangzhou Chumen Network Technology Co., Ltd.
Unknown Matrix	Guangzhou Unknown Matrix Network Co., Ltd.
91Act	Chengdu Gedou Technology Co., Ltd.
RPG	Role playing game
SLG	Strategy game
MMORPG	Massive multiplayer online role-playing game
VR	The abbreviation of "Virtual Reality", which uses computers to simulate and produce a three-dimensional virtual space. It provides users with sensory experience such as realistic visual and auditory experience.
AR	The abbreviation of "Augmented Reality", which uses computer technology to apply virtual information to the real world, where the real environment and virtual objects exist simultaneously in one picture or space through superimposition in real time.
XR	The abbreviation of "Extended Reality", a collective term for AR, VR, MR and other technologies that are used to combine the real and the virtual through computers to create a virtual environment that allows human-computer interaction
AI	Artificial Intelligence
AIGC	The abbreviation of "Artificial Intelligence Generated Content", including images, texts, audios, videos, etc.
5G	5th generation mobile communication technology.
Sensor Tower	A mobile application data analytical company that specializes in mobile application data analytics. It provides global mobile application economy with data at enterprise level.

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Part II Corporate Information and Key Financial Information

I Corporate Information

Stock name	37 Interactive Entertainment	Stock code	002555
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	三七互娱网络科技集团股份有限公司		
Abbr. (if any)	三七互娱		
Company name in English (if any)	37 INTERACTIVE ENTERTAINMENT NETWORK TECHNOLOGY GROUP CO.,LTD.		
Legal representative	Xu Zhigao		

II Contact Information

	Board Secretary	Securities Affairs Representative
Name	Ye Wei	Wang Sijie
Office address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province
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III Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

Yes No

Reasons for the retrospective restatement:

Change to the accounting policies

	H1 2023	H1 2022		Change (%)
		Before	Restated	Restated
Operating revenue (RMB)	7,760,573,887.29	8,092,238,684.40	8,092,238,684.40	-4.10%
Net profit attributable to the Listed Company's shareholders (RMB)	1,226,061,335.07	1,695,164,644.39	1,695,164,644.39	-27.67%
Net profit attributable to the Listed Company's shareholders after deducting non-recurring profits and losses (RMB)	1,115,491,118.74	1,643,486,319.50	1,643,486,319.50	-32.13%
Net cash flows from operating activities (RMB)	2,319,957,176.41	1,804,079,584.54	1,804,079,584.54	28.60%
Basic earnings per share (RMB/share)	0.55	0.77	0.77	-28.57%
Diluted earnings per share (RMB/share)	0.55	0.77	0.77	-28.57%
Weighted average return on equity (%)	9.54%	14.72%	14.72%	-5.18%

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	30 June 2023	31 December 2022		Change (%)
		Before	Restated	Restated
Total assets (RMB)	19,873,663,212.76	17,094,617,736.46	17,095,183,320.91	16.25%
Equity attributable to the Listed Company's shareholders (RMB)	12,543,776,012.49	12,183,346,432.51	12,184,007,604.82	2.95%

Reasons for the change to the accounting policies and the correction of accounting errors:

The Ministry of Finance issued Interpretation No. 16 for the Accounting Standards for Business Enterprises (C.K. [2022] No. 31) on 30 November 2022, which stipulates the "accounting treatments for deferred income taxes associated with assets and liabilities arising from a single transaction to which the initial recognition exemption does not apply". For a single transaction that is not a business combination and does not affect either accounting profit or taxable income (or deductible losses) at the time the transaction occurs, and where the initial recognition of assets and liabilities results in taxable temporary differences and deductible temporary differences in equal amounts (including lease transactions where the lessee initially recognises a lease liability on the commencement date of the lease term and records it in the right-of-use assets, and transactions where a provision is recognised and recorded in the cost of the relevant assets because of the existence of a disposal obligation for a fixed asset, etc., hereinafter referred to as a "single transaction to which this Interpretation applies"), the provisions pertaining to exemption from the initial recognition of deferred income tax liabilities and assets as stipulated in Articles 11.2 and 13 of Accounting Standard No. 18 for Business Enterprises - Income Tax shall not apply. An enterprise shall recognise the corresponding deferred income tax liabilities and deferred income tax assets at the time of the transaction in accordance with the relevant provisions of Accounting Standard No. 18 for Business Enterprises - Income Tax and other relevant regulations for taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in respect of the transaction.

The Company has implemented the said accounting policy since 1 January 2023, and has adjusted the cumulative effect to the opening retained earnings and other related financial statement items, without adjusting the information in the comparable period. For details of the adjusted items and amounts, please refer to "36. Changes to Significant Accounting Policies and Accounting Estimates" under Item V of Part X herein.

IV Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

No difference for the Reporting Period.

V Non-recurring profits and losses

Applicable Not applicable

Unit: RMB

Items	Amount	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	921,886.15	
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of	38,444,105.33	Mainly due to government grants other

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business at fixed quotas or amounts as per governmental policies or standards)		than the rebates of value-added tax
Gain or loss on fair-value changes on trading financial assets and liabilities & income from disposal of trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	73,618,264.81	
Non-operating income and expenses other than the above	14,339,446.48	
Less: Income tax effects	16,736,793.45	
Non-controlling interests effects (net of tax)	16,692.99	
Total	110,570,216.33	

Particulars about other gains and losses that meet the definition of non-recurring profits and losses:

Applicable Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent a non-recurring profits and losses item listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Profits and Losses Items:

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Principal Operations of the Company in the Reporting Period

Focusing on cultural and creative operations based on the development, publishing, and operation of online games, the Company has been steadily advancing with the development strategy of “boutiqueization, diversification and globalization”, adhering to the strategy of “integration of R&D and operation”, as well as driving high-quality development and boutiqueization.

(I) Industry review

In 2023, the industry actively responded to policy calls, implemented management requirements, and continued to develop towards high-quality and premium games. According to the China's Game Industry Report from January to June 2023 (hereinafter referred to as the "Report") jointly released by Game Publishing Committee of China Audio-video and Digital Publishing Association (CADPA) and China Game Industry Research Institute, the domestic game market showed signs of recovery with user growth reaching a new high in the first half of this year. From January to June 2023, the actual sales revenue of China's game market was RMB144.263 billion, a year-over-year (YoY) decrease of 2.39% and an increase of 22.2% compared with the prior half year, indicating an obvious recovery trend. During the same period, there were 668 million game users in China, with a YoY increase of 0.35%, hitting a new record high.

In overseas markets, from January to June 2023, the actual sales revenue of China's self-developed games in overseas markets was USD8.206 billion, down 8.72% YoY. The US, Japan and South Korea remained the major overseas markets for China's mobile games, accounting for 31.77%, 19.65% and 8.50%, respectively. The combined share of Germany, the UK and France markets also approached 10%. Emerging markets in the Middle East, Latin America and Southeast Asia continued to show upward momentum. Against the backdrop of overall stagnation in the global game market, China's game industry is gradually emerging from its low point and showing an upward trend.

On the other hand, China's game industry thoroughly implemented the guiding principles of the 20th CPC National Congress, and actively engaged in the high-quality development of the industry, achieving outstanding results in many aspects, including minor protection, user information security, technological innovation and application, traditional culture communication, and overseas market expansion.

Against this backdrop, the Company focused on its core business and continued to enhance its premium game development capability and expand its core overseas advantages, steadily promoting high-quality and sustainable business growth to provide premium cultural content to the public.

In minor protection, the Company has always taken a proactive and diligent attitude to steadily advance various works on the protection of minors online, paying attention to every aspect throughout the game R&D and operation process. From the perspectives of preventing online addiction and improving online literacy, the Company strives to create a bright and healthy online environment for minors. The Company took a leading role in drafting and issuing the group standard Management System on Minors Online Protection for Internet Companies, and collaborated with industry associations to formulate group standards including the Social Responsibility Management System of Video Game Industry Companies and the Guidelines for Ecological Governance of Network Information Content. Meanwhile, the Company participated in the development of group standards including the Evaluation Criteria for Premium Games, Game Innovation Metrics, Online-game Classification, and Norms for Game Distribution and Promotion, providing guidance for corporate social responsibilities. In addition, the new version of the Company's functional game Star Life Paradise (星星生活乐园) for training children with autism was officially launched during the Reporting Period, breaking geographical and spatial limitations with games and providing assistance to autistic groups nationwide on a larger scale.

In terms of user information security, the Company continuously improved and optimised its systems related to entity

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responsibility, data security, and the registration of new technologies and applications, and established relevant systems for account management, network content security, and data security, along with ongoing enhancements and investments in compliance. In terms of information security management and user privacy protection, based on strict management policies and process system, the Company adopts industry-leading technologies and benchmark them against international standards, strictly controls information security risks, and guarantees data security to ensure the security of users' personal information to the maximum extent.

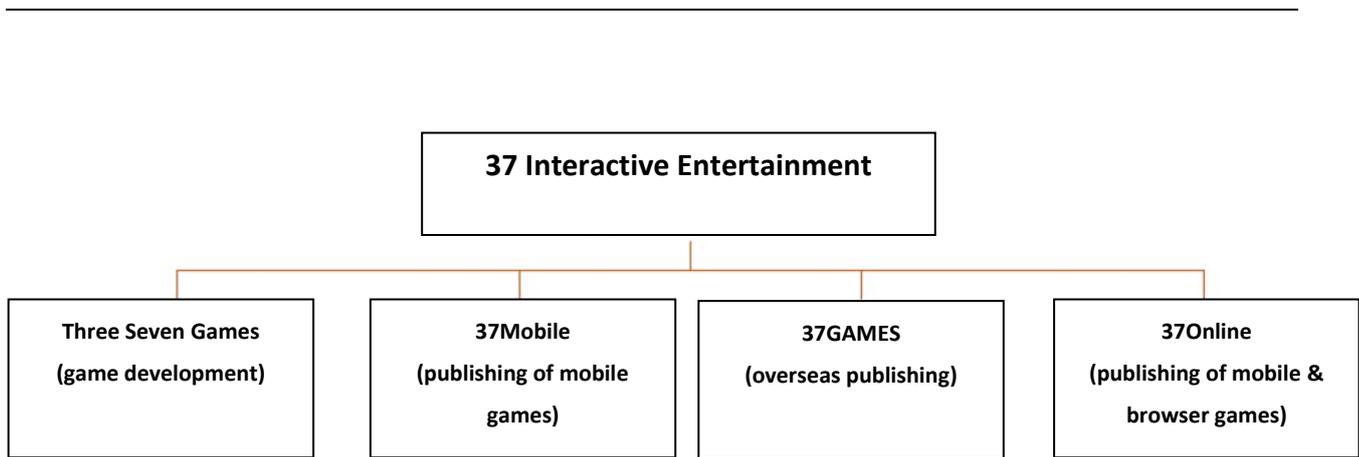
In terms of technological innovation and application, the Company adheres to technology-driven innovation, closely follows the latest trends in scientific and technological innovation, actively embraces cutting-edge technologies like generative AI, and explores the potential for deep integration of AI and other emerging technologies with the Company's business, continuously improving creative efficiency. At the same time, focusing on promoting the cross-industry integration of game technologies, the Company launched a series of popular science games with rich themes covering medicine, traditional Chinese medicine, aerospace, intangible cultural heritage, and more to maximise the positive social impact of games by leveraging the unique interactivity and vividness of games. Furthermore, the Company also ventures into the fields of computing power, artificial intelligence, optical displays, XR integrated devices, entertainment content, semiconductors and materials, space computing engines, and the AIGC gaming and social platform, among other entertainment technology domains. By strategically embracing "hard technology" investments and integrating ecological resources, the Company seizes opportunities for business innovation brought by cutting-edge technology, thereby further propelling the high-quality development of its corporate ecosystem.

In terms of promoting traditional culture, the Company focuses on youth-oriented expression, continuously excavating historical and cultural resources, hoping to showcase the beauty of Chinese traditional culture in an integrated way through "Games+". For example, the Company incorporated Peking opera facial makeup, Cantonese culture, and the ancient Maritime Silk Road into its globally published game *The Road to Be Shopkeeper* (叫我大掌柜), helping overseas players gain a deeper understanding of Chinese culture; the Company also built a metaverse space integrating intangible cultural heritage displays, digital experiences, and interactive check-ins using techniques like digital modelling and the Unity engine, promoting the digital communication and inheritance of traditional culture in the new era. By harnessing the power of digital technology, the Company enables the realisation of cultural resonance and a more vibrant and multidimensional depiction of China's stories through various means such as producing high-quality content, developing functional games with cultural elements, and integrating new technologies.

As a socially responsible public company, 37 Interactive Entertainment thoroughly implements the spirit of the 20th CPC National Congress, actively practicing socialist core values, and persists in using Party building to guide corporate development. We fulfil corporate social responsibilities by assisting with rural talent revitalisation, promoting collaborative industrial poverty alleviation, enabling positive value dissemination through digital empowerment, nurturing young talent through industry-academia collaboration, and participating in charity to build a better society together.

