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Boyaa Interactive International Limited

博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0434)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE AND NINE MONTHS ENDED
30 SEPTEMBER 2021**

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 and nine months ended 30 September 2021 (the “**Reporting Period**”) (the “**Third Quarterly Results**”). The Third 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).

FINANCIAL HIGHLIGHTS

	For the nine months ended 30 September		Year-on-Year Change*	For the year ended
	2021	2020		31 December
	<i>RMB'000</i>	<i>RMB'000</i>	%	2020
	(unaudited)	(unaudited)		(audited)
Revenue	278,495	273,847	1.7	351,479
– Web-based games	109,584	110,661	(1.0)	142,432
– Mobile games	168,911	163,186	3.5	209,047
Gross profit	187,531	191,832	(2.2)	242,231
Loss attributable to				
owners of the Company	(5,284)	(14,663)	64.0	(45,102)
Non-IFRS adjusted net loss***	(5,176)	(14,663)	64.7	(45,102)
	For the three months ended 30 September		Year-on-Year Change*	
	2021	2020		
	<i>RMB'000</i>	<i>RMB'000</i>	%	
	(unaudited)	(unaudited)		
Revenue	97,012	85,387	13.6	
– Web-based games	38,057	35,427	7.4	
– Mobile games	58,955	49,960	18.0	
Gross profit	64,872	59,235	9.5	
Profit/(loss) attributable to				
owners of the Company	5,667	(1,097)	–	
Non-IFRS adjusted net profit/(loss)***	5,775	(1,097)	–	

REVENUE BY GAMES

	For the nine months ended 30 September		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	187,605	187,055	0.3
Other Card and Board	90,890	86,792	4.7
Total	278,495	273,847	1.7

	For the three months ended 30 September		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	66,077	58,978	12.0
Other Card and Board	30,935	26,409	17.1
Total	97,012	85,387	13.6

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the nine months ended 30 September		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Simplified Chinese	18,708	32,558	(42.5)
Other languages	259,787	241,289	7.7
Total	278,495	273,847	1.7

	For the three months ended 30 September		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Simplified Chinese	6,039	7,494	(19.4)
Other languages	90,973	77,893	16.8
Total	97,012	85,387	13.6

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	30 September	30 June	30 September		
	2021	2021	2020		
	(unaudited)	(unaudited)	(unaudited)	%	%
Paying Players <i>(in thousands)</i>	265	243	261	1.5	9.1
– Web-based games	7	7	8	(12.5)	–
– Mobile games	258	236	253	(2.0)	9.3
Daily Active Users (“DAUs”) <i>(in thousands)</i> ****	1,353	1,362	2,013	(32.8)	(0.7)
– Web-based games	92	86	122	(24.6)	7.0
– Mobile games	1,261	1,276	1,891	(33.3)	(1.2)
Monthly Active Users (“MAUs”) <i>(in thousands)</i> ****	4,165	3,983	5,356	(22.2)	4.6
– Web-based games	268	243	317	(15.5)	10.3
– Mobile games	3,897	3,740	5,039	(22.7)	4.2
Average Revenue Per Paying User (“ARPPU”) of Texas Hold’em Series <i>(in RMB)</i>					
– Web-based games	2,114.3	2,050.9	1,685.3	25.5	3.1
– Mobile games	139.4	145.5	124.8	11.7	(4.2)
ARPPU for Other Card and Board <i>(in RMB)</i>					
– Web-based games	0.3	0.3	12.0	(97.5)	–
– Mobile games	54.0	62.9	46.3	16.6	(14.1)

* *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 September 2021 and the immediately preceding quarter.*

*** *Non-IFRS adjusted net profit/(loss) was derived from the unaudited profit/(loss) for the period excluding share-based compensation expenses.*

**** *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.*

BUSINESS OVERVIEW AND OUTLOOK

In terms of financial performance, we recorded revenue of approximately RMB97.0 million for the third quarter of 2021, representing a year-on-year increase of approximately 13.6% compared to the same period of 2020 and a quarter-on-quarter increase of approximately 0.5% compared to the second quarter of 2021. For the nine months ended 30 September 2021, we recorded revenue of approximately RMB278.5 million, representing a year-on-year increase of approximately 1.7% compared to the same period of 2020. The increase in revenue was mainly due to the Group's holding of certain online operating activities during this period and continued to optimize its gaming products and gameplay. The revenue level of the Group has been steadily increasing quarter by quarter in 2021, which contributed to the increase in revenue for the nine months ended 30 September 2021 compared to the same period of last year.

