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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)

### INTERIM RESULTS ANNOUNCEMENT FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year Change* %	For the year ended
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)		31 December 2016 RMB'000 (audited)
Revenue	411,705	350,856	17.3	745,194
– Web-based games	116,645	132,485	(12.0)	260,004
– Mobile games	295,060	218,371	35.1	485,190
Gross profit	252,438	223,580	12.9	471,708
Profit attributable to owners of the Company	141,369	129,675	9.0	211,271
Non-IFRS adjusted net profit***	147,322	142,391	3.5	232,817
	For the three months ended 30 June		Year-on-Year Change* %	
	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)		
Revenue	189,335	180,660	4.8	
– Web-based games	53,610	66,111	(18.9)	
– Mobile games	135,725	114,549	18.5	
Gross profit	124,168	116,136	6.9	
Profit attributable to owners of the Company	73,928	70,045	5.5	
Non-IFRS adjusted net profit***	76,611	75,777	1.1	

## REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	277,720	268,232	3.5
Fight the Landlord	24,811	38,091	(34.9)
Others	109,174	44,533	145.2
<b>Total</b>	<b>411,705</b>	<b>350,856</b>	17.3

	For the three months ended 30 June		Year-on-Year Change* %
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	131,500	138,960	(5.4)
Fight the Landlord	9,687	17,397	(44.3)
Others	48,148	24,303	98.1
<b>Total</b>	<b>189,335</b>	<b>180,660</b>	4.8

## REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	
Simplified Chinese	217,754	155,371	40.2
Other languages	193,951	195,485	(0.8)
<b>Total</b>	<b>411,705</b>	<b>350,856</b>	17.3

	For the three months ended 30 June		Year-on-Year Change* %
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	
Simplified Chinese	94,413	78,619	20.1
Other languages	94,922	102,041	(7.0)
<b>Total</b>	<b>189,335</b>	<b>180,660</b>	4.8

## OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2017 (unaudited)	31 March 2017 (unaudited)	30 June 2016 (unaudited)		
Paying Players ( <i>in thousands</i> )	<b>1,644</b>	2,349	1,544	6.5	(30.0)
• Web-based games	<b>43</b>	44	60	(28.3)	(2.3)
• Mobile games	<b>1,601</b>	2,305	1,484	7.9	(30.5)
Daily Active Players (“DAUs”) ( <i>in thousands</i> )****	<b>5,599</b>	6,700	5,300	5.6	(16.4)
• Web-based games	<b>390</b>	477	641	(39.2)	(18.2)
• Mobile games	<b>5,209</b>	6,223	4,659	11.8	(16.3)
Monthly Active Players (“MAUs”) ( <i>in thousands</i> )****	<b>25,652</b>	31,151	22,067	16.2	(17.7)
• Web-based games	<b>1,491</b>	2,003	2,926	(49.0)	(25.6)
• Mobile games	<b>24,161</b>	29,148	19,141	26.2	(17.1)
Average Revenue Per Paying Player (“ARPPU”) for Texas Hold'em Series ( <i>in RMB</i> )					
• Web-based games	<b>416.9</b>	486.7	382.9	8.9	(14.3)
• Mobile games	<b>235.2</b>	173.8	131.0	79.5	35.3
ARPPU for Fight the Landlord ( <i>in RMB</i> )					
• Web-based games	<b>112.8</b>	64.1	120.0	(6.0)	76.0
• Mobile games	<b>19.9</b>	22.8	11.5	73.0	(12.7)
ARPPU for Other Games ( <i>in RMB</i> )					
• Web-based games	<b>42.8</b>	42.4	47.2	(9.3)	0.9
• Mobile games	<b>12.1</b>	10.5	10.0	21.0	15.2

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

\*\* *Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2017 and the immediately preceding quarter.*

\*\*\* *Non-IFRS adjusted net profit was derived from the unaudited 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 and six months ended 30 June 2017 (the “**Reporting Period**”) (the “**Interim Results**”). The Interim 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 (the “**Audit Committee**”).

## **BUSINESS OVERVIEW AND OUTLOOK**

During the second quarter of 2017, we continued to make stable progress in building Boyaa into a century-old brand of card and board games.

In terms of the financial performance, the revenue of the second quarter of 2017 remained stable; the non-IFRS adjusted net profit also recorded a stable increase. During the second quarter of 2017, we recorded revenue of approximately RMB189.3 million, representing an increase of approximately 4.8% as compared with the corresponding period last year and a decrease of approximately 14.9% compared with the first quarter of 2017. The decrease from previous quarter was mainly due to the inspection and rectification by the app store of Apple Inc. (“**Apple**”) on the applications launched on its system during the second quarter of 2017, causing certain products of the Company temporarily off the store shelves. Such measure taken by Apple exerted substantial impact on the third party payments and the number of users for many app developers in China. The Company’s certain products have also been affected. Currently, we are in the process of addressing the temporary off-shelf from Apple App Store of the Company’s game products, and it is expected that such impact will continue for the third quarter of 2017 and will be gradually lessened since then. Apart from this, decreased in promotion efforts in the second quarter of 2017 was also the reason of a decrease of revenue compared with the first quarter of 2017. During the second quarter of 2017, we recorded non-IFRS adjusted net profit of approximately RMB76.6 million, representing an increase of approximately 1.1% as compared with the same period last year and an increase of approximately 8.3% compared with the first quarter of 2017.

In terms of operating performance, we recorded a decrease in the number of users during the second quarter of 2017 as compared with the first quarter of 2017. The number of paying players decreased by approximately 30.0% from approximately 2.3 million for the first quarter of 2017 to approximately 1.6 million for the second quarter of 2017. The number of DAUs decreased by approximately 16.4% from approximately 6.7 million for the first quarter of 2017 to approximately 5.6 million for the second quarter of 2017. The number of MAUs decreased by approximately 17.7% from approximately 31.2 million for the first quarter of 2017 to approximately 25.7 million for the second quarter of 2017. During the second quarter of 2017, the ARPPUs of the key mobile-based games Texas Hold'em series recorded an increase by approximately 35.3% from approximately RMB173.8 for the first quarter of 2017 to approximately RMB235.2 for the second quarter of 2017.

In terms of game products, we consistently focused on the research, development and innovation of online card and board games. As of 30 June 2017, our online games product portfolio totaled 73, most of which are online card and board games. We will continue to enhance our operations by refining and diversifying our products, and comprehensively enhance the quality of our games.