(II) The Company's principal operations and products

The Company specializes in the development and publishing of games for global players, with the excellent game development brand "Three Seven Games", as well as professional game publishing brands "37Mobile", "37GAMES" and "37Online". The Company precisely grasped the industry development trends, made continuous improvements in operation, and remained a top performer in the industry, while adhering to the "boutiqueization, diversification and globalization" strategy.



1. Mobile game business

During the Reporting Period, the Company's robust development was solidified by a portfolio of long-period games including The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), Puzzles & Survival, Song of the Castle in the Sky (云上城之歌), The Road to Be Shopkeeper (叫我大掌柜), Underground Kingdom (小小蚁国), Peerless King (绝世仙王), among others. Newly launched games such as Fan Ren Xiu Xian Zhuan: Ren Jie Pian (凡人修仙传: 人界篇) and Zui Hou De Yuan Shi Ren (最后的原始人) performed well, sustaining a strong long-term operational advantage and propelling the Company's business transformation and upgrade.

(1) Deeper integration of R&D and operation, as well as enhanced quality and efficiency through AI empowerment

During the Reporting Period, the Company's advantage of "integration of R&D and operation" remained steadfast, with a diverse range of high-quality products in its portfolio and a continuous enhancement of long-term operational capabilities. On a global basis, the highest monthly gross billing of the Company's mobile games exceeded RMB2 billion, the total number of newly registered users surpassed 198 million, and the highest number of monthly active users (MAU) was over 49 million. As many as 7 existing games recorded more than RMB100 million of monthly average gross billing worldwide, and long-period product categories accounted for over 50% of total revenue.

As a benchmark for the R&D of innovative games in the industry, the Company's game development brand of "Three Seven Games" established a network of R&D talent spanning multiple regions. A professional layout has been established in multiple market segments like SLG, MMORPG, and card games, forming a continuously evolving next-gen product development system that is inheritable and iterative.

On one hand, the Company's R&D team avoids staying within comfort zones and actively expands into various categories, developing products with a global perspective. The Company carefully worked out details regarding gameplay design, art quality, music effects, etc., and continued to invest in product iteration, user experience and other aspects, remaining "Dedicated to Making Premium Games".

On the other hand, the Company consistently explores the deep application of innovative technologies in games, translating advanced digital technologies like big data and AI into productivity, allowing developers to focus on innovative gameplay while refining game development management to be more precise and scientific. The Company has conducted a series of technological research and applications, including AI balance testing, art material translation, AI imitation learning, game Q&A bots, NLP sentiment analysis, and data trend forecasting, enhancing both efficiency and quality in R&D. For instance, the self-developed mobile card game The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决) effectively utilised AI numerical balance testing to improve player experiences and prolong the game's life cycle.

Against this backdrop, the company's R&D capabilities continued to strengthen, delving deeper into advantageous tracks and consistently expanding the boundaries of self-development capabilities. It has built a self-developed product portfolio that includes high-quality mobile games such as The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), Ba Ye (霸业), Fuyao Dream

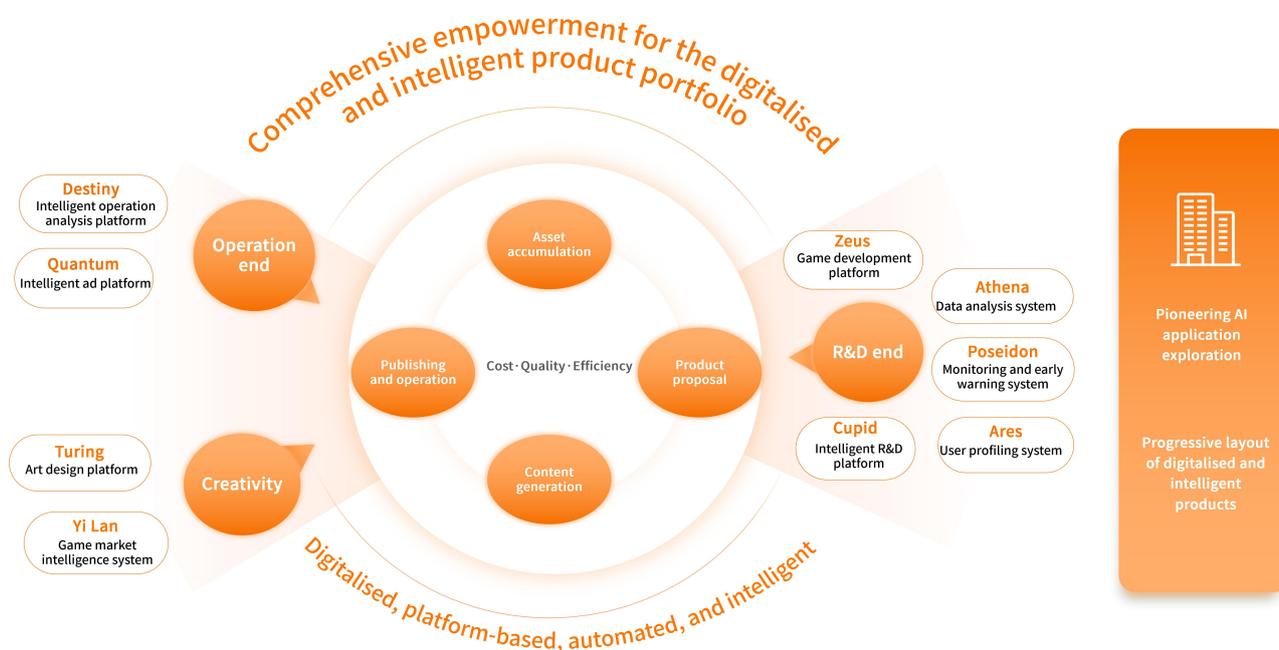
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(扶摇一梦), Kong Zhi Yong Zhe (空之勇者), Dragon and Alice (龙与爱丽丝) and Shi Luo Zhi Men: Xu Zhang (失落之门: 序章), driving further transformation in the Company's product structure.

In addition to its homegrown brands, the Company also strengthens its self-development capability with the help of external R&D teams, and cooperates with excellent game developers in a long-term and in-depth manner through its investments, forming a rich external R&D reserve and diversifying the presence on the product supply side. With the strong advantages created by the implementation of the "integration of R&D and operation" strategy over the years, the Company is able to capitalize on its own experience to refine products together with other game developers. Meanwhile, feedback from the operation department can be used to assist the R&D team in improving and refining products, so as to further improve the success rate.

Furthermore, the Company actively embraces the technological innovation brought about by digital technology, continuously iterating and optimizing technologies through decision-based AI and generative AI in recent years. It has created a comprehensive product portfolio embedded with AI and big data technologies, spanning the entire research and operation process. This has led to the creation of a mature and complete game industrialisation pipeline, enabling the Company to achieve optimal resource allocation during the game research and operation process, enhance game quality, and improve user experience.

For example, the Company actively explores the application of industrialised AI in gaming, integrating AIGC technology into its self-developed art design platform called "Turing". This empowers the generation, storage, and management of design assets such as text, images, audio, and video. Leveraging this system, artists can conveniently explore stylistic creativity and utilise various accumulated art assets to train art models tailored to project needs. This approach gradually finds its way into the production of multiple art scenes, including characters, scenes, UI, and promotional materials, enhancing overall asset reuse efficiency and collaborative design production.



(2) Accelerated diversification, and enhanced long-term operational capabilities

During the Reporting Period, the Company brought diversified experiences to players through high-quality independently-developed and agency games. Also, it explored innovative marketing with the younger consumers, improving publishing

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efficiency through precise marketing methods such as interesting and sentimental marketing ideas and cross-sector collaboration between games and IPs. Fan Ren Xiu Xian Zhuan: Ren Jie Pian (凡人修仙传：人界篇), Ba Ye (霸业), Zui Hou De Yuan Shi Ren (最后的原始人), and other premium games were launched, delivering differentiated and fresh experiences to players, and accelerating the Company's diversification.

Adapted from a novel of the same name, the blockbuster MMORPG mobile game Fan Ren Xiu Xian Zhuan: Ren Jie Pian (凡人修仙传：人界篇), which is developed by EyuGame under the Company and published by the Company, has garnered attention in the market. Its respect for the original plot, creative and entertaining gameplay, and rich artistic expression have resonated with players, making it a market hit. Additionally, the Company maximises its publishing and operational advantages, strategically spreading the game's unique features and content highlights through targeted promotion and branding efforts. With a combination of high-quality production, innovative gameplay, and comprehensive marketing strategies, the product proved a success in the MMO track and won the hearts of many players.

Ba Ye (霸业), a self-developed Three Kingdoms-themed strategy mobile game showcasing top-notch artistic quality, has exhibited steady performance since its June launch. Distinguished from other Three Kingdoms SLG mobile games in the industry, it emphasises the true battle scenarios between the ancient Chinese kingdoms of Wei, Shu, and Wu, creating a vivid "Three Kingdoms world" for players. The prehistoric civilisation-themed card game Zui Hou De Yuan Shi Ren (最后的原始人) stands out with its distinctive and engaging gameplay, captivating storyline, and entertaining pet collection and nurturing system. It offers players a thrilling and challenging adventure in a primitive survival setting, immersing them in the unique charm of the primitive world.

The Company consistently adheres to long-term operation, providing players with meticulous and comprehensive long-term services. It deeply integrates the highlights of its intellectual property (IP) to continuously innovate in terms of reflow methods and activities, consistently prolonging the product life cycle. Its existing products, including Puzzles & Survival, The Road to Be Shopkeeper (叫我大掌柜), The Soul Land: Hun Shi Dui Jue (斗罗大陆：魂师对决), Peerless King (绝世仙王), Song of the Castle in the Sky (云上城之歌), Underground Kingdom (小小蚁国), and Kong Zhi Yao Sai: Qi Hang (空之要塞：启航), continue to exhibit strong vitality and potential. During the Reporting Period, they have contributed stable performance to the Company's business development.

Moreover, in response to industry development, the Company actively explores the small game channel, striving to break the circle and match user preferences with innovative gameplay and themes. The Company refines its existing projects, adhering to a multi-channel marketing approach of "branding + sales effects". This approach helps expand user groups, tap into new market potential, and cultivate new growth drivers.

(3) With a global vision, the Company effectively explored markets and disseminated the essence of the traditional Chinese culture.

According to China's Game Industry Report from January to June 2023, the actual sales revenue of China's self-developed games in overseas markets was USD8.206 billion, down 8.72% YoY. The main reasons are that the consumption willingness and capacity of users in major overseas markets have been adversely affected by economic downturn, and the market competition has become increasingly fierce, leading to higher overseas market marketing costs.

Against this backdrop, the Company firmly stands among the top tier of Chinese game companies expanding overseas, maintaining a robust trend in its overseas operations. During the Reporting Period, the Company achieved overseas operating revenue of RMB3.027 billion. In the global market, it has established a product portfolio anchored in MMORPG, SLG, card games, and simulation games. Multiple benchmark products for overseas expansion such as Puzzles & Survival, Song of the Castle in the Sky (云上城之歌), The Road to Be Shopkeeper (叫我大掌柜), Peerless King (데블 M) (绝世仙王(데블 M)), and Ant Legion have shown steady performance.

Supported by years of accumulation of experience in publishing games overseas, the Company now adopts the strategy of

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"tailored games" to open up the global market, and deeply integrates the gameplay themes and promotional materials of its products with excellent traditional Chinese culture. This approach creates a communication method that resonates with diverse regional, national, and audience groups, promoting the global expression of Chinese stories.

The domestically themed simulation game *The Road to Be Shopkeeper* (叫我大掌柜), launched by the Company in 2020, adopted a localised distribution strategy in various regions worldwide. The Company collaborated with official cultural institutions in Guangzhou to promote Cantonese culture, authentically representing the prosperity of the ancient Maritime Silk Road. By incorporating elements of traditional Chinese culture such as the lion dance, traditional festivals, Dunhuang Caves, and Peking Opera, players vividly experience the charm of ancient Chinese trade and culture, allowing overseas users to immerse themselves in the beauty of Chinese culture and achieving a historic breakthrough for historical simulation games in the European and American regions.

The Company's phenomenal overseas product, *Puzzles & Survival*, deeply implements the strategy of "tailored games". By continuously exploring local channels, refining creative elements, upgrading advertising creativity, and expanding the user base, the product's brand influence has grown. It becomes a classic case of SLG fusion game that successfully gains new user groups. This game has won the "Best Gameplay Innovation" award for Asia Pacific by Sensor Tower, maintaining strong vitality since its launch in 2020. From its launch to the end of the Reporting Period, *Puzzles & Survival* has accumulated approximately RMB8 billion in gross billing, achieving an innovative fusion of gaming categories and the integration of game themes and regional cultures.

