

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2020**

FINANCIAL HIGHLIGHTS

	For the three months ended 31 March		Year-on-Year Change*	For the year ended 31 December 2019
	2020	2019	Change*	2019
	RMB'000	RMB'000	%	RMB'000
	(unaudited)	(unaudited)		(audited)
Revenue	93,083	80,204	16.1	323,816
– Web-based games	36,846	35,810	2.9	141,840
– Mobile games	56,237	44,394	26.7	181,976
Gross profit	65,198	55,217	18.1	221,164
Profit attributable to owners of the Company	11,903	40,079	(70.3)	33,760
Non-IFRS adjusted net profit (unaudited)***	11,903	40,364	(70.5)	34,233

REVENUE BY GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Texas Hold'em Series	61,728	58,903	4.8
Other Card and Board*****	31,355	21,301	47.2
Total	93,083	80,204	16.1

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Simplified Chinese	14,967	12,260	22.1
Other languages	78,116	67,944	15.0
Total	93,083	80,204	16.1

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on- Year Change* %	Quarter-on- Quarter Change** %
	31 March 2020 (unaudited)	31 December 2019 (unaudited)	31 March 2019 (unaudited)		
Paying Players (in thousands)	431	334	484	(11.0)	29.0
• Web-based games	10	13	17	(41.2)	(23.1)
• Mobile games	421	321	467	(9.9)	31.2
Daily Active Users (“DAUs”) (in thousands)****	2,548	2,561	2,634	(3.3)	(0.5)
• Web-based games	129	207	192	(32.8)	(37.7)
• Mobile games	2,419	2,354	2,442	(0.9)	2.8
Monthly Active Users (“MAUs”) (in thousands)****	7,838	7,149	8,286	(5.4)	9.6
• Web-based games	440	536	608	(27.6)	(17.9)
• Mobile games	7,398	6,613	7,678	(3.6)	11.9

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	31 March 2020 (unaudited)	31 December 2019 (unaudited)	31 March 2019 (unaudited)		
Average Revenue Per Paying User (“ARPPU”) for Texas Hold’em Series (in RMB)					
• Web-based games	1,363.6	960.4	744.8	83.1	42.0
• Mobile games	129.7	135.0	124.5	4.2	(3.9)
ARPPU for Other Card and Board (in RMB)					
• Web-based games	9.3	18.0	20.3	(54.2)	(48.3)
• Mobile games	29.3	26.4	17.5	67.4	11.0
* <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 2020 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 2020 (the “**Reporting Period**”) (the “**First Quarterly Results**”). The First Quarterly Results have been reviewed by ZHONGHUI ANDA CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by Hong Kong Institute of Certified Public Accountants, 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 RMB93.1 million for the first quarter of 2020, representing a year-on-year increase of approximately 16.1% compared to the same period in 2019 and a quarter-to-quarter increase of approximately 18.9% compared to the fourth quarter of 2019. The increase in our revenue was mainly attributable to the increased time spent and spending of users on the online gaming products of the Group due to (i) the preventive measures and social distancing policies imposed by the relevant government authorities to combat the COVID-19 pandemic (the “**COVID-19 Pandemic**”) in the People’s Republic of China (the “**PRC**” or “**China**”), Hong Kong, Taiwan and other overseas countries; and (ii) the online operational activities held by the Company. We recorded an unaudited non-IFRS adjusted net profit of approximately RMB11.9 million in the first quarter of 2020, representing a year-on-year decrease of approximately 70.5% compared to the same period in 2019, which was mainly attributable to the decrease in fair value of our financial assets such as equity investment partnerships due to the economic downturn and market factors caused by the COVID-19 Pandemic and the increase in exchange loss due to fluctuation in exchange rates in the global financial market. Excluding the impact of non-operating one-off factors such as the changes in the fair value of financial assets including equity investment partnerships, the year-on-year unaudited non-IFRS adjusted net profit in the first quarter of 2020 basically remained stable compared to the first quarter of 2019. However, it represented a quarter-to-quarter increase of approximately 124.6% compared to the fourth quarter of 2019, and the significant increase was mainly attributable to the underperformance of the unaudited non-IFRS net profit in the fourth quarter of 2019 due to the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships. As a result, the unaudited non-IFRS adjusted net profit in the fourth quarter of 2019 has dropped significantly resulting in a larger quarter-on-quarter growth in the first quarter of 2020. Excluding the impact of those non-operating one-off factors. Such as the changes in fair value of financial assets including equity investment partnerships, the unaudited non-IFRS adjusted net profit for the first quarter of 2020 represented a quarter-to-quarter increase of 39.0%, mainly due to the increase in revenue.

