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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 2018

#### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year Change*	For the
	2018	2017		year ended
	RMB'000	RMB'000	%	31 December
	(unaudited)	(unaudited)		2017
				RMB'000
				(audited)
Revenue	284,235	411,705	(31.0)	735,602
– Web-based games	96,219	116,645	(17.5)	220,730
– Mobile games	188,016	295,060	(36.3)	514,872
Gross profit	193,984	252,438	(23.2)	457,267
Profit attributable to owners of the Company	153,778	141,369	8.8	243,245
Non-IFRS adjusted net profit***	155,856	147,322	5.8	253,110
	For the three months ended 30 June		Year-on-Year Change*	
	2018	2017		
	RMB'000	RMB'000	%	
	(unaudited)	(unaudited)		
Revenue	124,365	189,335	(34.3)	
– Web-based games	44,169	53,610	(17.6)	
– Mobile games	80,196	135,725	(40.9)	
Gross profit	88,594	124,168	(28.6)	
Profit attributable to owners of the Company	71,756	73,928	(2.9)	
Non-IFRS adjusted net profit***	72,626	76,611	(5.2)	

## REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	219,719	277,720	(20.9)
Other Card and Board <sup>1****</sup>	64,516	133,985	(51.8)
<b>Total</b>	<b>284,235</b>	<b>411,705</b>	<b>(31.0)</b>

	For the three months ended 30 June		Year-on-Year Change* %
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	91,134	131,500	(30.7)
Other Card and Board <sup>1****</sup>	33,231	57,835	(42.5)
<b>Total</b>	<b>124,365</b>	<b>189,335</b>	<b>(34.3)</b>

## REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	
Simplified Chinese	116,386	217,754	(46.6)
Other languages	167,849	193,951	(13.5)
<b>Total</b>	<b>284,235</b>	<b>411,705</b>	<b>(31.0)</b>

	For the three months ended 30 June		Year-on-Year Change* %
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	
Simplified Chinese	38,338	94,413	(59.4)
Other languages	86,027	94,922	(9.4)
<b>Total</b>	<b>124,365</b>	<b>189,335</b>	<b>(34.3)</b>

## OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2018 (unaudited)	31 March 2018 (unaudited)	30 June 2017 (unaudited)		
Paying Players ( <i>in thousands</i> )	<b>594</b>	<b>789</b>	1,644	(63.9)	(24.7)
• Web-based games	<b>21</b>	<b>26</b>	43	(51.2)	(19.2)
• Mobile games	<b>573</b>	<b>763</b>	1,601	(64.2)	(24.9)
Daily Active Users (“DAUs”) ( <i>in thousands</i> )***	<b>3,338</b>	<b>3,913</b>	5,599	(40.4)	(14.7)
• Web-based games	<b>203</b>	<b>251</b>	390	(47.9)	(19.1)
• Mobile games	<b>3,135</b>	<b>3,662</b>	5,209	(39.8)	(14.4)
Monthly Active Users (“MAUs”) ( <i>in thousands</i> )****	<b>12,462</b>	<b>16,205</b>	25,652	(51.4)	(23.1)
• Web-based games	<b>871</b>	<b>1,026</b>	1,491	(41.6)	(15.1)
• Mobile games	<b>11,591</b>	<b>15,179</b>	24,161	(52.0)	(23.6)
Average Revenue Per Paying Users (“ARPPU”) of Texas Hold’em Series ( <i>in RMB</i> )					
• Web-based games	<b>733.3</b>	<b>692.0</b>	416.9	75.9	6.0
• Mobile games	<b>189.3</b>	<b>255.6</b>	235.2	(19.5)	(25.9)
ARPPU for Other Card and Board ( <i>in RMB</i> )					
• Web-based games	<b>59.0</b>	<b>56.3</b>	69.2	(14.7)	4.8
• Mobile games	<b>22.5</b>	<b>15.6</b>	12.9	74.4	44.2

\* *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 2018 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 categories of “Fight the Landlord” and “Others” set out in the summary in the previous quarterly results announcement is combined and referred to as “Other Card and Board” above.*

The board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**” or “**we**” or “**our**” or “**us**”) is pleased to announce the unaudited 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 2018 (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**

