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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)

**UNAUDITED MATERIAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2019**

The board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**”) hereby announces the unaudited material financial information for the year ended 31 December 2019 of the Company and its subsidiaries (collectively, the “**Group**”), together with the audited comparative information for the year ended 31 December 2018.

UNAUDITED MATERIAL FINANCIAL INFORMATION

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Revenue	323,150	453,234
Gross profit	221,795	304,970
Profit attributable to owners of the Company	101,972	201,532
Non-IFRS adjusted net profit (unaudited)	102,445	204,753

	As at 31 December	
	2019	2018
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Consolidated total assets	2,469,638	2,527,213
Property, plant and equipment	41,792	37,442
Trade receivables	18,001	18,365
Term deposits	388,216	500,947
Cash and cash equivalents	775,696	390,350
Financial assets at fair value through other comprehensive income	46,019	64,525
Financial assets at fair value through profit or loss	1,069,756	1,409,045
Consolidated total liabilities	293,044	262,179
Trade and other payables	71,818	69,363
Total equity attributable to owners of the Company	2,176,594	2,265,034

For the reasons as set out under “Extension of time to announce audited financial results” caused by the novel coronavirus (“**COVID-19**”) epidemic, the professional valuer engaged by the Group needs more time to assess the fair value of the financial assets at fair value through profit or loss of the Company. **Therefore, after the completion of valuation and audit work conducted by the valuer and auditors, the financial assets at fair value through profit or loss, consolidated total assets, total equity attributable to owners of the Company, profit attributable to owners of the Company and the non-IFRS adjusted net profit will be subject to certain adjustments.**

During the year ended 31 December 2019, the Group recorded a revenue of approximately RMB323.2 million, representing a year-on-year decrease of approximately 28.7% as compared to RMB453.2 million in the same period of 2018, which was mainly 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; (2) the effect of regulatory risk regarding the market rumor of the implementation of the “Administrative Measures of Online Chess and Card Games” 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 policy has not yet been implemented, certain platforms have removed relevant products, which affected the Group’s revenue to a certain extent; and (3) revenue generated from web-based games decreased due to the industry trend of a gradual shift from web-based games to mobile terminals.

As at 31 December 2019, the Group recorded a non-IFRS adjusted net profit of approximately RMB102.4 million, compared to RMB204.8 million the same period of in 2018, representing a year-on-year decrease of approximately 50.0% as compared to the same period in 2018, the decrease mainly due to the drop in revenue.

As at 31 December 2019, the consolidated total assets and consolidated total liabilities of the Group were approximately RMB2,469.6 million and RMB293.0 million, respectively (31 December 2018: approximately RMB2,527.2 million and RMB262.2 million, respectively).

The property, plant and equipment of the Group amounted to approximately RMB41.8 million (31 December 2018: approximately RMB37.4 million); the trade receivables of the Group amounted to approximately RMB18.0 million (31 December 2018: approximately RMB18.4 million); the term deposits of the Group amounted to approximately RMB388.2 million (31 December 2018: approximately RMB500.9million); the cash and cash equivalents of the Group amounted to approximately RMB775.7 million (31 December 2018: approximately RMB390.3 million); the financial assets at fair value through other comprehensive income of the Group amounted to approximately RMB46.0 million (31 December 2018: approximately RMB64.5million). The financial assets at fair value through profit or loss of the Group amounted to approximately RMB1,069.8 million (31 December 2018: approximately RMB1,409.0 million). As of 31 December 2019, the Group, through Jiaxing Boyaa Chunlei Equity Investment Partnership (嘉興博雅春雷股權投資合夥企業) (“**Jiaxing Boyaa**”), a limited partnership which was established by Shenzhen Dongfang Boyaa Technology Co., Ltd. (深圳市東方博雅科技有限公司) and Shanghai Tailai Tianji Asset Management Co., Ltd. (上海泰來天濟資產管理有限公司), carried out a significant investment which was classified as financial assets at fair value through profit or loss. The fair value of Jiaxing Boyaa on the management account of the Group is determined based on the fair value as at 30 September 2019. Subject to valuation and auditing work conducted by the valuer and the auditors, the above-mentioned financial information will be subject to adjustments.