In terms of the operating data performance, we recorded an increase in the number of paying players and users during the first quarter of 2020 as compared to the fourth quarter of 2019. In particular, the number of paying players increased by 29.0% from approximately 0.33 million in the fourth quarter of 2019 to approximately 0.43 million in the first quarter of 2020. The number of DAUs decreased by 0.5% from approximately 2.6 million in the fourth quarter of 2019 to 2.5 million in the first quarter of 2020. The number of MAUs increased by 9.6% from approximately 7.1 million in the fourth quarter of 2019 to approximately 7.8 million in the first quarter of 2020. The ARPPU grew in Texas Hold’em web-based games and the mobile versions of other card and board games.

The Company will continue to conduct more intensive market surveys, launch innovative game rules, explore various operation modes for card and board games at home and abroad, 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 PRC, develop high-quality puzzle 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 2020 amounted to approximately RMB93.1 million, representing a year-on-year increase of 16.1% from approximately RMB80.2 million recorded for the same period of 2019. The year-on-year increase was primarily due to the increased time spent and spending of users on the online gaming products of the Group due to the preventive measures and social distancing policies imposed by the relevant government authorities to combat the COVID-19 Pandemic in China, Hong Kong, Taiwan and other overseas countries, and the online operational activities held by the Group.

Cost of revenue

Our cost of revenue for the three months ended 31 March 2020 amounted to approximately RMB27.9 million, representing a year-on-year increase of 11.6% from approximately RMB25.0 million recorded for the same period in 2019. The year-on-year increase was primarily due to the increase 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 2020 amounted to approximately RMB65.2 million, representing a year-on-year increase of 18.1% from approximately RMB55.2 million recorded for the same period in 2019.

Our gross profit margin were approximately 70.0% and 68.8%, respectively, for the three months ended 31 March 2020 and the same period in 2019.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 31 March 2020 amounted to approximately RMB5.1 million, representing a year-on-year increase of 16.4% from approximately RMB4.3 million recorded for the same period in 2019. The year-on-year increase was mainly attributable to the increase in advertising and promotional activities expenses.

Administrative expenses

Our administrative expenses for the three months ended 31 March 2020 amounted to approximately RMB27.9 million, representing a year-on-year increase of 8.5% from approximately RMB25.7 million recorded for the same period in 2019. The year-on-year increase was mainly attributable to the increase in professional service expenses.

Other (losses)/gains – net

For the three months ended 31 March 2020, we recorded other losses (net) of approximately RMB19.0 million, compared to other gains (net) of approximately RMB17.4 million recorded for the same period in 2019. The other (losses)/gains – net primarily consisted of fair value changes on investment at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, and government subsidies.

Finance income – net

Our finance income – net for the three months ended 31 March 2020 was approximately RMB5.4 million, compared to approximately RMB4.9 million recorded for the same period of 2019. The year-on-year change was primarily due to increase in interest income as compared to the same period of 2019.

Share of result of associates

We held investments in five 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) 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 2020 (31 December 2019: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.6 million for the three months ended 31 March 2020, compared to a share of loss of associates of approximately RMB0.2 million recorded for the same period in 2019.

Income tax expense

Our income tax expense for the three months ended 31 March 2020 was approximately RMB6.2 million, representing a decrease of 15.0% from approximately RMB7.3 million recorded for the three months ended 31 March 2019. The effective tax rate were 34.2% and 15.4%, respectively, for the three months ended 31 March 2020 and the same period in 2019.

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 2020 amounted to approximately RMB11.9 million, representing year-on-year decrease of 70.3%, from the profit attributable to owners of the Company of approximately RMB40.1 million recorded for the same period in 2019.

Non-IFRS Measure – Adjusted net profit

To supplement our consolidated financial statements which are presented in accordance with 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 2020 of approximately RMB11.9 million, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 31 March 2019 of approximately RMB40.4 million derived from our unaudited profit for the three months ended 31 March 2019 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.