We recorded an unaudited non-IFRS adjusted net profit of approximately RMB5.8 million in the third quarter of 2021, whereas the unaudited non-IFRS adjusted loss in the third quarter of 2020 was approximately RMB1.1 million. The increase in unaudited non-IFRS adjusted net profit for the third quarter of 2021 compared to the same period of 2020 was mainly due to the period on period increase in revenue and the period on period decrease in administrative expenses. We recorded an unaudited non-IFRS adjusted loss of approximately RMB5.2 million for the nine months ended 30 September 2021, which was mainly attributable to the decrease in the fair value of financial assets including equity investment partnerships during the period. Meanwhile, due to (i) the increase in revenue for the nine months ended 30 September 2021 compared to 2020; and (ii) the decrease in administrative expenses for the nine months ended 30 September 2021 compared to the same period of 2020, the unaudited non-IFRS adjusted loss for the nine months ended 30 September 2021 will decrease by approximately 64.7% compared to the loss of the same period of 2020. Excluding the impact of non-operating one-off factors such as the changes in the fair value of financial assets, including equity investment partnerships, we will record an unaudited non-IFRS adjusted net profit of approximately RMB 92.4 million for the nine months ended 30 September 2021, with an increase of approximately 21.6% compared to the corresponding period in 2020, mainly due to the period-on-period increase in revenue and the period-on-period decrease in administrative expenses. We recorded a quarter-on-quarter increase in unaudited non-IFRS adjusted net profit for the third quarter of 2021 of approximately 11.8% compared to the second quarter of 2021, mainly due to the quarter-on-quarter increase in revenue.

In terms of the operating data performance, we recorded an increase in the number of paying players and the number of users during the third quarter of 2021 as compared to the second quarter of 2021. In particular, the number of paying players increased by approximately 9.1% from approximately 0.24 million in the second quarter of 2021 to approximately 0.27 million in the third quarter of 2021. The number of DAUs maintained at approximately 1.4 million both in the second quarter and third quarter of 2021. The number of MAUs increased by approximately 4.6% from approximately 4.0 million in the second quarter of 2021 to approximately 4.2 million in the third quarter of 2021. Moreover, the ARPPU grew relatively in web-based version of Texas Hold'em.

During the third quarter of 2021, we successfully held BPT branded competition series – 2021 BPT Competition in Asia. The Company will continue to conduct more intensive market surveys, improve and launch innovative game rules, explore various operation modes for card and board games in domestic and foreign markets, improve the experience of our game players, continue to strengthen 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 card and board games business. The Company will strictly comply with various laws and regulations of the People's Republic of China (the "PRC"), develop high-quality puzzle games and matches, and continue with its journey to forge a century-old brand for card and board games.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Our revenue for the three months ended 30 September 2021 amounted to approximately RMB97.0 million, representing a year-on-year increase of approximately 13.6% from approximately RMB85.4 million recorded for the same period in 2020. The year-on-year increase was primarily due to the Group's holding of certain online operational activities during this period, and continued to optimize its gaming products and gameplay. For the three months ended 30 September 2021, revenue generated from our mobile games and web-based games accounted for approximately 60.8% and 39.2% of our total revenue, respectively, as compared with approximately 58.5% and 41.5%, respectively, for the three months ended 30 September 2020.

Cost of revenue

Our cost of revenue for the three months ended 30 September 2021 amounted to approximately RMB32.1 million, representing a year-on-year increase of approximately 22.9% from approximately RMB26.2 million recorded for the same period in 2020. 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 September 2021 amounted to approximately RMB64.9 million, representing a year-on-year increase of approximately 9.5% from approximately RMB59.2 million recorded for the same period in 2020.

Our gross profit margin were approximately 66.9% and 69.4%, respectively, for the three months ended 30 September 2021 and the same period in 2020.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 September 2021 amounted to approximately RMB6.4 million, representing a year-on-year decrease of approximately 6.8% from approximately RMB6.8 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 30 September 2021 amounted to approximately RMB21.8 million, representing a year-on-year decrease of approximately 21.6% from approximately RMB27.8 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in professional service expenses.

Other losses – net

For the three months ended 30 September 2021, we recorded other losses, net of approximately RMB27.9 million, compared to other losses, net of approximately RMB22.9 million recorded for the same period in 2020. The other losses 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 September 2021 was approximately RMB4.7 million, compared to approximately RMB4.8 million recorded for the same period in 2020. The year-on-year change was primarily due to the decrease in interest income as compared to the same period in 2020.

