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**Boyaa Interactive International Limited**

**博雅互動國際有限公司**

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

**(Stock Code: 0434)**

**FIRST QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2017**

**FINANCIAL HIGHLIGHTS**

	<b>For the three months ended 31 March</b>		<b>Year-on-Year Change*</b>	<b>For the year ended 31 December 2016</b>
	<b>2017</b>	<b>2016</b>		
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b>%</b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>		<b>(audited)</b>
Revenue	<b>222,370</b>	170,196	30.7	745,194
– Web-based games	<b>63,035</b>	66,374	(5.0)	260,004
– Mobile games	<b>159,335</b>	103,822	53.5	485,190
Gross profit	<b>128,270</b>	107,444	19.4	471,708
Profit attributable to owners of the Company	<b>67,441</b>	59,630	13.1	211,271
Non-IFRS adjusted net profit (unaudited)***	<b>70,711</b>	66,614	6.2	232,817

## REVENUE BY GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	
Texas Hold'em Series	146,220	129,272	13.1
Fight the Landlord	15,124	20,694	(26.9)
Others	61,026	20,230	201.7
<b>Total</b>	<b>222,370</b>	<b>170,196</b>	<b>30.7</b>

## REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the three months ended 31 March		Year-on-Year Change* %
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	
Simplified Chinese	123,341	76,752	60.7
Other languages	99,029	93,444	6.0
<b>Total</b>	<b>222,370</b>	<b>170,196</b>	<b>30.7</b>

## OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on- Year Change* %	Quarter-on- Quarter Change** %
	31 March 2017 (unaudited)	31 December 2016 (unaudited)	31 March 2016 (unaudited)		
Paying Players (in thousands)	2,349	1,997	1,694	38.7	17.6
• Web-based games	44	41	68	(35.3)	7.3
• Mobile games	2,305	1,956	1,626	41.8	17.8
Daily Active Players ("DAUs") (in thousands)****	6,700	5,830	5,337	25.5	14.9
• Web-based games	477	570	710	(32.8)	(16.3)
• Mobile games	6,223	5,260	4,627	34.5	18.3
Monthly Active Players ("MAUs") (in thousands)****	31,151	24,211	24,898	25.1	28.7
• Web-based games	2,003	2,407	4,239	(52.7)	(16.8)
• Mobile games	29,148	21,804	20,659	41.1	33.7

	For the three months ended			Year-on-Year Change* %	Quarter-on-Quarter Change** %
	31 March 2017 (unaudited)	31 December 2016 (unaudited)	31 March 2016 (unaudited)		
Average Revenue Per Paying Player (“ARPPU”) for Texas Hold’em Series (in RMB)					
• Web-based games	<b>486.7</b>	555.8	342.4	42.1	(12.4)
• Mobile games	<b>173.8</b>	155.3	110.3	57.6	11.9
ARPPU for Fight the Landlord (in RMB)					
• Web-based games	<b>64.1</b>	92.3	64.5	(0.6)	(30.6)
• Mobile games	<b>22.8</b>	15.4	9.6	137.5	47.8
ARPPU for Other Games (in RMB)					
• Web-based games	<b>42.4</b>	30.0	41.5	2.2	41.3
• Mobile games	<b>10.5</b>	10.0	9.1	15.4	5.0
* 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 31 March 2017 and the immediately preceding quarter.					
*** Non-IFRS adjusted net profit was derived from the net profit 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.					

The board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**” or “**we**” or “**our**” or “**us**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**our**” or “**us**”) for the three months ended 31 March 2017 (the “**Reporting Period**”) (the “**First Quarterly Results**”). The First Quarterly Results have been reviewed by Pan-China (H.K.) CPA Limited, the auditor of the Company, in accordance with International Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the International Auditing and Assurance Standards Board, and by the audit committee of the Company. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

## BUSINESS OVERVIEW AND REVIEW

In the first quarter of 2017, our performance maintained a steady growth.

In terms of financial performance, our revenue in the first quarter of 2017 continued to remain a stable growth, and the non-IFRS adjusted net profit recorded growth. In the first quarter of 2017, we recorded revenue of approximately RMB222.4 million, representing a year-on-year increase of approximately 30.7% compared to the first quarter of 2016, and a quarter-on-quarter increase of approximately 6.6% compared to the fourth quarter of 2016. In the first quarter of 2017, we recorded unaudited non-IFRS adjusted net profit of approximately RMB70.7 million, representing a year-on-year increase of approximately 6.2% compared to the first quarter of 2016, and a quarter-on-quarter increase of approximately 305.6% compared to the fourth quarter of 2016. Without taking into account the one-off non-operational item (i.e. the impairment of equity interests in Dalian Zeus Entertainment Group Co. Ltd. (大連天神娛樂股份有限公司) (“**Zeus Entertainment**”), a company established in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002354) in the fourth quarter of 2016), the unaudited non-IFRS adjusted net profit recorded a quarter-on-quarter decrease of approximately 6.6%.