Cash and cash equivalents

As at 31 March 2020, we had cash and cash equivalents of approximately RMB491.2 million (31 December 2019: approximately RMB487.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 60.8%), US dollars (as to 22.8%) and other currencies (as to 16.4%). 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.

Equity investment at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 31 March 2020, the fair value of our unlisted and listed investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB35.8 million (31 December 2019: approximately RMB45.2 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Dalian Zeus Entertainment Co., Ltd. (Shenzhen Stock Exchange: 002354), Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other unlisted and listed investments classified as equity investments 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 5.0% of our total assets as at 31 March 2020.

Investments at fair value through profit or loss

As at 31 March 2020, we also recorded investments at fair value through profit or loss amounted to approximately RMB876.1 million (31 December 2019: approximately RMB997.4 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 31 March 2020, the fair values of the investments in asset management plans were determined by discount cash flows model; the fair values of the investments in equity investment partnerships were determined by discount cash flows model; 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 2020, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB13.9 million (fair value gains for the three months ended 31 March 2019: approximately RMB6.9 million).

The investments in wealth management products under investments 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. During the three months ended 31 March 2020, each of the investments made by the Company does not constitute a notifiable transaction or a connected transaction of the Company under 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.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited (深圳市東方博雅科技有限公司), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the three months ended 31 March 2020, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 31 March 2020 was approximately RMB256.7 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

On 25 October 2018, the Group, through Boyaa On-line Game Development (Shenzhen) Co., Ltd* (博雅網絡遊戲開發(深圳)有限公司), had subscribed for two RMB wealth management products issued by Industrial and Commercial Bank of China at the amount of RMB200.0 million and RMB128.5 million, respectively (the “**Wealth Management Products**”). As at 31 March 2020, the fair value of the two Wealth Management Products were approximately RMB210.0 million and RMB134.0 million, respectively. The Wealth Management Products were assessed by the Company as very low-risk products. As at 31 March 2020, the bank accounts which holds the Wealth Management Products had been frozen. For details as to the circumstance leading to the freezing of the accounts, please refer to the announcements of the Company dated 1 September 2019, 13 December 2019, 3 January 2020 and 6 January 2020.

Save for our capital investment in Jiaxing Boyaa as a limited partnership and the subscription of the Wealth Management Products, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio has a carrying amount that accounts for more than 5.0% of our total assets as at 31 March 2020.

Borrowings

During the three months ended 31 March 2020, 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 2020, our total capital expenditures amounted to approximately RMB2.2 million (for the three months ended 31 March 2019: Nil). The capital expenditure mainly included purchasing equipment and leasehold improvements of approximately RMB2.2 million, which was funded by using our cash flows generated from our operations.

Pledge/charge of the Group's assets

As at 31 March 2020, the Group did not have any pledged or charged assets.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Notes	Three months ended 31 March	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	4	93,083	80,204
Cost of revenue		<u>(27,885)</u>	<u>(24,987)</u>
Gross profit		65,198	55,217
Other (losses)/gains, net	5	(18,974)	17,438
Selling and marketing expenses		(5,059)	(4,347)
Administrative expenses		<u>(27,922)</u>	<u>(25,726)</u>
Operating profit		13,243	42,582
Finance income	6	5,565	5,156
Finance costs	7	(159)	(212)
Share of losses of associates		<u>(568)</u>	<u>(179)</u>
Profit before income tax		18,081	47,347
Income tax expense	8	<u>(6,178)</u>	<u>(7,268)</u>
Profit for the period attributable to owners of the Company	9	<u>11,903</u>	<u>40,079</u>
Other comprehensive expenses:			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity investments at fair value through other comprehensive income		(9,367)	1,204
Exchange differences on translating foreign operations		1,241	(1,358)
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>4,448</u>	<u>(7,691)</u>
Other comprehensive expenses for the period, net of tax		<u>(3,678)</u>	<u>(7,845)</u>
Total comprehensive income for the period attributable to owners of the Company		<u>8,225</u>	<u>32,234</u>

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

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	<i>Notes</i>	Three months ended	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Earnings per share (RMB cents)	<i>11</i>		
– Basic		<u>1.80</u>	<u>5.98</u>
– Diluted		<u>1.80</u>	<u>5.98</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

