

REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Texas Hold'em Series	128,077	117,794	8.7
Other Card and Board ^{1****}	60,383	42,668	41.5
Total	188,460	160,462	17.4

	For the three months ended 30 June		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Texas Hold'em Series	66,349	58,891	12.7
Other Card and Board ^{1****}	29,028	21,367	35.9
Total	95,377	80,258	18.8

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Simplified Chinese	25,064	24,878	0.7
Other languages	163,396	135,584	20.5
Total	188,460	160,462	17.4

	For the three months ended 30 June		Year-on-Year Change* %
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	
Simplified Chinese	10,097	12,618	(20.0)
Other languages	85,280	67,640	26.1
Total	95,377	80,258	18.8

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2020 (unaudited)	31 March 2020 (unaudited)	30 June 2019 (unaudited)		
Paying Players (<i>in thousands</i>)	292	431	398	(26.6)	(32.3)
• Web-based games	10	10	15	(33.3)	–
• Mobile games	282	421	383	(26.4)	(33.0)
Daily Active Users (“DAUs”) (<i>in thousands</i>)***	2,222	2,548	2,405	(7.6)	(12.8)
• Web-based games	150	129	190	(21.1)	16.3
• Mobile games	2,072	2,419	2,215	(6.5)	(14.3)
Monthly Active Users (“MAUs”) (<i>in thousands</i>)****	6,080	7,838	7,429	(18.2)	(22.4)
• Web-based games	402	440	551	(27.0)	(8.6)
• Mobile games	5,678	7,398	6,878	(17.4)	(23.2)
Average Revenue Per Paying Users (“ARPPU”) of Texas Hold’em Series (<i>in RMB</i>)					
• Web-based games	1,420.2	1,363.6	818.3	73.6	4.2
• Mobile games	135.3	129.7	118.5	14.2	4.3
ARPPU for Other Card and Board (<i>in RMB</i>)					
• Web-based games	14.3	9.3	16.7	(14.4)	53.8
• Mobile games	45.4	29.3	22.6	100.9	54.9

* 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 30 June 2020 and the immediately preceding quarter.

*** Non-IFRS adjusted (loss)/profit was derived from the unaudited profit for the period excluding share-based compensation expenses, except for the year ended 31 December 2019, which is derived from the audited profit for the year.

**** 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.

***** The categories of “Fight the Landlord” and “Others” set out in the summary in the previous quarterly results announcement is combined and referred to as “Other Card and Board” above.

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 condensed consolidated results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**our**” or “**us**”) for the three and six months ended 30 June 2020 (the “**Reporting Period**”) (the “**Interim Results**”). The Interim 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 the Hong Kong Institute of Certified Public Accountants and by the audit committee of the Company (the “**Audit Committee**”).

BUSINESS OVERVIEW AND OUTLOOK

In terms of financial performance, we recorded a revenue of approximately RMB95.4 million for the second quarter of 2020, representing a year-on-year increase of approximately 18.8% compared to the same period in 2019; we recorded a revenue of approximately RMB188.5 million for the first half of 2020, representing a year-on-year increase of approximately 17.4% compared to the same period in 2019. The year-on-year increase in revenue in the second quarter and the first half of 2020 was primarily attributable to (i) the quarantine and social distance measures imposed by component authorities in Mainland China, Hong Kong, Taiwan and overseas regions during the outbreak of novel coronavirus (“**COVID-19**”); and (ii) the holding of certain online operating activities by the Group increasing the online time of game users and their consumption in online games. The revenue of the Group for the second quarter of 2020 increased by approximately 2.5% compared to the first quarter of 2020, which was mainly due to the holding of operating promotion activities led to a slight increase in revenue of the second quarter of 2020.

We recorded an unaudited non-IFRS adjusted loss of approximately RMB25.5 million in the second quarter of 2020, representing a year-on-year decrease of approximately 209.9% compared to the second quarter of 2019; and we recorded an unaudited non-IFRS adjusted loss of approximately RMB13.6 million in the first half of 2020, representing a year-on-year decrease of approximately 121.3% compared to the first half of 2019. The year-on-year decrease in unaudited non-IFRS adjusted profit for the second quarter and first half of 2020 was mainly attributable to the decrease in fair value of financial assets such as equity investment partnerships of the Group for the six months ended 30 June 2020 due to the economic downturn and market factors caused by the COVID-19 pandemic. 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 unaudited non-IFRS adjusted profit in the second quarter and first half of 2020 represented an increase of approximately 29.0% and approximately 11.9%,

respectively, compared to the corresponding period in 2019, mainly due to the increase in revenue. Our unaudited non-IFRS adjusted profit in the second quarter of 2020 recorded a quarter-to-quarter decrease of approximately 314.0% compared to the first quarter of 2020. Excluding the impact of non-operating one-off factors such as the changes in the fair value of equity investment partnerships, the unaudited non-IFRS adjusted profit for the second quarter of 2020 represented a quarter-to-quarter increase of 14.1%, mainly due to the increase in revenue.