In the second quarter of 2017, we firstly launched the BPT Global Satellite Competition in Vietnam. The BPT Global Satellite Competition, a sub-racing series of the Boyaa Poker Tour (“BPT”), is a high-end competition designed for our global Texas Poker players, which has conveyed the values of promoting intelligence and making friends through “Texas Poker” and enhanced the Company’s brand value and the loyalty of players.

In the second half of 2017, BPT online trials were organised in five major regions, namely mainland China, Hong Kong, Macau and Taiwan, Southeast Asia, Europe and the Middle East, as a prelude to the finals of 2017 BPT. In recent years, the global success in the mode of online trials combined with offline competition has further expanded our international influence, which increased the recognition from players around the world of the Boyaa brand.

In the future, we will continue to expand the card and board games matrix, improve the technical infrastructure and game functions, with a view to continuously improve players’ satisfaction, and strive for forging a century-old brand name of Boyaa for card and board games.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Second Quarter of 2017 Compared to Second Quarter of 2016

#### *Revenue*

Our revenue for the three months ended 30 June 2017 amounted to approximately RMB189.3 million, representing year-on-year increase of approximately 4.8% from approximately RMB180.7 million recorded for the same period of 2016. The year-on-year increase was primarily due to the optimisation of other chess games and the continuous enrichment of games which contributed to the growth of revenue of mobile games. The improvement of diversified payment channels and the reduction of dependence on mobile operators also contributed to the growth of revenue of mobile games. For the three months ended 30 June 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 approximately 63.4% and 36.6%, respectively, for the three months ended 30 June 2016.

#### *Cost of revenue*

Our cost of revenue for the three months ended 30 June 2017 amounted to approximately RMB65.2 million, representing year-on-year increase of approximately 1.0% from approximately RMB64.5 million recorded for the same period in 2016. Cost of revenue remained relatively stable year-on-year.

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

As a result of the foregoing, our gross profit for the three months ended 30 June 2017 amounted to approximately RMB124.2 million, representing year-on-year increase of approximately 6.9% from approximately RMB116.1 million recorded for the same period in 2016.

Our gross profit margin were approximately 65.6% and 64.3%, respectively, for the three months ended 30 June 2017 and the same period in 2016.

### ***Selling and marketing expenses***

Our selling and marketing expenses for the three months ended 30 June 2017 amounted to approximately RMB5.3 million, representing year-on-year decrease of approximately 34.6% from approximately RMB8.1 million recorded for the same period in 2016. The year-on-year decrease was mainly attributable to decreased advertising and promotional activities expense.

### ***Administrative expenses***

Our administrative expenses for the three months ended 30 June 2017 amounted to approximately RMB53.3 million, representing year-on-year decrease of approximately 1.5% from approximately RMB54.2 million recorded for the same period in 2016. Administrative expenses remained relatively stable year-on-year.

### ***Other gains – net***

For the three months ended 30 June 2017, we recorded other gains (net) of approximately RMB2.3 million, compared to approximately RMB22.5 million recorded for the same period in 2016. The other gains (net) primarily consisted of fair value gains/(losses) 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 and dividends from available-for-sale financial assets.

### ***Finance income – net***

Our net finance income for the three months ended 30 June 2017 was approximately RMB14.7 million, compared to approximately RMB4.8 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 30 June 2017 (31 December 2016: six), all of which were online game or Internet technology companies. We recorded a share of profit of associates of approximately RMB0.2 million for the three months ended 30 June 2017, compared to a share of loss of associates of approximately RMB0.6 million recorded for the same period in 2016.

### ***Income tax expense***

Our income tax expense for the three months ended 30 June 2017 was approximately RMB8.7 million, representing a decrease of approximately 16.2% from approximately RMB10.4 million recorded for the three months ended 30 June 2016. The effective tax rate were 10.6% and 13.0%, respectively, for the three months ended 30 June 2017 and the same period in 2016. The decrease in effective tax rate for the three months ended 30 June 2017 compared to the same period in 2016 is primarily due to the increase in domestic revenue that enjoyed a lower tax rate.

### ***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 30 June 2017 amounted to approximately RMB73.9 million, representing year-on-year increase of approximately 5.5%, from the profit attributable to owners of the Company of approximately RMB70.0 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 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 which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the Reporting Period and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under IFRS.

Our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2017 of approximately RMB76.6 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.6 million, RMB0.7 million and RMB1.4 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 30 June 2016 of approximately RMB75.8 million derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.4 million, RMB1.4 million and RMB2.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

### **First Half of 2017 Compared to First Half of 2016**

#### ***Revenue***

Our revenue for the six months ended 30 June 2017 amounted to approximately RMB411.7 million, representing year-on-year increase of approximately 17.3% from approximately RMB350.9 million recorded for the same period of 2016. The year-on-year increase was primarily due to the optimisation of Texas Poker and other chess games and the continuous enrichment of games which contributed to the growth of revenue of mobile games. The improvement of diversified payment channels and the reduction of dependence on mobile operators also contributed to the growth of revenue of mobile games. For the six months ended 30 June 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 approximately 62.2% and 37.8%, respectively, for the six months ended 30 June 2016.

### ***Cost of revenue***

Our cost of revenue for the six months ended 30 June 2017 amounted to approximately RMB159.3 million, representing year-on-year increase of approximately 25.1% from approximately RMB127.3 million recorded for the same period in 2016. The year-on-year increase was mainly due to the increase of cooperative costs.

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

As a result of the foregoing, our gross profit for the six months ended 30 June 2017 amounted to approximately RMB252.4 million, representing year-on-year increase of approximately 12.9% from approximately RMB223.6 million recorded for the same period in 2016.

Our gross profit margin were approximately 61.3% and 63.7%, respectively, for the six months ended 30 June 2017 and the same period in 2016.

### ***Selling and marketing expenses***

Our selling and marketing expenses for the six months ended 30 June 2017 amounted to approximately RMB17.7 million, representing year-on-year increase of approximately 27.3% from approximately RMB13.9 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 six months ended 30 June 2017 amounted to approximately RMB114.5 million, representing year-on-year increase of approximately 8.5% from approximately RMB105.5 million recorded for the same period in 2016. The year-on-year increase was mainly due to the increase in employee benefit expenses.