		31 March	31 December
		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	41,621	41,792
Right-of-use assets		9,284	10,426
Intangible assets		106	213
Investments in associates		12,195	12,793
Equity investments at fair value through other comprehensive income	<i>13</i>	35,798	45,165
Investments at fair value through profit or loss	<i>14</i>	474,600	495,012
Prepayments, deposits and other receivables		35,720	37,860
Deferred tax assets		23,315	23,713
		<u>632,639</u>	<u>666,974</u>
Current assets			
Trade receivables	<i>15</i>	22,265	18,001
Prepayments, deposits and other receivables		48,427	41,922
Investments at fair value through profit or loss	<i>14</i>	401,490	502,347
Restricted bank deposits	<i>16</i>	288,965	288,394
Term deposits		521,475	388,216
Bank and cash balances		491,163	487,301
		<u>1,773,785</u>	<u>1,726,181</u>
Total assets		<u>2,406,424</u>	<u>2,393,155</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	<i>18</i>	234	234
Reserves		2,116,657	2,110,009
Total equity		<u>2,116,891</u>	<u>2,110,243</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

		31 March	31 December
		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
Liabilities			
Non-current liabilities			
Lease liabilities		4,784	5,127
Deferred tax liabilities		6,585	7,696
		<u>11,369</u>	<u>12,823</u>
Current liabilities			
Trade and other payables	<i>17</i>	72,496	72,057
Contract liabilities		19,624	18,100
Lease liabilities		4,538	4,896
Current tax liabilities		181,506	175,036
		<u>278,164</u>	<u>270,089</u>
Total liabilities		<u>289,533</u>	<u>282,912</u>
Total equity and liabilities		<u>2,406,424</u>	<u>2,393,155</u>
Net current assets		<u>1,495,621</u>	<u>1,456,092</u>
Total assets less current liabilities		<u>2,128,260</u>	<u>2,123,066</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 31 MARCH 2020

(Unaudited)

	Attributable to owners of the Company										
	Share capital	Share premium	Repurchased shares	Shares held for RSU scheme	Capital reserve	Foreign currency translation reserve	Statutory reserve	Share-based payments reserve	Other reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	235	543,721	(2,060)	(14)	2,000	13,479	28,474	84,032	(215,509)	1,810,676	2,265,034
Total comprehensive (expenses)/income for the period	-	-	-	-	-	(9,049)	-	-	1,204	40,079	32,234
Share-based payments											
- value of employee services	-	-	-	-	-	-	-	285	-	-	285
- exercise and lapse of share options and RSUs	-	303	-	-	-	-	-	(303)	-	-	-
Changes in equity for the period	-	303	-	-	-	(9,049)	-	(18)	1,204	40,079	32,519
At 31 March 2019	235	544,024	(2,060)	(14)	2,000	4,430	28,474	84,014	(214,305)	1,850,755	2,297,553
At 1 January 2020	234	380,970	(4,864)	(14)	2,000	24,490	33,990	80,721	(246,204)	1,838,920	2,110,243
Total comprehensive income/(expenses) for the period	-	-	-	-	-	5,689	-	-	(9,367)	11,903	8,225
Repurchase of ordinary shares	-	-	(1,577)	-	-	-	-	-	-	-	(1,577)
Share-based payments											
- exercise and lapse of share options and RSUs	-	863	-	-	-	-	-	(863)	-	-	-
Changes in equity for the period	-	863	(1,577)	-	-	5,689	-	(863)	(9,367)	11,903	6,648
At 31 March 2020	234	381,833	(6,441)	(14)	2,000	30,179	33,990	79,858	(255,571)	1,850,823	2,116,891

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED 31 MARCH 2020

	Three months ended	
	31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operating activities	28,851	21,113
Income tax paid	(5,300)	(6,607)
Lease interests paid	(159)	–
	<u>23,392</u>	<u>14,506</u>
Net cash generated from operating activities		
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(467,944)	(367,350)
Proceeds from maturity of term deposits with original maturities over three months	335,573	217,992
Interest received	5,565	4,854
Purchases of investments at fair value through profit or loss	(150,135)	(354,547)
Proceeds from settlements of investments at fair value through profit or loss	257,953	490,000
Purchases of property, plant and equipment	(2,175)	–
Proceeds from disposals of property, plant and equipment	16	–
	<u>(21,147)</u>	<u>(9,051)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of lease liabilities	(902)	(859)
Repurchase of ordinary shares	(1,577)	–
	<u>(2,479)</u>	<u>(859)</u>
Net cash used in financing activities		
Net (decrease)/increase in cash and cash equivalents	(234)	4,596
Effect of foreign exchange rate changes	4,096	(2,344)
Cash and cash equivalents at beginning of the period	487,301	390,350
	<u>491,163</u>	<u>392,602</u>
Cash and cash equivalents at end of the period		
Analysis of cash and cash equivalents		
Bank and cash balances	491,163	392,602

