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**Boyaa Interactive International Limited**

**博雅互動國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0434)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2019**

**FINANCIAL HIGHLIGHTS**

	<b>For the three months ended 31 March</b>		<b>Year-on-Year Change*</b>	<b>For the year ended 31 December 2018</b>
	<b>2019</b>	<b>2018</b>	<b>Change*</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>		<b>(audited)</b>
Revenue	<b>80,204</b>	159,870	(49.8)	453,234
– Web-based games	<b>35,810</b>	52,050	(31.2)	168,362
– Mobile games	<b>44,394</b>	107,820	(58.8)	284,872
Gross profit	<b>55,217</b>	105,390	(47.6)	304,970
Profit attributable to owners of the Company	<b>40,079</b>	82,022	(51.1)	201,532
Non-IFRS adjusted net profit (unaudited)***	<b>40,364</b>	83,230	(51.5)	204,753

## REVENUE BY GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	
Texas Hold'em Series	58,903	128,585	(54.2)
Other Card and Board*****	21,301	31,285	(31.9)
<b>Total</b>	<b>80,204</b>	<b>159,870</b>	<b>(49.8)</b>

## REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2019 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	
Simplified Chinese	12,260	78,048	(84.3)
Other languages	67,944	81,822	(17.0)
<b>Total</b>	<b>80,204</b>	<b>159,870</b>	<b>(49.8)</b>

## OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on- Year Change* %	Quarter-on- Quarter Change** %
	31 March 2019 (unaudited)	31 December 2018 (unaudited)	31 March 2018 (unaudited)		
Paying Players (in thousands)	484	490	789	(38.7)	(1.2)
• Web-based games	17	19	26	(34.6)	(10.5)
• Mobile games	467	471	763	(38.8)	(0.8)
Daily Active Users ("DAUs") (in thousands)****	2,634	2,923	3,913	(32.7)	(9.9)
• Web-based games	192	180	251	(23.5)	6.7
• Mobile games	2,442	2,743	3,662	(33.3)	(11)
Monthly Active Users ("MAUs") (in thousands)****	8,286	10,532	16,205	(48.9)	(21.3)
• Web-based games	608	772	1,026	(40.7)	(21.2)
• Mobile games	7,678	9,760	15,179	(49.4)	(21.3)

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	31 March 2019 (unaudited)	31 December 2018 (unaudited)	31 March 2018 (unaudited)		
Average Revenue Per Paying User ("ARPPU") for Texas Hold'em Series (in RMB)					
• Web-based games	<b>744.8</b>	704.8	692.0	7.6	5.7
• Mobile games	<b>124.5</b>	122.0	255.6	(51.3)	2.0
ARPPU for Other Card and Board (in RMB)					
• Web-based games	<b>20.3</b>	28.8	56.3	(63.9)	(29.5)
• Mobile games	<b>17.5</b>	17.8	15.6	12.2	(1.7)
* <i>Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period last year.</i>					
** <i>Quarter-on-Quarter Change % represents a comparison between the quarter ended 31 March 2019 and the immediately preceding quarter.</i>					
*** <i>Non-IFRS adjusted net profit was derived from the net profit for the period excluding share-based compensation expenses.</i>					
**** <i>The numbers of DAUs and MAUs shown above are calculated based on the number of active players in the last calendar month of the relevant reporting period.</i>					
***** <i>The categories of "Fight the landlord" and "Others" set out in the summary in the previous quarterly results announcement are combined and referred to as "Other Card and Board" above.</i>					

The board of directors (the "**Board**") of Boyaa Interactive International Limited (the "**Company**" or "**we**" or "**our**" or "**us**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**our**" or "**us**") for the three months ended 31 March 2019 (the "**Reporting Period**") (the "**First Quarterly Results**"). The First Quarterly Results have been reviewed by Pan-China (H.K.) CPA Limited, the auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board, and by the audit committee of the Company. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## BUSINESS OVERVIEW AND OUTLOOK

In terms of financial performance, we recorded a revenue of approximately RMB80.2 million for the first quarter of 2019, representing a decrease of approximately 49.8% compared to the same period in 2018 and a decline of approximately 4.8% from the fourth quarter of 2018. The year-on-year revenue decrease in the first quarter of 2019 was primarily attributable to (1) the impact from the incident of Apple Inc. carrying out rectification and inspection of the applications launched on its system starting from the second quarter of 2017 (the “**Apple Incident**”); (2) the effect of policy risks regarding the market rumor of the “Administrative Measures of Online Chess and Card Games” to be implemented by the Chinese government aiming to shut down Texas Hold’em poker games and prohibiting the operation of Texas Hold’em poker games starting from 1 June 2018. Although such policies have not yet been implemented, certain platforms have removed relevant products, which affected our revenue to a certain extent (the “**Policy Risk Factor**”); and (3) the decrease in revenue generated from web-based games, due to the industry trend of a gradual transfer of web-based games to mobile terminals. As a result of these factors, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB40.4 million in the first quarter of 2019, which represented a decline of approximately 51.5% as compared to the same period in 2018. Despite such year-on-year decline of profit which is mainly due to the effect of lower revenue, the unaudited non-IFRS adjusted net profit for the first quarter of 2019 represents an increase of approximately 188.2% from that for the fourth quarter of 2018 primarily because of the poorer performance of our unaudited non-IFRS adjusted net profit for the fourth quarter of 2018 caused by the impairment of one-off non-operating items, such as the lower fair value of equity investment partnerships and asset management plans in the fourth quarter of 2018. Excluding the impact of such one-off non-operating items, the unaudited non-IFRS adjusted net profit for the first quarter of 2019 was roughly the same as that for the fourth quarter of 2018.