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 Shanghai Allin Network Technology Co., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 September 2021 (31 December 2020: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB1.9 million for the three months ended 30 September 2021, compared to a share of loss of associates of approximately RMB0.5 million recorded for the same period in 2020.

* *For identification purpose only*

Income tax expenses

Our income tax expenses for the three months ended 30 September 2021 was approximately RMB6.0 million, representing a decrease of approximately 14.6% from approximately RMB7.1 million recorded for the three months ended 30 September 2020.

Profit/(loss) 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 30 September 2021 amounted to approximately RMB5.7 million, whereas we recorded a loss attributable to owners of the Company of approximately RMB1.1 million for the same period in 2020.

Non-IFRS Measure – Adjusted net profit/(loss)

To supplement our unaudited condensed consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit/(loss) 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/(loss)” 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/(loss) has material limitations as an analytical tool, as adjusted net profit/(loss) does not include all items that impact our loss/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.

For the three months ended 30 September 2021, our unaudited non-IFRS adjusted net profit of approximately RMB5.8 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.1 million included in administrative expenses, as compared to our unaudited non-IFRS adjusted net loss for the three months ended 30 September 2020 of approximately RMB1.1 million.

Cash and cash equivalents

As at 30 September 2021, we had cash and cash equivalents of approximately RMB233.2 million (31 December 2020: approximately RMB389.1 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 29.3%), USD (as to approximately 53.9%) and other currencies (as to approximately 16.8%). 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 September 2021, 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 September 2021, the fair value of our unlisted and listed investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB44.8 million (31 December 2020: approximately RMB67.2 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).

As at 30 September 2021, we have disposed part of Shares on Dalian Zeus Entertainment Co., Ltd., a listed Company on the Shenzhen Stock Exchange (Stock code: 002354), on the open market. For details of the shares of Dalian Zeus Entertainment Co., Ltd., please refer to the Company's announcement dated 5 November 2021. As at the date of this announcement, we have disposed all shares of Dalian Zeus Entertainment Co. Ltd.. The proceeds of the disposed shares will be utilized on the business operations.

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 September 2021.

Investments at fair value through profit or loss

As at 30 September 2021, we also recorded investments at fair value through profit or loss amounted to approximately RMB602.2 million (31 December 2020: approximately RMB708.0 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 30 September 2021, 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 nine months ended 30 September 2021, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB98.4 million (fair value losses for the nine months ended 30 September 2020: approximately RMB94.4 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 nine months ended 30 September 2021, the Company entered into various transactions with one licensed bank in the PRC regarding a type of deposit in an aggregate sum of RMB48.0 million. Such deposit constituted discloseable transactions under Chapter 14 of the Listing Rules. The deposit was fully redeemed as at 30 September 2021. For further details, please refer to the Company's announcement dated 23 April 2021. Save as disclosed above, each of the other 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 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 nine months ended 30 September 2021, 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 September 2021 was approximately RMB18.9 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 September 2021, the fair value of the two Wealth Management Products were approximately RMB220.6 million and RMB139.8 million, respectively. The Wealth Management Products were assessed by the Group as very low-risk products. As at 30 September 2021, 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 21 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this announcement and the announcements of the Company dated 1 September 2019, 13 December 2019, 3 January 2020, 6 January 2020, 9 November 2020 and 3 September 2021.

We consider that, save for our subscription of the above Wealth Management Products, no other single investment that was designated as investments at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 September 2021.

Borrowings

For the nine months ended 30 September 2021, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

* *For identification purpose only*

Capital expenditure

For the nine months ended 30 September 2021, our capital expenditure amounted to approximately RMB10.5 million (for the nine months ended 30 September 2020: approximately RMB10.0 million). The capital expenditure mainly included purchasing equipment, motor vehicle and leasehold improvements of approximately RMB10.5 million (for the nine months ended 30 September 2020: approximately RMB10.0 million), which was funded by using our cash flows generated from our operations.

Commitment

As at 30 September 2021, the Group did not have significant outstanding commitments.

Contingent liabilities and guarantees

As at 30 September 2021, the Group did not have any significant unrecorded contingent liabilities and guarantees.

Pledge/charge of the Group's assets

As at 30 September 2021, none of the Group's assets was pledged or charged.