In terms of the operating data performance of the Group, we recorded a decrease in the number of paying players and users during the second quarter of 2020 as compared to the first quarter of 2020. In particular, the number of paying players decreased by 32.3% from approximately 0.43 million in the first quarter of 2020 to approximately 0.29 million in the second quarter of 2020. The number of DAUs decreased by 12.8% from approximately 2.5 million in the first quarter of 2020 to 2.2 million in the second quarter of 2020. The number of MAUs decreased by 22.4% from approximately 7.8 million in the first quarter of 2020 to approximately 6.1 million in the second quarter of 2020. The number of paying players and users in the second quarter of 2020 experienced a decrease as compared to the first quarter, mainly due to the relief of COVID-19 pandemic and gradual recovery of various industries in the Mainland China. However, the ARPPU of web-based games and mobile games of both Texas Hold'em Series and other card and board recorded a slight increase.

The Group 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 of risks arising from policy. The Group 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

Second Quarter of 2020 Compared to Second Quarter of 2019

Revenue

Our revenue for the three months ended 30 June 2020 amounted to approximately RMB95.4 million, representing a year-on-year increase of approximately 18.8% from approximately RMB80.3 million recorded for the same period in 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 Mainland China, Hong Kong, Taiwan and other overseas countries, and the online operational activities held by the Group. For the three months ended 30 June 2020, revenue generated from our mobile games and web-based games accounted for approximately 59.8% and 40.2% of our total revenue, respectively, as compared with approximately 57.1% and 42.9%, respectively, for the three months ended 30 June 2019.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2020 amounted to approximately RMB28.0 million, representing a year-on-year increase of approximately 6.4% from approximately RMB26.3 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 30 June 2020 amounted to approximately RMB67.4 million, representing a year-on-year increase of approximately 24.9% from approximately RMB54.0 million recorded for the same period in 2019.

Our gross profit margin were approximately 70.7% and 67.2%, respectively, for the three months ended 30 June 2020 and the same period in 2019.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2020 amounted to approximately RMB6.1 million, representing a year-on-year increase of approximately 43.3% from approximately RMB4.3 million recorded for the same period in 2019. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 30 June 2020 amounted to approximately RMB31.2 million, representing a year-on-year increase of approximately 12.5% from approximately RMB27.8 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 30 June 2020, we recorded other losses, net of approximately RMB51.7 million, compared to other losses, net of approximately RMB3.4 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 net finance income for the three months ended 30 June 2020 was approximately RMB5.1 million, compared to approximately RMB6.7 million recorded for the same period in 2019. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 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 Huifu World 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., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 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 RMB1.1 million for the three months ended 30 June 2020, compared to a share of profit of associates of approximately RMB0.02 million recorded for the same period in 2019.

Income tax expenses

Our income tax expenses for the three months ended 30 June 2020 was approximately RMB7.8 million, representing an increase of approximately 251.5% from approximately RMB2.2 million recorded for the three months ended 30 June 2019. The increase in income tax expenses is resulted from no provision of deferred tax assets is recognized for the fair value loss of investments at fair value through profit or loss.

(Loss)/profit attributable to owners of the Company

As a result of the foregoing, our loss attributable to owners of the Company for the three months ended 30 June 2020 amounted to approximately RMB25.5 million, representing a year-on-year decrease of approximately 210.6%, from the profit attributable to owners of the Company of approximately RMB23.0 million recorded for the same period in 2019.

Non-IFRS Measure – Adjusted profit

To supplement our unaudited condensed consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted 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 which 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 loss for the three months ended 30 June 2020 amounted to approximately RMB25.5 million, as compared to our unaudited non-IFRS adjusted profit for the three months ended 30 June 2019 of approximately RMB23.2 million derived from our unaudited profit for the three months ended 30 June 2019 excluding share-based compensation expenses of approximately RMB0.04 million, RMB0.04 million and RMB0.07 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

First Half of 2020 Compared to First Half of 2019

Revenue

Our revenue for the six months ended 30 June 2020 amounted to approximately RMB188.5 million, representing a year-on-year increase of approximately 17.4% from approximately RMB160.5 million recorded for the same period in 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 Mainland China, Hong Kong, Taiwan and other overseas countries, and the online operational activities held by the Group. For the six months ended 30 June 2020, revenue generated from our mobile games and web-based games accounted for approximately 60.1% and 39.9% of our total revenue, respectively, as compared with approximately 56.2% and 43.8%, respectively, for the six months ended 30 June 2019.