In terms of the Company’s operating performance, we recorded a moderate fall in the number of paying players and users during the first quarter of 2019 compared to that of the fourth quarter of 2018. In particular, the number of paying players decreased by 1.2% from approximately 0.49 million in the fourth quarter of 2018 to approximately 0.48 million in the first quarter of 2019. The number of DAUs decreased by 9.9% from approximately 2.9 million in the fourth quarter of 2018 to 2.6 million in the first quarter of 2019. The number of MAUs decreased by 21.3% from approximately 10.5 million in the fourth quarter of 2018 to approximately 8.3 million in the first quarter of 2019, whereas the ARPPU grew in both offshore Texas Hold’em web-based games and the mobile versions.

During the first quarter of 2019, we held the offline BPT 2019 match in Hanoi successfully. The event was designed to bolster player activity and loyalty, widen its user base, allow the BPT brand to penetrate into the Vietnamese chess and card sphere, and boost the recognition of Boyaa as a brand for chess and card games.

For the future, the Company will continue to conduct more intensive market surveys, launch innovative game rules, improve the experience of our game players, remain dedicated to product refinement and operation diversification, ramp up the quality of our games in an all-rounded manner, and spare no effort to build our brand for online and offline match series. On top of consolidating our existing market, more efforts will be made to further expand our overseas market as well as other chess and card games business, so as to offset the impact arising from the Policy Risk Factor. The Company will strictly comply with various laws and regulations of the People's Republic of China (the "PRC"), develop high-quality games and matches, and continue with its journey to forge a century-old brand for chess and card games.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

Our revenue for the three months ended 31 March 2019 amounted to approximately RMB80.2 million, representing year-on-year decrease of 49.8% from approximately RMB159.9 million recorded for the same period of 2018. The year-on-year decrease was primarily due to the impact of the effect of Policy Risk Factor from the second quarter of 2018.

### **Cost of revenue**

Our cost of revenue for the three months ended 31 March 2019 amounted to approximately RMB25.0 million, representing year-on-year decrease of 54.1% from approximately RMB54.5 million recorded for the same period in 2018. The year-on-year decrease was primarily due to the reduction in commission charges by platforms and third party payment vendors.

### **Gross profit and gross profit margin**

As a result of the foregoing, our gross profit for the three months ended 31 March 2019 amounted to approximately RMB55.2 million, representing year-on-year decrease of 47.6% from approximately RMB105.4 million recorded for the same period in 2018.

Our gross profit margin were approximately 68.8% and 65.9%, respectively, for the three months ended 31 March 2019 and the same period in 2018.

### **Selling and marketing expenses**

Our selling and marketing expenses for the three months ended 31 March 2019 amounted to approximately RMB4.3 million, representing year-on-year decrease of 65.7% from approximately RMB12.7 million recorded for the same period in 2018. The year-on-year decrease was mainly attributable to the decrease in advertising and promotional activities expenses.

### **Administrative expenses**

Our administrative expenses for the three months ended 31 March 2019 amounted to approximately RMB25.7 million, representing year-on-year decrease of 33% from approximately RMB38.4 million recorded for the same period in 2018. The year-on-year decrease was mainly attributable to the decrease in employee benefit expenses.

### **Other gains – net**

For the three months ended 31 March 2019, we recorded other gains (net) of approximately RMB14.1 million, compared to approximately RMB35.3 million recorded for the same period in 2018. The other gains (net) primarily consisted of fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased.

### **Finance income – net**

Our net finance income for the three months ended 31 March 2019 was approximately RMB8.3 million, compared to approximately RMB4.8 million recorded for the same period of 2018. The year-on-year change was primarily due to increase in interest income and foreign exchange gains as compared to the same period of 2018.

## **Share of result of associates**

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu BoYu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司) and Allin Network Technology Co., Ltd. (上海傲英網絡科技有限公司) and its subsidiaries as at 31 March 2019 (31 December 2018: six), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.18 million for the three months ended 31 March 2019, compared to a share of gain of associates of approximately RMB0.2 million recorded for the same period in 2018.

## **Income tax expense**

Our income tax expense for the three months ended 31 March 2019 was approximately RMB7.3 million, representing a decrease of 42.3% from approximately RMB12.6 million recorded for the three months ended 31 March 2018. The effective tax rate were 15.4% and 13.3%, respectively, for the three months ended 31 March 2019 and the same period in 2018.

## **Profit attributable to owners of the company**

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 March 2019 amounted to approximately RMB40.1 million, representing year-on-year decrease of 51.1%, from the profit attributable to owners of the Company of approximately RMB82.0 million recorded for the same period in 2018.

## **Non-IFRS Measure – Adjusted net profit**

To supplement our consolidated financial statements which are presented in accordance with the International Financial Reporting Standards (“**IFRS**”), we also use unaudited non-IFRS adjusted net profit as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term “adjusted net profit” is not defined under IFRS. Other companies in the industry the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under IFRS.