In terms of performance with respect to operational data, our number of players in the first quarter of 2017 recorded an increase. The number of paying players increased by 17.6% from approximately 2.0 million players in the fourth quarter of 2016 to approximately 2.3 million players in the first quarter of 2017. The number of DAUs increased by 14.9% from approximately 5.8 million players in the fourth quarter of 2016 to 6.7 million players in the first quarter of 2017. The number of MAUs increased by 28.7% from approximately 24.2 million players in the fourth quarter of 2016 to approximately 31.2 million players in the first quarter of 2017. In the first quarter of 2017, the ARPPUs of the mobile-based Texas Hold'em and Fight the Landlord, our important games, both recorded growth.

In terms of games products, in the first quarter of 2017, we stuck to our principle of pursuing quality. Each stage, from graphic design, game soundtrack to product development, is well crafted by our team, aiming to bring the best gaming experience to our players.

In the first quarter of 2017, Qipai Management Centre of the General Administration of Sport of China gradually launched 30 strategic board game projects. The first board game alliance was set up in China. As a member of the promoters of the alliance, we attended the launching ceremony of “TOP Intellectual Board Game Alliance” (TOP棋牌智力遊戲聯盟).

In the second quarter of 2017, we will continue to strengthen and expand our board game product portfolio, further improve the technology infrastructure, optimize the customer service, enrich the domestic and foreign game categories, improve the game functions and features, as well as enhance online and offline engagement in competitions so as to make steady progress towards our goal of being the world leading brand in the field of board game.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Revenue**

Our revenue for the three months ended 31 March 2017 amounted to approximately RMB222.4 million, representing year-on-year increase of 30.7% from approximately RMB170.2 million recorded for the same period of 2016. The year-on-year increase was primarily due to in view of the continual optimization of payment channels and variety of board games types. For the three months ended 31 March 2017, revenue generated from our mobile games and web-based games accounted for approximately 71.7% and 28.3% of our total revenue, respectively, as compared with 61.0% and 39.0%, respectively, for the three months ended 31 March 2016.

### **Cost of revenue**

Our cost of revenue for the three months ended 31 March 2017 amounted to approximately RMB94.1 million, representing year-on-year increase of 50.0% from approximately RMB62.8 million recorded for the same period in 2016. The year-on-year increase was mainly due to the increase of cost per sales.

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

As a result of the foregoing, our gross profit for the three months ended 31 March 2017 amounted to approximately RMB128.3 million, representing year-on-year increase of 19.4% from approximately RMB107.4 million recorded for the same period in 2016.

Our gross profit margin were approximately 57.7% and 63.1%, respectively, for the three months ended 31 March 2017 and the same period in 2016.

### **Selling and marketing expenses**

Our selling and marketing expenses for the three months ended 31 March 2017 amounted to approximately RMB12.4 million, representing year-on-year increase of 114.9% from approximately RMB5.8 million recorded for the same period in 2016. The year-on-year increase was mainly attributable to increased advertising and promotional activities expense.

### **Administrative expenses**

Our administrative expenses for the three months ended 31 March 2017 amounted to approximately RMB61.2 million, representing year-on-year increase of 19.2% from approximately RMB51.4 million recorded for the same period in 2016. The year-on-year increase was mainly due to an increase in employee benefit expenses.

### **Other gains – net**

For the three months ended 31 March 2017, we recorded other gains (net) of approximately RMB9.2 million, compared to approximately RMB11.1 million recorded for the same period in 2016. The other gains (net) primarily consisted of fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased.

### **Finance income – net**

Our net finance income for the three months ended 31 March 2017 was approximately RMB12.6 million, compared to approximately RMB7.8 million recorded for the same period of 2016. The year-on-year change was primarily due to increase in interest income as compared to the same period of 2016.

### **Share of result of associates**

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu BoYu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司) and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries as at 31 March 2017 (31 December 2016: six), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.5 million for the three months ended 31 March 2017, compared to a share of loss of associates of approximately RMB0.8 million recorded for the same period in 2016.

## **Income tax expense**

Our income tax expense for the three months ended 31 March 2017 was approximately RMB8.5 million, representing a decrease of 2.9% from approximately RMB8.8 million recorded for the three months ended 31 March 2016. The effective tax rate were 11.2% and 12.8%, respectively, for the three months ended 31 March 2017 and the same period in 2016. The decrease in effective tax rate for the three months ended 31 March 2017 compared to the corresponding period in 2016 is primarily due to the increase in R&D expenses that constitutes additional deduction for income tax purposes.