Cost of revenue

Our cost of revenue for the six months ended 30 June 2020 amounted to approximately RMB55.9 million, representing a year-on-year increase of approximately 8.9% from approximately RMB51.3 million recorded for the same period in 2019. The year-on-year increase was mainly 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 six months ended 30 June 2020 amounted to approximately RMB132.6 million, representing a year-on-year increase of approximately 21.5% from approximately RMB109.2 million recorded for the same period in 2019.

Our gross profit margin were approximately 70.4% and 68.0%, respectively, for the six months ended 30 June 2020 and the same period in 2019.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2020 amounted to approximately RMB11.2 million, representing a year-on-year increase of approximately 29.7% from approximately RMB8.6 million recorded for the same period in 2019. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2020 amounted to approximately RMB59.2 million, representing a year-on-year increase of approximately 10.6% from approximately RMB53.5 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 six months ended 30 June 2020, we recorded other losses, net of approximately RMB70.7 million, compared to other gains, net of approximately RMB14.0 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 net finance income for the six months ended 30 June 2020 was approximately RMB10.5 million, compared to approximately RMB11.7 million recorded for the same period in 2019. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 2019.

Share of results 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., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 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 RMB1.7 million for the six months ended 30 June 2020, compared to a share of loss of associates of approximately RMB0.2 million recorded for the same period in 2019.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2020 was approximately RMB14.0 million, representing an increase of approximately 47.6% from approximately RMB9.5 million recorded for the six months ended 30 June 2019. The increase in income tax expenses is resulted from no provision of deferred tax assets is recognized for the fair value loss of investments at fair value through profit or loss.

(Loss)/profit attributable to owners of the Company

As a result of the foregoing, our loss attributable to owners of the Company for the six months ended 30 June 2020 amounted to approximately RMB13.6 million, representing a year-on-year decrease of approximately 121.5%, from the profit attributable to owners of the Company of approximately RMB63.1 million recorded for the same period in 2019.

Non-IFRS Measure – Adjusted profit

Our unaudited non-IFRS adjusted loss for the six months ended 30 June 2020 of approximately RMB13.6 million, as compared to our unaudited non-IFRS adjusted profit for the six months ended 30 June 2019 of approximately RMB63.5 million derived from our unaudited profit for the six months ended 30 June 2019 excluding share-based compensation expenses of approximately RMB0.1 million, RMB0.1 million and RMB0.2 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

Liquidity and Capital Resources

For the six months ended 30 June 2020, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Gearing ratio

As at 30 June 2020, the Group's gearing ratio (total liabilities divided by total assets) was 12.0% (31 December 2019: 11.8%).

Term deposits

As at 30 June 2020, we had term deposits of approximately RMB728.3 million (31 December 2019: approximately RMB388.2 million), which were mainly denominated in RMB and United States dollars (“USD”). The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2020 was approximately 1.9%.

Cash and cash equivalents

As at 30 June 2020, we had cash and cash equivalents of approximately RMB326.2 million (31 December 2019: approximately RMB487.3 million), which primarily consisted of cash at banks and in hand and short-term bank deposits, which were mainly denominated in RMB (as to approximately 43.6%), USD (as to approximately 39.9%) and other currencies (as to approximately 16.5%). 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.

As at 30 June 2020, the total amount of the net proceeds from our initial public offering had been fully utilized.

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 30 June 2020, the fair value of our unlisted and listed investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB45.6 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 30 June 2020.

Investments at fair value through profit or loss

As at 30 June 2020, we also recorded investments at fair value through profit or loss amounted to approximately RMB818.9 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 30 June 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 market approach and 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 six months ended 30 June 2020, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB71.1 million (fair value gains for the six months ended 30 June 2019: approximately RMB4.9 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 Group has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs even

after the investments in wealth management products. During the six months ended 30 June 2020, each of the investments made by the Group does not constitute a notifiable transaction or a connected transaction of the Group under the Listing Rules. As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Group 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 six months ended 30 June 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 30 June 2020 was approximately RMB203.8 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 30 June 2020, the fair value of the two Wealth Management Products were approximately RMB211.8 million and RMB135.0 million, respectively. The Wealth Management Products were assessed by the Group as very low-risk products. As at 30 June 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 Note 17 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this announcement and the announcements of the Group dated 1 September 2019, 13 December 2019, 3 January 2020 and 6 January 2020.

Save for our capital investment in Jiaxing Boyaa 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 30 June 2020.

Borrowings

For the six months ended 30 June 2020, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

Capital expenditure

For the six months ended 30 June 2020, our capital expenditure amounted to approximately RMB2.9 million (for the six months ended 30 June 2019: approximately RMB5.9 million). The capital expenditure mainly included purchasing equipment and leasehold improvements of approximately RMB2.9 million (for the six months ended 30 June 2019: approximately RMB5.9 million), which was funded by using our cash flows generated from our operations.

Commitment

The Group did not have significant outstanding commitments as at 30 June 2020.