Our unaudited non-IFRS adjusted net profit for the three months ended 31 March 2019 of approximately RMB40.4 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.07 million, RMB0.08 million and RMB0.14 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 31 March 2018 of approximately RMB83.2 million derived from our unaudited profit for the three months ended 31 March 2018 excluding share-based compensation expenses of approximately RMB0.2 million, RMB0.3 million and RMB0.6 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

### **Cash and cash equivalents**

As at 31 March 2019, we had cash and cash equivalents of approximately RMB392.6 million (31 December 2018: approximately RMB390.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 49.5%), US dollars (as to 29.8%) and other currencies (as to 20.7%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

Net proceeds from our initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the offering which the Company received, amounted to approximately HKD837.9 million. Up to 31 March 2019, a total amount of approximately RMB674.6 million from the net proceeds from our initial public offering had been utilized for the following purposes:

- (a) approximately RMB303.6 million for our marketing activities and business expansion;
- (b) approximately RMB101.2 million for investments in technologies and complementary online games or businesses; and
- (c) approximately RMB269.8 million for research and development activities, working capital and other general corporate purposes, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio.

As of 31 March 2019, the total amount of the net proceeds from our initial public offering had been utilized.



## **Financial assets at fair value through other comprehensive income**

We accounted for financial assets at fair value through other comprehensive income at their respective fair values. As at 31 March 2019, the fair value of our unlisted and listed investments classified as financial asset at fair value through other comprehensive income amounted to approximately RMB65.6 million (31 December 2018: approximately RMB64.5 million). These financial assets at fair value through other comprehensive income consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Zeus Entertainment. Zeus Entertainment is mainly engaged in research and development and publication of web-based and mobile games.

We consider that none of the other unlisted and listed investments classified as financial assets at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 March 2019.

## **Financial assets at fair value through profit or loss**

As at 31 March 2019, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB1,271.3 million (31 December 2018: approximately RMB1,409.0 million), which consisted of non-quoted investments in asset management plans and equity investment partnerships included in non-current assets, and non-quoted investments in certain wealth management products included in current assets. As at 31 March 2019, the fair values of the investments in asset management plans were determined by an independent professional valuer using valuation techniques in combination of discount cash flow model and market comparable approach; the fair values of the investments in equity investment partnerships were determined by an independent professional valuer using market comparable approach; and the fair values of investments in wealth management products, which have an initial term ranging from immediate to 360 days, were determined based on the estimated rate of return of investments. For the three months ended 31 March 2019, we recorded realised/unrealised fair value gains on financial assets at fair value through profit or loss of approximately RMB6.9 million (for the three months ended 31 March 2018: approximately RMB32.6 million).

The investments in wealth management products under financial assets at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Company's business needs even after the investments in wealth management products. Each of such investments made during the three months ended 31 March 2019 does not constitute a notifiable transaction or a connected transaction of the Company under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). As agreed with the financial institutions, the underlying investment portfolio of the wealth management

products of the Company were primarily represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

As at 31 March 2019, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”), held a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Ltd (“**Tailai Tianji**”). The Group’s accumulated contribution of RMB300.0 million represented 99% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 March 2019 was approximately RMB320.3 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We are optimistic about the on-going performance of Jiaxing Boyaa. Nevertheless, we will closely monitor the performance of Jiaxing Boyaa on an on-going basis.

We consider that, save for our capital investment in Jiaxing Boyaa as a limited partnership, no other single investment that was designated as financial assets at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 March 2019.

### **Borrowings**

During the three months ended 31 March 2019, we did not have any short-term bank borrowings and we had no outstanding, utilized or unutilized banking facilities.

### **Capital expenditures**

For the three months ended 31 March 2019, the Group has no capital expenditure (for the three months ended 31 March 2018: approximately RMB2.0 million).

### **Pledge/charge of the Group’s assets**

As at 31 March 2019, the Group did not have any pledged or charged assets.

## FINANCIAL INFORMATION

### INTERIM CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2019

		<b>31 March</b>	31 December
		<b>2019</b>	2018
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>34,706</b>	37,442
Right-of-use assets		<b>11,866</b>	–
Intangible assets		<b>1,106</b>	1,384
Interests in associates		<b>16,784</b>	16,964
Financial assets at fair value through other comprehensive income	3	<b>65,601</b>	64,525
Deferred income tax assets		<b>33,341</b>	34,494
Prepayments and other receivables		<b>38,986</b>	25,435
Financial assets at fair value through profit or loss	5	<b>589,830</b>	589,331
		<b>792,220</b>	769,575
<b>Current assets</b>			
Trade receivables	4	<b>15,636</b>	18,365
Prepayments and other receivables		<b>45,012</b>	28,262
Financial assets at fair value through profit or loss	5	<b>681,486</b>	819,714
Term deposits		<b>644,138</b>	500,947
Cash and cash equivalents		<b>392,602</b>	390,350
		<b>1,778,874</b>	1,757,638
<b>Total assets</b>		<b>2,571,094</b>	2,527,213

## INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

	<i>Notes</i>	<b>31 March 2019</b>	31 December 2018
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		235	235
Share premium		544,024	543,721
Repurchased shares		(2,060)	(2,060)
Shares held for restricted share units Scheme ("RSU Scheme")		(14)	(14)
Reserves		(95,387)	(87,524)
Retained earnings		<u>1,850,755</u>	<u>1,810,676</u>
		<b>2,297,553</b>	2,265,034
Non-controlling interests		<u>–</u>	<u>–</u>
<b>Total equity</b>		<b><u>2,297,553</u></b>	<b><u>2,265,034</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		18,964	18,811
Lease liabilities		<u>8,472</u>	<u>–</u>
		<b>27,436</b>	18,811
<b>Current liabilities</b>			
Trade and other payables	7	73,639	69,363
Lease liabilities		3,765	–
Contract liabilities		13,024	18,005
Current income tax liabilities		<u>155,677</u>	<u>156,000</u>
		<b>246,105</b>	243,368
<b>Total liabilities</b>		<b><u>273,541</u></b>	<b><u>262,179</u></b>
<b>Total equity and liabilities</b>		<b><u>2,571,094</u></b>	<b><u>2,527,213</u></b>

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE THREE MONTHS ENDED 31 MARCH 2019*

		<b>Three months ended</b>	
		<b>31 March</b>	
		<b>2019</b>	2018
	<i>Notes</i>	<b>RMB'000</b>	<i>RMB'000</i>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	2	<b>80,204</b>	159,870
Cost of revenue	8	<b>(24,987)</b>	(54,480)
<b>Gross profit</b>		<b>55,217</b>	105,390
Selling and marketing expenses	8	<b>(4,347)</b>	(12,674)
Administrative expenses	8	<b>(25,726)</b>	(38,411)
Other gains – net	9	<b>14,056</b>	35,316
<b>Operating profit</b>		<b>39,200</b>	89,621
Finance income	10	<b>8,538</b>	4,872
Finance costs	10	<b>(212)</b>	(89)
Finance income – net	10	<b>8,326</b>	4,783
Share of (loss)/profit of associates		<b>(179)</b>	206
<b>Profit before income tax</b>		<b>47,347</b>	94,610
Income tax expenses	11	<b>(7,268)</b>	(12,588)
<b>Profit for the period</b>		<b>40,079</b>	82,022
<b>Other comprehensive expense</b>			
Items that may be reclassified to profit or loss:			
– Currency translation differences		<b>(9,049)</b>	(19,216)
Items that will not be reclassified subsequently to profit or loss:			
– Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		<b>1,204</b>	(841)
<b>Other comprehensive expense for the period, net of tax</b>		<b>(7,845)</b>	(20,057)
<b>Total comprehensive income for the period</b>		<b>32,234</b>	61,965

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (CONTINUED)**

*FOR THE THREE MONTHS ENDED 31 MARCH 2019*

		<b>Three months ended</b>	
		<b>31 March</b>	
	<i>Notes</i>	<b>2019</b>	2018
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>40,079</b>	82,022
– Non-controlling interests		–	–
		<u>40,079</u>	<u>82,022</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>32,234</b>	61,965
– Non-controlling interests		–	–
		<u>32,234</u>	<u>61,965</u>
<b>Earnings per share</b>			
<b>(expressed in RMB cents per share)</b>			
– Basic	<i>12</i>	<u>6.05</u>	<u>11.97</u>
– Diluted	<i>12</i>	<u>5.99</u>	<u>11.69</u>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

(unaudited)

	Attributable to owners of the Company								Total equity
	Share capital	Share premium	Repurchased shares	Shares held		Retained earnings	Total	Non-controlling interests	
				for RSU Scheme	Reserves				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	235	543,721	(2,060)	(14)	(87,524)	1,810,676	2,265,034	-	2,265,034
Profit for the period	-	-	-	-	-	40,079	40,079	-	40,079
Other comprehensive income/(loss)									
- Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	1,204	-	1,204	-	1,204
- Currency translation differences	-	-	-	-	(9,049)	-	(9,049)	-	(9,049)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,845)</b>	<b>40,079</b>	<b>32,234</b>	<b>-</b>	<b>32,234</b>
Employee share option and RSU scheme									
- Value of employee services	-	-	-	-	285	-	285	-	285
- Lapse of share options and RSU	-	303	-	-	(303)	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>303</b>	<b>-</b>	<b>-</b>	<b>(18)</b>	<b>-</b>	<b>285</b>	<b>-</b>	<b>285</b>
<b>Balance at 31 March 2019</b>	<b>235</b>	<b>544,024</b>	<b>(2,060)</b>	<b>(14)</b>	<b>(95,387)</b>	<b>1,850,755</b>	<b>2,297,553</b>	<b>-</b>	<b>2,297,553</b>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

(unaudited)

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Repurchased shares RMB'000	Shares hold		Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				for RSU	Reserves				
			Scheme						
<b>Balance at 1 January 2018</b>	249	642,365	(27,283)	(15)	93,634	1,515,211	2,224,161	-	2,224,161
Adjustment upon initial application of IFRS 9	-	-	-	-	(101,407)	101,407	-	-	-
<b>Adjusted balance at 1 January 2018</b>	249	642,365	(27,283)	(15)	(7,773)	1,616,618	2,224,161	-	2,224,161
Profit for the period	-	-	-	-	-	82,022	82,022	-	82,022
<b>Other comprehensive loss</b>									
- Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(841)	-	(841)	-	(841)
- Currency translation differences	-	-	-	-	(19,216)	-	(19,216)	-	(19,216)
<b>Total comprehensive income for the period</b>	-	-	-	-	(20,057)	82,022	61,965	-	61,965
<b>Employee share option and RSU scheme</b>									
- Value of employee services	-	-	-	-	1,208	-	1,208	-	1,208
- Proceeds from shares issued	-	1,042	-	-	-	-	1,042	-	1,042
<b>Buy-back of shares</b>	-	-	(1,484)	-	-	-	(1,484)	-	(1,484)
<b>Cancellation of shares</b>	(4)	(28,285)	28,289	-	-	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	(4)	(27,243)	26,805	-	1,208	-	766	-	766
<b>Balance at 31 March 2018</b>	245	615,122	(478)	(15)	(26,622)	1,698,640	2,286,892	-	2,286,892