In terms of financial performance, the Company recorded a revenue of approximately RMB124.4 million for the second quarter of 2018, representing a year-on-year decrease of approximately 34.3% compared to that of 2017; we recorded a revenue of approximately RMB284.2 million for the first half of 2018, representing a year-on-year decrease of approximately 31.0% compared to that of 2017. The year-on-year decrease in the second quarter and the first half of 2018 is mainly attributable to (1) the impact from the incident of Apple Inc. carrying out rectification and inspection of the applications launched on its system starting from the second quarter of 2017 (“**Apple Incident**”); (2) the effect of regulatory risk regarding the market rumor of the implementation of the “Administrative Measures of Online Chess and Card Games” by the Chinese government aiming to shut down Texas Hold’em poker games and prohibiting the operation of Texas Hold’em poker games starting from 1 June 2018, although such policy has not yet been implemented, certain platforms have removed relevant products, which affect our revenue to a certain extent (“**Policy Risk Factor**”); and (3) revenue generated from web-based games decreased due to the industry trend of a gradual transfer of web-based games to mobile terminals. The revenue of the Company for the second quarter of 2018 decreased by approximately 22.2% compared to the first quarter of 2018, which is mainly due to the above Policy Risk Factor.

Although revenue has been impacted, due to the continuous and smooth implementation of the Company's cost control policy as well as factors such as the increase in fair value of the Company's equity investment partnerships and asset management plans, such factors offset the impact on unaudited non-IFRS adjusted net profit brought by the decrease of revenue of the Company. In the first half of 2018, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB155.9 million, representing a year-on-year increase of approximately 5.8% compared to that of 2017. In the second quarter of 2018, we recorded an unaudited non-IFRS adjusted net profit of approximately RMB72.6 million, representing a year-on-year decrease of approximately 5.2% compared to the second quarter of 2017 and represents a quarter-on-quarter decrease of approximately 12.7%, mainly attributable to the decrease of revenue as a result of the Policy Risk Factor. Apart from the effect of the factors such as fair value changes in equity investment partnerships and assets management plans, the non-IFRS adjusted net profit for the second quarter of 2018 represents a quarter-on-quarter increase of approximately 3.5% compared to that of the first quarter of 2018.

In terms of performance with respect to operational data, the number of paying players and users recorded a certain decline in the second quarter of 2018 compared to that of the first quarter of 2018. Among which, the number of paying players decreased by 24.7% from approximately 0.8 million players in the first quarter of 2018 to approximately 0.6 million players in the second quarter of 2018. The number of DAUs decreased by 14.7% from approximately 3.9 million players in the first quarter of 2018 to 3.3 million players in the second quarter of 2018. The number of MAUs decreased by 23.1% from approximately 16.2 million players in the first quarter of 2018 to approximately 12.5 million players in the second quarter of 2018, while ARPPU of Texas Hold'em web-based games and ARPPU of Other Card and Board games increased.

In the second half of 2018, the Company will devote more efforts to strengthen the market research and enrich the games rules so as to enhance users' game playing experience while continuing to refine our products and diversify our operation, thereby building our brand for online and offline competition games. By strengthening the current market share, the Company will further expand overseas market and other chess and card games, aiming to offset the potential effect of Policy Risk Factor. The Company will strictly comply with various laws and regulations of the PRC and create games and competition products of high quality, thereby enabling the Company to be developed into a time-honoured brand in the card and board game industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Second Quarter of 2018 Compared to Second Quarter of 2017

#### *Revenue*

Our revenue for the three months ended 30 June 2018 amounted to approximately RMB124.4 million, representing year-on-year decrease of approximately 34.3% from approximately RMB189.3 million recorded for the same period of 2017. The year-on-year decrease was primarily due to the impact of the Apple Incident from the second quarter of 2017, the effect of Policy Risk Factor from the second quarter of 2018 and revenue generated from web-based games decreased due to the industry trend of a gradual transfer of web-based games to mobile terminals. For the three months ended 30 June 2018, revenue generated from our mobile games and web-based games accounted for approximately 64.5% and 35.5% of our total revenue, respectively, as compared with approximately 71.7% and 28.3%, respectively, for the three months ended 30 June 2017.

