

**37 Interactive Entertainment Network
Technology Group Co., Ltd.**

2022 Interim Report (Summary)

August 2022

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.

Li Weiwei, 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.

There is uncertainty with respect to the plans and other forward-looking statements in this Report, which shall not be deemed as 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 Board has approved an interim dividend plan as follows: based on 2,217,864,281 shares, a cash dividend of RMB 3.5 (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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Documents Available for Reference

I The financial statements signed and stamped by the Company's legal representative, and Chief Financial Officer; and

II The originals of the announcements and documents disclosed to the public by the Company on the newspaper designated by the CSRC for information disclosure during the Reporting Period.

The documents above are available at the Board Secretary's Office of the Company.

Definitions

Term	Definition
CSRC	China Securities Regulatory Commission
SZSE/the Stock Exchange	Shenzhen Stock Exchange
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
Guideline for Compliant Operation	Guideline No. 1 of the Shenzhen Stock Exchange for Self-regulation of Listed Companies—Compliant Operation of Main Board Listed Companies
Articles of Association	Articles of Association of Wuhu Shunrong Auto Parts Co., Ltd./Articles of Association of Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co., Ltd./Articles of Association of Wuhu 37 Interactive Entertainment Network Technology Group Co., Ltd./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 2022 to 30 June 2022
Period-end/end of the Reporting Period	30 June 2022
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
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.
37 Interactive Entertainment (Shanghai)	37 Interactive Entertainment (Shanghai) Technology Co., Ltd.
Jiangsu Aurora/Aurora Network/Jiangsu Aurora Network	Jiangsu Aurora Network Technology Co., Ltd.
Zengame Technology	Zengame Technology Holding Limited and its business entities
X.D.	XD Inc. and its business entities
Resonance Phase I Fund	Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)
Goertek	Goertek Inc.
Generation Z	The new generation born during 1995-2009
EyuGame	Shanghai Eyu Network Technology Co., Ltd.
Karma Game	Karma Game HK Limited and its subsidiaries
StarUnion Interactive Entertainment	ChengDu StarUnion Interactive Entertainment Technology Co., Ltd.
Flintwood Technology	Beijing Flintwood Technology Co., Ltd.
Zhenshuo Network	Wuhu Zhenshuo Network Technology Co., Ltd.
Lihoo Network	Guangzhou Lihoo Network Co., Ltd.
Jianguo Guangnian Technology	Chengdu Jianguo Guangnian Technology Co., Ltd.
Dobala	Shanghai Dobala Network Technology Co., Ltd.
ZX Future	Beijing ZX Future Technology Co., Ltd.
Longyou Game	Chengdu Longyou Tianxia 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.
Unknown Matrix	Guangzhou Unknown Matrix Network Co., Ltd.
Mercury Culture	Shanghai Mercury Culture Communication Co., Ltd.
RPG	Role playing game
ARPG	Action role playing game
SLG	Strategy game
MMORPG	Massive multiplayer online role-playing game

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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.
5G	5th generation mobile communication technology.
AI	Artificial Intelligence
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.

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	Li Weiwei		

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
Tel.	0553-7653737	0553-7653737
Fax	0553-7653737	0553-7653737
Email address	ir@37.com	ir@37.com

III Other Information

1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

Applicable Not applicable

Registered address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province
Zip code	241000
Office address	Room 7001, 7/F, Tower B1, Wanjiang Fortune Plaza, 88 Ruixiang Road, Wuhu City, Anhui Province
Zip code	241000
Company website	http://www.37wan.net/
Email address	ir@37.com

2. Media for Information Disclosure and Place where this Report is Lodged

Indicate by tick mark whether any change occurred to the information disclosure media and the place for lodging the Company's

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periodic reports in the Reporting Period.

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for lodging such reports did not change in the Reporting Period. The said information can be found in the 2021 Annual Report.

3. Other Information

Indicate by tick mark whether any change occurred to other information in the Reporting Period.

Applicable Not applicable

IV Key Financial Information

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

Yes No

	H1 2022	H1 2021	Change (%)
Operating revenue (RMB)	8,092,238,684.40	7,538,949,378.53	7.34%
Net profit attributable to the Listed Company's shareholders (RMB)	1,695,164,644.39	853,717,855.65	98.56%
Net profit attributable to the Listed Company's shareholders after deducting non-recurring profits and losses (RMB)	1,643,486,319.50	637,526,551.32	157.79%
Net cash flows from operating activities (RMB)	1,804,079,584.54	1,253,919,152.46	43.88%
Basic earnings per share (RMB/share)	0.77	0.39	97.44%
Diluted earnings per share (RMB/share)	0.77	0.39	97.44%
Weighted average return on equity (%)	14.72%	10.15%	4.57%
	30 June 2022	31 December 2021	Change (%)
Total assets (RMB)	16,304,212,773.63	14,437,181,242.76	12.93%
Equity attributable to the Listed Company's shareholders (RMB)	11,721,459,112.09	10,773,716,314.49	8.80%

V 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.

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

Applicable Not applicable

No difference for the Reporting Period.

VI 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)	328,439.88	
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	17,214,562.12	Mainly due to refund of value-added tax and government grants other than super-deduction in the calculation of taxable amount for VAT
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)	36,659,086.36	
Reversed portions of impairment allowances for receivables which are tested individually for impairment	28,947.30	
Non-operating income and expenses other than the above	2,475,127.73	
Less: Income tax effects	4,983,678.44	
Non-controlling interests effects (net of tax)	44,160.06	
Total	51,678,324.89	

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 Activity of the Company in the Reporting Period

As 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, 37 Interactive Entertainment is an outstanding listed Chinese A-share company engaged in comprehensive cultural and entertainment offerings.

The Company focuses on cultural and creative businesses based on the development, publishing, and operation of online games. Meanwhile, it continues to make extensive investments in segments such as Metaverse, film and television, music, artist agency, animation, social entertainment, e-sports, culture and health, and new consumption, with an aim to build a comprehensive ecosystem and drive mutual empowerment of business value and cultural value. It has been steadily advancing its development strategy of “boutiqueization, diversification and globalization”. With “bringing joy to the world” as its mission, the Company is dedicated to becoming an excellent and sustainable entertainment enterprise.

The Company has been operating in a steady and healthy manner. It adhered to the strategy of “integration of R&D and operation”, continued to pursue its strategic objectives, as well as kept driving product diversification and global marketing. During the Reporting Period, the Company recorded operating revenue of RMB 8.092 billion, with a year-over-year (YoY) increase of 7.34%; and a net profit attributable to the Listed Company’s shareholders of RMB 1.695 billion, up by 98.56% YoY. With the continual rollout of the Company’s “globalization” strategy, the overseas revenue amounted to RMB 3.033 billion during the first half of 2022, increasing by 48.33% YoY, a record high.

As a public company, the Company focuses on corporate social responsibility and social welfare. During the Reporting Period, under the leadership of the Party Committee, the Company steadily carried on with its “social value co-creation plan”. It continued to input resources to provide support in six areas—rural education, rural industrial development, industry-university-research talent training, functional game development, employee career development, and scientific and technological innovation, to help achieve common prosperity around the country. Meanwhile, it actively mobilized internal and external resources to promote talent cultivation and charitable volunteer services, playing its part as a corporate citizen.

(I) Industry Overview for the Reporting Period

1. Changes in industry-related economic situation and their impacts on the Company

Against the backdrop of a booming digital economy, China's game industry is also leveraging the advantages of resources and users. It pushes the boundaries and accelerates the pace of industrial development through methods such as technology drivers, industrial integration and cultural innovation. The game industry has seriously implemented the requirements of the central government, maintained righteousness and innovation, forged ahead, strove to take up the cultural mission, continuously strengthened the content construction, continued to regulate the development of the industry and made efforts to expand overseas markets. The industry's ecosystem has continued to be improved, the strength and competitiveness have been continuously enhanced, and the pace of high-quality development has become more determined. It insists on giving priority to social benefits, and actively assumes social responsibilities, which has increasingly become an industry consensus. The game industry has ushered in new development opportunities.

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According to the China's Game Industry Report from January to June 2022 jointly released by Game Publishing Committee of China Audio-video and Digital Publishing Association (CADPA) and China Game Industry Research Institute, from January to June 2022, the actual sales revenue of China's game market was RMB 147.789 billion, a YoY decrease of 1.80%, the first YoY decline in recent years. The scale of Chinese game users dropped by 0.13% YoY. The decline in both the market revenue and user scale is mainly due to the reduction of user income, a decrease in consumption intention and the increasing operating costs of game companies during the COVID-19 pandemic. The declining trend in user scale indicates that the game industry has basically lost its "demographic dividend" and may have entered an era of competition for existing users. At the same time, strengthening the global market layout has become a breakthrough strategy for China's original games to achieve sustainable development. From January to June 2022, the actual sales revenue of China's homegrown games in the overseas market rose by 6.16% YoY to USD 8.989 billion, marking steady growth for China's games in "going global". From the average growth rate in the past five years, the share of China's game export has shown a stable increase. Exported games have maintained better growth in the three aspects of download, use length and payment of users.

On the whole, the threshold of game development and barriers to competition has been substantially raised in the current game industry. Top game companies embracing strengths in the R&D and publishing of quality products and operation are more likely to benefit from the new situation. Against this backdrop, the Company adheres to the development strategy of "boutiqueization, diversification and globalization". It takes the main business as its core and deepens the strategy of "integration of R&D and operation" and "dual engines at home and abroad", with an aim to drive high-quality, sustainable development. During the Reporting Period, the Company kept its leading role in R&D capabilities by strengthening the output of quality games. Moreover, it advanced the "diversification" strategy from the aspects of R&D and publishing, and reserved varied quality games on different themes through independent development, investment in R&D-oriented companies, and enhanced cooperation with developers capable of producing quality games. In addition, the Company, through independently developed AI systems, consolidated refined operation, increased operating efficiency, and prolonged the life cycle of quality games. The Company's overseas business has grown rapidly and the pace of exporting has been accelerated. With the strategy of "tailored games", the Company has explored the global market through diversified high-quality games, and the overseas business has become the new growth engine of the Company.

In addition, with the continuous upgrading of industry technology, the development efficiency and product experience of games have been constantly improved, and the business transformation has accelerated. The rise of "Metaverse" and other emerging concepts have triggered extensive attention from many industries and investors. As one with a forward-looking strategic vision, the Company follows industry changes closely and focuses on exploring Metaverse and the related technologies. Based on its early investment layout, it continues to extend its investment to high-quality upstream and downstream enterprises in the fields including optical modules, AR glasses, VR/AR content, cloud game and spatial intelligence technology, covering links such as optics, display, whole machine, application and system. The Company has identified new business forms combined with its existing advantages and leading technologies to realize the collaboration of internal and external resources in the field of technology, promoting the benign complementation of its business and capital operation.

2. Changes in industrial policy environment and their impacts on the Company

(1) In May 2022, the Opinions on Promoting the Implementation of the National Cultural Digitalization Strategy was issued by the General Office of the CPC Central Committee and the State Council. The document elevated "cultural digitalization" to a national strategy, made a top-level design for cultural digitalization, and provided an important platform for cultural inheritance and dissemination.

With the introduction of "new infrastructure" policies in cultural fields including information infrastructure, integration infrastructure and innovation infrastructure, the relevant artificial intelligence, 5G and data center construction have become the technological basis for driving the development of cultural industries. Meanwhile, the cultural consumption market is increasingly

diverse, personalized and experience-focused. The integration of culture and technology has infiltrated technology into all aspects, including production and consumption, of the digital culture segment, which is essential for promoting cultural digitalization and empowering the real economy.

The Company sticks to innovation promotion. It continuously improves its technological capabilities by relying on multiple innovative technologies such as artificial intelligence, big data and block chain, and explores new digital culture experience through diversified combination of digital technology and its business. On one hand, the Company closely follows the development trend of Metaverse technology and industry, creates the Metaverse Game Art Museum, integrates the brand with game IPs, traditional culture and social interaction, and deepens the application scenarios of Metaverse. Additionally, the Company continues to explore the new experience of immersive social interactions by launching a range of digital collections that are developed based on self-developed game IPs, the corporate mascot "Onion" and national culture park IPs. On the other hand, the Company always values the guidance of positive energy. In the development of self-developed games and function games, it integrates the excellent traditional Chinese culture, presents famous ancient paintings, non-legacy craftsmanship and traditional customs in a digital way, and inherits the excellent traditional culture.