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2019**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2019</b>	2018
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>21,113</b>	85,992
Income tax paid	<b>(6,607)</b>	(6,430)
	<hr/>	<hr/>
Net cash generated from operating activities	<b>14,506</b>	79,562
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	–	(1,994)
Purchase of financial assets at fair value through profit or loss	<b>(354,547)</b>	(1,069,000)
Placement of term deposits with original maturities over three months	<b>(367,350)</b>	(72,729)
Proceeds from maturity of term deposits with original maturities over three months	<b>217,992</b>	65,342
Proceeds from disposals of financial assets at fair value through profit or loss	<b>490,000</b>	700,000
Proceeds from disposals of property, plant and equipment	–	21
Interest received	<b>4,854</b>	2,683
	<hr/>	<hr/>
Net cash used in investing activities	<b>(9,051)</b>	(375,677)
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Buy-back of shares	–	(1,484)
Proceeds from issuance of ordinary shares	–	1,042
Payment of lease liabilities	<b>(859)</b>	–
	<hr/>	<hr/>
Net cash used in financing activities	<b>(859)</b>	(442)
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,596</b>	(296,557)
Cash and cash equivalents at the beginning of the period	<b>390,350</b>	858,193
Exchange losses on cash and cash equivalents	<b>(2,344)</b>	(17,647)
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>392,602</b>	543,989
	<hr/>	<hr/>

## Notes:

### 1. General information, basis of preparation and significant accounting policies

Boyaa Interactive International Limited (the “**Company**”) was incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 November 2013 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the development and operations of online card and board game business in the People’s Republic of China (the “**PRC**”), Hong Kong and other countries and regions.

The interim consolidated balance sheet as at 31 March 2019, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “**Interim Condensed Consolidated Financial Information**”) of the Group have been approved by the Board of Directors (the “**Board**”) on 23 May 2019.

This Interim Condensed Consolidated Financial Information is presented in Renminbi (“**RMB**”), unless otherwise stated.

The Interim Condensed Consolidated Financial Information is prepared in accordance with International Accounting Standards (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. This Interim Condensed Consolidated Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2018 as set out in the 2018 annual report of the Company (the “**2018 Financial Statements**”).

Except as described below, the accounting policies applied are consistent with those used in the 2018 Financial Statements, which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and other comprehensive income, which were carried at fair value.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

In the current interim period, the Group has applied, for the first time, the following new IFRS that is mandatorily effective for the financial year ending 31 December 2019.

IFRS 16	Leases
---------	--------

Except for the adoption of IFRS 16, other standards and amendments which are effective from 1 January 2019 do not have a material effect on the Group’s financial statements.

The Group applies the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to contracts that were previously identified as leases under IAS 17 “Leases” and IFRIC-Int 4 “Determining whether an Arrangement contains a Lease”.

The Group has transitioned to IFRS 16 in accordance with the modified retrospective approach and, therefore, the information presented for 2018 has not been restated. The right-of-use asset for property lease was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The reconciliation of operating lease commitment to lease liabilities is set out below:

	<i>RMB'000</i> (unaudited)
Operating lease commitments at 1 January 2019	17,998
Short-term leases	(3,638)
Effect of discounting	<u>(1,476)</u>
Lease liabilities at 1 January 2019	<u>12,884</u>

The weighted average incremental borrowing rate applied to lease liabilities on 1 January 2019 was 6.8%.

The adjustment of the opening balances (affected items only) below results from the initial application of the IFRS 16 as at 1 January 2019. The prior-year amounts were not adjusted.

	<b>31 December 2018</b> <i>RMB'000</i> (audited)	<b>IFRS 16 Contract capitalisation</b> <i>RMB'000</i> (unaudited)	<b>1 January 2019</b> <i>RMB'000</i> (unaudited)
<b>Assets:</b>			
Right-of-use assets	–	12,884	12,884
<b>Liabilities:</b>			
Lease liabilities	–	12,884	12,884

The directors of the Company anticipate that the new standards that have been issued but are not effective for the financial year beginning on 1 January 2019 do not have a material impact on the Group's consolidated financial statements.

## 2. Revenue and segment information

	<b>Three months ended 31 March</b>	
	<b>2019</b> <i>RMB'000</i> (unaudited)	<b>2018</b> <i>RMB'000</i> (unaudited)
Disaggregation of revenue from contracts with customers by game forms:		
– Web-based games	35,810	52,050
– Mobile games	<u>44,394</u>	<u>107,820</u>
	<u><b>80,204</b></u>	<u><b>159,870</b></u>

Substantially all revenue generated are recognized at the point in time.