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021

		Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	97,012	85,387	278,495	273,847
Cost of revenue		<u>(32,140)</u>	<u>(26,152)</u>	<u>(90,964)</u>	<u>(82,015)</u>
Gross profit		64,872	59,235	187,531	191,832
Other losses, net	5	(27,853)	(22,917)	(100,933)	(93,580)
Selling and marketing expenses		(6,378)	(6,841)	(20,538)	(18,025)
Administrative expenses		<u>(21,830)</u>	<u>(27,845)</u>	<u>(64,429)</u>	<u>(86,995)</u>
Operating profit/(loss)		8,811	1,632	1,631	(6,768)
Finance income	6	4,791	5,156	14,684	16,000
Finance costs	7	(43)	(385)	(176)	(685)
Share of losses of associates		<u>(1,872)</u>	<u>(450)</u>	<u>(3,351)</u>	<u>(2,147)</u>
Profit before income tax		11,687	5,953	12,788	6,400
Income tax expense	8	<u>(6,020)</u>	<u>(7,050)</u>	<u>(18,072)</u>	<u>(21,063)</u>
Profit/(loss) for the period attributable to owners of the Company	9	<u>5,667</u>	<u>(1,097)</u>	<u>(5,284)</u>	<u>(14,663)</u>

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

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive (expenses)/income:				
<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	(10,503)	8,816	(13,491)	9,231
Exchange differences on translation	99	(2,923)	(785)	(1,486)
<i>Item that may be reclassified to profit or loss:</i>				
Exchange differences on translating foreign operations	43	(11,211)	(3,703)	(6,416)
Other comprehensive (expenses)/income for the period, net of tax	<u>(10,361)</u>	<u>(5,318)</u>	<u>(17,979)</u>	<u>1,329</u>
Total comprehensive expenses for the period attributable to owners of the Company	<u>(4,694)</u>	<u>(6,415)</u>	<u>(23,263)</u>	<u>(13,334)</u>
Earning/(loss) per share (RMB cents)				
– Basic	<u>0.86</u>	<u>(0.17)</u>	<u>(0.80)</u>	<u>(2.22)</u>
– Diluted	<u>0.86</u>	<u>(0.17)</u>	<u>(0.80)</u>	<u>(2.22)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2021

		30 September	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	40,858	40,981
Right-of-use assets		2,524	5,049
Intangible assets		–	27
Investments in associates		6,582	9,933
Equity investments at fair value through other comprehensive income	<i>13</i>	44,836	67,246
Investments at fair value through profit or loss	<i>14</i>	490,619	705,136
Prepayments, deposits and other receivables		17,129	25,601
Deferred tax assets		9,110	12,205
Restricted bank deposits	<i>16</i>	293,259	291,866
		904,917	1,158,044
Current assets			
Trade receivables	<i>15</i>	27,613	19,557
Prepayments, deposits and other receivables		43,651	37,989
Investments at fair value through profit or loss	<i>14</i>	111,600	2,900
Term deposits		981,126	725,631
Bank and cash balances		233,159	389,108
		1,397,149	1,175,185
Total assets		2,302,066	2,333,229

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

AT 30 SEPTEMBER 2021

		30 September 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	18	232	232
Reserves		<u>2,023,007</u>	<u>2,046,584</u>
Total equity		<u>2,023,239</u>	<u>2,046,816</u>
Liabilities			
Non-current liabilities			
Lease liabilities		–	806
Deferred tax liabilities		<u>7,432</u>	<u>6,574</u>
		<u>7,432</u>	<u>7,380</u>
Current liabilities			
Trade payables	17	1,160	1,932
Accruals and other payables		72,422	79,427
Contract liabilities		8,788	15,071
Lease liabilities		1,854	3,810
Current tax liabilities		<u>187,171</u>	<u>178,793</u>
		<u>271,395</u>	<u>279,033</u>
Total liabilities		<u>278,827</u>	<u>286,413</u>
Total equity and liabilities		<u>2,302,066</u>	<u>2,333,229</u>
Net current assets		<u>1,125,754</u>	<u>896,152</u>
Total assets less current liabilities		<u>2,030,671</u>	<u>2,054,196</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