As at 31 December 2019, part of the Group’s idle cash reserves, including financial assets at fair value through profit or loss amounting to approximately RMB350.0 million and cash and cash equivalents amounting to RMB287.4 million were frozen, which was due to the relevant judicial authorities in mainland China brought prosecution against certain current or former employees of the Company (the “**Employees**”) in respect of the alleged illegal activities conducted by the Employees via one of the Company’s domestic online game platforms (“**Alleged Offence**”). For details of the Alleged Offence, please refer to the Company’s relevant announcement dated 1 September 2019, 4 September 2019, 13 December 2019, 3 January 2020 and 6 January 2020, respectively. As at 31 December 2019 and 31 December 2018, the Group did not have any short-term or long-term bank borrowings and have no outstanding, utilized or unutilized bank facilities.

As at 31 December 2019, the total equity attributable to owners of the Company was approximately RMB2,176.6 million (31 December 2018: approximately RMB2,265.0 million). The decrease in the total equity attributable to owners of the Company was mainly due to the dividend with a total amount of approximately HKD200.0 million paid in 2019.

The Board is of the view that the abovementioned unaudited financial information for the financial year ended 31 December 2019 are material financial information of the Group.

The unaudited material financial information above was extracted from the latest management accounts for the year ended 31 December 2019 prepared by the Group in accordance with the IFRSs issued by the International Accounting Standards Board.

SCOPE OF WORK OF AUDITOR

The unaudited material financial information of the Group for the year ended 31 December 2019 has been agreed by the Group's auditor, Pan-China (H.K.) CPA Limited, to the amounts set out in the Group's latest management accounts as at 31 December 2019. The limited work of the auditor did not constitute an audit, review or other assurance engagement, and consequently no assurance has been expressed by the auditor on this announcement.

EXTENSION OF TIME TO ANNOUNCE AUDITED FINANCIAL RESULTS

The outbreak of the COVID-19 has caused substantial disruption to China. Various provinces in China have taken corresponding preventive measures to contain the outbreak of the COVID-19. Several local governments in China, including the government of Shenzhen Municipal, where the main operations of the Group are located, had released an order to postpone work resumption. The Guangdong Province Government had imposed a directive to postpone the resumption of work after the Lunar New Year holiday of the Group, which began on 19 January 2020. All enterprises are required to apply for registration and obtain permission from the Shenzhen Municipal Government for the resumption of operation and production from February 2020. After the Company obtained the approval for resumption of work on 24 February 2020, some staff have gradually resumed work. At the same time, Shenzhen Municipal Government and other provincial and municipal competent authorities exerted strict control over all the personnel mobility and vehicle traffic, and imposed quarantine requirements on certain individuals who returned to work from outside of Guangdong Province and main regions severely affected by the COVID-19. At the same time, the Group has imposed a compulsory quarantine measure for 14 days for employees who had returned from cities outside of Shenzhen before they can resume their work at the office. As a result, the Group's auditors and valuers are unable to conduct on-site audit work and relevant auditing procedures at the premises of the Company, and the valuers are unable to complete the assessment of the fair value of the financial assets at fair value through profit or loss of the Company as scheduled.

In view of the above situation, the Group will need more time to prepare the financial statements, and for the valuers and auditors to complete the assessment and auditing procedures.

AUDIT COMMITTEE REVIEW

The auditing process for the final results of the Group for the year ended 31 December 2019 has not been completed due to the outbreak of COVID-19. The audit committee of the Company has reviewed the Group's unaudited material financial information contained herein for the year ended 31 December 2019.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will make further announcement(s) relating to (i) the audited consolidated final results of the Group for the year ended 31 December 2019; (ii) the proposed final dividend for the year ended 31 December 2019 and the closure of register of members to determine the entitlement of shareholders of the Company for the proposed final dividend (if any); and (iii) the date of the forthcoming annual general meeting of the Company and the closure of register of members to determine the entitlement of shareholders of the Company to attend and vote at that meeting.

In addition, the Company would make further announcement(s) when there are any material updates in the auditing process, if necessary.

At the same time, the Group has taken proactive measures to minimize the adverse impacts on the business operation, including adopting the telecommuting policy and providing necessary protective equipments for employees. It is uncertain when COVID-19 will be contained and whether Chinese economy will fully rebound. The Board will continue to monitor and evaluate the epidemic development, and take measures to enhance its business growth and improve the operating performance.

The Board reminds the shareholders and potential investors of the Company not to rely unduly on those information, and should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2020

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. Sun Zihua.