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

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 March 2017 amounted to approximately RMB67.4 million, representing year-on-year increase of 13.1%, from the profit attributable to owners of the Company of approximately RMB59.6 million recorded for the same period in 2016.

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

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

Our unaudited non-IFRS adjusted net profit for the three months ended 31 March 2017 of approximately RMB70.7 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.7 million, RMB0.9 million and RMB1.7 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 31 March 2016 of approximately RMB66.6 million derived from our unaudited profit for the three months ended 31 March 2016 excluding share-based compensation expenses of approximately RMB1.7 million, RMB1.7 million and RMB3.6 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

### **Cash and cash equivalents**

As at 31 March 2017, we had cash and cash equivalents of approximately RMB1,468.3 million (31 December 2016: approximately RMB1,563.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 74.9%), US dollars (as to 18.8%) and other currencies (as to 6.3%). 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.

Up to 31 March 2017, a total amount of RMB546.6 million from the net proceeds from our initial public offering had been utilized for expanding our marketing and promotion activities, business expansion, research and development activities and for equity investments. The unutilized net proceeds has been deposited into short-term demand deposits in bank accounts maintained by the Group.



## **Available-for-sale financial assets**

We accounted for available-for-sale financial assets at their respective fair values. As at 31 March 2017, the fair value of our unlisted and listed investments classified as available-for-sale financial assets amounted to approximately RMB170.1 million (31 December 2016: RMB179.6 million). These available-for-sale financial assets consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Zeus Entertainment. Zeus Entertainment is mainly engaged in research and development and publication of web-based and mobile games.

As at 31 March 2017, we held 2,385,093 shares in Zeus Entertainment, which represented approximately 0.82% of the share capital of Zeus Entertainment. The fair value of the investment in Zeus Entertainment as at 31 March 2017 was RMB155.5 million (31 December 2016: RMB165.0 million).

As disclosed in the first quarterly report of Zeus Entertainment for the three months ended 31 March 2017, it generated a total revenue of RMB639.6 million and recorded a net profit attributable to shareholders of the parent company of RMB236.0 million, representing a year-on-year increase of 42.78% and 118.12%, respectively. Although we expect that the stock market in the PRC will continue to be volatile in the rest of 2017 and such investment environment may affect the value of our investment in Zeus Entertainment, based on the high revenue and profit growth of Zeus Entertainment, we are optimistic about the on-going performance of Zeus Entertainment. Nevertheless, we will closely monitor the performance of Zeus Entertainment on an on-going basis and consider making adjustment to this investment as and when the circumstances, including market conditions, are appropriate.

We consider that, save for our investment in the listed equity securities of Zeus Entertainment, none of the other unlisted and listed investments classified as available-for-sale financial assets in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 March 2017.

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

As at 31 March 2017, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB510.7 million (31 December 2016: approximately RMB325.3 million), which consisted of non-quoted investments in asset management plans and equity investment partnerships in non-current assets. As at 31 March 2017, the fair values of the investments in asset management plans were determined mainly with reference to the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values; and the fair value of preferred shares issued by a private company approximated its carrying amount as at 31 March 2017. These wealth management products have an initial term three months. The fair values of these investments were based on the estimated return. The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

The investments in wealth management products under financial assets at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company has in the past selected wealth management products that are principal guaranteed and/or relatively low risk products. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Company's business needs even after the investments in wealth management products. Each of such investments does not constitute a notifiable transaction or connected transaction of the Company under the Listing Rules. As agreed with the financial institutions the underlying investment portfolio of the wealth management products of the Company were primarily represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

## **Borrowings**

During the three months ended 31 March 2017, we did not have any short-term bank borrowings and we had no outstanding, utilized or unutilized banking facilities.

## **Capital expenditures**

For the three months ended 31 March 2017, our capital expenditure amounted to approximately RMB2.3 million (for the three months ended 31 March 2016: approximately RMB11.6 million), mainly including payment for purchasing buildings, additional furniture and equipment, motor vehicles, leasehold improvements and computer software of RMB2.3 million (for the three months ended 31 March 2016: approximately RMB11.6 million).