#### *Cost of revenue*

Our cost of revenue for the three months ended 30 June 2018 amounted to approximately RMB35.8 million, representing year-on-year decrease of approximately 45.1% from approximately RMB65.2 million recorded for the same period in 2017. The year-on-year decrease was primarily due to the reduction in commission charges by platforms and third party payment vendors.

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

As a result of the foregoing, our gross profit for the three months ended 30 June 2018 amounted to approximately RMB88.6 million, representing year-on-year decrease of approximately 28.6% from approximately RMB124.2 million recorded for the same period in 2017.

Our gross profit margin were approximately 71.2% and 65.6%, respectively, for the three months ended 30 June 2018 and the same period in 2017.

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

Our selling and marketing expenses for the three months ended 30 June 2018 amounted to approximately RMB8.4 million, representing year-on-year increase of approximately 58.5% from approximately RMB5.3 million recorded for the same period in 2017. The year-on-year increase was mainly attributable to the increase in advertising and promotional activities expenses.

### ***Administrative expenses***

Our administrative expenses for the three months ended 30 June 2018 amounted to approximately RMB33.2 million, representing year-on-year decrease of approximately 37.8% from approximately RMB53.3 million recorded for the same period in 2017. The year-on-year decrease was mainly attributable to the control of internal cost and the decrease in employee benefit expenses.

### ***Other gains – net***

For the three months ended 30 June 2018, we recorded net other gains of approximately RMB27.6 million, compared to approximately RMB2.3 million recorded for the same period in 2017. The net other gains 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 financial assets at fair value through other comprehensive income.

### ***Finance income – net***

Our net finance income for the three months ended 30 June 2018 was approximately RMB4.2 million, compared to approximately RMB14.7 million recorded for the same period of 2017. The year-on-year change was primarily due to decrease in interest income as compared to the same period of 2017.

### ***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 Huifu World Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), 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 2018 (31 December 2017: six), all of which were online game or internet technology companies. We recorded a share of profit of associates of approximately RMB1.2 million for the three months ended 30 June 2018, compared to a share of profit of associates of approximately RMB0.2 million recorded for the same period in 2017.

### ***Income tax expenses***

Our income tax expenses for the three months ended 30 June 2018 were approximately RMB8.3 million, representing a decrease of approximately 5.1% from approximately RMB8.7 million recorded for the three months ended 30 June 2017. The effective tax rate were 10.4% and 10.6%, respectively, for the three months ended 30 June 2018 and the same period in 2017. The change in effective tax rate for the three months ended 30 June 2018 compared to the same period in 2017 remained relatively stable year on year.

### ***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 2018 amounted to approximately RMB71.8 million, representing year-on-year decrease of approximately 2.9%, from the profit attributable to owners of the Company of approximately RMB73.9 million recorded for the same period in 2017.

### ***Non-IFRS 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 2018 of approximately RMB72.6 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.2 million, RMB0.2 million and RMB0.5 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 2017 of approximately RMB76.6 million derived from our unaudited profit for 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.

### **First Half of 2018 Compared to First Half of 2017**

#### ***Revenue***

Our revenue for the six months ended 30 June 2018 amounted to approximately RMB284.2 million, representing year-on-year decrease of approximately 31.0% from approximately RMB411.7 million recorded for the same period of 2017. The year-on-year decrease was primarily due to the impact of the Apple Incident from the second quarter of 2017, the effect of Policy Risk Factor from the second quarter of 2018 and revenue generated from web-based games decreased due to the industry trend of a gradual transfer of web-based games to mobile terminals, resulting in a year-on-year decline in revenue in the second quarter of 2018. For the six months ended 30 June 2018, revenue generated from our mobile games and web-based games accounted for approximately 66.1% and 33.9% of our total revenue, respectively, as compared with approximately 71.7% and 28.3%, respectively, for the six months ended 30 June 2017.

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

Our cost of revenue for the six months ended 30 June 2018 amounted to approximately RMB90.3 million, representing year-on-year decrease of approximately 43.3% from approximately RMB159.3 million recorded for the same period in 2017. The year-on-year decrease was mainly due to the reduction in commission charges by platforms and third party payment vendors.

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

As a result of the foregoing, our gross profit for the six months ended 30 June 2018 amounted to approximately RMB194.0 million, representing year-on-year decrease of approximately 23.2% from approximately RMB252.4 million recorded for the same period in 2017.