(2) On 6 June 2021, the Guidelines on Enhancing the Protection of Minors of the Steering Group of the Protection of Minors of the State Council (hereinafter referred to as the "Guidelines") were officially issued. Revolving around the implementation of the Civil Code and the Law on the Protection of Minors, the Guidelines refined and specified the relevant articles of law, raising a total of 25 tasks. Specifically, in terms of cyber protection, the Guidelines raised requirements such as improving the system of regulations and policies, making more efforts to prevent minors from Internet addiction, and strengthening the online protection of minors' personal information.

On 30 August 2021, the National Press and Publication Administration issued the Notice on Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games (hereinafter referred to as the "Notice"), which addresses further strict management measures to resolutely prevent minors from being addicted to online games and effectively protect their physical and mental health in terms of the problem of excessive use and even addiction to online games of minors.

On 14 March 2022, the Cyberspace Administration of China solicited public opinions again on the Regulations on the Protection of Minors Online (Draft for Comment). Public consultation was held again on issues including minors' poor awareness and ability to use the Internet safely and properly, online illegal and bad information that affect minors' physical and mental health, abuse of minors' personal information and Internet addiction.

As one of the first game enterprises to launch the real-name registration and anti-addiction system, the Company has implemented anti-addiction throughout the entire process of R&D and operation. The Company has completed the connection to the national real-name authentication system and has, under the latest requirements, upgraded the anti-addiction system for minors in all its games since 1 September 2021. Up to now, all the Company's games have connected to the anti-addiction system and launched the age suitability reminders. During the Reporting Period, facial recognition technology was also introduced to further prevent minors from using adult accounts fraudulently.

Additionally, the Company added contents applicable to children to its Privacy Policy in line with the user habits of juveniles under 14 years old and their guardians. It contributed to turning China's gaming industry more standardized by actively participating in the compilation of group standards for the gaming industry led by the China Audio-video and Digital Publishing Association ("CADPA"), such as the Specifications on Age Ratings of Online Games, the Specifications on Parent Monitoring Platforms, and Online Game Terminology.

In addition to various anti-addiction protection measures for minors, the Company has launched the "Guardianship Project of Online Games for Minors' Parents" many years ago, and connected parents to do a good job in supervising minors on the basis of the implementation of the new anti-addiction rules, allowing parents to limit or prohibit minor's game time in accordance with the

actual situation. The Company has set up the special process and the customer compliant specialists to deal with all kinds of problems related to minor players. The Company will further upgrade the guardianship project for parents in the future, further upgrade and improve the protection system for minors through the positive synergy of multiple dimensions, and build a green and healthy game ecosystem to protect the healthy growth of minors.

(3) On 10 June 2021, the Data Security Law of the People's Republic of China (hereinafter referred to as the "Data Security Law") was adopted at the 29th session of the Standing Committee of the 13th National People's Congress of the People's Republic of China. The Data Security Law is enacted for the purposes of regulating data processing activities, safeguarding data security, promoting data development and utilization, and protecting the legal rights and interests of individuals and organizations.

In June 2022, the State Administration for Market Regulation and the Cyberspace Administration of China announced to carry out data security management certification, with the release of the Implementation Rules on Data Security Management Certification. Network operators are encouraged to standardize the processing and strengthen the security protection of network data through certification.

In the process of management system construction for information security, the Company has identified and evaluated information security risks of products and services around more than ten aspects such as information asset management, access control, password management, information security event management, information security management in business continuity management, compliance management, etc., established information security policy, risk level evaluation and disposal measures for each sub-business module, improved system documents and management processes, and formed a complete information security management system.

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 with international standards, strictly controls information security risks, and guarantees data security to ensure the security of users' personal information to the maximum extent. In user privacy protection, for example, the Company implements the seven principles of legality, consistent authority and responsibility, minimum sufficient information collection, individual consent, user participation, and ensuring security in the management of the whole life cycle of user data. Around the security of user private information, the Company has also adopted a variety of technical means to prevent illegal access to unauthorized information by personnel. Meanwhile, the Company also encrypts, anonymizes and de-identifies sensitive information assets to protect them from being illegal cracked. Such technologies and measures strongly ensure the security of user privacy information. The Company ensures that it runs the business in strict compliance with applicable laws and regulations throughout the world, and protects the users' right to manage personal information. A response procedure has been stipulated to inform users of any possible cost and necessary actions needed to be taken. In 2021, the Company has obtained the international-standard ISO/IEC 27001 certification for information security management system issued by SGS, an internationally recognized inspection, testing and certification institution, which means that the Company's information security management has been recognized by a third-party impartial institution which is internationally authoritative.

(II) Overview of the Company's main businesses in the Reporting Period

1. Main businesses and business models of the Company

During the Reporting Period, the Company's main businesses included the development, publishing, and operation of online games. The operating modes of the Company's online games mainly include independent operation and third-party joint operation.

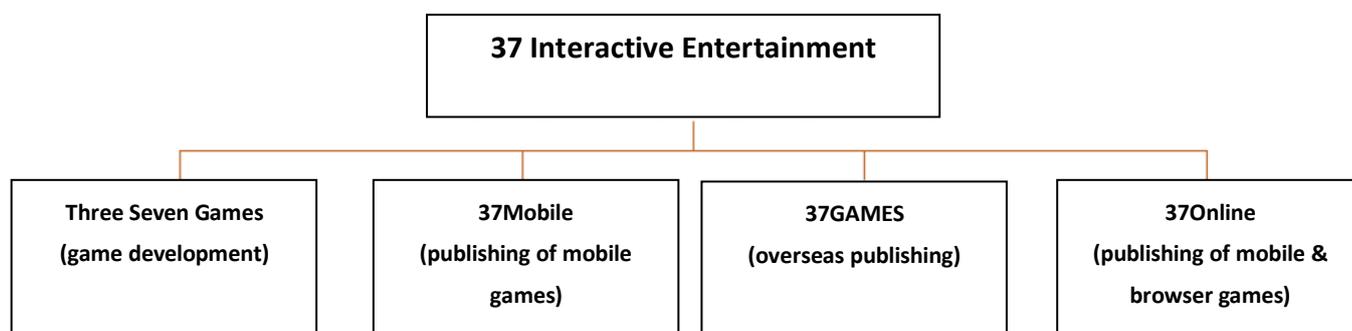
Under the independent operation mode, the Company obtains the licenses of games through independent R&D or being an operator of other games, and publishes and operates these products through its own or third-party channels. The Company is fully responsible for the operation, promotion and maintenance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

2. Overview of the Company's main businesses and products

The Company specializes in the development and publishing of games for global players, with the world's leading game development brand "Three Seven Games", as well as professional game publishing brands "37Mobile", "37GAMES" and "37Online". During the Reporting Period, the domestic game industry entered a period of high-quality development. Game players' requirements for the quality of online games have increased significantly, the effect of the boutique strategy has been obvious, and the development of high-quality games has been certified. 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.



(I) Mobile game business

During the Reporting Period, the Company recorded operating revenue of RMB 7.739 billion, from mobile games, a YoY increase of 9.51%. The mobile game offering has become more diversified, game quality sees considerable improvement, and the mobile game business maintains the leading position in domestic and overseas markets. During the Reporting Period, multiple games including The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), All for Glory (荣耀大天使), and The Soul Land: Wu Hun Jue Xing (斗罗大陆: 武魂觉醒) performed well in the growth stage. Meanwhile, its overseas business accelerated again. Various globally published games, such as Puzzles & Survival, Song of the Castle in the Sky (云上城之歌), and The Road to Be Shopkeeper (叫我大掌柜), made outstanding contributions, proving the Company's boutiqueization advantages in long-term game operation and promoting business transformation and upgrade as well as steady development.

① Research and development of mobile games

The Company places high emphasis on R&D investments and R&D talent cultivation, and refines management to improve quality and efficiency. The Company's game development brand of "Three Seven Games" is mainly based in Guangzhou, while the Company has also established R&D subsidiaries or R&D branches in Suzhou, Xiamen, Wuhan and Beijing to attract multi-category talents. A professional layout has been established in multiple market segments like SLG, MMORPG, card games and simulation, making the Company a benchmark for the R&D of innovative games in the industry.

The Company's R&D arm profoundly implemented the strategy of "boutiqueization, diversification, and globalization", and its self-developed reserve product projects included game genres such as MMORPG, SLG, card games, and simulation games, while

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the Company considered the plan of global publishing of products at the early stage of the projects. The Company carries on with the "boutiqueization" strategy and keeps exploring and practicing cutting-edge technologies in R&D. For instance, the battle strategy mobile card game The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), as a milestone of the Company's self-developed products, ranked as high as the Top 4 of iOS grossing chart shortly after its launch, with the highest monthly gross billing exceeding RMB 700 million, which is a strong proof of the Company's R&D strength. The game is developed using the Next-Gen 3D engine and the PBR (Physically Based Rendering) technology. Through technologies such as real-time seamless day-night switch and dynamic volume-based ray tracing, it creates The Soul Land that meets the fantasies of each fan of The Soul Land with its multi-aspect gameplay design and construction of a friendly social system.

The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决) has unified the Company's R&D process and underlying logic in the field of next-gen games, developed a set of systems that can be inherited and constantly iterated, effectively improved the efficiency of game R&D and broke the ceiling for idea creation, and laid a solid foundation for the Company's boutiqueization strategy.

On top of that, the Company continues to work on key areas including MMORPG, SLG, card games and simulation games. It has nearly 10 self-developed products in the pipeline, including mobile games Ba Ye (霸业), Code Magic M (代号魔幻M), Code Gu Feng (代号古风), Code WTB 3D (代号3D版WTB), Code GOE (代号GOE), Code G2 (代号G2), Code D8 (代号D8), Code Soul MMO (代号斗罗MMO), etc., covering genres and themes such as western magic, different-world fantasy, medieval history, history of the Three Kingdoms, ancient style, female-oriented, and oriental fantasy. Global publishing planning was carried out at the early stage of all these projects as part of the "boutiqueization, diversification and globalization" strategy.

In addition, on the basis of the self-development brand, the Company also strengthens its self-development capability by acquiring R&D teams, and cooperates with EyuGame, Karma Game, and other 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 advantage created by the implementation of the "integration of R&D and operation" strategy over the years and the expertise in market insights, user preference identification and analysis at the early stage of a project, the Company is able to use its own numerical experience to polish the products together with the developers to ensure that the quality of the products reaches a better level before launching. The Company also assists the R&D team in polishing and adjusting the products with the feedback from the operation department, so as to improve the success rate of the products and prolong the product life cycle.

Meanwhile, the Company actively embraces technological innovation in R&D brought by digital technologies. It leverages artificial intelligence, big data and other technologies to increase R&D efficiency through a series of technology platforms. Take "Zeus", a self-developed middle platform for game development, as an example. Supported by one-stop service module, the Zeus platform can provide service and coordination flexibly and freely. It can effectively realize the automation and standardization across the whole process of R&D, deployment and operation, and clear a path for interconnectivity between systems of different departments, thus greatly automating systems and business processes. On top of that, the Company's homegrown data analysis system "Athena", monitoring and early warning system "Poseidon" and user profiling system "Ares" can help the research team find and solve problems in a quicker and more accurate way, substantially improve the quality of products, reduce development costs, and provide assistance for the refined operation of games. Furthermore, the Company continues to explore deep application of the AI technology to games. It has created "Cupid", an AI-powered R&D platform, with the help of which the research on "3D key point detection-based AI motion capture" has been carried out to conduct spatial modeling of videos, and use AI algorithms to achieve high-precision and high-performance motion capture, thus effectively reducing R&D cost and improving R&D efficiency.