The directors of the Company consider that the Group's operations are operated and managed as a single segment. The directors of the Company, being the chief operating decision maker of the Group, review the operating results of the Group as a whole when making decisions about resource allocations and assessing performances. Hence it is determined that the Group has only one operating segment. Accordingly no segment information is presented.

The Group offers its games in various language versions in order to enable game players to play the games in different geographical locations. All revenue derived from the PRC (including Hong Kong). A breakdown of revenue derived from different language versions of the Group's games is as follows:

	<b>Three months ended 31 March</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Simplified Chinese	<b>12,260</b>	78,048
Other languages	<b>67,944</b>	81,822
	<b><u>80,204</u></b>	<u>159,870</u>

The Group has a large number of game players, none of whom contributed 10% or more of the Group's revenue for the three months ended 31 March 2019 and 2018.

The Group's non-current assets other than deferred income tax assets, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income were located as follows:

	<b>31 March</b>	31 December
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Mainland China	<b>85,310</b>	64,987
Other locations	<b>18,138</b>	16,238
	<b><u>103,448</u></b>	<u>81,225</u>

### 3. Financial assets at fair value through other comprehensive income

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Balance as at 1 January 2019/1 January 2018	<b>64,525</b>	–
Transfer from available-for-sale financial assets upon adoption of IFRS 9	–	128,280
Additions	–	43,670
Fair value changes	<b>1,613</b>	(109,007)
Currency translation differences	<b>(537)</b>	1,582
	<hr/>	<hr/>
Balance as at 31 March 2019/31 December 2018	<b><u>65,601</u></b>	<b><u>64,525</u></b>

Financial assets at fair value through other comprehensive income include the following:

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Listed equity securities	<b>61,826</b>	60,719
Unlisted equity investments	<b>3,035</b>	3,035
Preference shares of private companies	<b>740</b>	771
	<hr/>	<hr/>
	<b><u>65,601</u></b>	<b><u>64,525</u></b>

### 4. Trade receivables

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
Trade receivables	<b>20,049</b>	22,955
Less: loss allowance	<b>(4,413)</b>	(4,590)
	<hr/>	<hr/>
	<b><u>15,636</u></b>	<b><u>18,365</u></b>

Trade receivables were arising from the development and operation of online game business. Platforms and third party payment vendors collect the payment from the paying players and remit the cash net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and platforms or third party payment vendors. The credit terms of trade receivables granted to the platforms and third party payment vendors are usually 30 to 120 days. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
0 – 60 days	12,474	16,718
61 – 90 days	2,320	995
91 – 180 days	127	1,737
Over 180 days	5,128	3,505
	<u>20,049</u>	<u>22,955</u>

#### 5. Financial assets at fair value through profit or loss

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
<b>Included in non-current assets</b>		
Non-quoted investments in:		
– asset management plans	108,708	104,033
– equity investment partnerships	481,122	485,298
	<u>589,830</u>	<u>589,331</u>
<b>Included in current assets</b>		
Non-quoted investments in:		
– asset management plan	–	6,875
– wealth management products	681,486	812,839
	<u>681,486</u>	<u>819,714</u>
	<u>1,271,316</u>	<u>1,409,045</u>

## 6. Share-based payments

### (a) Share options

On 7 January 2011, the Board of the Company approved the establishment of a share option scheme (i.e. the Pre-IPO Share Option Scheme) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Pre-IPO Share Option Scheme is eight years from the grant date.

On 23 October 2013, the Board of the Company approved the establishment of a share option scheme (i.e. the Post-IPO Share Option Scheme) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Post-IPO Share Option Scheme is ten years from the grant date.

Movements in the number of share options outstanding

	Number of share options	
	2019 (unaudited)	2018 (unaudited)
At 1 January	8,323,315	10,707,790
Exercised	–	(419,000)
Lapsed	(11,888)	(356,257)
	<u>8,311,427</u>	<u>9,932,533</u>
At 31 March	<u>8,311,427</u>	<u>9,932,533</u>

No share options exercised during the period ended 31 March 2019.

Share options exercised during the period ended 31 March 2018 resulted in 419,000 shares being issued, with exercise proceeds of approximately RMB1,042,000. The related weighted average share price at the time of exercise was HKD3.28 per share.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 March 2019 and 2018 are as follows:

Expiry Date	Exercise price		Number of share options	
	Original currency	Equivalent to HKD	2019 (unaudited)	2018 (unaudited)
31 January 2019	USD0.05	HKD0.388	–	51,888
1 March 2020	USD0.10	HKD0.775	2,749	14,749
30 June 2020	USD0.15	HKD1.163	66,249	72,240
6 September 2025	HKD3.108	HKD3.108	8,242,429	9,793,656
			<u>8,311,427</u>	<u>9,932,533</u>

**(b) RSUs**

Pursuant to a resolution passed by the Board of the Company in 2013, the Company set up a RSU Scheme with the objective to incentivize directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

RSUs held by a participant that are vested may be exercised (in whole or in part) by the participant serving an exercise notice in writing to The Core Trust Company Limited (the “**RSU Trustee**”) and copied to the Company.

The RSU Scheme will be valid and effective for a period of eight years, commencing from the date of the first grant of the RSUs.