Our gross profit margin were approximately 68.2% and 61.3%, respectively, for the six months ended 30 June 2018 and the same period in 2017.

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

Our selling and marketing expenses for the six months ended 30 June 2018 amounted to approximately RMB21.1 million, representing year-on-year increase of approximately 19.2% from approximately RMB17.7 million recorded for the same period in 2017. The year-on-year increase was mainly attributable to increased advertising and promotional activities expenses.

### ***Administrative expenses***

Our administrative expenses for the six months ended 30 June 2018 amounted to approximately RMB71.6 million, representing year-on-year decrease of approximately 37.5% from approximately RMB114.5 million recorded for the same period in 2017. The year-on-year decrease was mainly due to the control of internal cost and the decrease in employee benefit expenses.

### ***Other gains – net***

For the six months ended 30 June 2018, we recorded net other gains of approximately RMB62.9 million, compared to approximately RMB11.4 million recorded for the same period in 2017. The net other gains primarily consisted of fair value gains/(losses) on financial assets at fair value through profit or loss relating to the non-quoted investments in asset management plans, equity investment partnerships and certain wealth management products we purchased, government subsidies and dividends from financial assets at fair value through other comprehensive income.

### ***Finance income – net***

Our net finance income for the six months ended 30 June 2018 was approximately RMB9.0 million, compared to approximately RMB27.2 million recorded for the same period of 2017. The year-on-year change was primarily due to decrease in interest income as compared to the same period of 2017.

### ***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 Huifu World Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), 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 2018 (31 December 2017: six), all of which were online game or internet technology companies. We recorded a share of profit of associates of approximately RMB1.4 million for the six months ended 30 June 2018, compared to a share of loss of associates of approximately RMB0.3 million recorded for the same period in 2017.

### ***Income tax expenses***

Our income tax expenses for the six months ended 30 June 2018 were approximately RMB20.9 million, representing an increase of approximately 21.1% from approximately RMB17.2 million recorded for the six months ended 30 June 2017. The effective tax rate were 12.0% and 10.9%, respectively, for the six months ended 30 June 2018 and the same period in 2017. The increase in effective tax rate for the six months ended 30 June 2018 compared to the same period in 2017 is primarily due to the decrease 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 2018 amounted to approximately RMB153.8 million, representing year-on-year increase of approximately 8.8%, from the profit attributable to owners of the Company of approximately RMB141.4 million recorded for the same period in 2017.

### ***Non-IFRS adjusted net profit***

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2018 of approximately RMB155.9 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB0.4 million, RMB0.6 million and RMB1.1 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 2017 of approximately RMB147.3 million 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.

### ***Liquidity and capital resources***

For the six months ended 30 June 2018, 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 2018, the Group's gearing ratio (total liabilities divided by total assets) was approximately 10.9% (31 December 2017: approximately 11.2%).

### ***Term deposits***

As at 30 June 2018, we had term deposits of approximately RMB268.0 million (31 December 2017: approximately RMB119.9 million), which were mainly denominated in Renminbi and United States dollars (“USD”). The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2018 was approximately 2.96%.

### *Cash and cash equivalents*

As at 30 June 2018, we had cash and cash equivalents of approximately RMB557.9 million (31 December 2017: approximately RMB858.2 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to approximately 59.5%), US dollars (as to approximately 23.1%) and other currencies (as to approximately 17.4%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

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 2018, a total amount of approximately RMB649.1 million from the net proceeds from our initial public offering had been utilised for the following purposes:

- (a) approximately RMB278.1 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 2018, approximately RMB25.5 million raised from our initial public offering remained unused.

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

### *Financial assets at fair value through other comprehensive income*

We accounted for financial assets at fair value through other comprehensive income (transferred from available-for-sale financial assets upon adoption of IFRS 9 on 1 January 2018) at their respective fair values. As at 30 June 2018, the fair value of our unlisted and listed investments was classified as financial assets at fair value through other comprehensive income amounted to approximately RMB91.0 million (31 December 2017: Nil). These financial assets at fair value through other comprehensive income consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Dalian Zeus Entertainment Group 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 2018, we held 6,678,260 shares in Zeus Entertainment. The fair value of the investment in Zeus Entertainment as at 30 June 2018 was approximately RMB61.8 million (31 December 2017: approximately RMB114.2 million). Although we expect that the stock market in the PRC will continue to be volatile in the rest of 2018 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 none of the other unlisted and listed investments classified as financial assets at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 30 June 2018.