### ***Other gains – net***

For the six months ended 30 June 2017, we recorded other gains (net) of approximately RMB11.4 million, compared to approximately RMB33.6 million recorded for the same period in 2016. The other gains (net) primarily consisted of fair value gains/(losses) 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, government subsidies and dividends from available-for-sale financial assets.

### ***Finance income – net***

Our net finance income for the six months ended 30 June 2017 was approximately RMB27.2 million, compared to approximately RMB12.6 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 results 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 30 June 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 RMB0.3 million for the six months ended 30 June 2017, compared to a share of loss of associates of approximately RMB1.5 million recorded for the same period in 2016.

### ***Income tax expense***

Our income tax expense for the six months ended 30 June 2017 was approximately RMB17.2 million, representing a decrease of approximately 10.1% from approximately RMB19.2 million recorded for the six months ended 30 June 2016. The effective tax rate were 10.9% and 12.9%, respectively, for the six months ended 30 June 2017 and the same period in 2016. The decrease in effective tax rate for the six months ended 30 June 2017 compared to the same period in 2016 is primarily due to the increase in domestic revenue that enjoyed a lower tax rate.

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

As a result of the foregoing, our profit attributable to owners of the Company for the six months ended 30 June 2017 amounted to approximately RMB141.4 million, representing year-on-year increase of approximately 9.0%, from the profit attributable to owners of the Company of approximately RMB129.7 million recorded for the same period in 2016.

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

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2017 of approximately RMB147.3 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.2 million, RMB1.6 million and RMB3.1 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 six months ended 30 June 2016 of approximately RMB142.4 million derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB3.1 million, RMB3.2 million and RMB6.5 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

### ***Liquidity and Capital Resources***

For the six months ended 30 June 2017, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

### ***Gearing ratio***

As at 30 June 2017, the Group's gearing ratio (total liabilities divided by total assets) was 11.8% (31 December 2016: 11.5%).

### ***Term deposits***

As at 30 June 2017, we had term deposits of approximately RMB27.3 million (31 December 2016: approximately RMB27.7 million), which were mainly denominated in Renminbi. The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2017 was 0.75%.

### ***Cash and cash equivalents***

As at 30 June 2017, we had cash and cash equivalents of approximately RMB1,224.4 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 66.9%), US dollars (as to 24.3%) and other currencies (as to 8.8%). 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.

Net proceeds from our initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the offering which the Company received, amounted to approximately HKD837.9 million. Up to 30 June 2017, a total amount of approximately RMB564.9 million from the net proceeds from our initial public offering had been utilised for the following purposes:

- (a) approximately RMB193.9 million for our marketing activities and business expansion;
- (b) approximately RMB101.2 million for investments in technologies and complementary online games or businesses; and
- (c) approximately RMB269.8 million for research and development activities, working capital and other general corporate purposes, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio.

As at 30 June 2017, approximately RMB109.7 million raised from our initial public offering remains unused.

The unutilised net proceeds has been deposited into short-term demand deposits in the bank account maintained by the Group.

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

We accounted for available-for-sale financial assets at their respective fair values. As at 30 June 2017, the fair value of our unlisted and listed investments classified as available-for-sale financial assets amounted to approximately RMB158.0 million (31 December 2016: approximately 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 Dalian Zeus Entertainment Co., Ltd. (“**Zeus Entertainment**”). Zeus Entertainment is mainly engaged in research and development and publication of web-based and mobile games.

As at 30 June 2017, we held 6,678,260 shares in Zeus Entertainment, which represented approximately 0.7% of the share capital of Zeus Entertainment. The fair value of the investment in Zeus Entertainment as at 30 June 2017 was approximately RMB143.6 million (31 December 2016: approximately RMB165.0 million).

As disclosed in the interim report of Zeus Entertainment for the six months ended 30 June 2017, it generated a total revenue of RMB1,589.2 million and recorded a net profit attributable to shareholders of the parent company of RMB505.2 million, representing a year-on-year increase of 85.0% and 150.1%, 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 investments 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 30 June 2017.

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

As at 30 June 2017, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB851.5 million (31 December 2016: approximately RMB325.3 million), which consisted of non-quoted investments in asset management plans and equity investment partnerships included in non-current assets, and non-quoted investment in certain wealth management products included in current assets. As at 30 June 2017, the fair values of the investments in asset management plans were determined mainly with reference to the subsequent realisation of underlying investment and 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 values of investments in wealth management products, which have an initial term ranging from 35 days to 92 days, were determined based on the estimated rate of return of investments. 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. For the six months ended 30 June 2017, we recorded realised/unrealised fair value gains on financial assets at fair value through profit or loss of approximately RMB5.6 million (for the six months ended 30 June 2016: approximately RMB31.2 million).

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 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 a connected transaction of the Company under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (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.

During the six months ended 30 June 2017, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**"), contributed RMB200.0 million out of the total capital commitment of RMB300.0 million in cash to establish a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise ("**Jiaxing Boyaa**") with Shanghai Tailai Tianji Asset Management Co., Ltd ("**Tailai Tianji**"). The capital commitment of RMB300.0 million represented 99% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2017 was approximately RMB198.9 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We are optimistic about the on-going performance of Jiaxing Boyaa. Nevertheless, we will closely monitor the performance of Jiaxing Boyaa on an on-going basis.

We consider that, save for our capital investment in Jiaxing Boyaa as a limited partnership, no other single investment that was designated as financial assets 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% of our total assets as at 30 June 2017.

### ***Borrowings***

For the six months ended 30 June 2017, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

### ***Capital expenditures***

For the six months ended 30 June 2017, our capital expenditure amounted to approximately RMB4.1 million (for the six months ended 30 June 2016: approximately RMB17.9 million). The capital expenditure mainly includes purchasing of additional furniture and equipment, motor vehicles, leasehold improvements and computer software of approximately RMB4.1 million (for the six months ended 30 June 2016: approximately RMB17.7 million), which was funded by using our cash flows generated from our operations.

### ***Contractual obligations***

As at 30 June 2017, in respect of the investment which had been signed but not yet been paid in a limited partnership between Boyaa Shenzhen (as limited partner) and Tailai Tianji (as general partner), the Group had a total capital commitment amounted to RMB300.0 million, of which RMB100.0 million had not been paid.