Contingent liabilities and guarantees

As at 30 June 2020, the Group did not have any significant unrecorded contingent liabilities and guarantees.

Significant investments and future plans for major investments

For the six months ended 30 June 2020, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 million. Jiaxing Boyaa mainly carried out equity investments and venture capital investments. In addition, the Group had subscribed for the Wealth Management Products, which had an aggregate fair value of approximately RMB346.8 million as at 30 June 2020.

In the coming future, the Group will continue to identify new opportunities for business development. As at the date of this announcement, the Group has not executed any agreement in respect of material acquisitions, investments or capital asset and did not have any other future plans relating to material acquisitions, investments or capital asset as at the date of this announcement. Nonetheless, if any potential investment opportunity arises in the coming future, the Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Group and the shareholders of the Company as a whole.

Pledge/charge of the Group's assets

As at 30 June 2020, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 30 June 2020, we had a total of 278 full time employees, who are mainly based in Mainland China. In particular, 224 employees are responsible for our game development and operation functions, 37 employees for game support and 17 employees for administration and senior management functions.

We organize and launch various training programs on a regular basis for our employees to enhance their knowledge of online game development and operation, improve time management and internal communications, and strengthen team bonding. We also provide various incentives, including share-based awards, such as share options and restricted share units (“**RSUs**”) granted pursuant to the share incentive schemes of the Company, and performance-based bonuses to better motivate our employees. As required by PRC laws and regulations, we have also made contributions to various mandatory social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance and maternity insurance, and to mandatory housing accumulation funds, for or on behalf of our employees.

For the six months ended 30 June 2020, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB35.2 million, representing approximately 27.5% of the total expenses of the Group. Pursuant to the post-IPO share option scheme adopted by the Company in October 2013 (the “**Post-IPO Share Option Scheme**”) and the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU Scheme adopted by the Company in September 2013 (the “**RSU Scheme**”), there were a total of 6,242,429 share options and 4,715,457 shares underlying the RSUs outstanding and/or granted to a total of 243 directors, senior management members and employees of the Group as at 30 June 2020. There were also 53,040,494 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme will be set out in the section headed “Share Option Schemes and Restricted Share Unit Scheme” in the Other Information section in our 2020 interim report to be issued in due course.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Revenue	4	95,377	80,258	188,460	160,462
Cost of revenue		(27,978)	(26,305)	(55,863)	(51,292)
Gross profit		67,399	53,953	132,597	109,170
Other (losses)/gains, net	5	(51,689)	(3,431)	(70,663)	14,007
Selling and marketing expenses		(6,125)	(4,275)	(11,184)	(8,622)
Administrative expenses		(31,228)	(27,750)	(59,150)	(53,476)
Operating (loss)/profit		(21,643)	18,497	(8,400)	61,079
Finance income	6	5,279	7,851	10,844	13,007
Finance costs	7	(141)	(1,103)	(300)	(1,315)
Share of (losses)/profits of associates		(1,129)	19	(1,697)	(160)
(Loss)/profit before income tax		(17,634)	25,264	447	72,611
Income tax expense	8	(7,835)	(2,229)	(14,013)	(9,497)
(Loss)/profit for the period attributable to owners of the Company	9	(25,469)	23,035	(13,566)	63,114
Other comprehensive income/ (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		9,782	(11,131)	415	(9,927)
Exchange differences on translating foreign operations		196	1,597	1,437	239
<i>Item that may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		347	9,667	4,795	1,976

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

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	<i>Note</i>	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income/ (expenses) for the period, net of tax		10,325	133	6,647	(7,712)
Total comprehensive (expenses)/ income for the period attributable to owners of the Company		(15,144)	23,168	(6,919)	55,402
(Loss)/earnings per share (RMB cents)					
– Basic	11	(3.85)	3.44	(2.05)	9.42
– Diluted		(3.85)	3.44	(2.05)	9.42

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

		30 June 2020	31 December 2019
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		39,629	41,792
Right-of-use assets		8,032	10,426
Intangible assets		79	213
Investments in associates		11,096	12,793
Equity investments at fair value through other comprehensive income		45,580	45,165
Investments at fair value through profit or loss	<i>12</i>	385,676	495,012
Prepayments, deposits and other receivables		33,200	37,860
Deferred tax assets		22,630	23,713
		<hr/> 545,922 <hr/>	<hr/> 666,974 <hr/>
Current assets			
Trade receivables	<i>13</i>	17,979	18,001
Prepayments, deposits and other receivables		45,938	41,922
Investments at fair value through profit or loss	<i>12</i>	433,233	502,347
Restricted bank deposits	<i>14</i>	290,547	288,394
Term deposits		728,317	388,216
Bank and cash balances		326,183	487,301
		<hr/> 1,842,197 <hr/>	<hr/> 1,726,181 <hr/>
Total assets		<hr/> 2,388,119 <hr/>	<hr/> 2,393,155 <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)**