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

As at 30 June 2018, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB1,436.3 million (31 December 2017: approximately RMB1,219.1 million), which consisted of non-quoted investments in asset management plans and equity investment partnerships included in non-current assets, and non-quoted investments in asset management plans and in wealth management products included in current assets. As at 30 June 2018, the fair values of the investments in asset management plans were determined mainly with reference to the subsequent realisation and estimated rate of return of underlying investment; 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 immediate to 360 days, were determined based on the estimated rate of return of investments. For the six months ended 30 June 2018, we recorded realised/unrealised fair value gains on financial assets at fair value through profit or loss of approximately RMB47.4 million (for the six months ended 30 June 2017: approximately RMB5.6 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. Save as the subscription of wealth management products as disclosed in the announcement of the Company dated 27 March 2018, each of such investments made during the six months ended 30 June 2018 does not constitute a notifiable transaction or a connected transaction of the Company under the Listing Rules. As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Company were primarily represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Ltd (“**Tailai Tianji**”). During the six months ended 30 June 2018, the Group through Boyaa Shenzhen contributed the remaining RMB100.0 million out of the total capital commitment of RMB300.0 million in cash to Tailai Tianjin. 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 2018 was approximately RMB297.4 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 and the subscription of wealth management products as disclosed in the announcement of the Company dated 27 March 2018, 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 2018.

### ***Borrowings***

For the six months ended 30 June 2018, 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 2018, our capital expenditure amounted to approximately RMB5.5 million (for the six months ended 30 June 2017: approximately RMB4.1 million). The capital expenditure mainly includes purchasing of additional furniture and equipment and leasehold improvements of approximately RMB5.5 million (for the six months ended 30 June 2017: approximately RMB4.1 million), which was funded by using our cash flows generated from our operations.

### ***Contractual obligations***

As at 30 June 2018, 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 RMB27.8 million (31 December 2017: approximately RMB8.2 million).

Save as disclosed above, the Group did not have other significant outstanding commitments as at 30 June 2018.

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

As at 30 June 2018, the Group did not have any significant unrecorded contingent liabilities and guarantees.

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

As at 30 June 2018, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 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 2018, none of the Group's assets was pledged or charged.

### *Employees and staff costs*

As at 30 June 2018, we had a total of 420 full time employees, who are mainly based in mainland China. In particular, 362 employees are responsible for our game development and operation functions, 13 for game support and 45 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 2018, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB63.1 million, representing approximately 34.6% 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 9,122,260 share options and 8,570,992 shares underlying the RSUs outstanding and/or granted to a total of 254 directors, senior management members and employees of the Group as at 30 June 2018. There were also 52,687,836 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 2018 interim report to be issued in due course.

## FINANCIAL INFORMATION

### INTERIM CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2018

	<i>Notes</i>	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>41,195</b>	40,014
Intangible assets		<b>2,082</b>	2,788
Interests in associates		<b>16,406</b>	14,958
Financial assets at fair value through other comprehensive income	3	<b>91,017</b>	–
Available-for-sale financial assets		–	128,280
Deferred income tax assets		<b>13,711</b>	1,055
Prepayments and other receivables		<b>23,797</b>	26,122
Financial assets at fair value through profit or loss	5	<b>592,679</b>	554,660
		<b>780,887</b>	767,877
<b>Current assets</b>			
Trade receivables	4	<b>35,197</b>	36,203
Prepayments and other receivables		<b>53,687</b>	59,497
Financial assets at fair value through profit or loss	5	<b>843,661</b>	664,424
Term deposits		<b>268,041</b>	119,879
Cash and cash equivalents		<b>557,912</b>	858,193
		<b>1,758,498</b>	1,738,196
<b>Total assets</b>		<b>2,539,385</b>	2,506,073

## INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2018

	<i>Notes</i>	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		237	249
Share premium		544,226	642,365
Repurchased shares		(1,433)	(27,283)
Shares held for restricted share units scheme ("RSU Scheme")		(15)	(15)
Reserves		(51,473)	93,634
Retained earnings		<u>1,770,396</u>	<u>1,515,211</u>
		<b>2,261,938</b>	2,224,161
Non-controlling interests		<u>–</u>	<u>–</u>
<b>Total equity</b>		<b><u>2,261,938</u></b>	<b><u>2,224,161</u></b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>12,610</u>	<u>2,899</u>
<b>Current liabilities</b>			
Trade and other payables	7	91,665	97,218
Deferred revenue		–	18,176
Contract liabilities		12,246	–
Current income tax liabilities		<u>160,926</u>	<u>163,619</u>
		<u>264,837</u>	<u>279,013</u>
<b>Total liabilities</b>		<b><u>277,447</u></b>	<b><u>281,912</u></b>
<b>Total equity and liabilities</b>		<b><u>2,539,385</u></b>	<b><u>2,506,073</u></b>
<b>Net current assets</b>		<b><u>1,493,661</u></b>	<b><u>1,459,183</u></b>
<b>Total assets less current liabilities</b>		<b><u>2,274,548</u></b>	<b><u>2,227,060</u></b>

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018**

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)	2018 RMB'000 (unaudited)	2017 RMB'000 (unaudited)
Revenue	2	<b>124,365</b>	189,335	<b>284,235</b>	411,705
Cost of revenue	8	<b>(35,771)</b>	(65,167)	<b>(90,251)</b>	(159,267)
<b>Gross profit</b>		<b>88,594</b>	124,168	<b>193,984</b>	252,438
Selling and marketing expenses	8	<b>(8,431)</b>	(5,320)	<b>(21,105)</b>	(17,701)
Administrative expenses	8	<b>(33,160)</b>	(53,333)	<b>(71,571)</b>	(114,529)
Other gains – net	9	<b>27,562</b>	2,280	<b>62,878</b>	11,432
<b>Operating profit</b>		<b>74,565</b>	67,795	<b>164,186</b>	131,640
Finance income	10	<b>4,243</b>	14,681	<b>9,115</b>	27,567
Finance costs	10	<b>–</b>	–	<b>(89)</b>	(320)
Finance income – net	10	<b>4,243</b>	14,681	<b>9,026</b>	27,247
Share of profit/(loss) of associates		<b>1,242</b>	194	<b>1,448</b>	(271)
<b>Profit before income tax</b>		<b>80,050</b>	82,670	<b>174,660</b>	158,616
Income tax expenses	11	<b>(8,294)</b>	(8,742)	<b>(20,882)</b>	(17,247)
<b>Profit for the period</b>		<b>71,756</b>	73,928	<b>153,778</b>	141,369
<b>Other comprehensive income/(loss)</b>					
Items that may be reclassified to profit or loss:					
– Changes in fair value of available-for-sale financial assets, net of tax		–	(10,096)	–	(18,165)
– Currency translation differences		<b>21,632</b>	(3,435)	<b>2,416</b>	(6,054)
Items that will not be reclassified subsequently to profit or loss:					
– Changes in fair value of financial assets at fair value through other comprehensive income, net of tax		<b>(47,353)</b>	–	<b>(48,194)</b>	–
<b>Other comprehensive loss for the period, net of tax</b>		<b>(25,721)</b>	(13,531)	<b>(45,778)</b>	(24,219)
<b>Total comprehensive income for the period</b>		<b>46,035</b>	60,397	<b>108,000</b>	117,150

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2018**

		<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 June</b>		<b>30 June</b>	
		<b>2018</b>	2017	<b>2018</b>	2017
<i>Notes</i>		<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>71,756</b>	73,928	<b>153,778</b>	141,369
– Non-controlling interests		–	–	–	–
		<b>71,756</b>	73,928	<b>153,778</b>	141,369
<b>Total comprehensive income attributable to:</b>					
– Owners of the Company		<b>46,035</b>	60,397	<b>108,000</b>	117,150
– Non-controlling interests		–	–	–	–
		<b>46,035</b>	60,397	<b>108,000</b>	117,150
<b>Earnings per share (expressed in RMB cents per share)</b>					
– Basic	12	<b>10.68</b>	10.80	<b>22.66</b>	20.71
– Diluted	12	<b>10.55</b>	10.39	<b>22.26</b>	19.89
<b>Dividends</b>	13	–	–	–	–