## FINANCIAL INFORMATION

### INTERIM CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2017

		<b>31 March</b>	31 December
		<b>2017</b>	2016
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>42,533</b>	42,553
Intangible assets		<b>3,990</b>	4,413
Investments in associates		<b>14,001</b>	14,466
Available-for-sale financial assets	3	<b>170,090</b>	179,639
Deferred income tax assets		<b>8,432</b>	7,760
Financial assets at fair value through profit or loss	5	<b>430,469</b>	325,285
Prepayments and other receivables		<b>23,417</b>	21,930
		<b>692,932</b>	596,046
<b>Current assets</b>			
Trade receivables	4	<b>69,919</b>	73,275
Prepayments and other receivables		<b>39,681</b>	24,604
Financial assets at fair value through profit or loss	5	<b>80,279</b>	–
Term deposits		<b>27,808</b>	27,748
Cash and cash equivalents		<b>1,468,317</b>	1,563,281
		<b>1,686,004</b>	1,688,908
<b>Total assets</b>		<b>2,378,936</b>	2,284,954

## INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2017

		31 March 2017	31 December 2016
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		248	248
Share premium		612,212	609,826
Shares held for RSU Scheme		(17)	(17)
Reserves		132,124	139,542
Retained earnings		<u>1,339,407</u>	<u>1,271,966</u>
		<b>2,083,974</b>	2,021,565
Non-controlling interests		<u>–</u>	<u>–</u>
<b>Total equity</b>		<b><u>2,083,974</u></b>	<b><u>2,021,565</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>14,189</u>	<u>15,195</u>
<b>Current liabilities</b>			
Trade and other payables	7	109,828	84,072
Deferred revenue		22,272	20,685
Current income tax liabilities		<u>148,673</u>	<u>143,437</u>
		<b>280,773</b>	248,194
<b>Total liabilities</b>		<b><u>294,962</u></b>	<b><u>263,389</u></b>
<b>Total equity and liabilities</b>		<b><u>2,378,936</u></b>	<b><u>2,284,954</u></b>

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	Notes	Three months ended 31 March	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	2	222,370	170,196
Cost of revenue	8	(94,100)	(62,752)
<b>Gross profit</b>		<b>128,270</b>	<b>107,444</b>
Selling and marketing expenses	8	(12,381)	(5,760)
Administrative expenses	8	(61,196)	(51,358)
Other gains – net	9	9,152	11,082
<b>Operating profit</b>		<b>63,845</b>	<b>61,408</b>
Finance income	10	12,886	8,139
Finance costs	10	(320)	(333)
Finance income – net	10	12,566	7,806
Share of loss of associates		(465)	(826)
<b>Profit before income tax</b>		<b>75,946</b>	<b>68,388</b>
Income tax expense	11	(8,505)	(8,758)
<b>Profit for the period</b>		<b>67,441</b>	<b>59,630</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
– Changes in fair value of available-for-sale financial assets, net of tax		(8,069)	(34,259)
– Currency translation differences		(2,619)	(1,261)
<b>Other comprehensive loss for the period, net of tax</b>		<b>(10,688)</b>	<b>(35,520)</b>
<b>Total comprehensive income for the period</b>		<b>56,753</b>	<b>24,110</b>
<b>Profit attributable to:</b>			
– Owners of the Company		67,441	59,630
– Non-controlling interests		–	–
		<b>67,441</b>	<b>59,630</b>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		56,753	24,110
– Non-controlling interests		–	–
		<b>56,753</b>	<b>24,110</b>
<b>Earnings per share</b> (expressed in RMB cents per share)			
– Basic	12	9.90	8.40
– Diluted	12	9.50	8.33

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

(unaudited)

	Share capital RMB'000	Share premium RMB'000	Shares hold for RSU Scheme RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2017	248	609,826	(17)	139,542	1,271,966	2,021,565	-	2,021,565
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	67,441	67,441	-	67,441
<b>Other comprehensive income</b>								
- change in fair value of available-for-sale financial assets, net of tax	-	-	-	(8,069)	-	(8,069)	-	(8,069)
- currency translation differences	-	-	-	(2,619)	-	(2,619)	-	(2,619)
<b>Total comprehensive income for the period</b>	-	-	-	(10,688)	67,441	56,753	-	56,753
<b>Employee share option and RSU scheme</b>								
- value of employee services	-	-	-	3,270	-	3,270	-	3,270
- proceeds from shares issued	-	2,386	-	-	-	2,386	-	2,386
<b>Total transactions with owners, recognised directly in equity</b>	-	2,386	-	3,270	-	5,656	-	5,656
<b>Balance at 31 March 2017</b>	<b>248</b>	<b>612,212</b>	<b>(17)</b>	<b>132,124</b>	<b>1,339,407</b>	<b>2,083,974</b>	<b>-</b>	<b>2,083,974</b>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	(unaudited)							
	Share capital	Share premium	Shares hold for RSU Scheme	Reserves	Retained earnings	Total	Non- controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance at 1 January 2016</b>	248	590,113	(18)	155,266	1,060,695	1,806,304	–	1,806,304
<b>Comprehensive income</b>								
Profit for the period	–	–	–	–	59,630	59,630	–	59,630
<b>Other comprehensive income</b>								
– change in fair value of available-for-sale financial assets, net of tax	–	–	–	(34,259)	–	(34,259)	–	(34,259)
– currency translation differences	–	–	–	(1,261)	–	(1,261)	–	(1,261)
<b>Total comprehensive income for the period</b>	–	–	–	(35,520)	59,630	24,110	–	24,110
<b>Employee share option and RSU scheme</b>								
– value of employee services	–	–	–	6,984	–	6,984	–	6,984
– proceeds from shares issued	–	2	–	–	–	2	–	2
– vesting of shares under RSU scheme	–	(1)	1	–	–	–	–	–
<b>Total transactions with owners, recognized directly in equity</b>	–	1	1	6,984	–	6,986	–	6,986
<b>Balance at 31 March 2016</b>	<u>248</u>	<u>590,114</u>	<u>(17)</u>	<u>126,730</u>	<u>1,120,325</u>	<u>1,837,400</u>	<u>–</u>	<u>1,837,400</u>