AT 30 JUNE 2020

	30 June	31 December
	2020	2019
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
EQUITY AND LIABILITIES		
Equity		
Share capital	232	234
Reserves	<u>2,101,515</u>	<u>2,110,009</u>
Total equity	<u>2,101,747</u>	<u>2,110,243</u>
Liabilities		
Non-current liabilities		
Lease liabilities	4,196	5,127
Deferred tax liabilities	<u>7,191</u>	<u>7,696</u>
	<u>11,387</u>	<u>12,823</u>
Current liabilities		
Trade payables	1,554	879
Accruals and other payables	74,476	71,178
Contract liabilities	11,203	18,100
Lease liabilities	4,319	4,896
Current tax liabilities	<u>183,433</u>	<u>175,036</u>
	<u>274,985</u>	<u>270,089</u>
Total liabilities	<u>286,372</u>	<u>282,912</u>
Total equity and liabilities	<u>2,388,119</u>	<u>2,393,155</u>
Net current assets	<u>1,567,212</u>	<u>1,456,092</u>
Total assets less current liabilities	<u>2,113,134</u>	<u>2,123,066</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 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 income/(expenses) for the period	-	-	-	-	-	2,215	-	-	(9,927)	63,114	55,402
Repurchase of ordinary shares	-	-	(1,668)	-	-	-	-	-	-	-	(1,668)
Cancellation of ordinary shares	(1)	(3,157)	3,158	-	-	-	-	-	-	-	-
Share-based payments											
– value of employee services	-	-	-	-	-	-	-	431	-	-	431
– exercise and lapse of share options and RSUs	-	2,656	-	-	-	-	-	(2,656)	-	-	-
Special dividend	-	(162,545)	-	-	-	-	-	-	-	-	(162,545)
Changes in equity for the period	(1)	(163,046)	1,490	-	-	2,215	-	(2,225)	(9,927)	63,114	(108,380)
At 30 June 2019	234	380,675	(570)	(14)	2,000	15,694	28,474	81,807	(225,436)	1,873,790	2,156,654
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	-	-	-	-	-	6,232	-	-	415	(13,566)	(6,919)
Repurchase of ordinary shares	-	-	(1,577)	-	-	-	-	-	-	-	(1,577)
Cancellation of ordinary shares	(2)	(6,439)	6,441	-	-	-	-	-	-	-	-
Share-based payments											
– exercise and lapse of share options and RSUs	-	877	-	-	-	-	-	(877)	-	-	-
Changes in equity for the period	(2)	(5,562)	4,864	-	-	6,232	-	(877)	415	(13,566)	(8,496)
At 30 June 2020	232	375,408	-	(14)	2,000	30,722	33,990	79,844	(245,789)	1,825,354	2,101,747

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operating activities	72,173	37,673
Income tax paid	(8,258)	(4,371)
Lease interests paid	(300)	(413)
	<hr/>	<hr/>
Net cash generated from operating activities	63,615	32,889
	<hr/>	<hr/>
Cash flows from investing activities		
Placement of restricted bank deposits	–	(91,449)
Placement of term deposits with original maturities over three months	(565,638)	(211,152)
Proceeds from maturity of term deposits with original maturities over three months	227,906	392,400
Interest received	7,431	14,562
Dividends from investments at fair value through profit or loss	430	2,122
Purchases of investments at fair value through profit or loss	(335,200)	(528,547)
Proceeds from settlements of investments at fair value through profit or loss	442,947	631,207
Purchases of property, plant and equipment	(2,940)	(5,945)
Proceeds from disposals of property, plant and equipment	222	138
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(224,842)	203,336
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of lease liabilities	(1,850)	(1,762)
Repurchase of ordinary shares	(1,577)	(1,668)
	<hr/>	<hr/>
Net cash used in financing activities	(3,427)	(3,430)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(164,654)	232,795
Effect of foreign exchange rate changes	3,536	1,994
Cash and cash equivalents at beginning of the period	487,301	296,890
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	326,183	531,679
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	326,183	531,679
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. GENERAL INFORMATION

Boyaa Interactive International Limited (the “**Company**”) was incorporated in the Cayman Islands. The address of its registered office is PO Box 309, Ugland 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 (“**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 (“**IASB**”) 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 IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. IFRSs comprise International Financial Reporting Standards; 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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Web-based games	38,388	34,419	75,234	70,229
Mobile games	56,989	45,839	113,226	90,233
Revenue from contracts with customers	<u>95,377</u>	<u>80,258</u>	<u>188,460</u>	<u>160,462</u>

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At a point of time	<u>95,377</u>	<u>80,258</u>	<u>188,460</u>	<u>160,462</u>