(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 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 (expenses)/income for the period	-	-	-	-	-	(7,902)	-	-	9,231	(14,663)	(13,334)
Repurchase of ordinary shares	-	-	(3,209)	-	-	-	-	-	-	-	(3,209)
Cancellation of ordinary shares	(2)	(6,439)	6,441	-	-	-	-	-	-	-	-
Share-based payments											
- exercise and lapse of share options and RSUs	-	891	-	-	-	-	-	(891)	-	-	-
Changes in equity for the period	(2)	(5,548)	3,232	-	-	(7,902)	-	(891)	9,231	(14,663)	(16,543)
At 30 September 2020	232	375,422	(1,632)	(14)	2,000	16,588	33,990	79,830	(236,973)	1,824,257	2,093,700
At 1 January 2021	232	373,294	-	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,793,818	2,046,816
Total comprehensive expenses for the period	-	-	-	-	-	(4,488)	-	-	(13,491)	(5,284)	(23,263)
Repurchase of ordinary shares	-	-	(422)	-	-	-	-	-	-	-	(422)
Share-based payments											
- exercise and lapse of share options and RSUs	-	179	-	-	-	-	-	(179)	-	-	-
- vesting of shares under RSU scheme	-	-	-	-	-	-	-	108	-	-	108
Changes in equity for the period	-	179	(422)	-	-	(4,488)	-	(71)	(13,491)	(5,284)	(23,577)
At 30 September 2021	232	373,473	(422)	(14)	2,000	(5,783)	33,990	79,720	(248,491)	1,788,534	2,023,239

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	Nine months ended	
	30 September	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operating activities	96,929	106,062
Income tax paid	(9,006)	(8,570)
Lease interests paid	(176)	(424)
	<hr/>	<hr/>
Net cash generated from operating activities	87,747	97,068
	<hr/>	<hr/>
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(1,042,415)	(813,814)
Proceeds from maturity of term deposits with original maturities over three months	788,521	334,279
Interest received	13,089	11,211
Proceeds from disposal of equity investment through other comprehensive income	8,917	–
Dividends from investments at fair value through profit or loss	–	590
Purchases of investments at fair value through profit or loss	(55,000)	(417,394)
Proceeds from settlements of investments at fair value through profit or loss	58,925	540,197
Purchases of property, plant and equipment	(10,487)	(9,976)
Proceeds from disposals of property, plant and equipment	132	292
	<hr/>	<hr/>
Net cash used in investing activities	(238,318)	(354,615)
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of lease liabilities	(2,762)	(2,797)
Repurchase of ordinary shares	(422)	(3,209)
	<hr/>	<hr/>
Net cash used in financing activities	(3,184)	(6,006)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(153,755)	(263,553)
Effect of foreign exchange rate changes	(2,194)	(5,395)
Cash and cash equivalents at beginning of the period	389,108	487,301
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	233,159	218,353
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	233,159	218,353
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2021

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 (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020. 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 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Company and its subsidiaries (collectively referred as 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 2021. 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		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Web-based games	38,057	35,427	109,584	110,661
Mobile games	58,955	49,960	168,911	163,186
Revenue from contracts with customers	97,012	85,387	278,495	273,847

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<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	97,012	85,387	278,495	273,847

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		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Simplified Chinese	6,039	7,494	18,708	32,558
Other languages	90,973	77,893	259,787	241,289
	97,012	85,387	278,495	273,847

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the three and nine months ended 30 September 2020: nil).

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

	30 September	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
Mainland China	54,618	67,633
Other locations	12,475	13,958
	67,093	81,591

5. OTHER LOSSES, NET

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Dividends from investments at fair value through profit or loss	–	160	–	590
(Loss)/gain on disposals of property, plant and equipment	(63)	67	(514)	118
Government subsidies and tax rebates (<i>Note</i>)	618	129	818	3,154
Net foreign exchange (losses)/gains	(121)	160	(2,677)	(2,898)
Fair value changes on investments at fair value through profit or loss	(28,237)	(23,361)	(98,419)	(94,432)
Others	(50)	(72)	(141)	(112)
	<u>(27,853)</u>	<u>(22,917)</u>	<u>(100,933)</u>	<u>(93,580)</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		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest revenue	4,647	5,065	14,123	15,706
Interest revenue on non-current loans to employees	144	91	561	294
	<u>4,791</u>	<u>5,156</u>	<u>14,684</u>	<u>16,000</u>

7. FINANCE COSTS

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<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	–	261	–	261
Lease interests	43	124	176	424
	43	385	176	685

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<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	5,966	1,391	16,703	14,809
Deferred tax	54	5,659	1,369	6,254
	6,020	7,050	18,072	21,063

(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 nine months ended 30 September 2021 and 2020, 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. However, Shenzhen Dong Fang Bo Ya Technology Co., Limited has unsuccessfully renewed its HNTE qualification. Therefore, the applicable tax rate for Shenzhen Dong Fang Bo Ya Technology Co., Limited was 25% (for the nine months ended 30 September 2020: 15%) for the nine months ended 30 September 2021. No provision for income tax has been provided as Shenzhen Dong Fang Bo Ya Technology Co., Limited has no assessable profit during the period.

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 nine months ended 30 September 2020: 15%) for the nine months ended 30 September 2021.