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED 31 MARCH 2017**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Cash flows from operating activities</b>		
Cash generated from operations	<b>76,884</b>	60,062
Income tax paid	<b>(3,268)</b>	(6,456)
	<u>73,616</u>	<u>53,606</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(2,345)</b>	(11,554)
Purchase of financial assets at fair value through profit or loss	<b>(180,000)</b>	(2,164,481)
Placement of term deposits with original maturities over three months	<b>(60)</b>	(5,000)
Proceeds from disposals of financial assets at fair value through profit or loss	–	2,089,347
Receipt from maturity of term deposits with initial terms of over three months	–	33,000
Proceeds from disposals of investment in an associate	–	3,200
Proceeds from disposal of property, plant and equipment	<b>12</b>	–
Interest received	<b>12,033</b>	7,010
	<u>(170,360)</u>	<u>(48,478)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of ordinary shares	<b>2,386</b>	2
	<u>2,386</u>	<u>2</u>
Net cash generated from financing activities	<b>2,386</b>	2
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(94,358)</b>	5,130
Cash and cash equivalents at beginning of period	<b>1,563,281</b>	1,065,802
Exchange losses on cash and cash equivalents	<b>(606)</b>	(415)
<b>Cash and cash equivalents at end of the period</b>	<b><u>1,468,317</u></b>	<b><u>1,070,517</u></b>

## NOTES:

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

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

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

The interim consolidated balance sheet as at 31 March 2017, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “**Interim Condensed Consolidated Financial Information**”) of the Group have been approved by the Board of Directors (the “**Board**”) on 17 May 2017.

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

The Interim Condensed Consolidated Financial Information is prepared in accordance with International Accounting Standards (“**IAS**”) 34 ‘Interim Financial Reporting’ issued by the International Accounting Standards Board. This Interim Condensed Consolidated Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2016 as set out in the 2016 annual report of the Company (the “**2016 Financial Statements**”).

Except as described below, the accounting policies applied are consistent with those used in the 2016 Financial Statements, which have been prepared in accordance with the International Financial Reporting Standards (“**IFRS**”) under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which were carried at fair value.

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

New and revised standards and amendments to existing standards that are mandatory for the first time for the financial year beginning on 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group’s consolidated financial statements.

The following new standards have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted:

		<b>Effective for the financial year beginning on or after</b>
IFRS 9	“Financial instruments”	1 January 2018
IFRS 15	“Revenue from contracts with customers”	1 January 2018
IFRS 16	“Leases”	1 January 2019

The Group is in the process of assessing the impact of the above new standards on the Group’s consolidated financial statements.

## 2. Revenue and segment information

	<b>Three months ended 31 March</b>	
	<b>2017</b>	2016
	<i><b>RMB’000</b></i>	<i>RMB’000</i>
	<b>(unaudited)</b>	(unaudited)
Development and operations of online games		
– Web-based games	<b>63,035</b>	66,374
– Mobile games	<b>159,335</b>	103,822
	<b>222,370</b>	170,196

The directors of the Company consider that the Group’s operations are operated and managed as a single segment; accordingly no segment information is presented.

The Group offers their games in various language versions in order to enable game players to play the games in different regions. A breakdown of revenue derived from different language versions of the Group’s games is as follows:

	<b>Three months ended 31 March</b>	
	<b>2017</b>	2016
	<i><b>RMB’000</b></i>	<i>RMB’000</i>
	<b>(unaudited)</b>	(unaudited)
Simplified Chinese	<b>123,341</b>	76,752
Other languages	<b>99,029</b>	93,444
	<b>222,370</b>	170,196

The Group has a large number of game players, none of whom contributed 10% or more of the Group's revenue for the three months ended 31 March 2017 and 2016.