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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Simplified Chinese	10,097	12,618	25,064	24,878
Other languages	85,280	67,640	163,396	135,584
	<u>95,377</u>	<u>80,258</u>	<u>188,460</u>	<u>160,462</u>

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three and six months ended 30 June 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:

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Mainland China	75,699	86,002
Other locations	16,337	17,082
	<u>92,036</u>	<u>103,084</u>

5. OTHER (LOSSES)/GAINS, NET

	Three months ended 30 June		Six months ended 30 June	
	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2019 RMB'000 (unaudited)
Dividends from investments at fair value through profit or loss	430	2,122	430	2,122
Gain/(loss) on disposals of property, plant and equipment	51	(331)	51	(664)
Government subsidies and tax rebates (Note)	2,483	760	3,025	8,212
Net foreign exchange gains/(losses)	2,561	(3,716)	(3,058)	(334)
Fair value changes on investments at fair value through profit or loss	(57,187)	(2,037)	(71,071)	4,900
Others	(27)	(229)	(40)	(229)
	<u>(51,689)</u>	<u>(3,431)</u>	<u>(70,663)</u>	<u>14,007</u>

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 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest revenue	5,246	7,640	10,641	12,494
Interest revenue on non-current loans to employees	33	211	203	513
	<u>5,279</u>	<u>7,851</u>	<u>10,844</u>	<u>13,007</u>

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Discounting effects of non-current loans to employees	–	902	–	902
Lease interests	141	201	300	413
	<u>141</u>	<u>1,103</u>	<u>300</u>	<u>1,315</u>

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– PRC Enterprise Income Tax (“EIT”) and other jurisdictions	6,539	3,775	13,418	10,161
Deferred tax	1,296	(1,546)	595	(664)
	<u>7,835</u>	<u>2,229</u>	<u>14,013</u>	<u>9,497</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 six months ended 30 June 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% (for the six months ended 30 June 2019: 15%) for the six months ended 30 June 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% (for the six months ended 30 June 2019: 15%) for the six months ended 30 June 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% (for the six months ended 30 June 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 six months ended 30 June 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 30 June 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 RMB1,066,146,000 (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 Hong Kong dollars (“**HK\$**”) 2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2020 and 2019.

9. (LOSS)/PROFIT FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 June	
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)
Amortisation of intangible assets				
– included in cost of revenue	27	317	134	581
– included in selling and marketing expenses	–	12	–	23
– included in administrative expenses	–	3	–	6
	<u>27</u>	<u>332</u>	<u>134</u>	<u>610</u>
Depreciation	3,836	3,765	7,653	6,015
Research and development expenditure				
– included in staff costs	11,440	12,767	23,451	25,312
– included in depreciation	85	118	181	501
– included in other administrative expenses	2,093	1,478	4,125	3,056
	<u>13,618</u>	<u>14,363</u>	<u>27,757</u>	<u>28,869</u>
Loss allowance provision for trade receivables	1,901	1,326	330	1,149
Loss allowance provision for loans to employees	49	–	8	–
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	15,765	17,720	31,883	36,217
– Retirement benefit scheme contributions	1,771	926	3,365	1,809
– Share-based payments expenses	–	146	–	431
	<u>17,536</u>	<u>18,792</u>	<u>35,248</u>	<u>38,457</u>

10. DIVIDENDS

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Special dividend of nil (2019: HK\$0.276 (equivalent to RMB0.24)) per ordinary share	—	162,545	—	162,545

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss)/earnings				
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	(25,469)	23,035	(13,566)	63,114
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic (loss)/ earnings per share	661,930	669,312	661,992	669,490
Effect of dilutive potential ordinary shares arising from restricted share units (“RSUs”)	—	—	—	155
Effect of dilutive potential ordinary shares arising from share options	—	30	—	28
Weighted average number of ordinary shares for the purpose of diluted (loss)/ earnings per share	661,930	669,342	661,992	669,673

12. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	73,000	95,200
– equity investment partnerships	<u>312,676</u>	<u>399,812</u>
	<u>385,676</u>	<u>495,012</u>
Included in current assets		
Non-quoted investments in:		
– asset management plan	28,607	6,800
– wealth management products (<i>Note</i>)	<u>404,626</u>	<u>495,547</u>
	<u>433,233</u>	<u>502,347</u>
	<u>818,909</u>	<u>997,359</u>

Note:

Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have initial terms ranging from 0 day to 360 days. As at 30 June 2020, an amount of RMB368,337,000 were frozen (31 December 2019: RMB362,930,000) (Note 17).