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 nine months ended 30 September 2020: 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 nine months ended 30 September 2021 and 2020.

(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 September 2021, 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 RMB901,339,000 (31 December 2020: RMB1,000,672,000). 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 nine months ended 30 September 2021 and 2020.

9. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of intangible assets				
– included in cost of revenue	<u>–</u>	<u>26</u>	<u>27</u>	<u>160</u>
	<u>–</u>	<u>26</u>	<u>27</u>	<u>160</u>
Depreciation	4,044	4,260	12,351	11,913
Research and development expenditure				
– included in staff costs	12,083	14,859	39,834	38,310
– included in depreciation	12	61	46	242
– included in other administrative expenses	<u>567</u>	<u>1,962</u>	<u>1,815</u>	<u>6,087</u>
	<u>12,662</u>	<u>16,882</u>	<u>41,695</u>	<u>44,639</u>
Loss allowance provision/(reversal of loss allowance) for trade receivables	(4)	558	(734)	888
Reversal of loss allowance for loans to employees	(41)	(450)	(41)	(442)
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	15,799	20,822	52,725	52,705
– Retirement benefit scheme contributions	1,245	412	4,096	3,777
– Share-based payments expenses	<u>108</u>	<u>–</u>	<u>108</u>	<u>–</u>
	<u>17,152</u>	<u>21,234</u>	<u>56,929</u>	<u>56,482</u>

10. DIVIDENDS

The board of the directors of the Company (the “Board”) has resolved not to declare an interim dividend for the nine months ended 30 September 2021 (for the nine months ended 30 September 2020: nil).

11. EARNINGS/(LOSS) PER SHARE

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>5,667</u>	<u>(1,097)</u>	<u>(5,284)</u>	<u>(14,663)</u>
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	657,109	661,356	657,487	661,779
Effect of dilutive potential ordinary shares arising from restricted share units (“RSUs”)	<u>437</u>	<u>–</u>	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>657,546</u>	<u>661,356</u>	<u>657,487</u>	<u>661,779</u>

12. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2021, the Group acquired property, plant and equipment of RMB10,487,000 (for the nine months ended 30 September 2020: RMB9,976,000).

Property, plant and equipment with a carrying amount of approximately RMB646,000 (for the nine months ended 30 September 2020: approximately RMB174,000) were disposed by the Group during the nine months ended 30 September 2021.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Equity securities, at fair value		
– Listed in PRC - Dalian Zeus Entertainment Co., Limited	12,516	17,764
– Listed in Hong Kong – Xiaomi Corporation	30,237	47,500
– Listed in USA – Qudian Inc.	<u>2,083</u>	<u>1,982</u>
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	<u>44,836</u>	<u>67,246</u>

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	–	108,000
– equity investment partnerships	108,691	223,320
– wealth management products (<i>Note</i>)	<u>381,928</u>	<u>373,816</u>
	<u>490,619</u>	<u>705,136</u>
Included in current assets		
Non-quoted investments in:		
– asset management plan	<u>111,600</u>	<u>2,900</u>
	<u>602,219</u>	<u>708,036</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 30 day to 364 days. As at 30 September 2021, an amount of RMB381,928,000 were frozen (31 December 2020: RMB373,816,000) (*Note* 21).

15. TRADE RECEIVABLES

	30 September 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables	31,464	24,144
Provision for loss allowance	(3,851)	(4,587)
	<hr/>	<hr/>
Carrying amount	<u>27,613</u>	<u>19,557</u>

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

	30 September 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	27,285	19,365
31 to 60 days	–	92
61 to 90 days	223	33
91 to 180 days	80	45
181 to 365 days	–	3
Over 365 days	25	19
	<hr/>	<hr/>
	<u>27,613</u>	<u>19,557</u>

16. RESTRICTED BANK DEPOSITS

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

17. TRADE PAYABLES

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

	30 September 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	940	536
31 to 90 days	–	131
91 to 180 days	–	183
181 to 365 days	–	239
Over 365 days	220	843
	<u>1,160</u>	<u>1,932</u>

18. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (31 December 2020: 2,000,000,000 ordinary shares) ordinary shares with par value of United States dollar (“USD”) 0.00005 (31 December 2020: 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 2020 (audited)	721,751,301	36	234
Cancellation of ordinary shares (<i>Note</i>)	<u>(10,875,000)</u>	<u>–</u>	<u>(2)</u>
At 31 December 2020 (audited), 1 January 2021 (audited) and 30 September 2021 (unaudited)	<u>710,876,301</u>	<u>36</u>	<u>232</u>