As at 30 June 2017, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of servers and office buildings which amounted to approximately RMB11.0 million (31 December 2016: approximately RMB14.0 million).

Save as disclosed above, the Group did not have other significant outstanding commitments as at 30 June 2017.

### ***Contingent liabilities and guarantees***

As at 30 June 2017, the Group did not have any significant unrecorded contingent liabilities and guarantees.

### ***Significant investments and future plans for major investments***

For the six months ended 30 June 2017, the Group's investment in Jiaxing Boyaa amounted to RMB200.0 million. Jiaxing Boyaa mainly carried out equity investments.

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

### ***Pledge/charge of the Group's assets***

As at 30 June 2017, none of the Group's assets was pledged or charged.

### *Employees and staff costs*

As at 30 June 2017, we had a total of 806 full time employees, who are mainly based in mainland China. In particular, 577 employees are responsible for our game development and operation functions, 160 for game support and 69 for administration and senior management functions.

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

For the six months ended 30 June 2017, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB98.7 million, representing approximately 33.9% of the total expenses of the Group. Pursuant to the post-IPO share option scheme adopted by the Company in October 2013 (the “**Post-IPO Share Option Scheme**”) and the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU Scheme adopted by the Company in September 2013 (the “**RSU Scheme**”), there were a total of 13,308,221 share options and 30,800,399 shares underlying the RSUs outstanding and/or granted to a total of 291 directors, senior management members and employees of the Group as at 30 June 2017. There were also 50,919,159 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme will be set out in the section headed “Share Option Schemes and Restricted Share Unit Scheme” in the Other Information section in our 2017 interim report to be issued in due course.

## FINANCIAL INFORMATION

### INTERIM CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2017

		<b>30 June</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>42,191</b>	42,553
Intangible assets		<b>3,569</b>	4,413
Interests in associates		<b>14,195</b>	14,466
Available-for-sale financial assets	3	<b>158,025</b>	179,639
Deferred income tax assets		<b>7,430</b>	7,760
Prepayments and other receivables		<b>25,035</b>	21,930
Financial assets at fair value through profit or loss	5	<b>530,461</b>	325,285
		<b>780,906</b>	596,046
<b>Current assets</b>			
Trade receivables	4	<b>58,315</b>	73,275
Prepayments and other receivables		<b>24,633</b>	24,604
Financial assets at fair value through profit or loss	5	<b>321,084</b>	–
Term deposits		<b>27,304</b>	27,748
Cash and cash equivalents		<b>1,224,388</b>	1,563,281
		<b>1,655,724</b>	1,688,908
<b>Total assets</b>		<b>2,436,630</b>	2,284,954

## INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2017

	<i>Notes</i>	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		248	248
Share premium		613,876	609,826
Shares held for RSU Scheme		(17)	(17)
Reserves		121,276	139,542
Retained earnings		<u>1,413,335</u>	<u>1,271,966</u>
		<b>2,148,718</b>	2,021,565
Non-controlling interests		<u>–</u>	<u>–</u>
<b>Total equity</b>		<u><b>2,148,718</b></u>	<u>2,021,565</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>12,055</u>	<u>15,195</u>
<b>Current liabilities</b>			
Trade and other payables	7	112,512	84,072
Deferred revenue		15,654	20,685
Current income tax liabilities		<u>147,691</u>	<u>143,437</u>
		<u>275,857</u>	<u>248,194</u>
<b>Total liabilities</b>		<u><b>287,912</b></u>	<u>263,389</u>
<b>Total equity and liabilities</b>		<u><b>2,436,630</b></u>	<u>2,284,954</u>
<b>Net current assets</b>		<u><b>1,379,867</b></u>	<u>1,440,714</u>
<b>Total assets less current liabilities</b>		<u><b>2,160,773</b></u>	<u>2,036,760</u>

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2016 RMB'000 (unaudited)
Revenue	2	<b>189,335</b>	180,660	<b>411,705</b>	350,856
Cost of revenue	8	<b>(65,167)</b>	(64,524)	<b>(159,267)</b>	(127,276)
<b>Gross profit</b>		<b>124,168</b>	116,136	<b>252,438</b>	223,580
Selling and marketing expenses	8	<b>(5,320)</b>	(8,140)	<b>(17,701)</b>	(13,900)
Administrative expenses	8	<b>(53,333)</b>	(54,170)	<b>(114,529)</b>	(105,528)
Other gains – net	9	<b>2,280</b>	22,469	<b>11,432</b>	33,551
<b>Operating profit</b>		<b>67,795</b>	76,295	<b>131,640</b>	137,703
Finance income	10	<b>16,132</b>	4,819	<b>29,018</b>	12,958
Finance costs	10	<b>(1,451)</b>	–	<b>(1,771)</b>	(333)
Finance income – net	10	<b>14,681</b>	4,819	<b>27,247</b>	12,625
Share of profit/(loss) of associates		<b>194</b>	(633)	<b>(271)</b>	(1,459)
<b>Profit before income tax</b>		<b>82,670</b>	80,481	<b>158,616</b>	148,869
Income tax expenses	11	<b>(8,742)</b>	(10,436)	<b>(17,247)</b>	(19,194)
<b>Profit for the period</b>		<b>73,928</b>	70,045	<b>141,369</b>	129,675
<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		<b>(10,096)</b>	(21,147)	<b>(18,165)</b>	(55,406)
– Currency translation differences		<b>(3,435)</b>	6,761	<b>(6,054)</b>	5,500
<b>Other comprehensive loss for the period, net of tax</b>		<b>(13,531)</b>	(14,386)	<b>(24,219)</b>	(49,906)
<b>Total comprehensive income for the period</b>		<b>60,397</b>	55,659	<b>117,150</b>	79,769

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2017**

	<i>Notes</i>	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
		<b>2017</b>	2016	<b>2017</b>	2016
		<b>RMB'000</b>	RMB'000	<b>RMB'000</b>	RMB'000
		<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
<b>Profit attributable to:</b>					
– Owners of the Company		<b>73,928</b>	70,045	<b>141,369</b>	129,675
– Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<b><u>73,928</u></b>	<u>70,045</u>	<b><u>141,369</u></b>	<u>129,675</u>
<b>Total comprehensive income attributable to:</b>					
– Owners of the Company		<b>60,397</b>	55,659	<b>117,150</b>	79,769
– Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<b><u>60,397</u></b>	<u>55,659</u>	<b><u>117,150</u></b>	<u>79,769</u>
<b>Earnings per share (expressed in RMB cents per share)</b>					
– Basic	<i>12</i>	<b><u>10.80</u></b>	<u>10.36</u>	<b><u>20.71</u></b>	<u>19.20</u>
– Diluted	<i>12</i>	<b><u>10.39</u></b>	<u>9.73</u>	<b><u>19.89</u></b>	<u>18.00</u>
<b>Dividends</b>	<i>13</i>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