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

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Mainland China	<b>64,954</b>	63,660
Other locations	<b>18,987</b>	19,702
	<b><u>83,941</u></b>	<u>83,362</u>

### 3. Available-for-sale financial assets

	<b>RMB'000 (unaudited)</b>
Balance as at 1 January 2017	179,639
Net losses from changes in fair value	(9,493)
Currency translation differences	<u>(56)</u>
Balance as at 31 March 2017	<b><u>170,090</u></b>

Available-for-sale financial assets include the following:

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Listed equity securities ( <i>Note (a)</i> )	<b>155,460</b>	164,953
Unlisted equity securities ( <i>Note (b)</i> )	<b>1,000</b>	1,000
Preference shares issued of private companies ( <i>Note (c)</i> )	<b>13,630</b>	13,686
	<b><u>170,090</u></b>	<u>179,639</u>

*Notes:*

- (a) The listed equity securities represented the Group's equity investment in Dalian Zeus Entertainment Co., Ltd. ("**Zeus Entertainment**"), the fair value of the investment in Zeus Entertainment as at 31 March 2017 was RMB155,460,000 (31 December 2016: RMB164,953,000).

- (b) The unlisted equity investment represented the cost of Group's equity investment in 進化時代科技(北京)有限公司("進化時代").

The unlisted equity investment is stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

- (c) Preference shares mainly represented the investment cost in the preference shares of uSens, Inc. ("uSens") and Hangzhou Linggan Technology Co., Ltd. ("Hangzhou Linggan"). The holder of preference shares is entitled to receive dividends at the rate equal to 8% of the original issue price of preference shares per annum, payable only when, as and if declared by the board of directors of the uSens and Hangzhou Linggan.

Preference shares are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

#### 4. Trade receivables

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Trade receivables	<b>69,919</b>	73,275
Less: impairment provision	—	—
	<b><u>69,919</u></b>	<b><u>73,275</u></b>

Trade receivables were arising from the development and operation of online game business. The credit terms of trade receivables granted to the platforms and third party payment vendors are usually 30 to 120 days. Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates is as follows:

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
0 – 60 days	<b>47,132</b>	50,932
61 – 90 days	<b>10,359</b>	10,138
91 – 180 days	<b>8,113</b>	5,140
Over 180 days	<b>4,315</b>	7,065
	<b><u>69,919</u></b>	<b><u>73,275</u></b>

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

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
<b>Included in non-current assets</b>		
Non-quoted investments in:		
– asset management plans ( <i>Note (a)</i> )	<b>160,000</b>	160,000
– equity investment partnerships ( <i>Note (b)</i> )	<b>270,469</b>	165,285
	<b>430,469</b>	325,285
<b>Included in current assets</b>		
Non-quoted investments in wealth management products ( <i>Note (c)</i> )		
	<b>80,279</b>	–
	<b>510,748</b>	325,285

### Notes:

- (a) They represented the entrusted investments with the principal amount of RMB80 million and RMB80 million to 2 independent asset management companies incorporated in the PRC. The estimated minimum return of such asset management plans is 5.05% per annum. If the annual estimated return cannot be achieved, the Group or asset management companies have option to terminate the asset management plans. The Group will obtain the accumulated return and the entrusted principal in 2022. As at 31 March 2017 and 31 December 2016, the fair values of the investments in asset management plans were determined mainly with reference to the subsequent realisation of underlying investments and estimated return.
- (b) They represented investments in equity investment partnership as a limited partner, which are mainly engaged in investments in early-stage and high-growth companies in the technology, media and telecommunications industry in China. They have an initial term ranging from 7 to 10 years. As at 31 March 2017 and 31 December 2016, the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values.

During the period ended 31 March 2017, the Group contributed RMB100 million out of the total capital commitment of RMB300 million in cash to establish a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Partnership (Limited Partnership) (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji. The contribution represented 99% of the total contribution of the limited partnership.

- (c) They represented investments in private investment funds, they have an initial term of 3 months. The fair values of these investments were based on the estimated return of the private investment.
- (d) The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

## 6. Share-based payments

### (a) Share options

On 7 January 2011, the Board of the Company approved the establishment of a share option scheme (the “**Pre-IPO Share Option Scheme**”) with the objective to recognize 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 (the “**Post-IPO Share Option Scheme**”) with the objective to recognize 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.

#### (i) *Movements in the number of share options outstanding:*

	Number of share options	
	2017 (unaudited)	2016 (unaudited)
At 1 January	19,421,221	25,563,721
Exercised	(885,000)	(2,709)
Lapsed	(2,055,000)	(1,400,791)
	<hr/>	<hr/>
At 31 March	16,481,221	24,160,221

Share options exercised during the period resulted in 885,000 shares being issued, with exercise proceeds of approximately RMB2,386,000. The related weighted average share price at the time of exercise was HKD4.17 per share.