Note: The Group repurchased 1,000,000 (for the year ended 31 December 2020: 6,050,000) of its own shares from the market during the nine months ended 30 September 2021. The total amount paid to acquire the shares was RMB422,000 (for the year ended 31 December 2020: RMB3,744,000) and has been deducted from the shareholders' equity. The related weighted average price at the time of buy-back was HK\$0.51 (for the year ended 31 December 2020: HK\$0.7) per share. All 1,000,000 shares have not been cancelled yet up to the date of this announcement. For the 10,875,000 cancelled shares during the year ended 31 December 2020, 6,050,000 ordinary shares were repurchased during the year ended 31 December 2020 and 4,825,000 ordinary shares were repurchased during the year ended 31 December 2019.

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 nine months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
Outstanding at the beginning of the period	6,082,429	7,311,427
Lapsed during the period	(360,000)	(1,228,998)
Outstanding at the end of the period	<u>5,722,429</u>	<u>6,082,429</u>
Exercisable at the end of the period	<u>5,722,429</u>	<u>6,082,429</u>

No options were exercised during the nine months ended 30 September 2021 and 2020.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 September 2021 and 2020 are as follows:

Expiry date	Exercise price		Number of share options For the nine months ended 30 September	
	Original currency	Equivalent to HK\$	2021 (unaudited)	2020 (unaudited)
6 September 2025	HK\$3.108	3.108	<u>5,722,429</u>	<u>6,082,429</u>

(b) Restricted Share Unit (“RSU”)

On 17 September 2013, the Company set up a RSU scheme (the “**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.

On 19 July 2021 (the “**Adoption Date**”), the Company has adopted the new RSU scheme (the “**New RSU Scheme**”), to incentivise the contributions by, and to attract, motivate and retain, Eligible Persons, for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. The New RSU Scheme shall be valid and effective for a period of eight years commencing on the Adoption Date.

On 27 August 2021, the Group granted 5,650,000 RSUs under the New RSU Scheme to its employees. The vesting period of the RSUs granted is 4 years and the vesting schedule is 25% after 12 calendar months from the grant date, 25% after 24 calendar months from the grant date, 12.5% after 30 calendar months from the grant date, 12.5% after 36 calendar months from the grant date, and 2.083% from each month of 37 to 48 calendar months from the grant date. The fair value of each of the above newly granted RSU equals to the closing price of the Company’s ordinary shares on the grant date, which was HKD0.445 per share. The expiry date of the above newly granted RSUs is 26 August 2029.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2021	2020
	(unaudited)	(unaudited)
At 1 January	4,640,457	5,589,245
Granted	5,650,000	–
Lapsed	(121,368)	–
Vested and transferred	(332,000)	(890,788)
	9,837,089	4,698,457
At 30 September	9,837,089	4,698,457
Vested but not transferred at 30 September	4,187,089	4,698,457

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$0.65 (for the nine months ended 30 September 2020: HK\$1.01) 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, 332,000 of RSUs were vested and transferred (note (b) above), and as a result, 57,359,829 ordinary shares (31 December 2020: 57,691,829 ordinary shares) of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 30 September 2021.

20. RELATED PARTY TRANSACTIONS

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

	30 September 2021 RMB'000 (unaudited)	31 December 2020 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 amounts due from a director and related party 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**”). As at 30 September 2021, the Group’s investments at fair value through profit or loss of RMB381,928,000 and cash and cash equivalents of RMB293,259,000 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 of the date of this announcement, one of the Employees had applied for appeal against the Judgment and the appeal hearing against the Judgment (the “**Appeal Hearing**”) was heard on 10 November 2020. The Company is informed, on 3 September 2021, that the PRC court of second instance (the “**Appeal Court**”) had made a decision on the Appeal Hearing to quash the Judgment and remanded the case to the Trial Court for a retrial (the “**Retrial**”) since it is of the view that certain facts under the Judgment is unclear. As advised by the PRC Legal Advisers, the Judgment has been quashed by the Appeal Court, and the frozen funds involved (the “**Frozen Sum**”) (amounted to approximately RMB675,187,000 as at 30 September 2021 as disclosed above) will remain frozen. The PRC court will not order payment of the Frozen Sum until the final effective judgement is handed down by the PRC court. As advised by the PRC Legal Advisers, as of the date of this announcement, the PRC court had not yet indicated the timetable of the Retrial.

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, 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.