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 31 MARCH 2020

1. GENERAL INFORMATION

Boyaa Interactive International Limited (the “**Company**”) was incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 14/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong. The address of its headquarters is 8/F, Block E1, International E Town, TCL Industry Park, 1001 Zhong Shan Yuan Road, Nanshan District, Shenzhen, the People’s Republic of China (the “**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements are presented in Renminbi (the “**RMB**”), which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group.

The Company acts as an investment holding company. The principal activities of the Group are the development and operation of online games and provision of advisory services.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Company and its subsidiaries (the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Web-based games	36,846	35,810
Mobile games	56,237	44,394
	<hr/>	<hr/>
Revenue from contracts with customers	93,083	80,204
	<hr/>	<hr/>

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
At a point of time	93,083	80,204
	<hr/>	<hr/>

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. The Group's operations are substantially located in the PRC (including Hong Kong). A breakdown of revenue derived from different languages versions of the Group's games is as follows:

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Simplified Chinese	14,967	12,260
Other languages	78,116	67,944
	<hr/>	<hr/>
	93,083	80,204
	<hr/>	<hr/>

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three months ended 31 March 2019: nil).

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

	31 March	31 December
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(audited)
Mainland China	74,515	86,002
Other locations	24,411	17,082
	98,926	103,084

5. OTHER (LOSSES)/GAINS, NET

	Three months ended 31 March	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Loss on disposals of property, plant and equipment	–	(333)
Government subsidies and tax rebates (<i>note</i>)	542	7,452
Net foreign exchange (losses)/gains	(5,619)	3,382
Fair value changes on investments at fair value through profit or loss	(13,884)	6,937
Others	(13)	–
	(18,974)	17,438

Note:

Government subsidies represented various industry-specific subsidies granted by the government authorities to subsidise the research and development costs incurred by the Group during the course of its business.

6. FINANCE INCOME

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest revenue	5,395	4,854
Interest revenue on non-current loans to employees	170	302
	<u>5,565</u>	<u>5,156</u>

7. FINANCE COSTS

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Lease interests	159	212

8. INCOME TAX EXPENSE

	Three months ended 31 March	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax – PRC Enterprise Income Tax (“EIT”)	346	3,992
Current tax – Hong Kong Profits Tax	6,530	2,394
Current tax – Other jurisdictions	3	–
	<u>6,879</u>	<u>6,386</u>
Deferred tax	(701)	882
	<u>6,178</u>	<u>7,268</u>

(a) **EIT**

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 2020 and 2019, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Limited has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification under PRC Enterprise Income Tax Law (“**EIT Law**”) during the year ended 31 December 2018 and as a result, Shenzhen Dong Fang Bo Ya Technology Co., Limited enjoy a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. Therefore, the applicable tax rate for Shenzhen Dong Fang Bo Ya Technology Co., Limited was 15% (2019: 15%) for the three months ended 31 March 2020.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its HNTE qualification under EIT Law during the year ended 31 December 2019 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (2019: 15%) for the three months ended 31 March 2020.

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% (2019: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited had claimed such Super Deduction in ascertaining its tax assessable profits for the three months ended 31 March 2020 and 2019.

(b) **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 2020, 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 RMB1,118,316,000 (31 December 2019: RMB1,118,398,000). 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 the management’s estimation of overseas funding requirements.

(c) **Hong Kong Profits Tax**

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the three months ended 31 March 2020 and 2019.