The different-world adventure theme MMORPG *Song of the Castle in the Sky* (云上城之歌) achieved remarkable results in the Korean and Japanese markets through its combined marketing and operational strategy of branding + sales effects. It was awarded the "APAC Awards Best Localization Mobile Game in Korea" by Sensor Tower in 2022, becoming the highest grossing overseas game in the Korean market in 2022 and ranking 3rd in Sensor Tower's 2022 Grossing Chart of China Mobile Games on the Japanese Market. *Peerless King* (데블 M) (绝世仙王(데블 M)) stood out in the fiercely competitive MMORPG game market in Korea due to its distinctive promotional strategies and differentiated gaming experience, gaining popularity among users.

(4) Collaborating with partners for mutual growth, as well as creating a diverse and rich product pipeline

The Company focuses on its core gaming business, continuously expanding the boundaries of self-development capabilities, and delving into core genre tracks, with a rich pipeline of self-developed quality mobile games. Furthermore, the Company consistently prioritises high-quality content as its strategic direction. Through multi-dimensional approaches such as financial support, business assistance, and post-investment empowerment, the Company empowers numerous game developers with strong product reputation. This includes in-depth collaborations with reputable game developers such as EyuGame, StarUnion, Yanqu Network, Karma Game, Zhenshuo Network, Lihoo Network, Dobala, Meng52, Woowii Games, UEGAME, Chumen Network, Unknown Matrix, 91Act, and others. These collaborations involve agency and customisation to enrich the Company's supply of high-quality products and deepen the diversification of its product portfolio.

Part of the Company's game pipeline is as follows:

Developer	Name of game	Game category, theme and style	Intended publishing area
Self-developed	Fuyao Dream (扶摇一梦)	Ancient style MMORPG	Global
Self-developed	Shi Luo Zhi Men: Xu Zhang (失落之门: 序章)	Western magic MMORPG	Global
Self-developed	Kong Zhi Yong Zhe (空之勇者)	Different-world adventure (Chibi 3D) MMORPG	Global
Self-developed	Code Soul MMO (代号斗罗 MMO)	Chinese comic oriental fantasy MMORPG	Global
Self-developed	Code Battle Song M (代号战歌 M)	Western magic MMORPG	Global
Self-	Code Zheng Qi SLG (代号正奇 SLG)	Realistic Three Kingdoms SLG	Global

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Developer	Name of game	Game category, theme and style	Intended publishing area
developed			
Self-developed	Code Xiu Xian (代号休闲 SLG)	Chibi war SLG	Global
Self-developed	Code G2N (代号 G2N)	Realistic European Medieval SLG	Global
Self-developed	Dragon and Alice (龙与爱丽丝)	Myth card game	Global
Self-developed	Code RR (代号 RR)	Chibi western magic	Global
Self-developed	Code Little Game A (代号小游戏 A)	Chibi oriental fantasy	Global
Self-developed	Code Little Game B (代号小游戏 B)	Chibi oriental fantasy	Global
Self-developed	Code Little Game C (代号小游戏 C)	Realistic western magic	Global
Agency	Shu Guang Ji Hua (曙光计划)	Future technologies MMORPG	Global
Agency	Zhu Shen Huang Hun: Zheng Fu (诸神黄昏: 征服)	Western magic MMORPG	Global
Agency	Code Dragon Knight (代号龙骑士)	Japanese-style Chibi MMORPG	Domestic
Agency	Hong Huang Yi Shou Lu (洪荒异兽录)	Immortality cultivation MMORPG	Domestic
Agency	Ping Xing Gui Ji (平行轨迹)	Future city MMORPG	Global
Agency	Li Huo Zhi Jing (离火之境)	Oriental fantasy MMORPG	Domestic
Agency	Puzzles & Chaos	Western magic SLG	Overseas
Agency	Mecha Domination	Giant beast SLG	Overseas
Agency	Yuan Ye Chuan Shuo: Shi Qian Wan Nian (原野传说: 史前万年)	Prehistoric civilisation SLG	Global
Agency	Wan Sheng Zhi Guo (万乘之国)	Multi-civilisation SLG	Domestic
Agency	Code Three Kingdoms (代号三国 CB)	The Three Kingdoms SLG	Domestic
Agency	Bugtopia	Insects SLG	Overseas
Agency	Homeland and New World (故土与新世界)	Magic chibi SLG	Domestic
Agency	Code Er Ci Yuan ZQ (代号二次元 ZQ)	Oriental fantasy card game	Domestic
Agency	Kong Zhi Yao Sai: Qi Hang (空之要塞: 启航)	Steampunk card game	Overseas
Agency	Lost Star Ring (失落星环)	Interstellar card game	Global
Agency	Dreamweaver Forest (织梦森林)	Farming simulation game	Global
Agency	Gold Medal Partner (金牌合伙人)	Business running simulation game	Domestic
Agency	Yes Your Highness	Medieval simulation game	Overseas
Agency	Code Liu Li (代号琉璃)	Ancient style simulation game	Overseas
Agency	Code Leisure (代号休闲)	Modern resort leisure game	Overseas

2. Browser game business

According to China's Game Industry Report from January to June 2023, the actual sales revenue of browser games in China decreased by 11.87% YoY to RMB2.385 billion during the period from January to June 2023, continuing the downward trend. During the Reporting Period, the Company's browser game business achieved operating revenue of RMB253 million, accounting for more than 10% of the total revenue industry-wide, showing stable performance and aligning with the industry's overall trend.

(III) The Company's principal operations and business models

The Company is principally engaged in the development, publishing, and operation of online games. The business models of the Company's online games mainly include independent operation and third-party joint operation.

Under the independent operation mode, the Company obtains the licenses of games through independent R&D or being an operator of other games, and publishes and operates these products through its own or third-party channels. The Company is fully responsible for the operation, promotion and maintenance of the games; providing unified management services for online

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promotion, online customer service and top-up payment; and updating games along with game developers based on the real-time feedback of users and games.

Under the third-party joint operation mode, the Company cooperates with one or more game operators or game application platforms to jointly operate games. And the aforesaid parties are responsible for the management of their own channels, including operation, promotion, the recharge and charge system, while the Company provides technical support services along with game developers.

(IV) The Company's presence on the market and primary growth drivers

Focusing on cultural and creative businesses based on the development, publishing, and operation of online games, the Company is an excellent comprehensive entertainment provider in China's A-stock market. It is one of the top 20 global public game companies, key cultural export companies of China, companies nominated for "Top 30 Cultural Enterprises of China", civilized institutions in Guangdong Province, and Top 30 Cultural Enterprises of Guangzhou, and MSCI ESG A-rated Companies, among others. With "bringing joy to the world" as its mission, the Company is dedicated to becoming an excellent and sustainable entertainment provider.

During the Reporting Period, the Company steadily advanced with the development strategy of "boutiqueization, diversification and globalization", adhered to the strategy of "dual engines at home and abroad", as well as continuously promoted high-quality and sustainable development, with no significant changes to its primary growth drivers.

II Core Competitiveness Analysis

The Company's core competitiveness remained largely the same during the Reporting Period.

1. Strong and efficient publishing capability—global vision and long-term development strategy

The Company keeps exploring innovative ways of publishing, building a solid foundation in terms of publishing, and fully empowering its partners to grow together. During the Reporting Period, the Company remained in the top five of the global revenue ranking of China's mobile game publishers (according to Sensor Tower), with a strong publishing capability. The Company puts forward the publishing idea of "branding + sales effects", grasps the market changes to carry out high-quality publicity, and attracts target users for better distribution results. It possesses strong capabilities for operation and optimization in numerical management, process optimization, event planning, etc. By continuously improving the quality of games and attracting players with better content, the Company is able to prolong the product life cycle effectively. In addition, various tools, data and algorithms are used to optimise the distribution approaches. With intelligent and automated distribution, as well as high-quality content, the Company is able to effectively control the marketing costs and improve the ability of precise distribution.

Meanwhile, based on overseas market insights and years of rich publishing experience, the Company has adopted a strategy of "tailored games" to open up the global market and bring players diversified gaming experience. Moving forward, the Company will further leverage its first-mover advantage in overseas markets and continuously expand its overseas business to make new contributions to promoting the development of China's cultural industry and boosting cultural confidence.

2. Excellent industrywide icon for R&D—strong foundation built through hard work

The Company carries on with its strategy of "integration of R&D and operation", adheres to the strategy of "boutiqueization, diversification and globalization", as well as emphasizes R&D investments and talent cultivation. Its independently developed products are characterized by high output, a high success rate and a long period, with a professional layout in multiple market segments like MMORPG, card games, and SLG. The Company's R&D team is not confined to their comfort zone. They have been

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actively working on diversified categories and developing products with a global vision. With sophisticated efforts in gameplay, art quality, music and other details, as well as continued investments in product iteration and user experience, the Company remains “Dedicated to Making Premium Games”, making it an icon for the R&D of quality games in the industry.

Upholding the philosophy of long-term development, the Company has put in place a diversified talent system through internal training and external recruitment, focuses on employee diversity, and opens up development channels for professionals. Moreover, it focuses on the development of talent in innovation to achieve effective results and build an excellent team. The Company vigorously refines the mechanism for R&D project approval, shortens the evaluation cycle and establishes diversified indicators, so as to stimulate employees’ innovative vitality. At the same time, the Company has established a tiered incentive system with diverse incentives for different categories of products to encourage employees to be creative and step out of their comfort zone. The Company has also established a project lifecycle management process for game development, which runs through many links, such as idea creation, project approval, process and review, to achieve the risk control of the entire R&D process. On top of effectively controlling the costs, this process enables finer and more scientific game development and management, greatly improves the success rate of product development, and helps lay a foundation for creating diverse, fine games. Additionally, the personnel allocation approach of “specific producers for specific game categories” enables a producer to focus more on the game category he or she is good at, which can help further pool resources and improve R&D efficiency.

3. Stable, enterprising and practical team — aiming high while being down-to-earth

The Company has been deeply engaged in the cultural and creative industry for many years. Its core management team is deeply involved in the front line of business, working hard together with all the employees. Always upholding the spirit of marathon-like perseverance, the Company has been forging ahead with breakthroughs, as well as pursuing better financial results and faster growth while maintaining sound operation. In the process of development, the Company constantly upgrades and improves its talent development system. The scientific promotion mechanism, remuneration management system and incentive mechanism enable clearer, more open and more transparent growth paths for employees, as well as motivate their enthusiasm and creativity in a better way.

The Company lays emphasis on the sharing of development achievements and is committed to improving the career development level of employees. During the Reporting Period, the Company steadily carried on with the “Social Value Co-creation Plan” for a further investment of RMB500 million in six directions, including the employee development plan before 2025, so as to encourage employees to better strive and create value, as well as to achieve joint creation, responsibility sharing, growth sharing and common prosperity between the Company and its employees.

With “bringing joy to the world” as its mission, the Company is advancing towards the vision of “becoming an excellent and sustainable entertainment provider”.

III Analysis of Principal Operations

Overview

See contents under the heading “I Principal Operations of the Company in the Reporting Period”.