Movements in the number of RSUs outstanding:

	<b>Number of RSUs</b>	
	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)
At 1 January	<b>7,781,613</b>	20,480,853
Lapsed	<b>(736)</b>	(131,209)
Vested and transferred	<b>(221,000)</b>	(1,078,369)
	<hr/>	<hr/>
At 31 March	<b>7,559,877</b>	19,271,275
	<hr/>	<hr/>
Vested but not transferred as at 31 March	<b>7,182,133</b>	16,588,377
	<hr/>	<hr/>

**7. Trade and other payables**

	<b>31 March</b>	31 December
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
Trade payables	<b>310</b>	378
Other taxes payables	<b>43,185</b>	43,253
Accrued expenses	<b>13,853</b>	3,125
Accrued commissions charges by platforms	<b>10,471</b>	15,138
Accrued advertising expenses	<b>737</b>	1,718
Salary and staff welfare payables	<b>5,032</b>	5,250
Others	<b>51</b>	501
	<hr/>	<hr/>
	<b>73,639</b>	69,363
	<hr/>	<hr/>



Trade payables were mainly arising from the leasing of servers. The credit terms of trade payables granted by the vendors are usually 30 to 90 days. The ageing analysis of trade payables based on recognition date is as follows:

	<b>31 March 2019 RMB'000 (unaudited)</b>	31 December 2018 RMB'000 (audited)
0 – 30 days	13	76
31 – 60 days	–	–
61 – 90 days	–	–
Over 90 days	297	302
	<u>310</u>	<u>378</u>

## 8. Expenses by nature

Expenses included in cost of revenue, selling and marketing expenses and administrative expenses are analysed as follows:

	<b>Three months ended 31 March</b>	
	<b>2019 RMB'000 (unaudited)</b>	2018 RMB'000 (unaudited)
Commission charges by platforms and third party payment vendors (included in cost of revenue)	22,248	46,583
Employee benefit expenses (excluding share-based compensation expenses)	17,432	36,643
Share-based compensation expenses	285	1,208
Servers rental expenses	2,318	3,188
Office rental expenses	559	2,228
Depreciation of right-of-use assets	1,018	–
Depreciation of property, plant and equipment	1,232	2,160
Travelling and entertainment expenses	1,180	618
Other professional service fees	3,804	1,318
Auditor's remuneration	550	550
Advertising expenses	2,170	8,555
Amortisation of intangible assets	278	356
Other expenses	1,986	2,158
	<u>55,060</u>	<u>105,565</u>

Research and development expenses during the three months ended 31 March 2019 and 2018, are analysed as below:

	<b>Three months ended 31 March</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Employee benefit expenses (excluding share-based compensation expenses)	<b>12,545</b>	18,247
Depreciation of right-of-use assets	<b>383</b>	–
Office rental expenses	–	607
Other expenses	<b>1,578</b>	706
	<b><u>14,506</u></b>	<u>19,560</u>

No research and development expenses were capitalised for the three months ended 31 March 2019 and 2018.

**9. Other gains – net**

	<b>Three months ended 31 March</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Realised/unrealised fair value gains on financial assets at fair value through profit or loss	<b>6,937</b>	32,642
Foreign exchange gains, net	–	211
Government subsidies and tax rebates	<b>7,452</b>	2,427
Loss on disposal of property, plant and equipment	<b>(333)</b>	(1)
Others	–	37
	<b><u>14,056</u></b>	<u>35,316</u>

**10. Finance income – net**

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Finance income</b>		
Interest income	<b>4,854</b>	2,683
Interest income on non-current loans to employees	<b>302</b>	206
Foreign exchange gains, net	<b>3,382</b>	1,983
	<b>8,538</b>	4,872
<b>Finance costs</b>		
Discounting effects of non-current loans to employees	–	(89)
Interest expense on lease liabilities	<b>(212)</b>	–
	<b>8,326</b>	4,783

**11. Income tax expenses**

The income tax expenses of the Group for the three months ended 31 March 2019 and 2018 are analysed as follows:

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Current income tax – PRC</b>		
– Provision for the year	<b>3,992</b>	5,412
<b>Current income tax – Hong Kong</b>		
– Provision for the year	<b>2,394</b>	4,443
<b>Deferred income tax</b>	<b>882</b>	2,733
	<b>7,268</b>	12,588

**(a) Cayman Island income tax**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

**(b) Hong Kong Profits tax**

Hong Kong profits tax has been provided at the rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any part of assessable profits over HKD2,000,000 for the three months ended 31 March 2019 (2018: 16.5% on all assessable profits).

**(c) PRC Corporate Income Tax (“CIT”)**

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the three months ended 31 March 2019 and 2018, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”) has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification in 2018 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the three months ended 31 March 2019 (for the three months ended 31 March 2018: 15%).

Boyaa On-line Game Development (Shenzhen) Co., Ltd. (“**Boyaa PRC**”) renewed its HNTE qualification in 2016 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. Besides based on management’s self-assessment, it is highly probable that Boyaa PRC will successfully renew the HNTE qualification for the next 3 years ending 31 December 2021 in 2019. Therefore, the actual income tax rate for Boyaa PRC was 15% for the three months ended 31 March 2019 (for the three months ended 31 March 2018: 15%).

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 175% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period (“**Super Deduction**”). Boyaa Shenzhen and Boyaa PRC has claimed such Super Deduction in ascertaining its tax assessable profits for the three months ended 31 March 2019 and 2018.