13. TRADE RECEIVABLES

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
Trade receivables	23,390	23,742
Provision for loss allowance	(5,411)	(5,741)
	<hr/>	<hr/>
Carrying amount	17,979	18,001
	<hr/>	<hr/>

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

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0 to 30 days	10,088	16,949
31 to 60 days	4,547	240
61 to 90 days	303	157
91 to 180 days	425	173
181 to 360 days	2,182	264
Over 360 days	434	218
	<hr/>	<hr/>
	17,979	18,001
	<hr/>	<hr/>

14. RESTRICTED BANK DEPOSITS

The Group's restricted bank deposits represented deposits that were frozen (Note 17).

15. TRADE PAYABLES

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

	30 June 2020 RMB'000 (unaudited)	31 December 2019 RMB'000 (audited)
0 to 30 days	390	219
31 to 90 days	133	262
91 to 180 days	400	92
181 to 365 days	357	–
Over 365 days	274	306
	<u>1,554</u>	<u>879</u>

16. 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 six months ended	
	30 June	
	2020	2019
	(unaudited)	(unaudited)
Outstanding at the beginning of the period	7,311,427	8,323,315
Lapsed during the period	<u>(1,068,998)</u>	<u>(718,145)</u>
Outstanding at the end of the period	<u>6,242,429</u>	<u>7,605,170</u>
Exercisable at the end of the period	<u>6,242,429</u>	<u>7,605,170</u>

No options were exercised during the six months ended 30 June 2020 and 2019.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2020 and 2019 are as follows:

Expiry date	Exercise price		Number of share options	
	Original	Equivalent	For the six months ended	
	currency	to HK\$	30 June	
			2020	2019
			(unaudited)	(unaudited)
1 March 2020	USD0.10	0.775	–	2,749
30 June 2020	USD0.15	1.163	–	66,249
6 September 2025	HK\$3.108	3.108	<u>6,242,429</u>	<u>7,536,172</u>
			<u>6,242,429</u>	<u>7,605,170</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	5,589,245	7,781,613
Lapsed	–	(8,368)
Vested and transferred	(873,788)	(1,155,000)
	<hr/>	<hr/>
At 30 June	4,715,457	6,618,245
	<hr/>	<hr/>
Vested but not transferred at 30 June	4,715,457	6,481,179
	<hr/>	<hr/>

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$1.01 (for the six months ended 30 June 2019: HK\$1.67) per share.

17. 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 30 June 2020, the Group’s investments at fair value through profit or loss of RMB368,337,000 and cash and cash equivalents of RMB290,547,000 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 Amount 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 30 June 2020, the Group recorded current assets in the sum of RMB1.84 billion, the Judgment Amount accounted for approximately 51.2% 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.

18. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 August 2020.

**RECONCILIATION FROM UNAUDITED (LOSS)/PROFIT TO UNAUDITED
NON-IFRS ADJUSTED (LOSS)/PROFIT**

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	For the six months ended 30 June		Year-on- Year Change* %
	2020 <i>RMB'000</i> (unaudited)	2019 <i>RMB'000</i> (unaudited)	
Revenue	188,460	160,462	17.4
Cost of revenue	<u>(55,863)</u>	<u>(51,292)</u>	8.9
Gross profit	132,597	109,170	21.5
Other (losses)/gains, net	(70,663)	14,007	(604.5)
Selling and marketing expenses	(11,184)	(8,622)	29.7
Administrative expenses	<u>(59,150)</u>	<u>(53,476)</u>	10.6
Operating (loss)/profit	(8,400)	61,079	(113.8)
Finance income, net	10,544	11,692	(9.8)
Share of loss of associates	<u>(1,697)</u>	<u>(160)</u>	960.6
Profit before income tax	447	72,611	(99.4)
Income tax expenses	<u>(14,013)</u>	<u>(9,497)</u>	47.6
(Loss)/profit for the period	<u>(13,566)</u>	<u>63,114</u>	(121.5)
Non-IFRS adjustment			
Share-based compensation expenses included in cost of revenue	–	105	(100.0)
Share-based compensation expenses included in selling and marketing expenses	–	113	(100.0)
Share-based compensation expenses included in administrative expenses	<u>–</u>	<u>213</u>	(100.0)
Non-IFRS adjusted (loss)/profit	<u>(13,566)</u>	<u>63,545</u>	(121.3)