Year-over-year changes in key financial data:

Unit: RMB

	H1 2023	H1 2022	Change (%)	Main reason for change
Operating revenue	7,760,573,887.29	8,092,238,684.40	-4.10%	This is primarily driven by the game products in operation being at different stages of their life cycle. The games in

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				operation during the Reporting Period were mainly new games at an introduction stage, while those during the same period last year were mainly existing games at a mature stage, with a relatively stable gross billing.
Cost of sales	1,664,617,407.90	1,260,101,099.90	32.10%	Increased cost of royalties as a result of increased revenue from agency games during the Reporting Period
Distribution and selling expenses	4,279,408,761.57	4,340,050,646.56	-1.40%	
General and administrative expenses	257,073,397.84	209,169,882.37	22.90%	Increased remunerations and share-based payments for the management
Financial expenses	-111,641,061.71	-15,752,742.70	-608.71%	Increased interest income from deposits during the Reporting Period compared with the same period last year
Income tax expenses	205,127,044.68	176,029,935.00	16.53%	Expiry of tax preferences for certain subsidiaries during the Reporting Period
Research and development investments	388,284,125.67	496,920,352.58	-21.86%	In the second half of 2022, the Company optimised the structure of game categories under development, reducing investment in some non-strategic categories and increasing investment in strategic categories.
Net cash flows from operating activities	2,319,957,176.41	1,804,079,584.54	28.60%	Decreased payments for information service charges during the Reporting Period compared with the same period last year
Net cash flows used in/from investing activities	-1,303,177,463.32	-1,200,993,676.79	-8.51%	Increased net cash flows used in the purchase and recovery of wealth management products and term deposits during the Reporting Period compared with the same period last year
Net cash flows used in/from financing activities	-340,841,192.32	-631,142,239.07	46.00%	Combined effects of increased cash received from borrowings, increased dividend payout and increased financings received with term deposits in pledge during the Reporting Period
Net increase in cash and cash equivalents	681,497,084.43	-7,427,387.19	9,275.46%	Increased net cash flows from operating and financing activities during the Reporting Period compared with the same period last year

Significant changes to the profit structure or sources of the Company in the Reporting Period:

Applicable Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2023		H1 2022		Change (%)
	Amount	As % of operating revenue (%)	Amount	As % of operating revenue (%)	
Total operating revenue	7,760,573,887.29	100.00%	8,092,238,684.40	100.00%	-4.10%
By operating division					
Online games	7,760,573,887.29	100.00%	8,092,238,684.40	100.00%	-4.10%

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By product category					
Mobile games	7,476,618,498.58	96.34%	7,738,933,571.90	95.63%	-3.39%
Browser games	253,306,881.77	3.26%	340,738,772.48	4.21%	-25.66%
Others	30,648,506.94	0.39%	12,566,340.02	0.16%	143.89%
By operating segment					
Domestic	4,733,223,812.70	60.99%	5,059,634,965.68	62.52%	-6.45%
Overseas	3,027,350,074.59	39.01%	3,032,603,718.72	37.48%	-0.17%

Operating division, product category or operating segment contributing over 10% of operating revenue or operating profit:

Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Online games	7,760,573,887.29	1,664,617,407.90	78.55%	-4.10%	32.10%	-5.88%
By product category						
Mobile games	7,476,618,498.58	1,582,779,524.07	78.83%	-3.39%	37.29%	-6.27%
Browser games	253,306,881.77	72,102,493.75	71.54%	-25.66%	-26.70%	0.41%
By operating segment						
Domestic	4,733,223,812.70	841,381,684.12	82.22%	-6.45%	14.81%	-3.30%
Overseas	3,027,350,074.59	823,235,723.78	72.81%	-0.17%	56.14%	-9.80%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

The Company is subject to the disclosure requirements for listed companies engaged in software and IT services as stated in Guideline No. 3 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Industry-specific Information Disclosure.

Operating division contributing over 10% of operating revenue or operating profit:

Applicable Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division of customers						
Online games	7,760,573,887.29	1,664,617,407.90	78.55%	-4.10%	32.10%	-5.88%
By product category						
Mobile games	7,476,618,498.58	1,582,779,524.07	78.83%	-3.39%	37.29%	-6.27%
Browser games	253,306,881.77	72,102,493.75	71.54%	-25.66%	-26.70%	0.41%
By operating segment						
Domestic	4,733,223,812.70	841,381,684.12	82.22%	-6.45%	14.81%	-3.30%
Overseas	3,027,350,074.59	823,235,723.78	72.81%	-0.17%	56.14%	-9.80%

Breakdown of the cost of sales for principal operations:

Unit: RMB

Breakdown of cost	H1 2023		H1 2022		Change (%)
	Amount	As % of cost of sales	Amount	As % of cost of sales	
Royalties	1,495,733,421.12	89.86%	1,141,980,274.76	90.63%	30.98%
Cost of servers	97,763,750.37	5.87%	94,340,256.68	7.49%	3.63%
Amortization of copyright money	45,617,203.76	2.74%	13,850,699.29	1.10%	229.35%

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Other costs	25,503,032.65	1.53%	9,929,869.17	0.78%	156.83%
Total	1,664,617,407.90	100.00%	1,260,101,099.90	100.00%	32.10%

Any over 30% YoY movements in the data above and why:

Applicable Not applicable

1. Cost of sales in the business of online games increased by 32.10% YoY, primarily driven by a 37.29% YoY increase in the cost of sales of mobile games. Royalties, in particular, increased by 30.98% YoY, mainly because the revenue from agency games such as Fan Ren Xiu Xian Zhuan: Ren Jie Pian (凡人修仙传: 人界篇), Puzzles & Survival, and Underground Kingdom (小小蚁国) increased as a percentage of the total revenues during the Reporting Period.
2. Overseas cost of sales increased by 56.14% YoY, primarily driven by the increased royalties.
3. The amortized cost of copyright money increased by 229.35% YoY, primarily driven by the increased games with copyrights that were launched during the Reporting Period.
4. Other costs, mainly labour cost and technical service cost, increased by 156.83% YoY, primarily driven by the increased labour cost.

IV Analysis of Non-principal Operations

Applicable Not applicable

Unit: RMB

	Amount	As % of profit before income tax expenses	Reason/source	Recurrent or not
Investment income	-3,937,725.83	-0.28%	Mainly due to gains on investments from disposal of equity investments, dividends during the period of holding equity investments, and wealth management products	No
Gain/loss on changes in fair value	66,445,566.71	4.70%	Mainly due to changes in fair value of equity investments	No
Impairment loss on assets	350,866.28	0.02%	Mainly due to impairment loss on credit	Yes
Non-operating income	17,988,142.97	1.27%	Mainly due to the write-off of inactive payables and compensation income	No
Non-operating expenses	3,648,696.49	0.26%	Mainly due to expenditure on donations and loss of security deposits	No
Other income	67,310,526.91	4.77%	Mainly due to refund of VAT and other government grants given in the Company's ordinary course of business	Refund VAT is recurrent while other government grants are not.

V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2023		31 December 2022		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary funds	8,232,496,377.64	41.42%	5,129,481,882.65	30.01%	11.41%	The ending balance was higher than the beginning balance mainly due to net cash flows from operating activities. For

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						further information, see “II 5. Consolidated Cash Flow Statement”, “53. Cash flow statement items” and “54. Supplementary information for the cash flow statement” under Note VII, in “Part X Financial Statements”.
Accounts receivable	1,432,993,006.78	7.21%	1,433,563,842.43	8.39%	-1.18%	No significant change
Long-term equity investments	606,075,958.69	3.05%	621,794,374.74	3.64%	-0.59%	No significant change
Fixed assets	834,923,391.50	4.20%	850,030,034.92	4.97%	-0.77%	No significant change
Construction in progress	326,705,519.85	1.64%	242,508,087.97	1.42%	0.22%	No significant change occurred to this item as a percentage of total assets, while the ending balance was higher than the beginning balance mainly due to the investments in the Guangzhou Headquarters Building construction project during the Reporting Period.
Right-of-use assets	26,401,292.25	0.13%	31,967,946.49	0.19%	-0.06%	No significant change occurred to this item as a percentage of total assets, while the ending balance was lower than the beginning balance mainly due to the depreciation provisions and the termination of certain lease contracts during the Reporting Period.
Short-term loans	1,929,285,500.00	9.71%	901,046,888.89	5.27%	4.44%	Mainly due to the increased note financings and bank loans during the Reporting Period
Contract liabilities	240,892,166.88	1.21%	259,519,734.14	1.52%	-0.31%	No significant change
Long-term loans	468,500,000.00	2.36%	323,000,000.00	1.89%	0.47%	Mainly due to additional three-year bank loan during the Reporting Period
Lease liabilities	9,251,557.84	0.05%	16,786,536.53	0.10%	-0.05%	No significant change occurred to this item as a percentage of total assets, while the ending balance was lower than the beginning balance mainly due to the decreased lease payables as a result of rental payments made during the Reporting Period.
Trading financial assets	1,881,228,387.25	9.47%	2,792,984,819.12	16.34%	-6.87%	Mainly because the Company recovered mature bank’s wealth management instruments and structured deposits during the Reporting Period
Prepayments	961,831,277.89	4.84%	855,193,135.12	5.00%	-0.16%	No significant change occurred to this item as a percentage of total assets, while the ending balance was higher than the beginning balance mainly due to the increased prepayments for

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						advertising as a result of new game launches during the Reporting Period.
Intangible assets	1,056,362,674.08	5.32%	1,059,676,921.41	6.20%	-0.88%	Mainly due to the provisions for amortizations of land use rights and office software, etc.
Goodwill	1,589,065,048.53	8.00%	1,589,065,048.53	9.30%	-1.30%	No significant change
Other non-current assets	1,291,742,516.94	6.50%	1,024,113,999.86	5.99%	0.51%	Mainly due to the increased balance of over-one-year deposits purchased to increase return on capital
Accounts payable	2,133,387,322.93	10.73%	1,648,560,259.52	9.64%	1.09%	Mainly due to the increased internet traffic costs payable as a result of new game launches during the Reporting Period

2. Major Assets Overseas

Applicable Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return generated (RMB)	As % of the Company's equity	Material impairment risk or not
Other equity assets	Investments in overseas companies	374,763,431.10	Hong Kong in China, Canada, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place	26,116,193.19	2.99%	No
Monetary funds	Income from investments and operations	1,533,603,734.57	Hong Kong in China, the US, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place		12.23%	No

3. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes through equity	Impairment allowance made in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (exclusive of derivative financial assets)	2,792,984,819.12	66,445,566.71			4,584,374,135.98	5,565,650,000.40	3,073,865.84	1,881,228,387.25
2. Other equity investments	269,990,212.51		209,106,263.84	-			1,579,940.94	271,570,153.45
3. Other non-	685,698,473.75				60,000,000.00	24,171,912.50	3,010,574.	724,537,135.8

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current financial assets							63	8
Total of the above	3,748,673,505.38	66,445,566.71	-209,106,263.84		4,644,374,135.98	5,589,821,912.90	7,664,381.41	2,877,335,676.58
Financial liabilities	-84,380.59					-85,962.89	-1,582.30	0.00

Contents of other changes:

Other changes were incurred by exchange rate fluctuations, etc.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

4. Restricted Asset Rights as at the End of the Reporting Period

Item	Ending carrying amount(RMB)	Reason for restriction
Monetary funds	39,766,271.81	Money frozen by bank and security deposits
Monetary funds	828,731,432.35	Principals and interest of term deposits with a maturity within one year as pledges
Non-current assets due within one year	176,927,777.97	Principals and interest of term deposits with a maturity of over one year (due before 30 June 2024) as pledges
Other non-current assets	1,098,749,010.30	Principals and interest of term deposits with a maturity of over one year as pledges
Fixed assets-buildings and constructions	667,241,110.72	As collateral for bank loan to the Company
Total	2,811,415,603.15	

VI Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Anhui 37 Jiyu Network Technology Co., Ltd.	Subsidiary	Development of mobile and browser games	6,250,000.00	2,341,245,041.82	1,590,134,312.66	741,525,914.59	395,759,642.54	366,664,988.93
37 Interactive Entertainment (Shanghai) Technology Co., Ltd.	Subsidiary	Publishing and operation of mobile games	10,000,000.00	15,366,065,518.99	5,476,585,393.20	7,758,505,958.33	991,252,080.34	833,840,460.52

Subsidiaries obtained or disposed of in the Reporting Period:

Applicable Not applicable

Name of subsidiary	How it was obtained or disposed of	Effects on the overall operations and performance
Chengdu Shouyin Technology Co., Ltd.	Transfer	No material effects on the overall operations and performance of the Company

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Other information on principal subsidiaries and joint stock companies:

N/A

VII Risks Facing the Company and Countermeasures

1. Changes in industry policies, risks of violation and countermeasures

In recent years, the authority in charge has attached great importance to the development of game industry, made a series of major decisions and arrangements and issued a series of policies and measures to guide the industry to develop in a standardized and healthy way. For example, clear new standards and requirements have been put forward for protection of minors and anti-addiction of online games. Further strict management measures have been taken to promote standardized management of game industry. At the same time, information security and protection of users' privacy have drawn much attention from the society. In the long term, the regulation of the online game industry is becoming more and more standardized, which is conducive to the healthy development of the industry. The enterprises with standardized operation will benefit from it. However, in the future, if the Company fails to make corresponding adjustments timely in accordance with changes in industry policies or has a deviation in understanding management regulations in its operation, there may be a risk that the Company will be punished by relevant departments or the works will not go online as planned, which will have a significant negative impact on the Company's business development and brand image. In this regard, the Company will strictly abide by various industry policies, rules and regulations, actively implement relevant requirements for industry development, establish an internal sound quality management and control mechanism, strengthen industry policy risk management capability, and fully reduce and avoid the business risks caused by changes in industry policies.

2. Market competition risks and countermeasures

The online game industry is facing increasingly fierce competition as it gradually matures. At the same time, online game users are maturing with higher quality demand for game products. The industry is characteristic of fast product transition, limited product life cycle and volatile player preferences, among others. Intense market competition will challenge the Company's development in terms of products and market channels.