9. PROFIT FOR THE PERIOD

The Group's profit for the period is stated after charging/(crediting) the following:

	Three months ended 31 March	
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)
Amortisation of intangible assets		
– included in cost of revenue	107	264
– included in selling and marketing expenses	–	11
– included in administrative expenses	–	3
	<u>107</u>	<u>278</u>
Depreciation	3,817	2,250
Research and development expenditure		
– included in staff costs	12,011	12,545
– included in depreciation	96	383
– included in other administrative expenses	2,032	1,578
	<u>14,139</u>	<u>14,506</u>
Reversal of loss allowance provision for trade receivables	(1,571)	(177)
Reversal of loss allowance provision for loans to employees	(41)	–
Staff costs including directors' emoluments		
– Wages, salaries and bonuses	16,118	18,497
– Retirement benefit scheme contributions	1,594	883
– Share-based payments	–	285
	<u>17,712</u>	<u>19,665</u>

10. DIVIDENDS

The board (the “**Board**”) of directors of the Company has resolved not to declare a dividend for the three months ended 31 March 2020 (for the three months ended 31 March 2019: nil).

11. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

	Three months ended 31 March	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Earnings		
Earnings for the purpose of basic and diluted earnings per share	11,903	40,079
Number of shares ('000)		
Weighted average number of ordinary shares for the purpose of basic earnings per share	662,054	669,670
Effect of dilutive potential ordinary shares arising from RSUs	–	312
Effect of dilutive potential ordinary shares arising from share options	1	25
Weighted average number of ordinary shares for the purpose of diluted earnings per share	662,055	670,007

12. PROPERTY, PLANT AND EQUIPMENT

During the three months ended 31 March 2020, the Group acquired property, plant and equipment of approximately RMB2,175,000 (for the three months ended 31 March 2019: nil).

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
	Equity securities, at fair value	
– Listed in PRC - Dalian Zeus Entertainment Co., Limited	14,358	19,100
– Listed in Hong Kong - Xiaomi Corporation	16,216	16,416
– Listed in USA - Qudian Inc.	2,807	7,232
	33,381	42,748
– Unlisted equity securities in PRC	1,518	1,518
– Unlisted preference shares of private companies	899	899
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	35,798	45,165

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	86,800	95,200
– equity investment partnerships	<u>387,800</u>	<u>399,812</u>
	<u>474,600</u>	<u>495,012</u>
Included in current assets		
Non-quoted investments in:		
– asset management plan	–	6,800
– wealth management products (<i>Note (i)</i>)	<u>401,490</u>	<u>495,547</u>
	<u>401,490</u>	<u>502,347</u>
	<u>876,090</u>	<u>997,359</u>

Note:

- (i) Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have initial terms ranging from 30 days to 364 days. At 31 March 2020, an amount of RMB365,635,000 were frozen (31 December 2019: RMB362,930,000) (Note 21).

15. TRADE RECEIVABLES

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade receivables	26,488	23,742
Provision for loss allowance	<u>(4,223)</u>	<u>(5,741)</u>
Carrying amount	<u>22,265</u>	<u>18,001</u>

The aging analysis of trade receivables, based on recognition date of the trade receivables, net of allowance, is as follows:

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0 to 30 days	13,776	16,949
31 to 60 days	6,171	240
61 to 90 days	–	157
91 to 180 days	1,811	173
181 to 360 days	132	264
Over 360 days	375	218
	<hr/> 22,265 <hr/>	<hr/> 18,001 <hr/>

16. RESTRICTED BANK DEPOSITS

The Group's restricted bank deposits represented deposits that were frozen (note 21).

17. TRADE AND OTHER PAYABLES

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade payables	1,308	879
Other tax payables	42,749	43,215
Accrued expenses	6,538	5,906
Accrued commissions charges by platforms	13,961	13,854
Accrued advertising expenses	2,215	1,908
Salary and staff welfare payables	5,460	5,087
Others	265	1,208
	<hr/> 72,496 <hr/>	<hr/> 72,057 <hr/>

The aging analysis of trade payables, based on recognition date of trade payables, is as follows:

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0 to 30 days	221	219
31 to 90 days	267	262
91 to 180 days	392	92
181 to 365 days	92	–
Over 365 days	336	306
	<u>1,308</u>	<u>879</u>

18. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (2019: 2,000,000,000 ordinary shares) ordinary shares with par value of USD0.00005 (2019: USD0.00005 per share) per share.

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2019 (audited)	724,583,301	36	235
Cancellation of ordinary shares	<u>(2,832,000)</u>	<u>–</u>	<u>(1)</u>
At 31 December 2019 and 1 January 2020 (audited) and 31 March 2020 (unaudited)	<u>721,751,301</u>	<u>36</u>	<u>234</u>

19. SHARE-BASED PAYMENTS

(a) Share options

On 7 January 2011, the Board of the Company approved the establishment of a share option scheme (“**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 (“**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.