The Company continues to explore diversification in product types, themes, gameplay, etc., studies and improves rendering technologies for engines such as Unity, and keeps improving art quality. It is dedicated to in-depth exploration and becoming a first-class game company that can provide global players with various gaming products, based on quality content, operation experience in multiple types of products, and advantages in numerical value and gameplay.

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② Publishing of mobile games

During the Reporting Period, the strategy of “boutiqueization, diversification and globalization” was continuously deepened, the advantage of “integration of R&D and operation” was strong, and the product matrix was of high quality and diversified. The highest monthly gross billing of the Company’s globally published mobile games exceeded RMB 2 billion,, with the total number of newly registered global users surpassing 130 million and the highest number of global MAUs of over 40 million. As many as 6 existing games recorded more than RMB 100 million of monthly average gross billing across the world, of which the earliest one launched has been running for nearly four years. These long-period and diversified products underpin the Company’s healthy operating performance, showcasing its long-term operation capability.

1) Domestic market

During the Reporting Period, the Company brought diversified experiences to players through high-quality independently-developed and agency games, and insisted on refined operation ideas. Also, it kept exploring innovative marketing with the younger consumers, improving publishing efficiency through precise marketing methods such as interesting and sentimental marketing ideas and cross-sector collaboration between games and IPs. By doing so, its publishing and operation capabilities have been substantially improved for various games such as MMORPG, SLG, card games and simulation games. Remarkable results have been achieved. The Company is ranked among the top in terms of market share in China's mobile game publishing market.

For instance, The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决) is published in a manner that emphasizes both "branding + sales effects", in which the Company aims to construct a publishing system focusing on underlying gameplays, game content, user experience, and creation of community cultures with the game as the foundation. Highly loyal to the original novel and animation, the Company has consolidated the foundation of content-based publishing with excellent game quality. The publishing plan was made based on content. With the enormous momentum of the Dou Luo IP, the Company is able to constantly expand user boundaries and target audience by attracting potential game players.

The Company's Chinese style simulation game The Road to Be Shopkeeper (叫我大掌柜) is developed based on the core gameplay, theme and style of the game, establishing cross-sector collaboration with national tourist attractions, singers, bands, animation IPs, restaurant brands, etc. to find users' interest points, effectively broadening the breadth of brand communication, and promoting the brand's image shaping towards the young generation.

The different-world adventure theme MMORPG Song of the Castle in the Sky (云上城之歌), also breaks through the boundary of the marketing circle by introducing "virtual idol + original music" and establishing collaboration with animation IP. Productive game geeks-based marketing was also actively explored to expand the circle of users and drive the market of younger users.

The Company insisted on systematic digital marketing to accurately grasp user needs by delivering creative marketing plans. Through sophisticated operation of launched games, the Company provides players with meticulous and comprehensive long-term service, with a purpose of improving player satisfaction, activity and retention rate to prolong the product life cycle. Multiple games witnessed a second phase of growth in gross billing during the Reporting Period. In terms of multi-channel marketing, the Company had formed a unique marketing approach featuring "branding + sales effects". On the one hand, by selecting spokespersons that are consistent with the product’s connotation, the Company produced high-quality micro-film-style promotional materials for promotion. By doing so, it can quickly "break the circle" and reach a wider user group; on the other hand, combinations were made with the short video platform to provide rich material output and to meet the different cultural consumption needs of users in different angles, to further expand the scope of users, and then to enlarge brand value and influence.

In addition, the independently developed intelligent ad distribution and operation platform "Quantum-Destiny" provides support for the Company’s three game publishing platforms of “37Online”, “37Mobile” and “37GAMES”. Connected to mainstream media platforms and channels at home and abroad, this system can help improve the three publishing platforms in terms of

intelligent and fine operation, thus increasing publishing efficiency. On the one hand, "Quantum" can connect with all mainstream channels to achieve rapid and automatic advertising. Meanwhile, the platform can be used together with multiple systems and connect procedures in series to greatly reduce the time to create plans, perform standardized processing of plans in batches, and maintain plans automatically and systematically. Moreover, the platform can improve promotion efficiency and effect through big data analysis and AI algorithms, achieving AI-supported automation of ad distribution and creation of ad contents. On the other hand, "Destiny" is a comprehensive operational decision system for statistics, analysis and prediction of game data. The system can accurately predict the life cycle of games through data analysis models, so as to improve user stickiness and stabilize product life cycle.

Currently, the "Quantum-Destiny" system has been connected to over 20 mainstream media platforms and channels across the world, and is able to provide support for the launch of more than 300 games at the same time. Cumulatively, the system has created over 3,000 connected activities and more than 200,000 ad distribution plans. With this system, the time taken to distribute a day's ads on games has been shortened by five times from six hours to merely one hour, representing a remarkable improvement in efficiency.

2) Overseas market

The Company started to work on the overseas market in 2012. With years of overseas operations, the Company made substantial breakthroughs with respect to the strategic expansion of global footprint during the Reporting Period. Its overseas operating revenue amounted to RMB 3.033 billion, up by 48.33% YoY. Its overseas brand, 37GAMES, covered many countries and regions, whose products included SLGs, MMORPG, simulation and card games.

During the Reporting Period, the Company's overseas business has grown rapidly and the pace of exporting has been accelerated. According to data.ai, the Company saw strong expansion of multiple games in overseas markets. In 2022, the Company soared to No. 25 among the global top 52 publishers released by data.ai, ranked second on the overseas grossing chart of the top 30 Chinese game companies, and climbed to No. 2 on the overseas revenue chart of Chinese game companies in April 2022.

Supported by years of accumulation of experience in publishing games overseas, the Company now adopts the strategy of "tailored games" to open up the global market with diversified high-quality games. On the one hand, the Company has formed a product matrix with MMORPG, SLG, card games and simulation games as the cornerstones in overseas market, and focuses on publishing different genres of games in different regions according to the characteristics of the markets. On the other hand, the Company has tailored its operation and promotion strategies to different markets in the publishing and promotion side, and made differentiation in game content and promotion materials in view of the characteristics of local users to better capture and retain local players. Using this strategy, during the Reporting Period, the Company's Puzzles & Survival, The Road to Be Shopkeeper (叫我大掌柜), Song of the Castle in the Sky (云上城之歌), The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决) and other products achieved overseas revenue growth. The Company holds a solid position among the top in overseas revenue chart of Chinese game publishers, with overseas business becoming the second driver of the Company's steady development.

For example, Puzzles & Survival, the Company's phenomenal overseas product that integrates the "match-3 + SLG" gameplay, is attractive and its gameplay is innovative, perfectly integrating the most popular match-3 gameplay in the European and American markets with the traditional heavy SLG gameplay, offering a unique audio-visual experience to users, while deeply implementing the strategy of "tailored games". It achieves outstanding performance in Europe, the US, Japan, Korea and other countries and regions, and becomes a classic case of SLG fusion game that successfully gain new user groups. This game has won the "Best Gameplay Innovation" award for Asia Pacific by Sensor Tower. As of the end of June 2022, Puzzles & Survival is booming around the world, with the cumulative grossing billing surpassing RMB 4.2 billion. According to Sensor Tower, during H1 2022, the game held a stable position at Top 5 on the overseas grossing chart of Chinese mobile games.

After the game Song of the Castle in the Sky (云上城之歌) was launched on the Korean market, it successfully entered the top

5 of the grossing charts in the Korean region and ranked as high as 11th on the overseas grossing chart of Chinese mobile games released by Sensor Tower. It is also the highest grossing Chinese mobile game on the Korean market during H1 2022. Meanwhile, the game became a real hit when it was launched on the Japanese market. It was ranked as high as fifth on the grossing growth chart of mobile games and 13th on the grossing chart on the Japanese market during H1 2022 according to Sensor Tower.

In addition, the overseas layout of China's game industry shoulders the important task of cultural transmission. As the "window" of China's cultural exchange, games have become an important way of foreign exchange and dissemination of excellent traditional Chinese culture with the advantage of natural landing and direct contact with people. In 2021, the Company was once again listed in the 2021-2022 national key export enterprises of culture by the Ministry of Commerce, the Central Propaganda Department, the Ministry of Finance, the Ministry of Culture and Tourism, and the General Administration of Radio, Film and Television. It tried to integrate excellent traditional Chinese culture into game themes, content and gameplay, and promotion materials, and constantly advanced foreign players to take interest in the Chinese Culture in their experience and exploration of games by promoting the deep integration of quality games and traditional Chinese culture.

For example, The Road to Be Shopkeeper (叫我大掌柜), a globally published game of the Company, integrated historical and cultural elements in innovative ways, adding elements rich in Chinese history and culture such as the Maritime Silk Road, dragon boat racing and shadow play, so as to arouse the interest of global users to experience and explore traditional Chinese culture in the product. The product achieved good responses after it was published in countries such as South Korea, Japan, and Vietnam, and has been ranking among the top in grossing charts in various regions.

After the self-developed mobile card game The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决) was launched in 2021 in overseas markets, it quickly topped the grossing charts and free-play charts of Apple and Google in multiple overseas regions, achieving outstanding performance. Self-developed products are increasingly recognized by overseas players. In the future, the Company plans to publish the product in Japan, South Korea, the U.S., Europe and other regions continuously, and integrates IP culture with user content creation for cultural dissemination, allowing local players to feel the unique charm of China's high-quality cultural IP.

The Company deeply fostered category segments, gained insight into user needs and sought to "break the circle" by exploring the integration of "unique themes + reasonable gameplay". Ant Legion, another SLG mobile game launched in 2022, whose distinctive realistic theme of ants has been well received by European and American players, ranked 11th on the overseas revenue growth chart of Chinese mobile games for May 2022 according to Sensor Tower.

3) Game pipeline

During the Reporting Period, the Company's popular multi-category games performed well, including Song of the Castle in the Sky (云上城之歌), Puzzles & Survival, The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), The Road to Be Shopkeeper (叫我大掌柜), The Soul Land H5 (斗罗大陆H5), Puzzle Continent (谜题大陆), All for Glory (荣耀大天使), and The Soul Land: Wu Hun Jue Xing (斗罗大陆: 武魂觉醒).

Game Pipeline of 37 Interactive Entertainment

<p>To be published overseas</p>	<p>MMORPG: Code Magic M (代号魔幻 M) (self-developed), Code Gu Feng (代号古风) (self-developed), Code WTB 3D (代号 3D 版 WTB) (self-developed), Code Soul MMO (代号斗罗 MMO) (self-developed), Code XXZ (代号 XXZ), Code Magical K Project (代号魔幻 K 计划), and Immortal Awakening (不朽觉醒).</p> <p>SLG: Ba Ye (霸业) (self-developed), Code GOE (代号 GOE) (self-developed), Code G2 (代号 G2) (self-developed), and Code S (代号 S).</p> <p>Card games: Kong Zhi Yao Sai: Qi Hang (空之要塞: 启航), Heroes of Crown (上古王冠), and Tie Gan San Guo (铁杆三国).</p> <p>SIM: Code Old Times (代号旧时光).</p>
<p>To be published domestically</p>	<p>MMORPG: Code Magic M (代号魔幻 M) (self-developed), Code Gu Feng (代号古风) (self-developed), Code WTB 3D (代号 3D 版 WTB) (self-developed), Code Soul MMO (代号斗罗 MMO) (self-developed), Code XXZ (代号 XXZ), Shu Guang Ji Hua (曙光计划), Dream of Voyager (梦想大航海), and Code Magical K Project (代号魔幻 K 计划).</p> <p>SLG: Ba Ye (霸业) (self-developed), Code GOE (代号 GOE) (self-developed), Underground Kingdom (小小蚁国), Code Three Kingdoms CB (代号三国 CB), and Code DG (代号 DG).</p> <p>Card games: Code D8 (代号 D8) (self-developed), Kong Zhi Yao Sai: Qi Hang (空之要塞: 启航), Light Adventure (光明冒险), Zui Hou De Yuan Shi Ren (最后的原始人), and Code Er Ci Yuan ZQ (代号二次元 ZQ).</p> <p>SIM: Code Forest (代号森林), and Code Partner (代号合伙人).</p>

In 2022, adhering to the strategy of product boutiqueization, diversification and market globalization, the Company deepened the cultivation of MMORPG, card games, SLG and simulation games, with the following self-developed game pipeline:

Ba Ye (霸业), an SLG mobile game with the theme of the Three Kingdoms, Code Gu Feng (代号古风), an MMORPG mobile game with a beautiful ancient style, Code Magic M (代号魔幻M), a Western magic MMORPG mobile game, Code GOE (代号GOE), an SLG mobile game with the history of the medieval times, Code WTB 3D (代号3D版WTB), a Chibi 3D MMORPG mobile game with the theme of different-world adventure, Code G2 (代号G2), a western SLG mobile game, Code D8 (代号D8), a fairy tale-themed mobile card game, and Code Soul MMO (代号斗罗MMO), an MMOARPG mobile game with theme of the Soul Land IP, among other blockbuster self-developed games.