In response, the Company will continue to implement the strategy of "boutiqueization, diversification and globalization". On the one hand, it will strengthen its core competitiveness of its own business, pay continuous attention to self-research investment, carry out R&D and innovation in product creativity, gameplay, theme, art and technology, and keep up with industry technology development trend; at the same time, it will maintain close cooperation with excellent developers to guarantee the supply of quality products, and continue to expand game categories through independently-developed and agency games to deepen the competitive edge of "integration of R&D and operation". Meanwhile, the Company will speed up the pace of exporting, give full play to the edges of it in overseas markets, face diversified operations of overseas markets, deepen the cultivation of key markets, and broaden the categories of games and increase market share. In addition, the Company will dig deeper into operational data, and timely adjust operational and R&D strategies, to meet the core demands of users, further play the role of new ideas of digital marketing operation, deepen the business strategy of multi-channel marketing and long-term service, and continuously enhance core competitiveness in the market.

Facing the current industrial competition pattern, the top-performing enterprise has obvious edges in technology R&D ability, channel operation ability, product promotion ability, user scale and market share. The Company will continue to consolidate and cement its competitive edges, actively respond to changes in the industry, reduce market competition risks and seize market opportunities.

3. Risks of core personnel turnover and countermeasures

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A stable and high-quality talent team is an important guarantee for the Company to maintain its core competitive advantage. If the Company fails to effectively build a core talent team, give reasonable incentives and manages the core personnel, the employees' enthusiasm and creativity will be affected, which will have an adverse impact on the Company's core competitiveness.

In response, much attention has been attached to cultivation and acquisition of professional talents. The Company creatively builds a platform-based talent management mechanism, according to which excellent game producers are rewarded with high project bonus, and given discretion of research and creation. In order to attract and retain outstanding management talents and business elites, the Company has vigorously reformed the project mechanism, shortened the review cycle and established diversified objectives, so as to stimulate the innovative vitality of employees. In terms of employee performance management, the Company has set up diversified KPIs based on employees' contribution and ability, as well as reasonable team objectives to encourage employees' creativity. Through refining the remuneration system with diversified incentives such as employee stock ownership plans, the Company increases the attractiveness to core staffs and R&D personnel. During the Reporting Period, the Company continuously promoted the reform of rank system, ability system and development system, optimized talent structure, differentiated talent management and activated talents.

In addition, the Company cares about the long-term development of employees. The Company has established "37 Interactive Entertainment Learning and Development Center" to provide sufficient training and learning opportunities for employees and help them grow rapidly. The Company actively carried out training for newcomers and professional abilities such as "Marathon Leadership Training Camp", "Huangpu New Army", "X+ Plan" and "37TALK", promoted talent upgrading to meet the needs of business upgrading, paid attention to internal sharing, established a team of internal professional lecturers among employees, spread culture of sharing, built a talent echelon and upgraded talent development system.

Centering on the cultural concept of "health, happiness and sustainability", the Company upgraded colorful welfare system, strengthened humanistic care and promoted retention of talents. The colorful welfare system encompasses interest-free loan, love fund, commercial insurance and employee health management. In addition, seasonal activities on holidays, annual physical examination, singles' fellowship, "Family Day", "Boss Face-to-Face", "37 Battle Talk", "Carnival", "Healthy 37ers" and other thematic activities were regularly held. Inter-departments' team building promoted the connection between employees and their friends, relatives and colleagues. In addition, the Company has established recreational clubs for employees, covering e-sports, table games, dancing, badminton, football and yoga, created cultural atmosphere that meets the characteristics of the younger generation, strengthened employees' sense of belonging, balanced employees' work and life, and took care of employees' physical and mental health in various forms.

4. Technology iteration and innovation risk and countermeasures

The game industry has seen rapid technology iteration and faster changes in cutting-edge technologies, and demand for new types of products has emerged among young users. Against this backdrop, if a game company fails to grasp the industry development trend in a forward-looking manner and promptly innovate its technology and products, its R&D and application of key technologies will be outdated, resulting in the risk of products falling behind the market.

In response, the Company continued to focus on changes in the industry's cutting-edge technologies. First, it closely followed industry changes and probed into cutting-edge technologies through investment layout to maintain sensitive to leading technologies. Second, it intensified the incubation of internal technologies, valued investment in self-developed games, improved self-development system, established an effective R&D system framework, and introduced diversified incentives to encourage employees to explore new technologies. By taking these actions, the Company has reserved technologies and products for the industry development trend.

5. Risk associated with being investigated by the China Securities Regulatory Commission with no clear conclusion yet

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On 27 June 2023, the Company, Mr. Li Weiwei (the actual controller and Chairman of the Board of the Company), and Mr. Zeng Kaitian (the Vice Chairman of the Board of the Company) received the "Notification of the China Securities Regulatory Commission on Case Filing" (CSRC Case No. 03720230061, No. 03720230062, No. 03720230063) from the said commission (hereinafter referred to as the "CSRC") respectively. For suspected information disclosure violations, according to the Securities Law of the People's Republic of China, the Law of the People's Republic of China on Administrative Penalties and other applicable laws and regulations, the CSRC decided to file a case against the Company, Li Weiwei and Zeng Kaitian.

During the period of investigation, the Company will actively cooperate with the CSRC's investigation and fulfil its information disclosure obligations in strict accordance with applicable laws, regulations and regulatory requirements.

Part IV Corporate Governance

I Annual and Extraordinary General Meetings of Shareholders Convened during the Reporting Period

1. General Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolutions of the meeting
The 2022 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	50.25%	23 May 2023	24 May 2023	1. The 2022 Work Report of the Board of Directors was approved; 2. The 2022 Work Report of the Supervisory Committee was approved; 3. The full 2022 Annual Report and its Summary were approved; 4. The 2022 Final Account Report was approved; 5. The 2022 Final Dividend Plan was approved; 6. The Proposal on Appointment of Independent Auditor for Annual Financial Statements and Internal Control for 2023 was approved; 7. The Proposal on the Expected Guarantee Line for Subsidiaries in 2023 was approved; 8. The Proposal on the Remuneration Plan for Directors was approved item by item. (1) The Sub-proposal on the Remunerations for Non-independent Directors; and (2) The Sub-proposal on the Remunerations for Independent Directors. 9. The Proposal on the Amendments to the Management Rules for External Investments was approved.

2. Extraordinary General Meetings of Shareholders Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

II Changes of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Xu Zhigao	General Manger	Appointed	24 May 2023	Job arrangements
Li Weiwei	General Manger	Resigned	24 May 2023	Job arrangements

II Interim Dividend Plan

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	4.5
Share base (share)	2,217,864,281
Cash dividends (RMB) (tax inclusive)	998,038,926.45

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Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	998,038,926.45
Distributable profit (RMB)	4,138,773,875.47
Total cash dividends (including those in other forms) as % of total profit to be distributed	100%
Applicable cash dividend policy	
If it is difficult to identify the development stage of the Company but it has a significant capital expenditure arrangement, when making profit distribution, cash dividends shall account for no less than 20% in the profit distribution.	
Details of the cash and/or stock dividend plan	
Upon approval by the Board of Directors, the Company's 2023 interim dividend plan is as follows: With a fixed dividend payout ratio, based on the total issued share capital (exclusive of shares in the Company's account for repurchased shares) on the date of record, a cash dividend of RMB 4.5 (tax inclusive) per 10 shares is planned to be distributed to all the shareholders of the Company, with the remaining undistributed profit carried forward to the next year; and there will be no bonus issue from either profit or capital reserves.	
The above interim dividend plan is consistent with the Company's performance growth, and also in line with relevant provisions of the Company Law, the Securities Law, the Articles of Association and the Company's shareholder return plan. Therefore, it is legal, valid and reasonable.	

IV Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

1. Equity Incentives

N/A

2. Implementation of Employee Stock Ownership Plans

Applicable Not applicable

Outstanding employee stock ownership plans during the Reporting Period:

Awardee coverage	Number of awardees	Total number of shares held	Change	As % of the total share capital	Funding source
The Third Employee Stock Ownership Plan: the leadership team of the Company (directors, supervisors and senior management); chief officers and deputy chief officers; key management and technological staff (mid-level employees); and other employees approved by the Company	No more than 400	1,279,486	The Proposal on Extending the Duration of the Third Employee Stock Ownership Plan was approved at the Eighth Meeting of the Sixth Board of Directors on 27 April 2023. As such, it has been approved to extend the duration of the said plan by 36 months to 26 July 2026.	0.06%	Shares under the employee stock ownership plan were transferred from repurchased shares for no compensation.
The Fourth Employee Stock Ownership Plan: the directors (exclusive of independent directors), supervisors, senior management, key management and staff who have direct and substantial impact on and contribution to the Company's future operations and growth	No more than 650	16,301,534	N/A	0.74%	Shares under the employee stock ownership plan were transferred from repurchased shares for no compensation.

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Shares held by directors, supervisors and senior management under employee stock ownership plans during the Reporting Period:

Name	Office title	Number of shares held at the period-begin	Number of shares held at the period-end	As % of the total share capital
Xu Zhigao, Yang Jun, Liu Jun, He Yang, Cheng Lin, Liu Fengyong, Ye Wei, and Zhu Huaimin	Directors, supervisors, and senior management	1,485,000	1,585,000	0.07%

Change of the asset management institution during the Reporting Period:

Applicable Not applicable

Share ownership changes due to share disposal by holders and other reasons during the Reporting Period:

Applicable Not applicable

As at the end of the Reporting Period, 1,279,486 shares were held under the Third Employee Stock Ownership Plan, accounting for 0.06% of the total share capital.

Exercise of shareholder rights during the Reporting Period:

N/A

Other information about employee stock ownership plans during the Reporting Period:

Applicable Not applicable

(1) The Proposal on Extending the Duration of the Third Employee Stock Ownership Plan was approved at the Eighth Meeting of the Sixth Board of Directors on 27 April 2023. As such, it has been approved to extend the duration of the said plan by 36 months to 26 July 2026.

(2) The first lock-up period of the Fourth Employee Stock Ownership Plan ended on 30 June 2023. As the 2022 annual operating results failed to reach the target, the unlockable shares of all the awardees in the first lock-up period of the Employee Stock Ownership Plan should not be unlocked.

Changes in the members of the employee stock ownership plan management committee:

Applicable Not applicable

Impact of employee stock ownership plans on the finance of the Company during the Reporting Period and the relevant accounting treatments:

Applicable Not applicable

As per the Accounting Standard No. 11 for Business Enterprises—Share-based Payments, the amortized share-based payments were approximately RMB76.0793 million for H1 2023.

Termination of employee stock ownership plans during the Reporting Period:

Applicable Not applicable

Other information:

N/A

3. Other Incentive Measures for Employees

Applicable Not applicable

Part V Environmental and Social Responsibility

I Material Environmental Issues

Indicate whether the Company or any of its subsidiaries falls into major pollutant-discharge entities published by environmental protection authorities.

Yes No

Administrative punishments received during the Reporting Period due to environmental issues:

Name of the Company or subsidiary	Reason for punishment	Regulation violated	Punishment	Impact on the Company	Rectification
N/A	N/A	N/A	N/A	N/A	N/A

Other environmental information in relation to major pollutant-discharge entities:

N/A

Actions taken during the Reporting Period to reduce carbon emissions and the results:

Applicable Not applicable

37 Interactive Entertainment has incorporated sustainable development into its corporate vision and actively practiced corporate citizenship responsibility in recent years. Collaborating with the industry, the company has taken proactive actions to address climate change and promote zero-carbon transformation in line with its business ambitions.

In June 2023, the company released its first TCFD Progress Report on Climate Risk Management, detailing its climate risk management efforts in governance, strategy, risk management, performance metrics, and more. Through specific practices such as refined operational management, green building design promotion, green power certificates, carbon market transactions, and environmental protection-themed month initiatives, the Company demonstrated its interim achievements in advancing carbon neutrality.

Reasons for the non-disclosure of other environmental information:

The Company is not a major pollutant-discharge entity published by environmental protection authorities. During the Reporting Period, the Company received no punishments due to violation of environmental protection laws and regulations.

II Corporate Social Responsibility (CSR)

1. Continued support for rural talent revitalisation

In 2014, 37 Interactive Entertainment initiated the establishment of the Guangdong Youxin Foundation, which continuously focuses on promoting high-quality and balanced development of high school education in underdeveloped areas, as well as nurturing young talent. The Company provides support to high school students in terms of financial resources, teaching materials, and information resources, collaborating with teachers, schools, educational administrative departments, non-profit organisations, and volunteers to create a diverse talent cultivation system.

Through the Guangdong Youxin Foundation, the Company has carried out various programs, such as the "Youxin Peers" high school education assistance program, the high school enrolment guarantee program for ethnic minority girls, the county high school free reading program, the "Vocational Wisdom Calling" career program, and digital empowerment public courses. To further cultivate high school students' interest in cutting-edge technology and enhance their scientific literacy, the Company's employee volunteers have organised multiple sharing activities around themes like innovative technology and better living.

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During the Reporting Period, 37 Interactive Entertainment spent RMB3,278 thousand in rural education support through the Guangdong Youxin Foundation, helping 2,557 outstanding high school students.