#### (ii) *Outstanding share options*

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 March 2017 and 31 December 2016 were as follows:

Expiry Date	Exercised price	Number of share options	
		2017 (unaudited)	2016 (audited)
31 January 2019	USD0.05	88,232	88,232
1 March 2020	USD0.10	20,749	45,749
30 June 2020	USD0.15	72,240	72,240
6 September 2025	HKD3.108	16,300,000	19,215,000
		<hr/>	<hr/>
		16,481,221	19,421,221

**(b) RSUs**

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

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

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

Movements in the number of RSUs outstanding:

	<b>Number of RSUs</b>	
	<b>2017</b>	2016
	<b>(unaudited)</b>	(unaudited)
At 1 January	<b>37,170,304</b>	47,383,431
Lapsed	<b>(1,024,893)</b>	(1,660,124)
Vested and transferred	<b>(2,237,000)</b>	(747,098)
	<hr/>	<hr/>
At 31 March	<b>33,908,411</b>	44,976,209
	<hr/>	<hr/>
Vested but not transferred as at 31 March	<b>24,877,299</b>	35,549,120
	<hr/>	<hr/>



**7. Trade and other payables**

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Trade payables	1,600	1,025
Other taxes payables	47,440	46,692
Accrued expenses	45,357	20,769
Salary and staff welfare payables	11,539	9,851
Advance received from sales of prepaid game cards	3,238	3,189
Others	654	2,546
	<u>109,828</u>	<u>84,072</u>

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

	<b>31 March 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
0 - 60 days	748	737
31 - 60 days	139	1
61 - 90 days	138	–
Over 90 days	575	287
	<u>1,600</u>	<u>1,025</u>

## 8. Expenses by nature

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

	Three months ended 31 March	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Commission charges by platforms and third payment vendors	83,906	52,966
Employee benefit expenses (excluding share-based compensation expenses)	50,206	40,753
Share-based compensation expenses	3,270	6,984
Servers rental expenses	4,738	4,873
Office rental expenses	2,366	2,360
Depreciation of property, plant and equipment	2,366	2,342
Travelling and entertainment expenses	2,070	1,985
Other professional service fees	2,492	1,888
Auditor's remuneration	300	1,000
Advertising expenses	8,857	701
Amortisation of intangible assets	423	394
Other expenses	6,683	3,624
	<u>167,677</u>	<u>119,870</u>

Research and development expenses during the three months ended 31 March 2017 and 2016 were analysed as below:

	Three months ended 31 March	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Employee benefit expenses	27,428	26,508
Depreciation of property, plant and equipment	379	418
Rental expenses	850	886
Other expenses	6,016	2,443
	<u>34,673</u>	<u>30,255</u>

No development expenses were capitalised for the three months ended 31 March 2017 and 2016.

**9. Other gains – net**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Realised/unrealised fair value gains on financial assets		
at fair value through profit or loss	<b>5,828</b>	9,940
Gain arising from disposal of an associate	–	695
Foreign exchange gains, net	<b>409</b>	323
Government subsidies	<b>2,929</b>	111
Loss on disposal of property, plant and equipment	<b>(14)</b>	–
Others	–	13
	<hr/> <b>9,152</b>	<hr/> 11,082

**10. Finance income – net**

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<b>Finance income</b>		
Interest income	<b>11,835</b>	7,486
Interest income on non-current loans to employees	<b>198</b>	208
Foreign exchange gains, net	<b>853</b>	445
	<hr/> <b>12,886</b>	<hr/> 8,139
<b>Finance cost</b>		
Discounting effects of non-current loans to employee	<b>(320)</b>	(333)
	<hr/> <b>12,566</b>	<hr/> 7,806

## 11. Income tax expenses

The income tax expense of the Group for the three months ended 31 March 2017 and 2016 is analysed as follows:

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current tax	<b>8,759</b>	8,438
Deferred tax	<b>(254)</b>	320
	<hr/>	<hr/>
	<b>8,505</b>	<b>8,758</b>
	<hr/>	<hr/>

### (a) Cayman Island income

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

### (b) Hong Kong profits

Hong Kong profits tax has been provided for as there was business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 16.5% on the estimated assessable profits for the three months ended 31 March 2017 and 2016.

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

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the three months ended 31 March 2017 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”) has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification in 2015 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the three months ended 31 March 2017 (2016: 15%).

Boyaa On-line Game Development (Shenzhen) Co., Ltd. (“**Boyaa PRC**”) has successfully renewed its HNTE qualification in 2016 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. Therefore, the actual income tax rate for Boyaa PRC was 15% for the three months ended 31 March 2017 (2016: 15%).