Additionally, through agency and customization, the Company reserved at home and abroad a product matrix covering diverse genres and themes, such as:

MMORPG: Code XXZ (代号XXZ), an innovative MMO IP mobile game, Shu Guang Ji Hua (曙光计划), an MMORPG mobile game with the theme of future technology, Code Magical K Project (代号魔幻K计划), a Western magic MMORPG mobile game, Immortal Awakening (不朽觉醒), another Western magic MMORPG mobile game, and Dream of Voyager (梦想大航海), a voyage shooter MMORPG mobile game;

SLG: Underground Kingdom (小小蚁国), an SLG mobile game with the theme of realistic ants, Code Three Kingdoms CB (代号三国CB), an SLG mobile game with the theme of the Three Kingdoms, Code S (代号S), a Western magic SLG mobile game, and Code DG (代号DG), an urban construction in the medieval times/casual match-3 SLG mobile game;

Card games: Kong Zhi Yao Sai: Qi Hang (空之要塞: 启航), a steampunk style mobile card game, Light Adventure (光明冒险), a different-world adventure mobile game integrated with card gameplay, Tie Gan San Guo (铁杆三国), Heroes of Crown (上古王冠), a high-quality magic card mobile game, a mobile card game with the theme of the Three Kingdoms, Zui Hou De Yuan Shi Ren (最后的原始人), a turn-based idle mobile card game, and Code Er Ci Yuan ZQ (代号二次元ZQ), an anime mobile card game;

Simulation games: Code Partner (代号合伙人), a mobile simulation game with the theme of realistic business, Code Old Times

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(代号旧时光), a business-themed mobile simulation game, and Code Forest (代号森林), a mobile farm simulation game.

Note: Non-code products have obtained publication numbers.



(2) Browser games

During the Reporting Period, the Company's browser game business achieved operating revenue of RMB 341 million, which was lower than that of the same period of last year. It was mainly affected by both the shift of users to mobile phones and the decrease in the number of browser game products. During the Reporting Period, the Company strengthened partnership with domestic top browser game developers through strategic investment and business cooperation on the one hand, on the other hand, the Company also refined the operation of its major quality games, improved user stickiness, stabilized the product life cycle, and further maintained its operating revenue.

3. Business investments

In terms of investment layout, on the one hand, the Company focuses on its main business of games, actively develops quality game R&D companies through strategic investments with a strategic focus on quality content, establishes long-term and in-depth cooperation, enriches the supply of high-quality products in MMORPG, SLG, card games, simulation games and other categories, forms a rich external R&D reserve, diversifies the layout on the product supply side, and makes a strategic layout for the long-term sustainable development of the Company.

High-quality game developers invested by the Company primarily include:

Various excellent developers in proficient tracks for years and with good reputations such as EyuGame, Karma Game, StarUnion, Zen-game Technology, X.D., Flintwood Technology, Zhenshuo Network, Lihoo Network, Jianguo Guangnian Technology, Dobala, ZX Future, Longyou Game, Meng52, Woowii Games, UEGAME, Unknown Matrix and Mercury Culture.

On the other hand, the Company has always adhered to the concept of long-term value investment, and continuously explores

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around the main business of games, while focusing on the new trends of cultural entertainment consumption and technology development of the next generation, following the footsteps of the development of Metaverse era, selecting high-quality tracks for forward-looking layout, realizing the mutual achievement of internal resources, and feeding the Company's main business of games, which has now formed a closed loop of investment ecology covering virtual reality industry chain, film and television, music, artist agency, animation, social entertainment, e-sports, culture and health, social media, new consumption and other fields.

Along with the rise of "Metaverse" and other emerging concepts, the curtain of technological change has been drawn. 37 Interactive Entertainment, as an enterprise that insists on technological innovation and keeps up with the changes in the industry, is firmly optimistic about the future development of the relevant fields.

At present, the Company continues to extend on the basis of early investment in VR/AR content, enters fields involving multi-Metaverse infrastructure such as arithmetic, semiconductor, optics, display, whole machine, application and infrastructure technology, and invests in many high-quality enterprises in the fields including optical module, optical display, AR glasses, VR content, cloud game, spatial intelligence technology and semiconductor materials. In the future, the Company will continue to focus on new-generation technologies such as artificial intelligence, rendering engine and interactive sensing. Through investments in the field of technology, it will realize the collaboration of internal and external resources and grasp the forward-looking trend of the game industry.

Furthermore, the Company carried out a capital increase of no more than RMB 50 million of its own funds to the Resonance Phase I Fund, cooperating with industry leaders such as Goertek and miHoYo to focus on AR/VR and other new business opportunities. By doing so, the Company promoted the benign complementation of its business and capital operation and achieved capital appreciation, thereby further enhancing its overall competitiveness.

As of the date of this report, cultural & creative and technology enterprises funded or acquired by the Company included:

Metaverse: Archiact, WaveOptics, Raxium, Digilens, Deep Mirror, INMO Technology, Optiark Semiconductor, Enkris Semiconductor, KP Cloud Games, Ximmerse Technology, and GravityXR

Film and television: Huace Film&TV, Youying Culture, Zhonghui Television, etc.

Music: FenghuaQiushi

Artist agency: Original Plan, and T Entertainment

Animation: YHKT Entertainment

E-sports: AG E-Sports Club

Social Entertainment: Wuli Planet and Wonderful Party

Consumption: Nowwa Coffee, LINLEE, Yangji Mountain, Savasana, Duokitty, Dong Eating, GuanZhan, Weeget, HomeRun Technology, EZVALO

In the future, the Company will continue to expand its product matrix, improve the quality game supply capability, and offer quality, diverse gaming experience to players. Also, it will continuously keep pace with the times, embrace future changes, continue to tap the incremental market of Generation Z, explore the collaboration of resources within the cultural innovation ecosystem, and build a "young and diversified" cultural innovation brand trusted by the future Chinese young generation. Meanwhile, it will drive startups with investment, participate in promoting social technology innovation, and collaborate with invested enterprises to achieve sustainable and high-quality growth.

II Core Competitiveness Analysis

During the Reporting Period, the Company steadily promoted the development strategy of "boutiqueization, diversification and globalization" and formed the following core competitiveness:

1. Industry-leading R&D strength

The Company carries on with its strategy of "integration of R&D and operation", as well as emphasizes R&D investments and talent cultivation. After years of efforts in R&D, the Company is ranked among the top in terms of R&D strengths. The Company's independently developed products are characterized by high output, a high success rate and a long period, and center on "boutiqueization, diversification and globalization". With the support of cutting-edge technologies like Next-Gen 3D engine, AI, and big data analysis platforms, the Company has established a professional layout in multiple market segments like MMORPG, card games, SLG, and simulation. With sophisticated efforts in gameplay, art quality, music and other details, as well as continued investments in product iteration and user experience, the "boutiqueization" strategy is embedded into the entire life cycle of the Company's homegrown products, making it a benchmark for the R&D of quality games in the industry.

Adhering to the long-term development idea, the Company opened up development channels for professionals, and embraced employee diversity. Moreover, it encouraged innovation by employees and increased the proportion of senior R&D staff to build an excellent team. The Company vigorously refined the mechanism for R&D project approval, shortened the evaluation cycle and established diversified indicators, so as to stimulate employees' innovative vitality. At the same time, the Company adjusted the incentive mechanism for the R&D department, established a tiered incentive system for different categories of products, promoted the incentive for new categories of products, and encouraged 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 run through many links, such as idea creation, project approval, process and review, to achieve the risk control of the entire R&D process, greatly improve the success rate of product R&D while effectively controlling the cost, and lay the foundation for creating diverse, high-quality games. Internal management continued to improve, with leaner and more scientific management in terms of game development. At the same time, the way of selecting the track for R&D personnel allocation by the producer makes him or her focus more on the category segment he or she is good at, further concentrate resources, form a joint force and improve R&D efficiency.

2. Excellent publishing strength

During the Reporting Period, the Company maintained its leading position in mobile game and browser game publishing business. 37 Interactive Entertainment enriched the product supply via independent R&D, investments, and cooperation with excellent developers, improved the ability in publishing diverse, high-quality games and promoted the publishing strength to a new height. Meanwhile, the Company has accumulated rich experience in overseas game publishing thanks to years of practice. With its overseas business covering over 200 countries and regions, the Company has substantially expanded its global presence. In H1 2022, the Company expanded its product matrix and offered diversified gaming experience to players by offering quality games in different types and on varied themes to the global market, including Song of the Castle in the Sky (云上城之歌), Puzzles & Survival, The Soul Land: Hun Shi Dui Jue (斗罗大陆: 魂师对决), The Road to Be Shopkeeper (叫我大掌柜), The Soul Land H5 (斗罗大陆H5), Puzzle Continent (谜题大陆), All for Glory (荣耀大天使), The Soul Land: Wu Hun Jue Xing (斗罗大陆: 武魂觉醒), and Ant Legion, all of which have recorded an excellent performance. Going forward, the Company will further play its existing advantages in overseas markets, constantly expand the scale of overseas business based on its strong game R&D capacity and localized marketing capabilities, and make new contributions to promoting the Chinese culture industry and boosting cultural confidence.

The Company constantly sought innovative publishing approaches, and thus created a barrier to entry for competitors in game publishing. First, the Company developed its own AI system to improve the ability of accurate ad placement. With this system, the Company has optimized placement methods, improved the quality of materials, took advantage of high-quality materials, and thereby effectively controlled the marketing cost. Second, the efficiency of publishing, including tool construction and data

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algorithm to help form a real-time monitoring system and reduce cost waste. 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. The Company possesses strong capabilities for operation and optimization in numerical management, process optimization, event planning, etc. After the launch of games, the Company continues to improve the quality of games, attract users through better content and prolong the product life cycle.

3. Advantage of the model of “integration of R&D and operation”

As the Company’s business mode of “integration of R&D and operation” becomes sophisticated, it is conducive to making full use of resources and creating quality products from a long-term perspective. On the one hand, the Company can ensure the stable supply of quality products to support the operation development through strong R&D strengths. At the same time, the R&D team can utilize the feedback of the operation department to optimize products and extend the product life cycle. On the other hand, at the early stage of product R&D, the operation team can provide advises and suggestions to the R&D team based on its years of experience and keen market insights.

4. Team strengths

The Company has been deeply involved in the field of cultural and creative industries for many years. Its core management team has long been on the front lines of the industry, and has forward-looking capabilities for strategic layout. During the Reporting Period, thanks to its outstanding performance in terms of the development speed and personnel training and development, the Company won the title of “the Best Employer” of CNG. The Company has established a fully-fledged personnel training system. It has completed the personnel system reform, made new promotion mechanism, remuneration management system and incentive mechanism. The new promotion and remuneration management system does not only make the employee’s growth path clearer, more open and more transparent but also motivates 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 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 and promote the long-term, sustainable and healthy development of the Company, realizing joint creation, responsibility sharing, growth sharing and common prosperity between the Company and its employees. During the Reporting Period, the Company launched a fourth employee stock ownership plan to further improve the benefit sharing mechanism between workers and company owners, as well as to boost employee cohesiveness and the Company’s core competitiveness. The Company has always adhered to the entrepreneurial spirit like marathoners and been clear about its goals. It aims to promote sustainable development, and progressively realize long-term goals rather than short-term ones.