2. Collaboratively promoting special industry assistance

In 2023, 37 Interactive Entertainment signed a Rural Revitalization Cooperation Memorandum with the Guangzhou Municipal Commerce Bureau and formulated a special assistance plan for Huangjin Town, Fengshun County, Meizhou City, where the Company is providing support, to collaboratively advance the development of local characteristic industries. During the Reporting Period, 37 Interactive Entertainment conducted multiple visits to Huangjin Town and leveraged its expertise in creative content expression to launch a cultural and creative gift box featuring the local representative intangible cultural heritage agricultural product "Huangjin Ginger Candy".

To better showcase the rich opportunities for rural women's employment and income increase brought about by the upgraded rural industry in the new era and help local town enterprises comprehensively demonstrate the iterative process of the intangible heritage craftsmanship -- ginger candy-making, from traditional methods to large-scale production, the Company created a special cultural promotional video titled Sweet "Ginger" Love, showcasing the phase achievements of rural revitalisation and targeted assistance efforts. Under the guidance of relevant government departments, on the day of the video's release conference, the Huangjin Ginger Candy production enterprises also reached cooperation intentions with several participating companies, successfully expanding its sales channels.

During the Reporting Period, 37 Interactive Entertainment spent RMB730 thousand to support the development of characteristic industries such as tea and ginger in Anhui, Guizhou, Guangdong, and other regions.

3. Digitally empowering positive value spreading

37 Interactive Entertainment actively responds to policy requirements such as the Overall Plan for the Construction of Digital China and the Opinions on Promoting the Implementation of the National Digital Cultural Strategy by creating high-quality digital cultural products to facilitate the innovative dissemination of outstanding traditional Chinese culture and positive social values.

During the Reporting Period, 37 Interactive Entertainment introduced the concept of "Responsibility Aesthetics" and launched a series of cultural and artistic games that integrate the essence of traditional Chinese culture, national treasure-level cultural symbols, and modern corporate social responsibility concepts; the Company also collaborated with the Guangdong Provincial Hospital of Chinese Medicine to develop Xiao Shen Nong Xun Bai Cao (小神农寻百草), a functional game that promotes traditional Chinese medicine culture and knowledge to community residents; additionally, the Company released a new version of the functional game Star Life Paradise (星星生活乐园) to provide digital tool support for social interaction training for children with autism; the Company also carried out the research and optimisation of the aerospace popular science functional game Fly to the Sky: Dream of Soaring (飞天: 梦想启航), aiming to provide a new channel for teenagers to revisit high school physics knowledge and enhance their scientific literacy.

4. Collaborative cultivation of young talents through industry-research cooperation

37 Interactive Entertainment continues to deepen cooperation with more than ten renowned domestic universities, including Sun Yat-sen University, Sichuan University, Lanzhou University, and Jinan University, to achieve resource sharing and complementary advantages in the fields of industry-research integration skills training courses, innovation challenge competitions, specialised research topics, and campus thematic sharing, providing comprehensive empowerment for outstanding university students.

To foster the sustainable development capabilities and innovative practical abilities of young talents, the Company organised the second "SDG Sustainable Development Innovation Challenge", supporting students to express their understanding of topics such as rural revitalisation, cultural heritage and promotion, carbon neutrality, and more through animation, public service videos, and digital collections. A total of 344 students from 81 universities participated. Ultimately, three works from teams representing

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Guangzhou Academy of Fine Arts, Guangdong University of Foreign Studies, China Academy of Art, and Zhongnan University of Economics and Law stood out.

The Company also collaborated with six universities including Sun Yat-sen University, South China University of Technology, and South China Normal University to launch the University Student Empowerment Program, providing scholarships, support for social practice, and innovative and entrepreneurial activities for 281 outstanding students.

5. Charitable participation in building a better society

During the Reporting Period, under the leadership of the Party Committee of 37 Interactive Entertainment, employees from various business units actively participated in services related to companionship for children with special needs, condolences to groups in difficulties, operation of charity supermarkets, and donation of outdoor worker supplies. A total of 2,266 volunteer hours were contributed, actively conveying positive and benevolent forces to society.

To further expand support for the cultivation of outstanding talents in society and promote the sustainable development of clinical medical reserve talents and the national medical and health industry, 37 Interactive Entertainment intends to donate RMB50 million to the First Affiliated Hospital, Sun Yat-sen University. The second-phase donation of RMB20 million was completed during the Reporting Period.

Part VI Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Number	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	582,338,908	26.26%				27,340,427	27,340,427	609,679,335	27.49%
1.1 Shares held by the government									
1.2 Shares held by state-owned corporations									
1.3 Shares held by other domestic investors	582,338,908	26.26%				27,340,427	27,340,427	609,679,335	27.49%
Including: Shares held by domestic corporations									
Shares held by domestic natural persons	582,338,908	26.26%				27,340,427	27,340,427	609,679,335	27.49%
1.4 Shares held by overseas investors									
Including: Shares held by overseas corporations									
Shares held by overseas natural persons									
2. Un-restricted shares	1,635,525,373	73.74%				-27,340,427	-27,340,427	1,608,184,946	72.51%
2.1 RMB-denominated common shares	1,635,525,373	73.74%				-27,340,427	-27,340,427	1,608,184,946	72.51%
2.2 Domestically listed foreign shares									
2.3 Overseas listed foreign shares									
2.4 Others									
3. Total shares	2,217,864,281	100.00%				0	0	2,217,864,281	100.00%

Reasons for share changes:

Applicable Not applicable

During the Reporting Period, the shares held by the newly appointed general manager in the Company were locked up according to applicable laws, regulations and regulatory documents.

Approval of share changes:

Applicable Not applicable

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Transfer of share ownership:

Applicable Not applicable

Progress on share repurchases:

Applicable Not applicable

As of 30 June 2023, the Company had cumulatively repurchased 4,962,434 shares (or 0.22% of the total share capital) with its securities account for repurchased shares by the way of centralized bidding. With the highest trading price being RMB16.94/share and the lowest being RMB16.53/share, the total amount used was RMB83,094,240.93 (exclusive of transaction costs). And the total payment inclusive of the transaction costs stood at RMB83,105,950.55.

The Proposal on the Adjusted Upper Price Limit for the Share Repurchase was approved at the 11th Meeting of the Sixth Board of Directors on 3 July 2023. As such, it was approved to adjust the upper price limit for the share repurchase from no more than RMB22.55/share to no more than RMB47/share.

As of 31 July 2023, the Company had cumulatively repurchased 9,426,747 shares (or 0.43% of the total share capital) with its securities account for repurchased shares by the way of centralized bidding. With the highest trading price being RMB33.22/share and the lowest being RMB16.53/share, the total amount used was RMB223,137,102.94 (exclusive of transaction costs).

Progress on reducing the repurchased shares by way of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company's common shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

During the Reporting Period, the Company implemented share repurchases with its securities account for repurchased shares by the way of centralized bidding. For details of the repurchases, see the announcements on repurchase progress. As per the Accounting Standards for Business Enterprises, the aforesaid repurchased shares were excluded in the calculation of basic earnings per share.

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of shareholder	Beginning restricted shares	Shares with restriction lifted in the Reporting Period	Increase in restricted shares in the Reporting Period	Ending restricted shares	Reason for restriction	Lifting date
Li Weiwei	241,584,764	0	0	241,584,764	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Zeng Kaitian	184,008,280	0	0	184,008,280	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company

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						Law, etc.
Hu Yuhang	151,198,263	0	0	151,198,263	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Xu Zhigao	0	0	27,340,427	27,340,427	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Yang Jun	1,575,000	0	0	1,575,000	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Liu Jun	3,972,601	0	0	3,972,601	Locked-up shares of senior management	Subject to regulations in respect of changes in shareholdings of directors, supervisors and senior management in the Company Law, etc.
Total	582,338,908	0	27,340,427	609,679,335	--	--

II Issuance and Listing of Securities

Applicable Not applicable

III Shareholders and Their Holdings as at the Period-End

Unit: share

Number of common shareholders		78,778		Number of preferred shareholders with resumed voting rights (if any) (see note 8)			0	
5% or greater common shareholders or the top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Common shares held	Increase/decrease in the Reporting Period	Restricted common shares held	Un-restricted common shares held	Pledged, marked or frozen status	
							Status	Shares
Li Weiwei	Domestic natural person	14.52%	322,113,019	0	241,584,764	80,528,255		
Zeng Kaitian	Domestic natural person	11.06%	245,344,374	0	184,008,280	61,336,094		
Hu Yuhang	Domestic natural person	9.09%	201,597,684	0	151,198,263	50,399,421	Pledged	19,650,000
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	8.01%	177,721,241	15,310,515	0	177,721,241		
Xu Zhigao	Domestic natural person	1.64%	36,453,903	0	27,340,427	9,113,476		
Wu Weihong	Domestic natural person	1.59%	35,253,178	-36,314,684	0	35,253,178		
China Minsheng Banking Corp., Ltd.	Other	1.17%	25,872,061	21,630,461	0	25,872,061		

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— China Securities Cartoon Games Trading Open-ended Index Securities Investment Fund								
Wu Weidong	Domestic natural person	1.01%	22,431,357	-38,165,200	0	22,431,357		
Shanghai Dongyonghong Business Management Partnership (Limited Partnership)	Domestic non-state-owned corporation	0.90%	20,000,000	20,000,000	0	20,000,000		
37 Interactive Entertainment Network Technology Group Co., Ltd.-The Fourth Employee Stock Ownership Plan	Other	0.74%	16,301,534	0	0	16,301,534		
Strategic investor or general corporation becoming a top-10 common shareholder in a rights issue (if any) (see note 3)	N/A							
Related or acting-in-concert parties among the shareholders above	<p>1. Among the top 10 shareholders of the Company, Wu Weihong, Wu Weidong and Shanghai Dongyonghong Business Management Partnership (Limited Partnership) are shareholders acting in concert.</p> <p>2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties.</p>							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	N/A							
Special account for share repurchases (if any) among the top 10 shareholders (see note 11)	N/A							
Top 10 un-restricted common shareholders								
Name of shareholder	Un-restricted common shares held	Shares by class						
		Class	Shares					
Hong Kong Securities Clearing Company Ltd.	177,721,241	RMB-denominated common shares	177,721,241					
Li Weiwei	80,528,255	RMB-denominated common shares	80,528,255					
Zeng Kaitian	61,336,094	RMB-denominated common shares	61,336,094					
Hu Yuhang	50,399,421	RMB-denominated common shares	50,399,421					
Wu Weihong	35,253,178	RMB-denominated common shares	35,253,178					
China Minsheng Banking Corp., Ltd. — China Securities Cartoon Games Trading Open-ended Index Securities Investment Fund	25,872,061	RMB-denominated common shares	25,872,061					
Wu Weidong	22,431,357	RMB-denominated common shares	22,431,357					
Shanghai Dongyonghong Business	20,000,000	RMB-denominated	20,000,000					

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Management Partnership (Limited Partnership)		common shares	
37 Interactive Entertainment Network Technology Group Co., Ltd.-The Fourth Employee Stock Ownership Plan	16,301,534	RMB-denominated common shares	16,301,534
China Construction Bank Corporation—Dongfanghong Qidong Three-year Mixed Securities Investment Fund	13,274,100	RMB-denominated common shares	13,274,100
Related or acting-in-concert parties among the top 10 un-restricted common shareholders, as well as between the top 10 un-restricted common shareholders and the top 10 common shareholders	<p>1. Among the top 10 un-restricted common shareholders of the Company, Wu Weihong, Wu Weidong and Shanghai Dongyonghong Business Management Partnership (Limited Partnership) are shareholders acting in concert.</p> <p>2. The Company is not aware of whether there is, among the other top 10 un-restricted common shareholders and top 10 common shareholders, any related parties or acting-in-concert parties.</p>		
Top 10 common shareholders engaged in securities margin trading (if any) (see note 4)	None		

Indicate whether any of the top 10 common shareholders or the top 10 un-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

Yes No

No such cases in the Reporting Period.

IV Changes in the Shareholdings of Directors, Supervisors and Senior Management

Applicable Not applicable

No such changes in the Reporting Period. For the relevant information, see the 2022 Annual Report.

V Change of the Controlling Shareholder or Actual Controller

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

Part VII Financial Statements

I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes No

They are unaudited by such an auditor.

II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

1. Consolidated Balance Sheet

Prepared by 37 Interactive Entertainment Network Technology Group Co., Ltd.