**(d) PRC withholding tax (“WHT”)**

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

As at 31 March 2019, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB1,213,872,000 (31 December 2018: approximately RMB1,189,895,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on management’s estimation of overseas funding requirements.

(e) **Tax reconciliation**

The tax on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of consolidated entities in the respective jurisdictions as follows:

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before income tax	<b>47,347</b>	94,610
Add/(less): Share of loss/(profit) of associates	<b>179</b>	(206)
	<b>47,526</b>	94,404
Tax calculated at a tax rate of 25%	<b>11,881</b>	23,601
Tax effects of:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	<b>(3,156)</b>	(6,421)
– Different tax rates available to different subsidiaries of the Group other than PRC	<b>(2,322)</b>	(2,139)
– Expenses not deductible for tax purposes	<b>2,974</b>	804
– Income not subject to tax	<b>(520)</b>	(1,836)
– Super Deduction	<b>(1,589)</b>	(1,421)
Income tax expenses	<b>7,268</b>	12,588

**12. Earnings per share**

(a) **Basic**

Basic earnings per share is calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares held for the RSU Scheme and repurchased shares.

	<b>Three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit attributable to owners of the Company (RMB'000)	<b>40,079</b>	82,022
Weighted average number of ordinary shares in issue (thousand shares)	<b>662,441</b>	685,056
Basic earnings per share (expressed in RMB cents per share)	<b>6.05</b>	11.97

**(b) Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the three months ended 31 March 2019 and 2018, the Group had two categories of dilutive potential ordinary shares, namely share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.

	<b>Three months ended 31 March</b>	
	<b>2019</b>	2018
	<b>(unaudited)</b>	(unaudited)
Profit used to determine diluted earnings per share (RMB'000)	<u>40,079</u>	<u>82,022</u>
Weighted average number of ordinary shares in issue (thousand shares)	662,441	685,056
Adjustment for RSUs (thousand shares)	7,145	16,569
Adjustment for share options (thousand shares)	<u>20</u>	<u>269</u>
Weighted average number of ordinary shares for calculating diluted earnings per share (thousand shares)	<u>669,606</u>	<u>701,894</u>
Diluted earnings per shares (expressed in RMB cents per share)	<u>5.99</u>	<u>11.69</u>

**13. Dividends**

The Board of the Company has resolved not to declare an interim dividend for the three months ended 31 March 2019 (for the three months ended 31 March 2018: nil).

**RECONCILIATION FROM UNAUDITED NET PROFIT TO UNAUDITED NON-IFRS ADJUSTED NET PROFIT**

*FOR THE THREE MONTHS ENDED 31 MARCH 2019*

	For the three months ended			Year-	Quarter-
	31 March	31 December	31 March	on-Year	on-Quarter
	2019	2018	2018	Change*	Change**
	RMB'000	RMB'000	RMB'000	%	%
	(unaudited)	(unaudited)	(unaudited)		
<b>Revenue</b>	<b>80,204</b>	84,262	159,870	(49.8)	(4.8)
Cost of revenue	<u>(24,987)</u>	<u>(29,393)</u>	<u>(54,480)</u>	(54.1)	(15.0)
<b>Gross profit</b>	<b>55,217</b>	54,869	105,390	(47.6)	0.6
Selling and marketing expenses	(4,347)	(1,051)	(12,674)	(65.7)	313.6
Administrative expenses	(25,726)	(33,808)	(38,411)	(33.0)	(23.9)
Other gains/(loss) – net	<u>14,056</u>	<u>(31,259)</u>	<u>35,316</u>	(60.2)	145.0
<b>Operating profit/(loss)</b>	<b>39,200</b>	(11,249)	89,621	(56.3)	448.5
Finance income – net	8,326	4,815	4,783	74.1	72.9
Share of (loss)/profit of associates	<u>(179)</u>	<u>365</u>	<u>206</u>	(186.9)	(149.0)
<b>Profit/(Loss) before income tax</b>	<b>47,347</b>	(6,069)	94,610	(50.0)	880.1
Income tax (expenses)/credit	<u>(7,268)</u>	<u>19,599</u>	<u>(12,588)</u>	(42.3)	137.1
<b>Profit for the period</b>	<b><u>40,079</u></b>	<b><u>13,530</u></b>	<b><u>82,022</u></b>	(51.1)	196.2
<b>Non-IFRS Adjustment (unaudited)</b>					
Share-based compensation expense included in cost of revenue	68	106	244	(72.1)	(35.8)
Share-based compensation expense included in selling and marketing expenses	75	127	332	(77.4)	(40.9)
Share-based compensation expense included in administrative expenses	<u>142</u>	<u>241</u>	<u>632</u>	(77.5)	(41.1)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>40,364</u></b>	<b><u>14,004</u></b>	<b><u>83,230</u></b>	(51.5)	188.2

\* *Year-on-Year Change % represents a comparison between the current reporting period and the corresponding period last year.*

\*\* *Quarter-on-Quarter Change % represents a comparison between the quarter ended 31 March 2019 and the immediately preceding quarter.*

**The Board wishes to remind investors that the above financial information is based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board of  
**Boyaa Interactive International Limited**  
**Dai Zhikang**  
*Chairman and Executive Director*

Hong Kong, 23 May 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Dai Zhikang and Ms. Tao Ying; the independent non-executive directors of the Company are Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. You Caizhen.*