Details of the share options outstanding during the period are as follows:

	Number of share options	
	For the period ended 31 March	
	2020	2019
	(unaudited)	(unaudited)
Outstanding at the beginning of the period	7,311,427	8,323,315
Lapsed during the period	(2,749)	(11,888)
	<u>7,308,678</u>	<u>8,311,427</u>
Outstanding at the end of the period	7,308,678	8,311,427
Exercisable at the end of the period	<u>7,308,678</u>	<u>8,311,427</u>

No options were exercised during the period ended 31 March 2020 and 2019.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 March 2020 and 2019 are as follows:

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	For the period ended	
			31 March	
			2020	2019
			(unaudited)	(unaudited)
31 January 2019	USD0.05	0.388	–	–
1 March 2020	USD0.10	0.775	–	2,749
30 June 2020	USD0.15	1.163	66,249	66,249
6 September 2025	HK\$3.108	3.108	7,242,429	8,242,429
			<u>7,308,678</u>	<u>8,311,427</u>

(b) Restricted Share Unit (“RSU”)

Pursuant to a resolution passed by the Board of the Company on 17 September 2013, the Company set up a RSU scheme with the objective to incentivise 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 from 4 March 2013 to 3 March 2021, commencing from the date of the first grant of the RSUs.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2020	2019
	(unaudited)	(unaudited)
At 1 January	5,829,245	7,781,613
Lapsed	–	(736)
Vested and transferred	(853,000)	(221,000)
	<hr/>	<hr/>
At 31 March	4,976,245	7,559,877
	<hr/>	<hr/>
Vested but not transferred as at 31 March	4,976,245	7,182,133
	<hr/>	<hr/>

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$1.01 (2019: HK\$1.56) per share.

(c) Shares held for RSU scheme

The shares held for RSU scheme were regarded as treasury shares and had been presented as a deduction against shareholders’ equity. During the period, 853,000 of RSUs were vested and transferred (note (b) above), and as a result, 57,787,617 (31 December 2019: 58,640,617 ordinary shares) ordinary shares of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 31 March 2020.

20. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions and balances with its related parties during the period:

	31 March 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Amount due from a director included in other receivables	657	657
Amount due from a related party included in other receivables	<u>2,003</u>	<u>2,003</u>

The amount due from a director, from a related party and to an associate are unsecured, interest-free and repayable on demand.

21. MATERIAL EVENTS

In March 2019, the Company has come to the attention that it was not able to continue to use the idle cash reserves in its individual bank accounts (the “**Relevant Idle Cash Reserves**”) for fixed-term deposits or wealth management (the “**Incident**”). At 31 March 2020, the Group’s investments at fair value through profit or loss of approximately RMB366 million and cash and cash equivalents of approximately RMB289 million were frozen.

At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company has engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers have submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilize the Relevant Idle Cash Reserves.

Upon advice of the PRC Legal Advisers, the Company filed another application (the “**Application**”) to the relevant PRC court on 21 August 2019 seeking to utilize the Relevant Idle Cash Reserves for wealth management. On 27 August 2019, the Company received a reply (the “**Reply**”) from the relevant PRC court that the Relevant Idle Cash Reserves were frozen due to a prosecution (the “**Case**”) made by the relevant PRC judicial authority against its individual current or former employees (the “**Employees**”) for their alleged illegal activities conducted through one of the Company’s onshore online gaming platforms (the “**Alleged Crime**”). Therefore, the Application was rejected. As advised by the PRC Legal Advisers, if the relevant PRC judicial authority finds that the Employees are guilty of the Alleged Crime and some or all of the Relevant Idle Cash Reserves contain income generated as a result of such conduct, such income may be confiscated.

On 27 December 2019, the Intermediate People’s Court of Chengde City, Hebei Province (the “**Trial Court**”) delivered the judgment in relation to the Case (the “**Judgment**”). The Trial Court held that the Employees are guilty of the Alleged Crime and ordered an amount of approximately RMB943 million to be paid to the state treasury (the “**Judgment Amount**”).

The Company is not a party to the Case. As at the date of this announcement, none of the Company, its directors and its senior management had been subject to any prosecution or investigation by the relevant PRC judicial authorities in relation to the Alleged Crime. In addition, the Company had not received any notification from any relevant PRC judicial authority in relation to the Judgment Sum and so far as the Company is aware, the other bank accounts had not been frozen by the relevant PRC judicial authorities.