	(unaudited)							
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Shares held for RSU Scheme <i>RMB'000</i>	Reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <i>RMB'000</i>
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	-	-	-	-	141,369	141,369	-	141,369
<b>Other comprehensive income</b>								
- changes in fair value of available- for-sale financial assets, net of tax	-	-	-	(18,165)	-	(18,165)	-	(18,165)
- currency translation differences	-	-	-	(6,054)	-	(6,054)	-	(6,054)
<b>Total comprehensive income for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,219)</u>	<u>141,369</u>	<u>117,150</u>	<u>-</u>	<u>117,150</u>
<b>Employee share option and RSU scheme</b>								
- value of employee services	-	-	-	5,953	-	5,953	-	5,953
- proceeds from shares issued	-	4,050	-	-	-	4,050	-	4,050
<b>Total transactions with owners, recognised directly in equity</b>	<u>-</u>	<u>4,050</u>	<u>-</u>	<u>5,953</u>	<u>-</u>	<u>10,003</u>	<u>-</u>	<u>10,003</u>
Balance at 30 June 2017	<u>248</u>	<u>613,876</u>	<u>(17)</u>	<u>121,276</u>	<u>1,413,335</u>	<u>2,148,718</u>	<u>-</u>	<u>2,148,718</u>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2017**

	(unaudited)							
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Shares held for RSU Scheme <i>RMB'000</i>	Reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total equity <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	–	–	–	–	129,675	129,675	–	129,675
<b>Other comprehensive income</b>								
– changes in fair value of available- for-sale financial assets, net of tax	–	–	–	(55,406)	–	(55,406)	–	(55,406)
– currency translation differences	–	–	–	5,500	–	5,500	–	5,500
<b>Total comprehensive income for the period</b>	–	–	–	(49,906)	129,675	79,769	–	79,769
<b>Employee share option and RSU scheme</b>								
– value of employee services	–	–	–	12,716	–	12,716	–	12,716
– proceeds from shares issued	–	4	–	–	–	4	–	4
– vesting of shares under RSU scheme	–	(1)	1	–	–	–	–	–
<b>Total transactions with owners, recognised directly in equity</b>	–	3	1	12,716	–	12,720	–	12,720
<b>Balance at 30 June 2016</b>	<u>248</u>	<u>590,116</u>	<u>(17)</u>	<u>118,076</u>	<u>1,190,370</u>	<u>1,898,793</u>	<u>–</u>	<u>1,898,793</u>



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2017**

		<b>For the six months ended 30 June</b>	
	<i>Notes</i>	<b>2017</b>	2016
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>167,698</b>	158,498
Income tax paid		<b>(13,842)</b>	(30,427)
		<hr/>	<hr/>
Net cash generated from operating activities		<b>153,856</b>	128,071
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(4,123)</b>	(17,240)
Purchase of intangible assets		–	(529)
Purchase of financial assets at fair value through profit or loss		<b>(710,698)</b>	(1,497,932)
Investments in associates		–	(150)
Proceeds from disposal of investment in an associate		–	2,505
Placement of term deposits with original maturities over three months		<b>444</b>	33,815
Proceeds from disposal of financial assets at fair value through profit or loss		<b>189,146</b>	1,516,650
Dividends from available-for-sale financial assets	9	<b>1,576</b>	–
Interest received		<b>23,378</b>	10,912
		<hr/>	<hr/>
Net cash (used in)/generated from investing activities		<b>(500,277)</b>	48,031
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares	6	<b>4,050</b>	4
		<hr/>	<hr/>
Net cash generated from financing activities		<b>4,050</b>	4
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<b>(342,371)</b>	176,106
Cash and cash equivalents at the beginning of the period		<b>1,563,281</b>	1,065,802
Exchange gains on cash and cash equivalents		<b>3,478</b>	4,185
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,224,388</b>	1,246,093
		<hr/>	<hr/>

## 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 P.O. 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 30 June 2017, the interim consolidated statements of comprehensive income for the three and six months then ended, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six 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 31 August 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 Standard (“**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 International Financial Reporting Standards (“**IFRSs**”) 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 2017, are either currently not relevant to the Group or had no material impact on the Group’s consolidated financial statements.

The following new standards and amendments to 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 and IFRS 15 (Amendments)	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments	1 January 2018
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective for annual periods beginning on or after a date to be determined

The Group is in the process of assessing the impact of the above new standards and amendments to existing standards on the Group's consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2017</b>	2016	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Development and operations of online games				
– Web-based games	<b>53,610</b>	66,111	<b>116,645</b>	132,485
– Mobile games	<b>135,725</b>	114,549	<b>295,060</b>	218,371
	<b><u>189,335</u></b>	<u>180,660</u>	<b><u>411,705</u></b>	<u>350,856</u>

The directors of the Company consider that the Group's operation is operated and managed as a single 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 locations. A breakdown of revenue derived from different language versions of the Group's games is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Simplified Chinese	94,413	78,619	217,754	155,371
Other languages	94,922	102,041	193,951	195,485
	<u>189,335</u>	<u>180,660</u>	<u>411,705</u>	<u>350,856</u>

The Group has a large number of game players, none of whom contributed 10% or more of the Group's revenue for the three and six months ended 30 June 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:

	30 June 2017 <i>RMB'000</i> (unaudited)	31 December 2016 <i>RMB'000</i> (audited)
Mainland China	66,965	63,660
Other locations	18,025	19,702
	<u>84,990</u>	<u>83,362</u>

### 3. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<i>RMB'000</i> (unaudited)
Balance as at 1 January 2017	179,639
Net losses from changes in fair value	(21,370)
Currency translation differences	(244)
Balance as at 30 June 2017	<u>158,025</u>

Available-for-sale financial assets include the following:

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Listed equity securities in PRC ( <i>Note (a)</i> )	<b>143,583</b>	164,953
Unlisted equity investment ( <i>Note (b)</i> )	<b>1,000</b>	1,000
Preference shares of private companies ( <i>Note (c)</i> )	<b>13,442</b>	13,686
	<b><u>158,025</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 30 June 2017 was approximately RMB143,583,000 (31 December 2016: approximately 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>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Trade receivables	<b>58,315</b>	73,275
Less: impairment provision	—	—
	<b><u>58,315</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 end of respective reporting period is as follows:

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
0-60 days	<b>38,932</b>	50,932
61-90 days	<b>5,445</b>	10,138
91-180 days	<b>6,531</b>	5,140
Over 180 days	<b>7,407</b>	7,065
	<b><u>58,315</u></b>	<b><u>73,275</u></b>

As at 30 June 2017, trade receivables that past due but not impaired were approximately RMB19,377,000 (31 December 2016: approximately RMB27,409,000). These related to a number of independent Platforms and third party payment vendors which the Group has not encountered any credit defaults in the past and they are assessed to be financially trustworthy. As a result, the directors of the Company consider that these overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Outstanding after due dates:		
0-60 days	<b>10,439</b>	20,006
61-90 days	<b>7,176</b>	5,380
Over 90 days	<b>1,762</b>	2,023
	<b><u>19,377</u></b>	<b><u>27,409</u></b>

## 5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2017</b>	31 December 2016
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(audited)
<b>Included in non-current assets</b>		
Non-quoted investment in:		
– asset management plans ( <i>Note (a)</i> )	<b>160,000</b>	160,000
– equity investment partnerships ( <i>Note (b)</i> )	<b>370,461</b>	165,285
	<b>530,461</b>	325,285
<b>Included in current assets</b>		
Non-quoted investment in certain wealth management products ( <i>Note (c)</i> )	<b>321,084</b>	–
	<b>851,545</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 early terminate the asset management plans. The Group will obtain the accumulated return and the entrusted principal in 2022. As at 30 June 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 30 June 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 30 June 2017, the Group contributed RMB200 million out of the total capital commitment of RMB300 million in cash to establish a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Ltd. The contribution represented 99% of the total contribution of the limited partnership.

- (c) Investments in wealth management products are investments in wealth management plan provided by financial institutions. They have an initial term ranging from 35 days to 92 days. The fair values of these investments were based on the estimated rate of return of the investments.
- (d) The above financial assets were designated as financial assets at fair value through profit or loss upon initial recognition as the performance of these financial assets are evaluated on a fair value basis pursuant to the Group's investment strategy.

## 6. SHARE-BASED PAYMENTS

### (a) Share option

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 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 (the “**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.

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

	<b>Number of share options</b>	
	<b>2017 (unaudited)</b>	2016 (unaudited)
At 1 January	<b>19,421,221</b>	25,563,721
Exercise	<b>(1,508,000)</b>	(10,709)
Lapsed	<b>(4,605,000)</b>	(4,540,791)
At 30 June	<b><u>13,308,221</u></b>	<u>21,012,221</u>

Share options exercised during the period resulted in 1,508,000 shares being issued, with exercise proceeds of approximately RMB4,050,000. The related weighted average share price at the time of exercise was HKD4.03 per share.



(ii) *Outstanding share options*

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2017 and 2016 are as follows:

Expiry Date	Price	Number of share options	
		30 June 2017 (unaudited)	30 June 2016 (unaudited)
31 January 2019	USD0.05	76,232	112,232
1 March 2020	USD0.10	14,749	61,749
30 June 2020	USD0.15	72,240	78,240
6 September 2025	HKD3.108	13,145,000	20,760,000
		<u>13,308,221</u>	<u>21,012,221</u>

(b) **RSUs**

Pursuant to a resolution passed by the Board of the Company on 17 September 2013, the Company set up a RSU Scheme with the objective to incentivise Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

RSUs held by a participant that are vested may be exercised (in whole or in part) by the participant serving an exercise notice in writing on the 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:

	Number of RSUs	
	2017 (unaudited)	2016 (unaudited)
At 1 January	37,170,304	47,383,431
Lapsed	(2,778,425)	(4,420,020)
Vested and transferred	(3,591,480)	(1,691,545)
At 30 June	<u>30,800,399</u>	<u>41,271,866</u>
Vested but not transferred as at 30 June	<u>24,052,150</u>	<u>34,780,551</u>

The related weighted average share price at the time when the RSUs were vested and transferred was HKD4.11 per share.

## 7. TRADE AND OTHER PAYABLES

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Trade payables	1,888	1,025
Other taxes payable	46,262	46,692
Accrued expenses	49,758	20,769
Salary and staff welfare payables	9,581	9,851
Advance received from sales of prepaid game cards	3,511	3,189
Others	1,512	2,546
	<u>112,512</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>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
0-30 days	783	737
31-60 days	137	1
61-90 days	136	–
Over 90 days	832	287
	<u>1,888</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 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Commission charges by platforms and third party payment vendors	53,065	54,026	136,971	106,992
Employee benefit expenses (excluding share-based compensation expenses)	42,506	43,657	92,712	84,410
Share-based compensation expenses	2,683	5,732	5,953	12,716
Servers rental expenses	4,727	5,003	9,465	9,876
Office rental expenses	2,398	2,527	4,764	4,887
Depreciation of property, plant and equipment	2,091	2,311	4,457	4,653
Travelling and entertainment expenses	2,246	3,238	4,316	5,223
Other professional service fees	1,063	1,700	3,555	3,588
Auditor's remuneration	774	–	1,074	1,000
Advertising expenses	1,977	3,328	10,834	4,029
Amortisation of intangible assets	421	418	844	812
Other expenses	9,869	4,894	16,552	8,518
	<u>123,820</u>	<u>126,834</u>	<u>291,497</u>	<u>246,704</u>

Research and development expenses during the three and six months ended 30 June 2017 and 2016 were analysed as below:

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Employee benefit expenses	31,172	28,669	58,600	55,177
Depreciation of property, plant and equipment	446	442	825	860
Rental expenses	766	911	1,616	1,797
Other expenses	3,185	3,623	9,201	6,066
	<u>35,569</u>	<u>33,645</u>	<u>70,242</u>	<u>63,900</u>

No research and development expenses were capitalised for the three and six months ended 30 June 2017 and 2016.