III Core Business Analysis

Overview

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

Year-over-year changes in key financial data:

Unit: RMB

	H1 2022	H1 2021	Change (%)	Main reason for change
Operating revenue	8,092,238,684.40	7,538,949,378.53	7.34%	
Cost of sales	1,260,101,099.90	1,120,509,771.85	12.46%	Increased cost of royalties as a result of increased revenue from agency games during the Reporting Period

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Distribution and selling expenses	4,340,050,646.56	4,785,388,947.28	-9.31%	Decreased traffic cost for All for Glory (荣耀大天使), The Soul Land: Wu Hun Jue Xing (斗罗大陆: 武魂觉醒) and other games that had been launched in the same period last year entered the growth stage during the Reporting Period
General and administrative expenses	209,169,882.37	222,001,708.95	-5.78%	
Financial expenses	-15,752,742.70	-25,875,545.40	39.12%	Increased exchange losses during the Reporting Period compared with the same period last year
Income tax expenses	176,029,935.00	162,728,946.02	8.17%	
Research and development investments	496,920,352.58	673,649,742.25	-26.23%	During the Reporting Period, the Company adjusted the personnel structure according to strategic game categories, increased investment in strategic products such as strategy games while reducing that in certain other non-strategic products
Net cash flows from operating activities	1,804,079,584.54	1,253,919,152.46	43.88%	Increased cash received from the sales of goods or rendering services during the Reporting Period compared with the same period last year
Net cash flows used in/from investing activities	-1,200,993,676.79	-835,664,111.30	-43.72%	Increased net cash outflow in purchases and redemptions of wealth management instruments and term deposits during the Reporting Period compared with the same period last year
Net cash flows used in/from financing activities	-631,142,239.07	1,737,499,012.55	-136.32%	The Company received cash from the private placement in the same period last year while there was no such cash inflow in the Reporting Period.
Net increase in cash and cash equivalents	-7,427,387.19	2,153,528,582.00	-100.34%	Decreased net cash flows from 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 2022		H1 2021		Change (%)
	Amount	As % of operating revenue (%)	Amount	As % of operating revenue (%)	
Total operating revenue	8,092,238,684.40	100%	7,538,949,378.53	100%	7.34%
By operating division					
Online games	8,092,238,684.40	100.00%	7,538,949,378.53	100.00%	7.34%
By product category					
Mobile games	7,738,933,571.90	95.63%	7,067,163,703.89	93.74%	9.51%
Browser games	340,738,772.48	4.21%	460,286,420.34	6.11%	-25.97%

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Others	12,566,340.02	0.16%	11,499,254.30	0.15%	9.28%
By operating segment					
Domestic	5,059,634,965.68	62.52%	5,494,392,013.23	72.88%	-7.91%
Overseas	3,032,603,718.72	37.48%	2,044,557,365.30	27.12%	48.33%

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	8,092,238,684.40	1,260,101,099.90	84.43%	7.34%	12.46%	-0.71%
By product category						
Mobile games	7,738,933,571.90	1,152,883,265.74	85.10%	9.51%	17.91%	-1.07%
Browser games	340,738,772.48	98,367,265.71	71.13%	-25.97%	-27.54%	0.62%
By operating segment						
Domestic	5,059,634,965.68	732,864,738.48	85.52%	-7.91%	-14.69%	1.15%
Overseas	3,032,603,718.72	527,236,361.42	82.61%	48.33%	101.65%	-4.60%

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	8,092,238,684.40	1,260,101,099.90	84.43%	7.34%	12.46%	-0.71%
By product category						
Mobile games	7,738,933,571.90	1,152,883,265.74	85.10%	9.51%	17.91%	-1.07%
Browser games	340,738,772.48	98,367,265.71	71.13%	-25.97%	-27.54%	0.62%
By operating segment						
Domestic	5,059,634,965.68	732,864,738.48	85.52%	-7.91%	-14.69%	1.15%
Overseas	3,032,603,718.72	527,236,361.42	82.61%	48.33%	101.65%	-4.60%

Ongoing sales contracts with a single contract amount that is over RMB50 million and accounts for over 30% of the Company's audited operating revenue in the most recent accounting year:

Applicable Not applicable

Breakdown of the cost of sales for the core business:

Unit: RMB

Breakdown of cost	H1 2022		H1 2021		Change (%)
	Amount	As % of cost of sales	Amount	As % of cost of sales	
Royalties	1,141,980,274.76	90.63%	1,014,617,869.61	90.55%	12.55%
Cost of servers	94,340,256.68	7.49%	83,168,344.41	7.42%	13.43%
Amortization of copyright money	13,850,699.29	1.10%	15,326,627.17	1.37%	-9.63%

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Other costs	9,929,869.17	0.78%	7,396,930.66	0.66%	34.24%
Total	1,260,101,099.90	100.00%	1,120,509,771.85	100.00%	12.46%

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

Applicable Not applicable

1. Overseas revenue increased by 48.33% YoY, primarily driven by the increased gross billing of multiple well-performing games that have been published globally, including Puzzles & Survival, The Road to Be Shopkeeper (叫我大掌柜), and Song of the Castle in the Sky (云上城之歌).
2. Overseas costs increased by 101.65% YoY, primarily driven by the increased cost of royalties as a result of increased revenue from overseas published agency games.
3. Other costs increased by 34.24% YoY, primarily driven by the increased cost of online training.

IV Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of profit before income tax expenses	Reason/source	Recurrent or not
Investment income	52,339,291.74	2.82%	Mainly due to gains on investments from disposal of equity investments, dividends during the period of holding equity investments, and wealth management products	Not
Gain/loss on changes in fair value	-34,650,521.66	-1.87%	Mainly due to changes in fair value of equity investments	Not
Impairment loss on assets	-13,724,202.25	-0.74%	Mainly due to impairment losses on long-term equity investments and credit	Impairment losses on long-term equity investments are not recurrent while impairment losses on credit risk are recurrent
Non-operating income	5,246,517.14	0.28%	Mainly due to compensation income	Not
Non-operating expenses	2,771,389.41	0.15%	Mainly due to donations and expenditures on retirement of fixed assets	Not
Other income	60,426,373.93	3.26%	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.

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V Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2022		31 December 2021		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary funds	5,059,884,639.38	31.03%	4,618,532,776.92	31.99%	-0.96%	No significant change
Accounts receivable	1,493,792,623.54	9.16%	1,264,319,473.08	8.76%	0.40%	No significant change
Inventories	34.50	0.00%		0.00%	0.00%	No significant change
Long-term equity investments	714,617,174.92	4.38%	509,058,912.99	3.53%	0.85%	No significant change occurred to this item as a percentage of total assets, while the closing balance was higher than the opening balance mainly due to new equity investments made during the Reporting Period. See "8. Long-term equity investments" under Note VII of "Part X Financial Statements" for further information.
Fixed assets	871,573,384.28	5.35%	892,006,774.60	6.18%	-0.83%	No significant change
Construction in progress	134,045,030.85	0.82%	77,637,189.70	0.54%	0.28%	No significant change occurred to this item as a percentage of total assets, while the closing balance was higher than the opening balance mainly due to the investments in the Guangzhou Headquarters Building construction project during the Reporting Period.
Right-of-use assets	47,116,082.01	0.29%	59,925,125.24	0.42%	-0.13%	No significant change
Short-term loans	607,450,000.00	3.73%	445,635,500.00	3.09%	0.64%	No significant change occurred to this item as a percentage of total assets, while the closing balance was higher than the opening balance mainly due to the increased bank loans during the Reporting Period.
Contract liabilities	247,579,719.63	1.52%	260,658,631.26	1.81%	-0.29%	No significant change
Long-term loans	341,000,000.00	2.09%	20,000,000.00	0.14%	1.95%	The closing balance was higher than the opening balance mainly due to additional three-year bank loan during the Reporting Period

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Lease liabilities	27,270,304.28	0.17%	39,641,414.25	0.27%	-0.10%	No significant change occurred to this item as a percentage of total assets, while the closing balance was lower than the opening balance mainly due to the decreased lease payables as a result of rental payments made during the Reporting Period.
Trading financial assets	2,301,576,209.18	14.12%	2,098,526,001.60	14.54%	-0.42%	No significant change
Prepayments	989,143,622.79	6.07%	1,055,295,139.07	7.31%	-1.24%	No significant change
Intangible assets	1,069,748,653.80	6.56%	1,088,487,381.04	7.54%	-0.98%	No significant change
Goodwill	1,589,065,048.53	9.75%	1,589,065,048.53	11.01%	-1.26%	No significant change
Accounts payable	1,658,805,699.77	10.17%	1,565,004,179.17	10.84%	-0.67%	No significant change

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
Monetary funds	Income from investments and operations	773,881,975.50	Hong Kong in China, the US, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place		6.60%	Not
Other equity assets	Investments in overseas companies	356,999,146.88	Hong Kong in China, Canada, etc.		A sound business supervision mechanism and a sound risk control mechanism have been put in place	-30,704,814.31	3.05%	Not

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	2,098,526,001.60	-29,650,521.66			5,809,074,659.14	5,580,496,087.98	4,122,158.08	2,301,576,209.18

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derivative financial assets)								
2. Other equity investments	326,561,477.94		- 136,972,878.67				2,030,569.03	325,592,046.97
Other non-current financial assets	561,680,630.03	-5,000,000.00			91,711,400.00	13,422,800.00	3,869,258.59	638,838,488.62
Total of the above	2,986,768,109.57	-34,650,521.66	- 136,972,878.67		5,900,786,059.14	5,593,918,887.98	10,021,985.70	3,266,006,744.77
Financial liabilities								

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

Unit: RMB

Item	Ending carrying amount(RMB)	Reason for restriction
Monetary funds	8,918,291.19	Money frozen by bank and security deposits
Fixed assets	462,078,884.17	As collateral for bank loan to the Company
Other current assets	400,459,217.29	Principals and interest of term deposits with a maturity within one year as pledges
Other non-current assets	201,209,863.02	Principals and interest of term deposits with a maturity of over one year as pledges
Total	1,072,666,255.67	--

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
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37 Interactive Entertainment (Shanghai)	Subsidiary	Publishing and operation of online games	10,000,000.00	11,895,317,090.51	3,806,943,755.17	8,064,087,340.35	1,336,570,184.93	1,194,146,589.62
Jiangsu Aurora	Subsidiary	Development of online games	6,250,000.00	3,964,381,928.01	2,694,504,046.63	989,912,696.70	523,999,155.83	492,731,924.43

Subsidiaries obtained or disposed of in the Reporting Period:

Applicable Not applicable

Other information on principal subsidiaries and joint stock companies:

N/A

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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, 37 Interactive Entertainment 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 through independently developed AI systems, 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", explored seedlings of game industry, 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 built employee clubs with interest activities such as e-sports, table games and dances, created cultural atmosphere that meets the characteristics of Generation Z, 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 products and technologies for the industry development trend.

For example, the Company built the "Yi Lan" game market intelligence system, which comprehensively and accurately collects and refines product and industry data. It also intelligently generates competitor and market analysis reports as well as accurately refines report content based on business scenarios, including game project approval, operation and promotion. With the support of this system, all business lines of the Group can comprehensively, accurately and rapidly understand market changes and development trends, and can effectively grasp the industry development changes.