The Company is discussing with its PRC Legal Advisers as to the next step forward in relation to the Judgment, including the possibility to take appropriate legal actions as to the Judgment Amount to protect the interests of the Company and its shareholders. As advised by the PRC Legal Advisers, as at the date of this announcement, one of the Employees had applied for appeal against the Judgment and therefore, the Judgment will not be enforceable and the Trial Court will not order the Judgment Amount to be paid until the judgment from the appeal hearing has been handed down. As at the date of this announcement, the date of the appeal hearing has not been fixed.

In light of the fact that (i) the Company, its directors and senior management had not been subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime as at the date of this announcement; (ii) the Relevant Idle Cash Reserves of the Company are only used for the purpose of investing in fixed-term deposits and wealth management products, which is the Company’s general practice; (iii) the Company has sufficient cash reserves available in the other bank accounts for its day-to-day operations; (iv) the Company does not have any loan borrowing as at the date of this announcement; and (v) as at 31 March 2020, the Group recorded current assets in the sum of approximately RMB1.77 billion, the Judgment Amount accounted for approximately 53.3% of the then Group’s current assets, the Board is of the view that the Judgment would not have any material adverse impact on the business, operation and financial conditions of the Group.

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

FOR THE THREE MONTHS ENDED 31 MARCH 2020

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	31 March 2020	31 December 2019	31 March 2019		
	RMB'000	RMB'000	RMB'000	%	%
	(unaudited)	(unaudited)	(unaudited)		
Revenue	93,083	78,313	80,204	16.1	18.9
Cost of revenue	<u>(27,885)</u>	<u>(25,897)</u>	<u>(24,987)</u>	11.6	7.7
Gross profit	65,198	52,416	55,217	18.1	24.4
Selling and marketing expenses	(5,059)	(5,728)	(4,347)	16.4	(11.7)
Administrative expenses	(27,922)	(31,109)	(25,726)	8.5	(10.2)
Other gains/(loss) – net	<u>(18,974)</u>	<u>(69,803)</u>	<u>17,438</u>	(208.8)	72.8
Operating profit/(loss)	13,243	(54,224)	42,582	(68.9)	124.4
Finance income – net	5,406	6,963	4,944	9.3	(22.4)
Share of (loss)/profit of associates	<u>(568)</u>	<u>(3,620)</u>	<u>(179)</u>	(217.3)	84.3
Profit/(Loss) before income tax	18,081	(50,881)	47,347	(61.8)	135.5
Income tax (expenses)/credit	<u>(6,178)</u>	<u>2,573</u>	<u>(7,268)</u>	15.0	(340.1)
Profit for the period	<u>11,903</u>	<u>(48,308)</u>	<u>40,079</u>	(70.3)	124.6
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	–	–	68	(100.0)	–
Share-based compensation expense included in selling and marketing expenses	–	–	75	(100.0)	–
Share-based compensation expense included in administrative expenses	<u>–</u>	<u>1</u>	<u>142</u>	(100.0)	(100.0)
Non-IFRS adjusted net profit (unaudited)	<u>11,903</u>	<u>(48,307)</u>	<u>40,364</u>	(70.5)	124.6

* *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 2020 and the immediately preceding quarter.*

EXTRACT OF INDEPENDENT AUDITOR’S REVIEW REPORT

The following is an extract of the independent auditor’s report on Review of Interim Condensed Consolidated Financial Information of the Group for the three months ended 31 March 2020:

“BASIS FOR QUALIFIED CONCLUSION

We were unable to obtain sufficient appropriate evidence to satisfy ourselves as to the recoverability of frozen investments at fair value through profit or loss and restricted bank deposits of RMB365,635,000 and RMB288,965,000 as at 31 March 2020 respectively and RMB362,930,000 and RMB288,394,000 as at 31 December 2019 respectively. Given the scope limitation, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying amounts of frozen investments at fair value through profit or loss and restricted bank deposits as at 31 March 2020 and 31 December 2019 were necessary.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion section of our report, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.”

For further details in relation to the Qualified Conclusion, please refer to the Section headed “Details of the Qualified Opinion and its Potential Impact” of the annual report of the Company dated 8 June 2020.

The Board wishes to remind investors and shareholders 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, 24 June 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.