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

**RECONCILIATION FROM UNAUDITED (LOSS)/PROFIT TO UNAUDITED
NON-IFRS ADJUSTED (LOSS)/PROFIT**

FOR THE THREE MONTHS ENDED 30 JUNE 2020

	For the three months ended			Year-on- Year Change*	Quarter- on-Quarter Change**
	30 June 2020 RMB'000 (unaudited)	31 March 2020 RMB'000 (unaudited)	30 June 2019 RMB'000 (unaudited)		
Revenue	95,377	93,083	80,258	18.8	2.5
Cost of revenue	<u>(27,978)</u>	<u>(27,885)</u>	<u>(26,305)</u>	6.4	0.3
Gross profit	67,399	65,198	53,953	24.9	3.4
Other losses, net	(51,689)	(18,974)	(3,431)	(1,406.5)	(172.4)
Selling and marketing expenses	(6,125)	(5,059)	(4,275)	43.3	21.1
Administrative expenses	(31,228)	<u>(27,922)</u>	<u>(27,750)</u>	12.5	11.8
Operating (loss)/profit	(21,643)	13,243	18,497	(217.0)	(263.4)
Finance income, net	5,138	5,406	6,748	(23.9)	(5.0)
Share of (loss)/profit of associates	(1,129)	<u>(568)</u>	<u>19</u>	(6,042.1)	(98.8)
(Loss)/profit before income tax	(17,634)	18,081	25,264	(169.8)	(197.5)
Income tax expenses	<u>(7,835)</u>	<u>(6,178)</u>	<u>(2,229)</u>	251.5	26.8
(Loss)/profit for the period	<u>(25,469)</u>	<u>11,903</u>	<u>23,035</u>	(210.6)	(314.0)
Non-IFRS adjustment					
Share-based compensation expense included in cost of revenue	-	-	37	(100.0)	-
Share-based compensation expense included in selling and marketing expenses	-	-	38	(100.0)	-
Share-based compensation expense included in administrative expenses	-	-	71	(100.0)	-
Non-IFRS adjusted (loss)/profit	<u>(25,469)</u>	<u>11,903</u>	<u>23,181</u>	(209.9)	(314.0)

* 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 30 June 2020 and the immediately preceding quarter.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2020, the Company repurchased 1,800,000 shares of the Company on The Stock Exchange Hong Kong Limited (the “**Stock Exchange**”) at an aggregate consideration of HKD1,780,560 pursuant to the share repurchase mandates approved by the shareholders of the Company at the annual general meetings held on 6 June 2019. Details of the repurchases are summarised as follows:

Date of repurchase	Price per share		Number of Ordinary Shares of USD0.00005 each	Total consideration HKD
	Highest HKD	Lowest HKD		
7 January 2020	1.00	0.97	1,300,000	1,285,690
8 January 2020	0.99	0.98	500,000	494,870
Total:			<u>1,800,000</u>	<u>1,780,560</u>

All the repurchased shares of the Company have been cancelled on 16 June 2020 and the issued share capital of the Company has been reduced by the nominal value of the repurchased shares. The premium paid on repurchase was charged against the share premium of the Company. The repurchases were effected by the Board with a view to benefiting the shareholders of the Company as a whole by enhancing the earnings per share of the Company.

Except as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2020, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 to the Listing Rules.

The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive directors (being Mr. Dai Zhikang, who has also been appointed as the chairman of the Company and Ms. Tao Ying, who has also been appointed as the acting chief executive officer), and three independent non-executive directors (being Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Kong Fanwei). The Board considers it has a strong independence element and consist of individuals with diverse skills and requisite experience in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2020.

CHANGE IN BOARD COMPOSITION AND CHANGE IN DIRECTORS’ BIOGRAPHICAL DETAILS UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. Sun Zihua has retired as an independent non-executive director of the Company and a member of each of the Audit Committee, the remuneration committee of the Company (the “**Remuneration Committee**”), the nomination committee of the Company (the “**Nomination Committee**”) as well as the chairman of the independent investigation committee of the Company (the “**Independent Investigation Committee**”) with effect from 16 July 2020.

Mr. Kong Fanwei has been elected as an independent non-executive director of the Company as well as a member of each of the Audit Committee, the Remuneration Committee, the Nomination Committee and the Independent Investigation Committee at the 2020 AGM to fill the vacancy created by the retirement of Mr. Sun Zihua, with effect from 16 July 2020.

Mr. Choi Hon Keung, an independent non-executive director of the Company, has been appointed as the chairman of the Independent Investigation Committee with effect from 16 July 2020 upon the retirement of Mr. Sun Zihua.

For details, please refer to the announcement of the Company dated 16 July 2020.

Save as disclosed above, there is no other change in the composition of the Board or change in the directors' biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2019 annual report of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Kong Fanwei. Mr. Cheung Ngai Lam is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2020. There is no disagreement between the Board and the Audit Committee regarding accounting treatment adopted by the Company.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no important event affecting the Group which has taken place since 30 June 2020 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REVIEW REPORT

The following is an extract of the independent auditor's report on Review of Condensed Consolidated Financial Information of the Group for the six months ended 30 June 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 RMB368,337,000 and RMB290,547,000 as at 30 June 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 30 June 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”.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>) respectively. The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and of the Company in due course.

By order of the Board of
Boyya Interactive International Limited
DAI Zhikang
Chairman and Executive Director

Hong Kong, 27 August 2020

At the date of this announcement, the executive directors are Mr. DAI Zhikang and Ms. TAO Ying; the independent non-executive directors are Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. Kong Fanwei.

* *For identification purposes only*