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 First Extraordinary General Meeting of Shareholders of 2022	Extraordinary General Meeting of Shareholders	49.62%	24 March 2022	25 March 2022	<ol style="list-style-type: none"> 1. The Proposal on the Re-election of Non-independent Directors for the Sixth Board of Directors was approved; 2. The Proposal on the Re-election of Independent Directors for the Sixth Board of Directors was approved; 3. The Proposal on the Allowance Plan for the Independent Directors of the Sixth Board of Directors was approved; 4. The Proposal on the Re-election of Shareholder Supervisor for the Sixth Supervisory Committee was approved; 5. The Proposal on the Change of the Company Name was approved; 6. The Proposal on the Change of the Registered Address was approved; 7. The Proposal on the Amendment of the Articles of Association and the Rules of Procedure for the General Meeting of Shareholders was approved; and 8. The Proposal on the Request to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters in Relation to the Private Placement of Shares was approved.
The 2021 Annual General Meeting of Shareholders	Annual General Meeting of Shareholders	50.88%	17 May 2022	18 May 2022	<ol style="list-style-type: none"> 1. The 2021 Work Report of the Board of Directors was approved; 2. The 2021 Work Report of the Supervisory Committee was approved; 3. The Chinese versions of the full 2021 Annual Report and its Summary, along with the English Summary, were approved; 4. The 2021 Final Account Report was approved; 5. The 2021 Final Dividend Plan was approved; 6. The Proposal on Appointment of Independent Auditor for Annual Financial Statements and Internal Control for 2022 was approved; 7. The Proposal on the Expected Guarantee Line for Subsidiaries in 2022 was approved; 8. The Proposal on the Fourth Employee Stock Ownership Plan (Draft) and Its Summary was approved.

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					approved; 9. The Proposal on the Methods for the Administration of the Fourth Employee Stock Ownership Plan was approved; and 10. The Proposal on the Request to the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters in Relation to the Fourth Employee Stock Ownership Plan was approved.
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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
Liu Jun	Director	Elected	24 March 2022	
Lu Rui	Independent Director	Elected	24 March 2022	
Tao Feng	Independent Director	Elected	24 March 2022	
Chen Jianlin	Independent Director	Resigned upon maturity of the tenure	24 March 2022	
Liu Guangqiang	Independent Director	Resigned upon maturity of the tenure	24 March 2022	

II Interim Dividend Plan

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	3.5
Share base (share)	2,217,864,281
Cash dividends (RMB) (tax inclusive)	776,252,498.35
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	776,252,498.35
Distributable profit (RMB)	4,281,838,166.45
Total cash dividends (including those in other forms) as % of total profit to be distributed	100.00%

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 2022 interim dividend plan is as follows: Based on the total issued share capital on the date of record, a cash dividend of RMB 3.5 (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 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	329	They held 9,119,783 shares in total at the period-end.	N/A	0.41%	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	574	They held 16,301,534 shares in total at the period-end.	N/A	0.74%	Shares under the employee stock ownership plan were transferred from repurchased shares for no compensation.

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
Hu Yuhang, Yang Jun, Liu Jun, He Yang, Cheng Lin, Liu Fengyong, Ye Wei, and Zhu Huaimin	Directors, supervisors, and senior management	1,212,000	2,697,000	0.12%

Change of the asset management institution during the Reporting Period:

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Applicable Not applicable

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

Applicable Not applicable

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 regards corporate carbon neutrality as a vital link in responding to the national call for green development and in promoting the Company's sustainable development. Through carbon inventory, climate change opportunity and risk assessment, group-wide Environmental Protection Month and other campaigns, the Company manages its carbon emissions and encourages employees to develop green living habits.

Reasons for the non-disclosure of other environmental information:

During the Reporting Period, the Company received no punishments due to violation of environmental protection laws and regulations.

II Corporate Social Responsibility (CSR)

During the Reporting Period, under the leadership of the Party Committee, the Company steadily carried on with its "social value co-creation plan". It continued to input resources to provide support in six areas—rural education, rural industrial development, industry-university-research talent training, functional game development, employee career development, and scientific and technological innovation, to help achieve common prosperity around the country. Meanwhile, it actively mobilized internal and external resources to promote talent cultivation and charitable volunteer services, playing its part as a corporate citizen.

1. Efforts in poverty alleviation and rural revitalization

(1) Focus on education revitalization to support rural talent empowerment

37 Interactive Entertainment takes active steps in rural revitalization, with a focus on rural education revitalization. Since its establishment of Guangdong Youxin Foundation in 2014, the Company has continued to invest to promote the balanced development of education in less developed areas. The Company has been for years carrying out the "Youxin Peers" high school education assistance program, the county high school free reading program, the "Vocational Wisdom Calling"

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career program, and the high school enrollment guarantee program for ethnic minority girls, providing high school students with financial, knowledge and intellectual support. In the first half of 2022, 37 Interactive Entertainment, through Guangdong Youxin Foundation, invested RMB 2,410.8 thousand in education, supporting 2,322 outstanding high school students. Some of the sponsored students who took the college entrance examination were admitted to Xiamen University and other renowned "Double First-Class" Universities.

In active response to the call for "Consolidating the Achievements of Poverty Alleviation and Helping Rural Revitalization", 37 Interactive Entertainment pledged a donation of more than RMB 1 million at the 2022 Guangdong Poverty Alleviation Day event. The Company will continue to support the rural education and help develop young talents in Qingyuan, Guangdong, and Bijie, Guizhou, among places Guangzhou offers partner assistance.

(2) Participate in rural assistance to promote characteristic industries

37 Interactive Entertainment, under the leadership of the authorities of Haizhu District, Guangzhou, further deepened its support for the characteristic industries of Guiding County, Guizhou, following the Party and government's East-West Cooperation policies.

The Company's project team conducted investigations in Yunwu Town, Guiding County, gaining an in-depth understanding of the whole process, including planting, picking, production and sales, of the local characteristic tea industry. To make product packaging more distinctive and broaden sales channels, the project team leveraged the Company's resources to develop a special assistance plan. They carried out the cultural and creative design for "Yunwu Gong Cha", expanded sales and promotion channels, and linked cooperation opportunities with upstream and downstream companies. Moreover, the tea gift box "Cha Xiang Yun Gui", a product of rural revitalization under the cooperation between Guangdong and Guizhou, was successfully launched.

In the first half of 2022, 37 Interactive Entertainment invested RMB 416.7 thousand to support the tea industry with rural characteristics. In the future, the Company will continue to explore the industry assistance model of "product upgrading + supply chain building + market-oriented promotion", supporting local spring tea products to reach a wider market and helping rural characteristic industries to improve quality and efficiency.

2. Fulfillment of other social responsibilities

(1) Deepen industry-university-research cooperation to expand channels for talent development

To enrich its talent pool, 37 Interactive Entertainment cooperated with the schools and departments of renowned domestic universities to develop Industry-University-Research talents, carrying out a range of characteristic activities such as subject research, project training, and sustainable development and innovation challenges.

During the Reporting Period, the Company and Guangdong Youxin Foundation jointly sponsored the first "College Innovation Challenge on Sustainable Development", which attracted 564 students from 48 universities at home and abroad to compete in teams. At the final site, 10 teams from Tsinghua University, Beijing Institute of Technology, China Academy of Art and other well-known universities presented the professional judges the highlights of digital works in social responsibility, technical features and art style, among others, interpreting their innovative understanding of sustainable development.

The Company also launched the first round of review of the "Creating the Future—Sustainable Development University Support Program" through Guangdong Youxin Foundation. Efforts will be made in financial support, technology linkage and intellectual empowerment to support six social practice projects for college students, including "Promoting the Spirit of the Soviet Area and Inheriting Hakka Culture" and "Light Mind—A Multi-Polar Mind Community Platform". In cooperation with

the academic, public welfare and business communities, the Company will build an innovation action system for sustainable development and cultivate talents who care about society and shoulder missions.

(2) Advance digital empowerment to lead positive social values

In active response to policies including the Opinions on Promoting the Implementation of the National Cultural Digitalization Strategy, 37 Interactive Entertainment leveraged its digital technologies to participate in the digitalization of cultural industries, delivering positive values to society.

During the Reporting Period, the Company released the functional game Come to the Ice Games (来一场冰嬉运动会), digitally and well reproducing Ice Play, a painting by royal painters Zhang Weibang and Yao Wenhan at the will of the Qing Emperor Qianlong, leading players to experience the grand occasion of ancient ice sports. Another functional game Star Life Paradise (星星生活乐园) was published to provide scene learning for children with autism. The Company launched a project to popularize Chinese medicine culture through functional games in cooperation with Guangdong Provincial Hospital of Chinese Medicine. During Environmental Protection Month, the release of the functional game "My Small Goal of Carbon Elimination" (我的消碳小目标) drove 3,000 pledges of reduction of personal carbon footprint.

Exploration in digital collections was also intensified. The Company worked with China Culture and Creativity Tech., Co., Ltd., a subsidiary of China Cultural Media Group, to create a series of digital collections of national culture parks, using digital artworks to show the public China's national spirit reflected in the cultures of the Yangtze River, the Great Wall, the Yellow River, the Grand Canal and the Long March. The first phase of 12,500 collections received enthusiastic responses, attracting the public to enjoy the beauty of Chinese culture.

(3) Promote employee development and care for their physical and mental health

To better develop its talents, 37 Interactive Entertainment created a systematic training value system. It covers new staff guide, general career skills development, internal mentor training, leadership improvement and other fields, enabling employees to learn and make progress at different stages of their career.

Guided by its corporate culture of "Happy Work and Healthy Life", the Company released the "Healthy 37ers" program in March 2022 to care for employees' physical and mental health. During the Reporting Period, the Company carried out 20 health popularization and first-aid skills training sessions, providing basic health care and first-aid knowledge to 537 employees. Routine activities were conducted across 11 clubs, including ultra-running groups, basketball, football and yoga, attracting 2,537 people to exercise regularly and develop a healthy lifestyle. The Company also launched a psychological care and consultation platform and emotion management courses to guide employees to handle difficulties in life and work with a positive attitude.

(4) Care for social development and engage in community voluntary services

To further support the incubation of young talents in clinical medicine and promote the overall development of medical and health services as well as the development of Healthy China, 37 Interactive Entertainment plans to donate RMB 5 million to the First Affiliated Hospital of Sun Yat-Sen University to further intensify its support for outstanding talent cultivation. The first-phase donation of RMB 2 million was completed during the Reporting Period.

During the Reporting Period, the Party Committee of 37 Interactive Entertainment issued a call for "Voluntary Services under the Leadership of Party Building". Following the call, 330 employee volunteers contributed 1,320 hours to community COVID-19 response, companionship for children with special needs, condolences to groups in difficulties, the realization of community residents' "little wishes", and other public welfare activities. Therefore, while enhancing employees' sense of social responsibility, the Company delivered a positive social trend.

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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	687,046,078	30.98%				-41,416,199	-41,416,199	645,629,879	29.11%
1.1 Shares held by the government									
1.2 Shares held by state-owned corporations									
1.3 Shares held by other domestic investors	687,046,078	30.98%				-41,416,199	-41,416,199	645,629,879	29.11%
Including: Shares held by domestic corporations									
Shares held by domestic natural persons	687,046,078	30.98%				-41,416,199	-41,416,199	645,629,879	29.11%
1.4 Shares held by overseas investors									
Including: Shares held by overseas corporations									
Shares held by overseas natural persons									
2. Un-restricted shares	1,530,818,203	69.02%				41,416,199	41,416,199	1,572,234,402	70.89%
2.1 RMB-denominated common shares	1,530,818,203	69.02%				41,416,199	41,416,199	1,572,234,402	70.89%
2.2 Domestically listed foreign shares									

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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%

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	271,059,764	29,475,000	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 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.
Wu Weihong	76,149,721	14,760,000		61,389,721	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	2,095,050	520,050	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	0	0	3,972,601	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.