## 9. OTHER GAINS – NET

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)
Realised/unrealised fair value (losses)/ gains on financial assets at fair value through profit or loss	(194)	21,287	5,634	31,227
Foreign exchange gains/(losses), net	151	(1,842)	560	(1,519)
Government subsidies ( <i>Note (a)</i> )	73	1,044	3,002	1,155
Deregistration of a subsidiary	–	227	–	227
Dividends from available-for-sale financial assets	1,576	–	1,576	–
Gain arising from partial disposal of an associate	–	–	–	695
Loss on disposal of property, plant and equipment	(1)	–	(15)	–
Others	675	1,753	675	1,766
	<b>2,280</b>	<b>22,469</b>	<b>11,432</b>	<b>33,551</b>

- (a) 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.

## 10. FINANCE INCOME – NET

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
<b>Finance income</b>				
Interest income	11,543	3,426	23,378	10,912
Interest income on non-current loans to employees	508	175	706	383
Foreign exchange gains, net	4,081	1,218	4,934	1,663
	<u>16,132</u>	<u>4,819</u>	<u>29,018</u>	<u>12,958</u>
<b>Finance costs</b>				
Discounting effects of non-current loans to employees	–	–	(320)	(333)
Foreign exchange losses, net	(1,451)	–	(1,451)	–
	<u>(1,451)</u>	<u>–</u>	<u>(1,771)</u>	<u>(333)</u>
Finance income – net	<u>14,681</u>	<u>4,819</u>	<u>27,247</u>	<u>12,625</u>

## 11. INCOME TAX EXPENSES

The income tax expenses of the Group for the three and six months ended 30 June 2017 and 2016 is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Current tax	8,092	9,926	16,851	18,364
Deferred tax	650	510	396	830
	<u>8,742</u>	<u>10,436</u>	<u>17,247</u>	<u>19,194</u>

(a) **Cayman Islands Income Tax**

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 Tax**

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 and six months ended 30 June 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 and six months ended 30 June 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 and six months ended 30 June 2017 (for the three and six months ended 30 June 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 and six months ended 30 June 2017 (for the three and six months ended 30 June 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 and six months ended 30 June 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 30 June 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 RMB958,087,000. 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>Six months ended 30 June</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>158,616</b>	148,869
Add: Share loss of associates, net of tax	<b>271</b>	1,459
	<b>158,887</b>	<b>150,328</b>
Tax calculated at a tax rate 25%	<b>39,722</b>	37,582
Tax effects:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	<b>(13,744)</b>	(5,122)
– Different tax rates available to different subsidiaries of the Group	<b>(2,526)</b>	(8,735)
– Expenses not deductible for tax purposes	<b>341</b>	145
– Income not subject to tax	<b>(1,109)</b>	(18)
– Super Deduction	<b>(5,147)</b>	(4,658)
– Over-provision in prior periods	<b>(290)</b>	–
Income tax expenses	<b>17,247</b>	<b>19,194</b>

## 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.

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Profit attributable to owners of the Company	<b>73,928</b>	70,045	<b>141,369</b>	129,675
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b><u>684,267</u></b>	<u>676,064</u>	<b><u>682,742</u></b>	<u>675,527</u>
Basic earnings per share ( <i>expressed in RMB cents per share</i> )	<b><u>10.80</u></b>	<u>10.36</u>	<b><u>20.71</u></b>	<u>19.20</u>



**(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 and six months ended 30 June 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.

	Three months ended 30 June		Six months ended 30 June	
	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2016 <i>RMB'000</i> (unaudited)
Profit used to determine diluted earnings per shares	<u>73,928</u>	<u>70,045</u>	<u>141,369</u>	<u>129,675</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	684,267	676,064	682,742	675,527
Adjustment for RSUs ( <i>thousand shares</i> )	24,597	43,443	24,560	44,872
Adjustment for share options ( <i>thousand shares</i> )	<u>2,618</u>	<u>193</u>	<u>3,591</u>	<u>193</u>
Weighted average number of ordinary shares for calculating diluted earnings per share ( <i>thousand shares</i> )	<u>711,482</u>	<u>719,700</u>	<u>710,893</u>	<u>720,592</u>
Diluted earnings per share ( <i>expressed in RMB cents per share</i> )	<u>10.39</u>	<u>9.73</u>	<u>19.89</u>	<u>18.00</u>

### 13. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: nil).

### 14. COMMITMENTS

#### (a) Capital commitments

Capital commitments as at 30 June 2017 are analysed as follows:

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Contracted obligation:		
Investment in a limited partnership	<u>100,000</u>	<u>300,000</u>

#### (b) Operating lease commitments

The Group leases servers and office buildings under non-cancellable operating lease agreements. The lease terms are between 1 to 5 years, and majority of lease agreements are renewable at the end of the lease period at market rate.

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<b>30 June 2017 RMB'000 (unaudited)</b>	31 December 2016 RMB'000 (audited)
Not later than 1 year	9,495	10,381
Later than 1 year but not later than 5 years	<u>1,456</u>	<u>3,626</u>
	<u>10,951</u>	<u>14,007</u>

## 15. SUBSEQUENT EVENT

Boyaa Shenzhen, a company regarded as indirect subsidiary of the Company by virtue of contractual arrangement, received an indictment from the judicial authority in the People's Republic of China (the "PRC") as a defendant due to its alleged act of bribery in 2017. Mr. Zhang Wei, the Chairman of the Board, as the legal representative of Boyaa Shenzhen, has become a co-defendant of the case.

The PRC lawyer engaged by the Group in respect of the case considers that the prosecution evidence is insufficient to support a conviction of Boyaa Shenzhen under the case. The PRC lawyer will plead not guilty and defend the case on behalf of Boyaa Shenzhen. The severest punishment on Boyaa Shenzhen upon conviction would be a fine as administrative punishment (the amount of which is not expected to have material financial impact), and the business license and the qualification of operation would not be affected. The maximum penalty on the legal representative is up to five years imprisonment, but the PRC lawyer considers that the possibility of being imposed the maximum penalty is minimal. The Company has been well prepared to ensure that, regardless of any possible outcome, the normal operation of the Group would not be affected. The Board considers that the case will not cause any adverse impact to the business, operation and financial status of Boyaa Shenzhen and the Group. As of the date of this announcement, the operations of Boyaa Shenzhen and the Group remain normal. The hearing of the case is expected to take place within the coming two months and judgement will be announced. The Company will keep close communication with the PRC lawyer on the development of the case and evaluate any influence to the Group from time to time. Relevant update will be disclosed in due course in accordance with the regulatory requirements.