30 June 2023

Unit: RMB

Item	30 June 2023	1 January 2023
Current assets:		
Monetary funds	8,232,496,377.64	5,129,481,882.65
Transaction settlement funds		
Loans to other banks		
Trading financial assets	1,881,228,387.25	2,792,984,819.12
Derivative financial assets		
Notes receivable		
Accounts receivable	1,432,993,006.78	1,433,563,842.43
Accounts receivable financing		
Prepayments	961,831,277.89	855,193,135.12
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	52,707,980.09	87,419,373.81
Including: Interest receivable		
Dividends receivable		
Redemptory monetary capital for sale		
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year	279,376,846.42	225,739,517.70
Other current assets	78,075,017.09	62,124,622.63
Total current assets	12,918,708,893.16	10,586,507,193.46
Non-current assets:		
Loans and advances to customers		

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Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	606,075,958.69	621,794,374.74
Other equity investments	271,570,153.45	269,990,212.51
Other non-current financial assets	724,537,135.88	685,698,473.75
Investment properties		
Fixed assets	834,923,391.50	850,030,034.92
Construction in progress	326,705,519.85	242,508,087.97
Productive living assets		
Oil and gas assets		
Right-of-use assets	26,401,292.25	31,967,946.49
Intangible assets	1,056,362,674.08	1,059,676,921.41
Development expenditure		
Goodwill	1,589,065,048.53	1,589,065,048.53
Long-term deferred expenses	128,031,967.87	99,473,412.05
Deferred income tax assets	99,538,660.56	34,357,615.22
Other non-current assets	1,291,742,516.94	1,024,113,999.86
Total non-current assets	6,954,954,319.60	6,508,676,127.45
Total assets	19,873,663,212.76	17,095,183,320.91
Current liabilities:		
Short-term loans	1,929,285,500.00	901,046,888.89
Loans from the central bank		
Loans from other banks		
Trading financial liabilities		84,380.59
Derivative financial liabilities		
Notes payable	1,503,000,000.00	555,000,000.00
Accounts payable	2,133,387,322.93	1,648,560,259.52
Advances from customers		
Contract liabilities	240,892,166.88	259,519,734.14
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	217,860,624.83	374,469,366.73
Taxes payable	247,166,060.59	294,163,918.06
Other payables	212,905,566.26	210,926,206.25
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	79,258,772.61	45,909,085.65
Other current liabilities	71,118,462.53	51,763,224.36
Total current liabilities	6,634,874,476.63	4,341,443,064.19
Non-current liabilities:		

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Insurance contract reserve		
Long-term loans	468,500,000.00	323,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	9,251,557.84	16,786,536.53
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	105,831,047.90	101,348,616.16
Other non-current liabilities		
Total non-current liabilities	583,582,605.74	441,135,152.69
Total liabilities	7,218,457,082.37	4,782,578,216.88
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,852,169,276.30	2,776,585,669.95
Less: Treasury shares	83,105,950.55	83,105,950.55
Other comprehensive income	-99,115,449.05	-153,044,746.45
Special reserves		
Surplus reserves	666,869,940.33	666,869,940.33
General risk reserves		
Retained earnings	6,989,093,914.46	6,758,838,410.54
Total equity attributable to shareholders of the Company	12,543,776,012.49	12,184,007,604.82
Non-controlling interests	111,430,117.90	128,597,499.21
Total shareholders' equity	12,655,206,130.39	12,312,605,104.03
Total liabilities and shareholders' equity	19,873,663,212.76	17,095,183,320.91

Legal representative: Xu Zhigao

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

2. Balance Sheet of the Company

Unit: RMB

Item	30 June 2023	1 January 2023
Current assets:		
Monetary funds	781,432,619.92	808,790,749.20
Trading financial assets	801,350,136.99	802,418,630.14
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Prepayments	464,932.07	

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Other receivables	3,338,597,150.51	3,829,192,595.78
Including: Interest receivable		
Dividends receivable		
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	6,192,380.98	5,937,414.70
Total current assets	4,928,037,220.47	5,446,339,389.82
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,688,222,755.95	9,614,010,297.65
Other equity investments		
Other non-current financial assets	76,589,599.00	76,589,599.00
Investment properties		
Fixed assets		
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets	5,667,802.45	6,730,515.43
Intangible assets		
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	9,770,480,157.40	9,697,330,412.08
Total assets	14,698,517,377.87	15,143,669,801.90
Current liabilities:		
Short-term loans	300,250,000.00	
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers		
Contract liabilities		
Employee benefits payable	68,000.00	922,157.55
Taxes payable	2,637,642.12	9,115,058.72
Other payables	40,843,776.85	40,786,313.26
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	63,124,584.48	30,122,770.55
Other current liabilities		

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Total current liabilities	406,924,003.45	80,946,300.08
Non-current liabilities:		
Long-term loans	468,500,000.00	323,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	2,490,966.44	4,983,409.97
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	288,849.68	803,191.39
Other non-current liabilities		
Total non-current liabilities	471,279,816.12	328,786,601.36
Total liabilities	878,203,819.57	409,732,901.44
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,497,849,211.88	6,421,769,953.60
Less: Treasury shares	83,105,950.55	83,105,950.55
Other comprehensive income	-60,000,000.00	-60,000,000.00
Special reserves		
Surplus reserves	1,108,932,140.50	1,108,932,140.50
Retained earnings	4,138,773,875.47	5,128,476,475.91
Total shareholders' equity	13,820,313,558.30	14,733,936,900.46
Total liabilities and shareholders' equity	14,698,517,377.87	15,143,669,801.90

3. Consolidated Income Statement

Unit: RMB

Item	H1 2023	H1 2022
1. Total operating revenue	7,760,573,887.29	8,092,238,684.40
Including: Operating revenue	7,760,573,887.29	8,092,238,684.40
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs and expenses	6,492,830,653.62	6,306,032,404.23
Including: Cost of sales	1,664,617,407.90	1,260,101,099.90
Interest expense		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		

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Reinsurance premium expenses		
Taxes and surcharges	15,088,022.35	15,543,165.52
Distribution and selling expenses	4,279,408,761.57	4,340,050,646.56
General and administrative expenses	257,073,397.84	209,169,882.37
Research and development expenses	388,284,125.67	496,920,352.58
Financial expenses	-111,641,061.71	-15,752,742.70
Including: Interest expense	33,953,476.02	14,221,315.74
Interest income	147,092,025.34	54,966,479.25
Add: Other income	67,310,526.91	60,426,373.93
Investment income (“-” for loss)	-3,937,725.83	52,339,291.74
Including: Share of profits and losses of joint ventures and associates	-12,257,097.35	-23,711,051.21
Gain on derecognition of financial assets measured at amortised cost (“-” for loss)		
Gain on exchange (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	66,445,566.71	-34,650,521.66
Impairment loss on credit (“-” for loss)	350,866.28	-2,933,013.92
Impairment loss on assets (“-” for loss)		-10,791,188.33
Gain on disposal of assets (“-” for loss)	128,077.35	328,439.88
3. Operating profit (“-” for loss)	1,398,040,545.09	1,850,925,661.81
Add: Non-operating income	17,988,142.97	5,246,517.14
Less: Non-operating expenses	3,648,696.49	2,771,389.41
4. Profit before income tax expenses (“-” for loss)	1,412,379,991.57	1,853,400,789.54
Less: Income tax expenses	205,127,044.68	176,029,935.00
5. Net profit (“-” for net loss)	1,207,252,946.89	1,677,370,854.54
5.1 Classified by continuity of operations		
5.1.1 Net profit from continuing operations (“-” for net loss)	1,207,252,946.89	1,677,370,854.54
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 Classified by ownership of the equity		
5.2.1 Net profit attributable to shareholders of the Company (“-” for net loss)	1,226,061,335.07	1,695,164,644.39
5.2.2 Net profit attributable to non-controlling interests (“-” for net loss)	-18,808,388.18	-17,793,789.85
6. Other comprehensive income, net of tax	53,929,297.40	48,589,829.86
Other comprehensive income attributable to shareholders of the Company, net of tax	53,929,297.40	48,589,829.86
6.1 Other comprehensive income that will not be reclassified subsequently to profit or loss		-3,000,000.00
6.1.1 Changes caused by remeasurement of defined benefit pension schemes		
6.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
6.1.3 Changes in fair value of other equity investments		-3,000,000.00
6.1.4 Changes in the fair value of the company's own credit risk		
6.1.5 Others		
6.2 Other comprehensive income that will be reclassified subsequently to profit or loss	53,929,297.40	51,589,829.86

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6.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss	-524,693.70	296,531.34
6.2.2 Changes in fair value of other equity investments		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Allowance for credit impairments in other debt investments		
6.2.5 Cash flow hedge reserve		
6.2.6 Exchange differences on translation of foreign currency financial statements	54,453,991.10	51,293,298.52
6.2.7 Others		
Other comprehensive income attributable to non-controlling interests, net of tax		
7. Total comprehensive income	1,261,182,244.29	1,725,960,684.40
Total comprehensive income attributable to shareholders of the Company	1,279,990,632.47	1,743,754,474.25
Total comprehensive income attributable to non-controlling interests	-18,808,388.18	-17,793,789.85
8. Earnings per share:		
8.1 Basic earnings per share	0.55	0.77
8.2 Diluted earnings per share	0.55	0.77

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB 0.00 with the amount for the same period of last year being RMB 0.00.

Legal representative: Xu Zhigao

Chief Financial Officer: Ye Wei

Board Secretary: Ye Wei

4. Income Statement of the Company

Unit: RMB

Item	H1 2023	H1 2022
1. Operating revenue	9,433.96	
Less: Cost of sales		
Taxes and surcharges	40,349.85	21,018.70
Distribution and selling expenses		
General and administrative expenses	7,355,482.54	4,287,012.24
Research and development expenses		
Financial expenses	-1,188,161.14	-9,337,655.96
Including: Interest expense	11,116,569.01	3,935,106.31
Interest income	12,897,500.79	13,798,152.46
Add: Other income	4,454,284.28	1,896,774.41
Investments income ("-" for loss)	1,212,602.75	3,199,148,357.25
Including: Share of profits and losses of joint ventures and associates		
Gain on derecognition of financial assets measured at amortised cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	9,087,945.21	5,867,726.04
Impairment loss on credit ("-" for loss)		-5,000.00
Impairment loss on assets ("-" for loss)		
Gain on disposal of assets ("-" for loss)		
2. Operating profit ("-" for loss)	8,556,594.95	3,211,937,482.72
Add: Non-operating income	1,478.73	2.59
Less: Non-operating expenses		31,234.89

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3. Profit before income tax expenses ("-" for loss)	8,558,073.68	3,211,906,250.42
Less: Income tax expenses	2,454,842.97	4,389,906.11
4. Net profit ("-" for net loss)	6,103,230.71	3,207,516,344.31
4.1 Net profit from continuing operations ("-" for net loss)	6,103,230.71	3,207,516,344.31
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax		
5.1 Other comprehensive income that will not be reclassified subsequently to profit or loss		
5.1.1 Changes caused by remeasurement of defined benefit pension schemes		
5.1.2 Share of the other comprehensive income of the investee accounted for using equity method that will not be reclassified subsequently to profit or loss		
5.1.3 Changes in fair value of other equity investments		
5.1.4 Changes in the fair value of the company's own credit risk		
5.1.5 Others		
5.2 Other comprehensive income that will be reclassified subsequently to profit or loss		
5.2.1 Share of the other comprehensive income of the investee accounted for using equity method that will be reclassified subsequently to profit or loss		
5.2.2 Changes in fair value of other equity investments		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Allowance for credit impairments in other debt investments		
5.2.5 Cash flow hedge reserve		
5.2.6 Exchange differences on translation of foreign currency financial statements		
5.2.7 Others		
6. Total comprehensive income	6,103,230.71	3,207,516,344.31
7. Earnings per share:		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2023	H1 2022
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	8,013,861,147.65	8,191,423,031.24
Net increase in customer deposits and interbank deposits		
Net increase in loans from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in loans from other banks		
Net increase in proceeds from repurchase transactions		