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						Law, etc.
Zhang Yun	2,535,000	633,750	0	1,901,250	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	687,046,078	45,388,800	3,972,601	645,629,879	--	--

II Shareholders and Their Holdings as at the Period-End

Unit: share

Number of common shareholders		125,221		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	Pledged	13,500,000
Hu Yuhang	Domestic natural person	9.09%	201,597,684	0	151,198,263	50,399,421	Pledged	18,100,000
Hong Kong Securities Clearing Company Ltd.	Overseas corporation	7.46%	165,397,375	79,416,269	0	165,397,375		
Wu Weihong	Domestic natural person	3.23%	71,567,862	-10,285,100	61,389,721	10,178,141		
Wu Weidong	Domestic natural person	2.76%	61,143,457	-1,700,000	0	61,143,457		
Xu Zhigao	Domestic natural person	1.64%	36,453,903	-399,200	0	36,453,903		
National Social Security Fund-Portfolio 112	Other	0.82%	18,282,188	18,282,188	0	18,282,188		
37 Interactive Entertainment Network	Other	0.74%	16,301,534	16,301,534	0	16,301,534		

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Technology Group Co., Ltd.- The Fourth Employee Stock Ownership Plan								
Industrial and Commercial Bank of China Limited-GF China Securities Media Trading Open-ended Index Securities Investment Fund	Other	0.64%	14,241,330	3,775,329	0	14,241,330		
Strategic investor or general corporation becoming a top-10 common shareholder in a rights issue (if any)	Not applicable							
Related or acting-in-concert parties among the shareholders above	1. Among the top 10 shareholders of the Company, Wu Weihong and Wu Weidong are siblings, which makes them shareholders acting in concert. 2. The Company is not aware of whether there is, among the other top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.							
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	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.	165,397,375	RMB-denominated common shares	165,397,375					
Li Weiwei	80,528,255	RMB-denominated common shares	80,528,255					
Zeng Kaitian	61,336,094	RMB-denominated common shares	61,336,094					
Wu Weidong	61,143,457	RMB-denominated common shares	61,143,457					
Hu Yuhang	50,399,421	RMB-denominated common shares	50,399,421					
Xu Zhigao	36,453,903	RMB-denominated	36,453,903					

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		common shares	
National Social Security Fund-Portfolio 112	18,282,188	RMB-denominated common shares	18,282,188
37 Interactive Entertainment Network Technology Group Co., Ltd.-The Fourth Employee Stock Ownership Plan	16,301,534	RMB-denominated common shares	16,301,534
Industrial and Commercial Bank of China Limited-GF China Securities Media Trading Open-ended Index Securities Investment Fund	14,241,330	RMB-denominated common shares	14,241,330
China Construction Bank Corporation-Lombarda China Elderly-related Industry Mixed Securities Investment Fund	14,104,508	RMB-denominated common shares	14,104,508
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	The Company is not aware of whether there is, among the top 10 shareholders, any related parties or acting-in-concert parties as defined in the Measures on the Administration of Acquisition of Listed Companies.		
Top 10 common shareholders engaged in securities margin trading (if any)	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 2021 Annual Report.

V Change of the Controlling Shareholder or Actual Controller

Change of the controlling shareholder in the Reporting Period:

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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 2022

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary funds	5,059,884,639.38	4,618,532,776.92
Transaction settlement funds		
Loans to other banks		
Trading financial assets	2,301,576,209.18	2,098,526,001.60
Derivative financial assets		
Notes receivable		
Accounts receivable	1,493,792,623.54	1,264,319,473.08
Accounts receivable financing		
Prepayments	989,143,622.79	1,055,295,139.07
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	80,538,595.69	89,898,027.86
Including: Interest receivable		
Dividends receivable	14,481,435.97	14,481,435.97
Redemptory monetary capital for sale		
Inventories	34.50	
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	452,827,965.93	60,264,139.07
Total current assets	10,377,763,691.01	9,186,835,557.60
Non-current assets:		
Loans and advances to customers		

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Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	714,617,174.92	509,058,912.99
Other equity investments	325,592,046.97	326,561,477.94
Other non-current financial assets	638,838,488.62	561,680,630.03
Investment properties		
Fixed assets	871,573,384.28	892,006,774.60
Construction in progress	134,045,030.85	77,637,189.70
Productive living assets		
Oil and gas assets		
Right-of-use assets	47,116,082.01	59,925,125.24
Intangible assets	1,069,748,653.80	1,088,487,381.04
Development expenditure		
Goodwill	1,589,065,048.53	1,589,065,048.53
Long-term deferred expenses	127,820,789.36	97,947,759.66
Deferred income tax assets	19,319,251.93	17,700,526.83
Other non-current assets	388,713,131.35	30,274,858.60
Total non-current assets	5,926,449,082.62	5,250,345,685.16
Total assets	16,304,212,773.63	14,437,181,242.76
Current liabilities:		
Short-term loans	607,450,000.00	445,635,500.00
Loans from the central bank		
Loans from other banks		
Trading financial liabilities		
Derivative financial liabilities		
Notes payable	670,000,000.00	208,000,000.00
Accounts payable	1,658,805,699.77	1,565,004,179.17
Advances from customers		
Contract liabilities	247,579,719.63	260,658,631.26
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	302,561,536.89	455,632,387.06
Taxes payable	191,448,447.16	188,987,667.45
Other payables	202,400,827.20	199,296,971.30
Including: Interest payable	676,058.29	
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities held for sale		
Non-current liabilities due within one year	40,078,024.93	23,773,918.12
Other current liabilities	39,350,831.92	52,341,276.62
Total current liabilities	3,959,675,087.50	3,399,330,530.98
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	341,000,000.00	20,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	27,270,304.28	39,641,414.25

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Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	100,681,886.98	120,873,287.67
Other non-current liabilities		
Total non-current liabilities	468,952,191.26	180,514,701.92
Total liabilities	4,428,627,278.76	3,579,845,232.90
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	2,697,160,867.84	2,978,593,891.37
Less: Treasury shares		299,999,563.27
Other comprehensive income	-135,653,501.52	-184,243,331.38
Special reserves		
Surplus reserves	166,559,856.09	166,559,856.09
General risk reserves		
Retained earnings	6,775,527,608.68	5,894,941,180.68
Total equity attributable to shareholders of the Company	11,721,459,112.09	10,773,716,314.49
Non-controlling interests	154,126,382.78	83,619,695.37
Total shareholders' equity	11,875,585,494.87	10,857,336,009.86
Total liabilities and shareholders' equity	16,304,212,773.63	14,437,181,242.76

Legal representative: Li Weiwei

Chief Financial Officer:

Ye Wei

Board Secretary: Ye Wei

2. Balance Sheet of the Company

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary funds	1,613,307,098.52	998,498,059.53
Trading financial assets	390,320,547.95	753,493,150.68
Derivative financial assets		
Notes receivable		
Accounts receivable		
Accounts receivable financing		
Prepayments	1,954,949.00	
Other receivables	2,484,316,316.85	1,180,095,000.00
Including: Interest receivable		
Dividends receivable		
Inventories		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	6,814,021.96	5,345,366.16
Total current assets	4,496,712,934.28	2,937,431,576.37

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Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,536,455,641.04	9,516,402,451.17
Other equity investments		
Other non-current financial assets	29,040,909.54	29,040,909.54
Investment properties		
Fixed assets		
Construction in progress		
Productive living assets		
Oil and gas assets		
Right-of-use assets	7,793,228.41	8,855,941.39
Intangible assets		
Development expenditure		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		
Total non-current assets	9,573,289,778.99	9,554,299,302.10
Total assets	14,070,002,713.27	12,491,730,878.47
Current liabilities:		
Short-term loans	300,000,000.00	350,000,000.00
Trading financial liabilities		
Derivative financial liabilities		
Notes payable		
Accounts payable		
Advances from customers		
Contract liabilities		
Employee benefits payable	501,985.00	2,653,397.00
Taxes payable	4,757,163.19	8,909,954.92
Other payables	7,047,494.45	1,122,108,240.45
Including: Interest payable	403,784.73	
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	20,759,782.76	2,205,420.44
Other current liabilities		
Total current liabilities	333,066,425.40	1,485,877,012.81
Non-current liabilities:		
Long-term loans	341,000,000.00	20,000,000.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	4,863,526.88	7,298,895.06
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	399,760.27	873,287.67
Other non-current liabilities		
Total non-current liabilities	346,263,287.15	28,172,182.73
Total liabilities	679,329,712.55	1,514,049,195.54
Shareholders' equity:		
Share capital	2,217,864,281.00	2,217,864,281.00
Other equity instruments		

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Including: Preferred shares		
Perpetual bonds		
Capital reserves	6,342,348,497.01	6,622,294,870.41
Less: Treasury shares		299,999,563.27
Other comprehensive income	-60,000,000.00	-60,000,000.00
Special reserves		
Surplus reserves	608,622,056.26	608,622,056.26
Retained earnings	4,281,838,166.45	1,888,900,038.53
Total shareholders' equity	13,390,673,000.72	10,977,681,682.93
Total liabilities and shareholders' equity	14,070,002,713.27	12,491,730,878.47

3. Consolidated Income Statement

Unit: RMB

Item	H1 2022	H1 2021
1. Total operating revenue	8,092,238,684.40	7,538,949,378.53
Including: Operating revenue	8,092,238,684.40	7,538,949,378.53
Interest income		
Premium income		
Handling charge and commission income		
2. Total operating costs and expenses	6,306,032,404.23	6,792,689,615.37
Including: Cost of sales	1,260,101,099.90	1,120,509,771.85
Interest expense		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as policy reserve		
Expenditure on policy dividends		
Reinsurance premium expenses		
Taxes and surcharges	15,543,165.52	17,014,990.44
Distribution and selling expenses	4,340,050,646.56	4,785,388,947.28
General and administrative expenses	209,169,882.37	222,001,708.95
Research and development expenses	496,920,352.58	673,649,742.25
Financial expenses	-15,752,742.70	-25,875,545.40
Including: Interest expense	14,221,315.74	11,764,539.22
Interest income	54,966,479.25	30,785,993.18
Add: Other income	60,426,373.93	76,652,164.24
Investment income ("-" for loss)	52,339,291.74	73,957,894.70
Including: Share of profits and losses of joint ventures and associates	-23,711,051.21	-7,279,101.80
Gain on derecognition of financial assets measured at amortised cost ("-" for loss)		
Gain on exchange ("-" for loss)		

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Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	-34,650,521.66	106,592,018.27
Impairment loss on credit ("-" for loss)	-2,933,013.92	1,130,937.77
Impairment loss on assets ("-" for loss)	-10,791,188.33	
Gain on disposal of assets ("-" for loss)	328,439.88	254,206.01
3. Operating profit ("-" for loss)	1,850,925,661.81	1,004,846,984.15
Add: Non-operating income	5,246,517.14	2,204,522.71
Less: Non-operating expenses	2,771,389.41	713,926.50
4. Profit before income tax expenses ("-" for loss)	1,853,400,789.54	1,006,337,580.36
Less: Income tax expenses	176,029,935.00	162,728,946.02
5. Net profit ("-" for net loss)	1,677,370,854.54	843,608,634.34
5.1 Classified by continuity of operations		
5.1.1 Net profit from continuing operations ("-" for net loss)	1,677,370,854.54	843,608,634.34
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	1,695,164,644.39	853,717,855.65
5.2.2 Net profit attributable to non-controlling interests	-17,793,789.85	-10,109,221.31
6. Other comprehensive income, net of tax	48,589,829.86	-11,218,110.68
Other comprehensive income attributable to shareholders of the Company, net of tax	48,589,829.86	-11,218,110.68
6.1 Other comprehensive income that will not be reclassified subsequently to profit or loss	-3,000,000.00	-2,500,000.00
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	-2,500,000.00
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	51,589,829.86	-8,718,110.68
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	296,531.34	
6.2.2 Changes in fair value of other equity investments		
6.2.3 Other		

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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	51,293,298.52	-8,718,110.68
6.2.7 Others		
Other comprehensive income attributable to non-controlling interests, net of tax		
7. Total comprehensive income	1,725,960,684.40	832,390,523.66
Total comprehensive income attributable to shareholders of the Company	1,743,754,474.25	842,499,744.97
Total comprehensive income attributable to non-controlling interests	-17,793,789.85	-10,109,221.31
8. Earnings per share:		
8.1 Basic earnings per share	0.77	0.39
8.2 Diluted earnings per share	0.77	0.39

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: Li Weiwei

Chief Financial Officer:

Ye Wei

Board Secretary: Ye Wei

4. Income Statement of the Company

Unit: RMB

Item	H1 2022	H1 2021
1. Operating revenue	0.00	0.00
Less: Cost of sales	0.00	0.00
Taxes and surcharges	21,018.70	30,644.49
Distribution and selling expenses		
General and administrative expenses	4,287,012.24	6,139,344.71
Research and development expenses		
Financial expenses	-9,337,655.96	-4,741,019.01
Including: Interest expense	3,935,106.31	2,429,147.82
Interest income	13,798,152.46	7,162,870.38
Add: Other income	1,896,774.41	4,634,292.84
Investments income ("-" for loss)	3,199,148,357.25	43,717,534.24
Including: Share of profits and losses of joint ventures and associates		
Gain on derecognition of financial assets measured at amortised cost ("-" for		

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loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	5,867,726.04	1,752,876.71
Impairment loss on credit ("-" for loss)	-5,000.00	10,000.00
Impairment loss on assets ("-" for loss)		
Gain on disposal of assets ("-" for loss)		
2. Operating profit ("-" for loss)	3,211,937,482.72	48,685,733.60
Add: Non-operating income	2.59	
Less: Non-operating expenses	31,234.89	
3. Profit before income tax expenses ("-" for loss)	3,211,906,250.42	48,685,733.60
Less: Income tax expenses	4,389,906.11	
4. Net profit ("-" for net loss)	3,207,516,344.31	48,685,733.60
4.1 Net profit from continuing operations ("-" for net loss)	3,207,516,344.31	48,685,733.60
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		

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6. Total comprehensive income	3,207,516,344.31	48,685,733.60
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 2022	H1 2021
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services	8,191,423,031.24	7,676,444,468.63
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		
Net proceeds from acting trading of securities		
Refunds of taxes and levies	13,071,839.40	6,041,391.30
Cash received relating to other operating activities	102,190,719.08	96,901,049.99
Sub-total of cash inflows from operating activities	8,306,685,589.72	7,779,386,909.92
Cash paid for purchases of goods and services	1,248,044,739.23	1,263,433,673.37
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	952,696,588.30	930,199,318.50
Payments of taxes and levies	245,557,026.85	176,556,465.72
Cash paid relating to other operating activities	4,056,307,650.80	4,155,278,299.87
Sub-total of cash outflows used in operating activities	6,502,606,005.18	6,525,467,757.46
Net cash flows from operating activities	1,804,079,584.54	1,253,919,152.46
2. Cash flows from investing activities:		

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Cash received from disposal of investments	174,210,882.65	258,995,260.75
Cash received from investment income	36,747,137.98	53,461,764.70
Cash received from disposal of fixed assets, intangible assets and other long-term assets	515,224.24	691,899.95
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	5,576,074,659.14	2,157,163,728.00
Sub-total of cash inflows from investing activities	5,787,547,904.01	2,470,312,653.40
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	55,905,510.45	148,350,121.61
Cash paid to acquire investments	163,561,411.21	361,478,743.09
Net increase in pledged loans granted		
Net cash paid for the acquisition of subsidiaries and other business units		4,650,000.00
Cash paid relating to other investing activities	6,769,074,659.14	2,791,497,900.00
Sub-total of cash outflows used in investing activities	6,988,541,580.80	3,305,976,764.70
Net cash flows from/used in investing activities	-1,200,993,676.79	-835,664,111.30
3. Cash flows from financing activities:		
Cash received from capital contributions	92,000,000.00	2,980,232,843.10
Including: Cash received from capital contributions by non-controlling interests of subsidiaries	92,000,000.00	76,700,000.00
Cash received from borrowings	947,450,000.00	247,468,500.00
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	1,039,450,000.00	3,227,701,343.10
Cash repayments of borrowings	448,653,250.00	889,324,326.07
Cash paid for interest and dividends	827,115,684.90	9,562,304.72
Including: Dividends paid by subsidiaries to non-controlling interests	405,402.09	
Cash paid relating to other financing activities	394,823,304.17	591,315,699.76
Sub-total of cash outflows used in financing activities	1,670,592,239.07	1,490,202,330.55
Net cash flows from/used in financing activities	-631,142,239.07	1,737,499,012.55
4. Effect of foreign exchange rate changes on cash and cash equivalents	20,628,944.13	-2,225,471.71
5. Net increase/decrease in cash and cash equivalents	-7,427,387.19	2,153,528,582.00
Add: Cash and cash equivalents at beginning of the period	4,618,393,735.38	1,774,081,508.55
6. Cash and cash equivalents at end of the period	4,610,966,348.19	3,927,610,090.55

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6. Cash Flow Statement of the Company

Unit: RMB

Item	H1 2022	H1 2021
1. Cash flows from operating activities:		
Cash received from the sales of goods or rendering services		
Refunds of taxes and levies		
Cash received relating to other operating activities	1,218,682,414.28	599,338,422.69
Sub-total of cash inflows from operating activities	1,218,682,414.28	599,338,422.69
Cash paid for purchases of goods and services		
Cash paid to and on behalf of employees	3,493,659.49	961,537.33
Payments of taxes and levies	3,399,378.83	2,178,758.00
Cash paid relating to other operating activities	3,633,945,952.16	2,370,904,582.14
Sub-total of cash outflows used in operating activities	3,640,838,990.48	2,374,044,877.47
Net cash flows from/used in operating activities	-2,422,156,576.20	-1,774,706,454.78
2. Cash flows from investing activities:		
Cash received from disposal of investments		
Cash received from investment income	3,208,188,686.02	1,043,717,534.24
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	2,750,000,000.00	550,000,000.00
Sub-total of cash inflows from investing activities	5,958,188,686.02	1,593,717,534.24
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		
Cash paid to acquire investments		568,434,240.00
Net cash paid for the acquisition of subsidiaries and other business units		
Cash paid relating to other investing activities	2,690,000,000.00	1,300,000,000.00
Sub-total of cash outflows used in investing activities	2,690,000,000.00	1,868,434,240.00
Net cash flows from/used in investing activities	3,268,188,686.02	-274,716,705.76
3. Cash flows from financing activities:		
Cash received from capital contributions		2,903,532,843.10
Cash received from borrowings	640,000,000.00	150,000,000.00
Cash received relating to other financing activities		
Sub-total of cash inflows from financing activities	640,000,000.00	3,053,532,843.10
Cash repayments of borrowings	350,500,000.00	

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Cash paid for interest and dividends	817,906,910.83	2,311,666.67
Cash paid relating to other financing activities	2,816,160.00	
Sub-total of cash outflows used in financing activities	1,171,223,070.83	2,311,666.67
Net cash flows from/used in financing activities	-531,223,070.83	3,051,221,176.43
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase/decrease in cash and cash equivalents	314,809,038.99	1,001,798,015.89
Add: Cash and cash equivalents at beginning of the period	998,498,059.53	274,246.17
6. Cash and cash equivalents at end of the period	1,313,307,098.52	1,002,072,262.06

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7. Consolidated Statement of Changes in Shareholders' Equity

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 year	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
Add:															
Adjustments for changed accounting policies															
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				2,978,593,891.37	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
3. Increase/ decrease in the period ("-" for decrease)					-281,433,023.53	-299,999,563.27	48,589,829.86				880,586,428.00		947,742,797.60	70,506,687.41	1,018,249,485.01
3.1 Total comprehensive income							48,589,829.86				1,695,164,644.39		1,743,754,474.25	-17,793,789.85	1,725,960,684.40
3.2 Capital contribution and withdrawal by					20,053,189.87								20,053,189.87	88,705,879.35	108,759,069.22

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shareholders															
3.2.1 Common shares contribution and withdrawal by shareholders														88,705,879.35	88,705,879.35
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															
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general risk reserves															
3.3.3 Distribution to shareholders															
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 benefit															

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pension schemes transferred into retained earnings															
3.4.5 Other comprehensive income transferred into retained earnings															
3.4.6 Others					- 299,999,5 63.27	- 299,999,5 63.27									
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								- 1,486,650.1 3		-1,486,650.13
4. Balance as at the end of the period	2,217,86 4,281.00				2,697,160 ,867.84		- 135,653,5 01.52		166,559, 856.09		6,775,527 ,608.68		11,721,459, 112.09	154,126,3 82.78	11,875,585,49 4.87

H1 2021

Unit: RMB

Item	H1 2021														
	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	2,112,251, 697.00				114,693,5 19.91		- 149,074,27 2.37				3,959,512 ,681.41		6,037,383,62 5.95	28,068,07 7.78	6,065,451,703. 73
Add: Adjustments for changed accounting policies											- 3,040,560 .81		- 3,040,560.81	-2,224.58	-3,042,785.39
Adjustments for corrections of previous errors															

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Adjustments for business combinations under common control														
Others														
2. Balance as at beginning of year	2,112,251,697.00			114,693,519.91		149,074,272.37			3,956,472,120.60		6,034,343,065.14	28,065,853.20	6,062,408,918.34	
3. Increase/ decrease in the period (“-” for decrease)	105,612,584.00			2,838,552,124.46		11,218,110.68	4,868,573.36		405,276,426.09		3,343,091,597.23	66,590,778.69	3,409,682,375.92	
3.1 Total comprehensive income						11,218,110.68			853,717,855.65		842,499,744.97	10,109,221.31	832,390,523.66	
3.2 Capital contribution and withdrawal by shareholders	105,612,584.00			2,838,552,124.46							2,944,164,708.46	76,700,000.00	3,020,864,708.46	
3.2.1 Common shares contribution and withdrawal by shareholders	105,612,584.00			2,795,939,095.73							2,901,551,679.73	76,700,000.00	2,978,251,679.73	
3.2.2 Capital contribution and withdrawal by holders of other equity instruments														
3.2.3 Share-based payments included in shareholders’ equity				42,613,028.73							42,613,028.73		42,613,028.73	
3.2.4 Others														
3.3 Profit distribution							4,868,573.36		448,441,429.56		443,572,856.20		443,572,856.20	
3.3.1 Appropriation to surplus reserves							4,868,573.36				4,868,573.36		4,868,573.36	
3.3.2 Appropriation to general risk reserves														
3.3.3 Distribution to shareholders									448,441,429.56		448,441,429.56		448,441,429.56	

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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 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				2,953,245,644.37		160,292,383.05		4,868,573.36		4,361,748,546.69		9,377,434,662.37	94,656,631.89	9,472,091,294.26

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

H1 2022

Unit: RMB

Item	H1 2022													
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	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 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

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3.3.3 Others												
3.4 Internal transfers within shareholders' 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						
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

H1 2021

Unit: RMB

Item	H1 2021											
	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	2,112,251,697.00				3,759,929,582.87		-60,000,000.00		442,062,200.17	1,160,408,295.15		7,414,651,775.19
Add: Adjustments												

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for changed accounting policies												
Adjustments for corrections of previous errors												
Others												
2. Balance as at beginning of year	2,112,251,697.00				3,759,929,582.87		-60,000,000.00		442,062,200.17	1,160,408,295.15		7,414,651,775.19
3. Increase/ decrease in the period (“-” for decrease)	105,612,584.00				2,838,552,124.46				4,868,573.36	-399,755,695.96		2,549,277,585.86
3.1 Total comprehensive income										48,685,733.60		48,685,733.60
3.2 Capital contribution and withdrawal by shareholders	105,612,584.00				2,838,552,124.46							2,944,164,708.46
3.2.1 Common shares contribution and withdrawal by shareholders	105,612,584.00				2,795,939,095.73							2,901,551,679.73
3.2.2 Capital contribution and withdrawal by holders of other equity instruments												
3.2.3 Share-based payments included in shareholders’ equity					42,613,028.73							42,613,028.73
3.2.4 Others												
3.3 Profit distribution									4,868,573.36	-448,441,429.56		-443,572,856.20
3.3.1 Appropriation to surplus reserves									4,868,573.36	-4,868,573.36		
3.3.2 Distribution to shareholders										-443,572,856.20		-443,572,856.20
3.3.3 Others												
3.4 Internal transfers within shareholders’ equity												
3.4.1 Capital reserves transferred into												

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

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												
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				6,598,481,707.33		-60,000,000.00		446,930,773.53	760,652,599.19		9,963,929,361.05

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