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2017*

	<b>For the six months ended 30 June</b>		Year-on-Year Change*
	<b>2017</b>	2016	%
	<b>RMB'000</b>	RMB'000	
	<b>(unaudited)</b>	(unaudited)	
<b>Revenue</b>	<b>411,705</b>	350,856	17.3
Cost of revenue	<u>(159,267)</u>	<u>(127,276)</u>	25.1
<b>Gross profit</b>	<b>252,438</b>	223,580	12.9
Selling and marketing expenses	<b>(17,701)</b>	(13,900)	27.3
Administrative expenses	<b>(114,529)</b>	(105,528)	8.5
Other gains – net	<u><b>11,432</b></u>	<u>33,551</u>	(65.9)
<b>Operating profit</b>	<b>131,640</b>	137,703	(4.4)
Finance income – net	<b>27,247</b>	12,625	115.8
Share of loss of associates	<u><b>(271)</b></u>	<u>(1,459)</u>	(81.4)
<b>Profit before income tax</b>	<b>158,616</b>	148,869	6.5
Income tax expenses	<u><b>(17,247)</b></u>	<u>(19,194)</u>	(10.1)
<b>Profit for the period</b>	<u><b>141,369</b></u>	<u>129,675</u>	9.0
<b>Non-IFRS adjustment (unaudited)</b>			
Share-based compensation expenses included in cost of revenue	<b>1,244</b>	3,099	(59.9)
Share-based compensation expenses included in selling and marketing expenses	<b>1,616</b>	3,165	(48.9)
Share-based compensation expenses included in administrative expenses	<u><b>3,093</b></u>	<u>6,452</u>	(52.1)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<u><b>147,322</b></u>	<u>142,391</u>	3.5

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

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

*FOR THE THREE MONTHS ENDED 30 JUNE 2017*

	For the three months ended			Year-on-Year Change*	Quarter-on- Quarter**
	30 June 2017	31 March 2017	30 June 2016		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%	%
	(unaudited)	(unaudited)	(unaudited)		
<b>Revenue</b>	<b>189,335</b>	222,370	180,660	4.8	(14.9)
Cost of revenue	<u>(65,167)</u>	<u>(94,100)</u>	<u>(64,524)</u>	1.0	(30.7)
<b>Gross profit</b>	<b>124,168</b>	128,270	116,136	6.9	(3.2)
Selling and marketing expenses	<u>(5,320)</u>	<u>(12,381)</u>	<u>(8,140)</u>	(34.6)	(57.0)
Administrative expenses	<u>(53,333)</u>	<u>(61,196)</u>	<u>(54,170)</u>	(1.5)	(12.8)
Other gains – net	<u>2,280</u>	<u>9,152</u>	<u>22,469</u>	(89.9)	(75.1)
<b>Operating profit</b>	<b>67,795</b>	63,845	76,295	(11.1)	6.2
Finance income – net	<u>14,681</u>	<u>12,566</u>	<u>4,819</u>	204.6	16.8
Share of profit/(loss) of associates	<u>194</u>	<u>(465)</u>	<u>(633)</u>	(130.6)	(141.7)
<b>Profit before income tax</b>	<b>82,670</b>	75,946	80,481	2.7	8.9
Income tax expenses	<u>(8,742)</u>	<u>(8,505)</u>	<u>(10,436)</u>	(16.2)	2.8
<b>Profit for the period</b>	<b><u>73,928</u></b>	<b><u>67,441</u></b>	<b><u>70,045</u></b>	5.5	9.6
<b>Non-IFRS adjustment (unaudited)</b>					
Share-based compensation expenses included in cost of revenue	<u>573</u>	<u>671</u>	<u>1,426</u>	(59.8)	(14.6)
Share-based compensation expenses included in selling and marketing expenses	<u>728</u>	<u>888</u>	<u>1,421</u>	(48.8)	(18.0)
Share-based compensation expenses included in administrative expenses	<u>1,382</u>	<u>1,711</u>	<u>2,885</u>	(52.1)	(19.2)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>76,611</u></b>	<b><u>70,711</u></b>	<b><u>75,777</u></b>	1.1	8.3

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

\*\* *Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2017 and the immediately preceding quarter.*

## **OTHER INFORMATION**

### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the six months ended 30 June 2017, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

### **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

For the six months ended 30 June 2017, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 to the Listing Rules, except for a deviation from the code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Zhang Wei is the chairman and chief executive officer of the Company. With extensive experience in the Internet industry, Mr. Zhang Wei is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company’s growth and business expansion since its establishment in 2004. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive directors (including Mr. Zhang Wei) and three independent non-executive directors and therefore has a fairly strong independence element in its composition.

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2017.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2017. There is no disagreement between the Board and the Audit Committee regarding accounting treatment adopted by the Company.

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

Mr. Cheung Ngai Lam, an independent non-executive director of the Company, was appointed as an independent non-executive director of China Huishan Dairy Holdings Company Limited (Stock code: 6863), with effect from 22 June 2017.

Save as disclosed above, there is no other change in the composition of the Board or change in the directors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2016 annual report of the Company.

## **IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD**

It was disclosed in the announcement of the Company dated 14 July 2017 that Boyaa Shenzhen, a company regarded as indirect subsidiary of the Company by virtue of contractual arrangement, has received an indictment from the judicial authority in the PRC as a defendant due to its alleged act of bribery. Mr. Zhang Wei, the Chairman of the Board, as the legal representative of Boyaa Shenzhen, has become a co-defendant of the case. For details, please refer to the said announcement of the Company.

The Board considers that the case will not cause any adverse impact to the business, operation and financial status of Boyaa Shenzhen and the Group. As of the date of this announcement, the operations of Boyaa Shenzhen and the Group remain normal. The hearing of the case is expected to take place within the coming two months and judgement will be announced.

Save as disclosed above, there was no other important event affecting the Group which has taken place since 30 June 2017 and up to the date of this announcement.

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

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

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

Hong Kong, 31 August 2017

*At 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.*