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Net proceeds from acting trading of securities		
Refunds of taxes and levies	1,719,882.70	13,071,839.40
Cash received relating to other operating activities	148,031,300.57	102,190,719.08
Sub-total of cash inflows from operating activities	8,163,612,330.92	8,306,685,589.72
Cash paid for purchases of goods and services	1,473,884,579.03	1,248,044,739.23
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and other banks and financial institutions		
Payments for claims on original insurance contracts		
Net increase in loans to other banks		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and on behalf of employees	887,376,046.67	952,696,588.30
Payments of taxes and levies	379,073,806.45	245,557,026.85
Cash paid relating to other operating activities	3,103,320,722.36	4,056,307,650.80
Sub-total of cash outflows used in operating activities	5,843,655,154.51	6,502,606,005.18
Net cash flows from operating activities	2,319,957,176.41	1,804,079,584.54
2. Cash flows from investing activities:		
Cash received from disposal of investments	127,010,330.31	174,210,882.65
Cash received from investment income	78,491,745.68	36,747,137.98
Cash received from disposal of fixed assets, intangible assets and other long-term assets	1,499,959.98	515,224.24
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	7,872,668,719.59	5,576,074,659.14
Sub-total of cash inflows from investing activities	8,079,670,755.56	5,787,547,904.01
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	139,259,591.32	55,905,510.45
Cash paid to acquire investments	117,602,305.30	163,561,411.21
Net increase in pledged loans granted		
Net cash paid for the acquisition of subsidiaries and other business units	26,589.40	
Cash paid relating to other investing activities	9,125,959,732.86	6,769,074,659.14
Sub-total of cash outflows used in investing activities	9,382,848,218.88	6,988,541,580.80
Net cash flows from/used in investing activities	-1,303,177,463.32	-1,200,993,676.79
3. Cash flows from financing activities:		
Cash received from capital contributions	320,000.00	92,000,000.00
Including: Cash received from capital contributions by non-controlling interests of subsidiaries	320,000.00	92,000,000.00
Cash received from borrowings	1,426,000,000.00	947,450,000.00
Cash received relating to other financing activities	65,000,000.00	
Sub-total of cash inflows from financing activities	1,491,320,000.00	1,039,450,000.00
Cash repayments of borrowings	222,250,000.00	448,653,250.00
Cash paid for interest and dividends	1,028,631,589.17	827,115,684.90
Including: Dividends paid by subsidiaries to non-controlling interests		405,402.09
Cash paid relating to other financing activities	581,279,603.15	394,823,304.17
Sub-total of cash outflows used in financing activities	1,832,161,192.32	1,670,592,239.07
Net cash flows from/used in financing activities	-340,841,192.32	-631,142,239.07
4. Effect of foreign exchange rate changes on cash and cash equivalents	5,558,563.66	20,628,944.13
5. Net increase/decrease in cash and cash equivalents	681,497,084.43	-7,427,387.19
Add: Cash and cash equivalents at beginning of the period	3,320,472,098.94	4,618,393,735.38
6. Cash and cash equivalents at end of the period	4,001,969,183.37	4,610,966,348.19

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

6. Cash Flow Statement of the Company

Unit: RMB

Item	H1 2023	H1 2022
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	10,000.00	
Refunds of taxes and levies		
Cash received relating to other operating activities	1,117,210,020.74	1,218,682,414.28
Sub-total of cash inflows from operating activities	1,117,220,020.74	1,218,682,414.28
Cash paid for purchases of goods and services		
Cash paid to and on behalf of employees	1,501,203.60	3,493,659.49
Payments of taxes and levies	3,912,982.44	3,399,378.83
Cash paid relating to other operating activities	627,828,879.40	3,633,945,952.16
Sub-total of cash outflows used in operating activities	633,243,065.44	3,640,838,990.48
Net cash flows from/used in operating activities	483,976,955.30	-2,422,156,576.20
2. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from investment income	17,239,041.11	3,208,188,686.02
Cash received from disposal of fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	2,400,000,000.00	2,750,000,000.00
Sub-total of cash inflows from investing activities	2,417,239,041.11	5,958,188,686.02
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments		
Net cash paid for the acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	2,380,000,000.00	2,690,000,000.00
Sub-total of cash outflows used in investing activities	2,380,000,000.00	2,690,000,000.00
Net cash flows from/used in investing activities	37,239,041.11	3,268,188,686.02
3. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings	490,000,000.00	640,000,000.00
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	490,000,000.00	640,000,000.00
Cash repayments of borrowings	14,250,000.00	350,500,000.00
Cash paid for interest and dividends	1,006,413,029.76	817,906,910.83
Cash paid relating to other financing activities		2,816,160.00
Sub-total of cash outflows used in financing activities	1,020,663,029.76	1,171,223,070.83
Net cash flows from/used in financing activities	-530,663,029.76	-531,223,070.83
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase/decrease in cash and cash equivalents	-9,447,033.35	314,809,038.99
Add: Cash and cash equivalents at beginning of the period	205,561,434.10	998,498,059.53
6. Cash and cash equivalents at end of the period	196,114,400.75	1,313,307,098.52

Should there be any discrepancy between the English version and the Chinese version of this Report, the Chinese version shall prevail.

7. Consolidated Statement of Changes in Shareholders' Equity

H1 2023

Unit: RMB

Item	H1 2023														
	Equity attributable to shareholders of the Company												Non-controlling interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred shares	Perpetual bonds	Others												
1. Balance as at the end of prior year	2,217,864,281.00				2,776,585,669.95	83,105,950.55	-153,044,746.45		666,869,940.33		6,758,177,238.23		12,183,346,432.51	128,583,656.71	12,311,930,089.22
Add: Adjustments for changed accounting policies											661,172.31		661,172.31	13,842.50	675,014.81
Adjustments for corrections of previous errors															
Adjustments for business combinations under common control															
Others															
2. Balance as at beginning of year	2,217,864,281.00				2,776,585,669.95	83,105,950.55	-153,044,746.45		666,869,940.33		6,758,838,410.54		12,184,007,604.82	128,597,499.21	12,312,605,104.03

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3. Increase/ decrease in the period ("—" for decrease)					75,583,606.35		53,929,297.40				230,255,503.9 2		359,768,407.67	17,167,381. 31	342,601,026.36
3.1 Total comprehen sive income							53,929,297.40				1,226,061,335. 07		1,279,990,632. 47	18,808,388. 18	1,261,182,244.2 9
3.2 Capital contribution and withdrawal by shareholder s					75,857,731.35								75,857,731.35	1,641,006.8 7	77,498,738.22
3.2.1 Common shares contribution and withdrawal by shareholder s														1,419,479.9 4	1,419,479.94
3.2.2 Capital contribution and withdrawal by holders of other equity instruments															
3.2.3 Share- based payments included in shareholder s' equity					75,857,731.35								75,857,731.35	221,526.93	76,079,258.28
3.2.4 Others															
3.3 Profit distribution											995,805,831.1 5		995,805,831.15		-995,805,831.15

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3.3.1 Appropriation to surplus reserves												0.00				
3.3.2 Appropriation to general risk reserves																
3.3.3 Distribution to shareholders												995,805,831.15	-	995,805,831.15	-	-995,805,831.15
3.3.4 Others																
3.4 Internal transfers within shareholders' equity																
3.4.1 Capital reserves transferred into capital (or share capital)																
3.4.2 Surplus reserves transferred into capital (or share capital)																
3.4.3 Surplus reserves for making up losses																
3.4.4 Changes in defined																

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benefit pension schemes transferred into retained earnings															
3.4.5 Other comprehensive income transferred into retained earnings															
3.4.6 Others															
3.5 Special reserves															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Others					-274,125.00								-274,125.00		-274,125.00
4. Balance as at the end of the period	2,217,864,281.00				2,852,169,276.30	83,105,950.55	-99,115,449.05		666,869,940.33		6,989,093,914.46		12,543,776,012.49	111,430,117.90	12,655,206,130.39

H1 2022

Unit: RMB

Item	H1 2022														
	Equity attributable to shareholders of the Company													Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Sub-total		
	Preferred shares	Perpetual bonds	Others												
1. Balance as at the end of prior	2,217,864,281.00				2,978,593,891.37	299,999,563.27	-184,243,331.38		166,559,856.09		5,894,941,180.68		10,773,716,314.49	83,619,695.37	10,857,336,009.86

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year															
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Adjustments for business combination s under common control															
Others															
2. Balance as at beginning of year	2,217,864,28 1.00				2,978,593,891 .37	299,999,56 3.27	- 184,243,331.38		166,559,856. 09		5,894,941,180. 68		10,773,716,314 .49	83,619,695. 37	10,857,336,009. 86
3. Increase/ decrease in the period ("-" for decrease)					- 281,433,023.5 3	- 299,999,56 3.27	48,589,829.86				880,586,428.0 0		947,742,797.60	70,506,687. 41	1,018,249,485.0 1
3.1 Total comprehens ive income							48,589,829.86				1,695,164,644. 39		1,743,754,474. 25	- 17,793,789. 85	1,725,960,684.4 0
3.2 Capital contribution and withdrawal by shareholder s					20,053,189.87								20,053,189.87	88,705,879. 35	108,759,069.22
3.2.1														88,705,879.	88,705,879.35

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Common shares contribution and withdrawal by shareholders														35		
3.2.2 Capital contribution and withdrawal by holders of other equity instruments																
3.2.3 Share-based payments included in shareholders' equity					20,053,189.87								20,053,189.87		20,053,189.87	
3.2.4 Others																
3.3 Profit distribution											814,578,216.39		-	814,578,216.39	-405,402.09	-814,983,618.48
3.3.1 Appropriation to surplus reserves																
3.3.2 Appropriation to general risk reserves																
3.3.3 Distribution to shareholders											814,578,216.39		-	814,578,216.39	-405,402.09	-814,983,618.48
3.3.4 Others																
3.4 Internal					-	-										

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transfers within shareholder s' equity					299,999,563.27	299,999,563.27									
3.4.1 Capital reserves transferred into capital (or share capital)															
3.4.2 Surplus reserves transferred into capital (or share capital)															
3.4.3 Surplus reserves for making up losses															
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings															
3.4.5 Other comprehensive income transferred into retained earnings															
3.4.6 Others					-299,999,563.27	-299,999,563.27									

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3.5 Special reserves															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Others					-1,486,650.13							-1,486,650.13			-1,486,650.13
4. Balance as at the end of the period	2,217,864,281.00				2,697,160,867.84		-135,653,501.52		166,559,856.09		6,775,527,608.68		11,721,459,112.09	154,126,382.78	11,875,585,494.87

8. Statement of Changes in Shareholders' Equity of the Company

H1 2023

Unit: RMB

Item	H1 2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior year	2,217,864,281.00				6,421,769,953.60	83,105,950.55	-60,000,000.00		1,108,932,140.50	5,128,334,381.00		14,733,794,805.55
Add: Adjustments for changed accounting policies										142,094.91		142,094.91
Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,217,864,281.00				6,421,769,953.60	83,105,950.55	-60,000,000.00		1,108,932,140.50	5,128,476,475.91		14,733,936,900.46
3. Increase/decrease in the period ("-" for decrease)					76,079,258.28					-989,702,600.44		-913,623,342.16

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3.1 Total comprehensive income										6,103,230.71		6,103,230.71
3.2 Capital contribution and withdrawal by shareholders					76,079,258.28							76,079,258.28
3.2.1 Common shares contribution and withdrawal by shareholders												
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity					76,079,258.28							76,079,258.28
3.2.4 Others												
3.3 Profit distribution										-995,805,831.15		-995,805,831.15
3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										-995,805,831.15		-995,805,831.15
3.3.3 Others												
3.4 Internal transfers within shareholders' equity												
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into capital (or share capital)												

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3.4.3 Surplus reserves for making up losses												
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings												
3.4.5 Other comprehensive income transferred into retained earnings												
3.4.6 Others												
3.5 Special reserves												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Others												
4. Balance as at the end of the period	2,217,864,281.00				6,497,849,211.88	83,105,950.55	-60,000,000.00		1,108,932,140.50	4,138,773,875.47		13,820,313,558.30

H1 2022

Unit: RMB

Item	H1 2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
1. Balance as at the end of prior year	2,217,864,281.00				6,622,294,870.41	299,999,563.27	-60,000,000.00		608,622,056.26	1,888,900,038.53		10,977,681,682.93
Add: Adjustments for changed accounting policies												
Adjustments for corrections of												

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previous errors												
Others												
2. Balance as at beginning of year	2,217,864,281.00				6,622,294,870.41	299,999,563.27	-60,000,000.00		608,622,056.26	1,888,900,038.53		10,977,681,682.93
3. Increase/ decrease in the period ("-" for decrease)					-279,946,373.40	-299,999,563.27				2,392,938,127.92		2,412,991,317.79
3.1 Total comprehensive income										3,207,516,344.31		3,207,516,344.31
3.2 Capital contribution and withdrawal by shareholders					20,053,189.87							20,053,189.87
3.2.1 Common shares contribution and withdrawal by shareholders												
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders' equity					20,053,189.87							20,053,189.87
3.2.4 Others												
3.3 Profit distribution										-814,578,216.39		-814,578,216.39
3.3.1 Appropriation to surplus reserves												
3.3.2 Distribution to shareholders										-814,578,216.39		-814,578,216.39
3.3.3 Others												
3.4 Internal					-299,999,563.27	-299,999,563.27						

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transfers within shareholders' equity												
3.4.1 Capital reserves transferred into capital (or share capital)												
3.4.2 Surplus reserves transferred into capital (or share capital)												
3.4.3 Surplus reserves for making up losses												
3.4.4 Changes in defined benefit pension schemes transferred into retained earnings												
3.4.5 Other comprehensive income transferred into retained earnings												
3.4.6 Others					-299,999,563.27	-299,999,563.27						
3.5 Special reserves												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Others												
4. Balance as at the end of the period	2,217,864,281.00				6,342,348,497.01		-60,000,000.00		608,622,056.26	4,281,838,166.45		13,390,673,000.72

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