The Independent Investigation Committee had held meetings in January, March, May, November 2020, March, May, August and September 2021 to discuss various matters concerning the Case and the Incident. The senior management of the Company has been maintaining close contact with the Independent Investigation Committee to ensure that any updates of the Case and the Incident can be provided to the Independent Investigation Committee on a timely basis. The Independent Investigation Committee is in the course of preparing the report with details of their findings and their view on the Case and the Incident. After discussing with the Company and its legal advisors, the Independent Investigation Committee is of the view that it will be more appropriate for them to issue the report after they received the outcome of the Retrial. As at the date of this announcement, the Independent Investigation Committee was of the view that there were no material findings after conducting the independent investigation which have to bring to the attention of the shareholders and potential investors of the Company.

The Company will keep the shareholders and potential investors of the Company informed of any material development in connection with the Case, the Incident and the Retrial as and when appropriate pursuant to the requirements under the Listing Rules.

For details, please refer to the announcements of the Company dated 1 September 2019, 4 September 2019, 13 December 2019, 3 January 2020, 6 January 2020, 9 November 2020 and 3 September 2021.

22. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board on 25 November 2021.

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

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

	For the nine months ended		Year-on-Year Change* %
	30 September 2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Revenue	278,495	273,847	1.7
Cost of revenue	<u>(90,964)</u>	<u>(82,015)</u>	10.9
Gross profit	187,531	191,832	(2.2)
Other losses – net	(100,933)	(93,580)	7.9
Selling and marketing expenses	(20,538)	(18,025)	13.9
Administrative expenses	<u>(64,429)</u>	<u>(86,995)</u>	(25.9)
Operating profit/(loss)	1,631	(6,768)	(124.1)
Finance income – net	14,508	15,315	(5.3)
Share of losses of associates	<u>(3,351)</u>	<u>(2,147)</u>	56.1
Profit before income tax	12,788	6,400	99.8
Income tax expense	<u>(18,072)</u>	<u>(21,063)</u>	(14.2)
Loss for the period	<u>(5,284)</u>	<u>(14,663)</u>	(64.0)
Non-IFRS adjustment (unaudited)			
Share-based compensation expenses included in cost of revenue	–	–	–
Share-based compensation expenses included in selling and marketing expenses	–	–	–
Share-based compensation expenses included in administrative expenses	<u>108</u>	–	–
Non-IFRS adjusted net loss (unaudited)	<u>(5,176)</u>	<u>(14,663)</u>	(64.7)

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

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

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2021

	For the three months ended			Year-on- Year Change* %	Quarter-on- Quarter Change** %
	30 September 2021 RMB'000 (unaudited)	30 June 2021 RMB'000 (unaudited)	30 September 2020 RMB'000 (unaudited)		
Revenue	97,012	96,564	85,387	13.6	0.5
Cost of revenue	<u>(32,140)</u>	<u>(31,498)</u>	<u>(26,152)</u>	22.9	2.0
Gross profit	64,872	65,066	59,235	9.5	(0.3)
Other losses – net	(27,853)	(31,737)	(22,917)	21.5	(12.2)
Selling and marketing expenses	(6,378)	(6,025)	(6,841)	(6.8)	5.9
Administrative expenses	<u>(21,830)</u>	<u>(20,850)</u>	<u>(27,845)</u>	(21.6)	4.7
Operating profit	8,811	6,454	1,632	439.9	36.5
Finance income – net	4,748	4,936	4,771	(0.5)	(3.8)
Share of losses of associates	<u>(1,872)</u>	<u>(787)</u>	<u>(450)</u>	316.0	137.9
Profit before income tax	11,687	10,603	5,953	96.3	10.2
Income tax expenses	<u>(6,020)</u>	<u>(5,436)</u>	<u>(7,050)</u>	(14.6)	10.7
Profit/(loss) for the period	<u>5,667</u>	<u>5,167</u>	<u>(1,097)</u>	–	9.7
Non-IFRS adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	–	–	–	–	–
Share-based compensation expense included in selling and marketing expenses	–	–	–	–	–
Share-based compensation expense included in administrative expenses	<u>108</u>	–	–	–	–
Non-IFRS adjusted net profit/(loss) (unaudited)	<u>5,775</u>	<u>5,167</u>	<u>(1,097)</u>	–	11.8

* *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 September 2021 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 Condensed Consolidated Financial Information of the Group for the nine months ended 30 September 2021:

“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 RMB381,928,000 and RMB293,259,000 as at 30 September 2021 respectively and RMB373,816,000 and RMB291,866,000 as at 31 December 2020 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 September 2021 and 31 December 2020 were necessary.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph 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”.

The Board wishes to remind investors and shareholders of the Company 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, 25 November 2021

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. KONG Fanwei.