According to a policy 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 150% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period (“**Super Deduction**”). Boyaa Shenzhen and Boyaa PRC has claimed such Super Deduction in ascertaining its tax assessable profits for the three months ended 31 March 2017 and 2016.

(d) **PRC withholding tax (“WHT”)**

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

As at 31 March 2017, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB835,965,000. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on management’s estimation of overseas funding requirements.

(e) **Tax reconciliation**

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit before income tax	<b>75,946</b>	68,388
Add: Share of loss of associates, net of tax	<b>465</b>	826
	<b>76,411</b>	69,214
Tax calculated at a tax rate of 25%	<b>19,103</b>	17,304
Tax effect:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	<b>(1,956)</b>	(1,702)
– Different tax rates available to different subsidiaries of the Group	<b>(5,384)</b>	(5,539)
– Expenses not deductible for tax purposes	<b>20</b>	1,029
– Income not subject to tax	<b>(741)</b>	(214)
– Super Deduction	<b>(2,537)</b>	(2,120)
Income tax expenses	<b>8,505</b>	8,758

**12. Earnings per share**

(a) **Basic**

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

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit attributable to owners of the Company	<b>67,441</b>	59,630
Weighted average number of ordinary shares in issue (thousand shares)	<b>681,226</b>	709,815
Basic earnings per share (expressed in RMB cents per shares)	<b>9.90</b>	8.40

**(b) Diluted**

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

For the three months ended 31 March 2017 and 2016, the Company had two categories of dilutive potential ordinary shares, namely share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.

	<b>Three months ended</b>	
	<b>31 March</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Profit used to determine diluted earnings per share	<u>67,441</u>	<u>59,630</u>
Weighted average number of ordinary shares in issue (thousand shares)	681,226	709,815
Adjustment for RSUs (thousand shares)	23,894	6,119
Adjustment for share options (thousand shares)	<u>4,631</u>	<u>193</u>
Weighted average number of ordinary shares for calculating diluted earnings per share (thousand shares)	<u>709,751</u>	<u>716,127</u>
Diluted earnings per shares (expressed in RMB cents per share)	<u>9.50</u>	<u>8.33</u>

**13. Dividends**

The Board of the Company has resolved not to declare an interim dividend for the three months ended 31 March 2017 (for the three months ended 31 March 2016: nil).

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

*FOR THE THREE MONTHS ENDED 31 MARCH 2017*

	For the three months ended			Year-on-Year Change*	Quarter-on- Quarter Change**
	31 March 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (unaudited)	31 March 2016 RMB'000 (unaudited)		
<b>Revenue</b>	<b>222,370</b>	208,590	170,196	30.7	6.6
Cost of revenue	(94,100)	(78,731)	(62,752)	50.0	19.5
<b>Gross profit</b>	<b>128,270</b>	129,859	107,444	19.4	(1.2)
Selling and marketing expenses	(12,381)	(20,081)	(5,760)	114.9	(38.3)
Administrative expenses	(61,196)	(114,935)	(51,358)	19.2	(46.8)
Other gains - net	9,152	8,969	11,082	(17.4)	2.0
<b>Operating profit</b>	<b>63,845</b>	3,812	61,408	4.0	1,574.8
Finance income - net	12,566	9,087	7,806	61	38.3
Share of loss of associates	(465)	(271)	(826)	(43.7)	71.6
<b>Profit before income tax</b>	<b>75,946</b>	12,628	68,388	11.1	501
Income tax (expense)/income	(8,505)	1,074	(8,758)	(3.0)	(891.90)
<b>Profit for the period</b>	<b>67,441</b>	13,702	59,630	13.1	392



	For the three months ended			Year-on-Year Change*	Quarter-on-
	31 March 2017 RMB'000 (unaudited)	31 December 2016 RMB'000 (unaudited)	31 March 2016 RMB'000 (unaudited)		Quarter Change**
				%	%
<b>Non-IFRS Adjustment (unaudited)</b>					
Share-based compensation expense included in cost of revenue	671	818	1,673	(59.9)	(18)
Share-based compensation expense included in selling and marketing expenses	888	977	1,744	(49.1)	(9.1)
Share-based compensation expense included in administrative expenses	1,711	1,936	3,567	(52)	(11.6)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b>70,711</b>	<b>17,433</b>	<b>66,614</b>	<b>6</b>	<b>305.6</b>

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

\*\* *Quarter-on-Quarter Change % represents a comparison between the quarter ended 31 March 2017 and the immediately preceding quarter.*

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

By order of the Board of  
**Boyaa Interactive International Limited**  
**ZHANG Wei**  
*Chairman and Executive Director*

Hong Kong, 17 May 2017

*As the date of this announcement, the executive directors are Mr. ZHANG Wei and Mr. DAI Zhikang; the independent non-executive directors are Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. YOU Caizhen.*