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	(unaudited)								
	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Repurchased shares RMB'000	Shares held 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 2018	249	642,365	(27,283)	(15)	93,634	1,515,211	2,224,161	-	2,224,161
<b>Comprehensive income</b>									
Profit for the period	-	-	-	-	-	153,778	153,778	-	153,778
<b>Other comprehensive income/(loss)</b>									
- Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	(48,194)	-	(48,194)	-	(48,194)
- Currency translation differences	-	-	-	-	2,416	-	2,416	-	2,416
<b>Total comprehensive income for the period</b>	-	-	-	-	(45,778)	153,778	108,000	-	108,000
<b>Adjustment on adoption of IFRS 9</b> <i>(Note 1)</i>	-	-	-	-	(101,407)	101,407	-	-	-
<b>Employee share option and RSU schemes</b>									
- Value of employee services	-	-	-	-	2,078	-	2,078	-	2,078
- Proceeds from shares issued	-	1,909	-	-	-	-	1,909	-	1,909
<b>Buy-back of shares</b>	-	-	(74,210)	-	-	-	(74,210)	-	(74,210)
<b>Cancellation of shares</b>	(12)	(100,048)	100,060	-	-	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	(12)	(98,139)	25,850	-	(99,329)	101,407	(70,223)	-	(70,223)
<b>Balance at 30 June 2018</b>	<b>237</b>	<b>544,226</b>	<b>(1,433)</b>	<b>(15)</b>	<b>(51,473)</b>	<b>1,770,396</b>	<b>2,261,938</b>	<b>-</b>	<b>2,261,938</b>

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

(unaudited)

	Attributable to owners of the Company							Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
<b>Balance at 1 January 2017</b>	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 loss</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>	–	–	–	(24,219)	141,369	117,150	–	117,150
<b>Employee share option and RSU schemes</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>	–	4,050	–	5,953	–	10,003	–	10,003
<b>Balance at 30 June 2017</b>	<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 CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2018**

	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<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>110,754</b>	165,124
Income tax paid	<b>(19,943)</b>	(13,842)
	<hr/>	<hr/>
Net cash generated from operating activities	<b>90,811</b>	151,282
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	<b>(5,505)</b>	(4,123)
Purchase of financial assets at fair value through profit or loss	<b>(1,479,700)</b>	(710,698)
Placement of term deposits with original maturities over three months	<b>(213,171)</b>	–
Proceeds from maturity of term deposits with original maturities over three months	<b>65,342</b>	444
Proceeds from disposals of financial assets at fair value through profit or loss	<b>1,288,100</b>	189,146
Proceeds from disposals of property, plant and equipment	<b>21</b>	–
Dividends from financial assets at fair value through other comprehensive income	<b>134</b>	–
Dividends from available-for-sale financial assets	<b>–</b>	1,576
Return on financial assets at fair value through profit or loss	<b>19,667</b>	2,574
Interest received	<b>2,683</b>	23,378
	<hr/>	<hr/>
Net cash used in investing activities	<b>(322,429)</b>	(497,703)
<b>Cash flows from financing activities</b>		
Buy-back of shares	<b>(74,210)</b>	–
Proceeds from issuance of ordinary shares	<b>1,909</b>	4,050
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	<b>(72,301)</b>	4,050
<b>Net decrease in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	<b>858,193</b>	1,563,281
Exchange gains on cash and cash equivalents	<b>3,638</b>	3,478
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>557,912</b>	1,224,388

## 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, Ugland 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 2018, the interim consolidated statement 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 23 August 2018.

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 2017 as set out in the 2017 annual report of the Company (the “**2017 Financial Statements**”).

Except as described below, the accounting policies applied are consistent with those used in the 2017 Financial Statements, which have been prepared in accordance with 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 other comprehensive income, 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.

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS that are mandatorily effective for the financial year ending 31 December 2018.

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions

The Group applied IFRS 9 using transition adjustment method – i.e. by recognising the effect of initially applying IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, impairment losses of approximately RMB101,407,000 arising from the prolonged decline in fair value of certain equity investments classified as fair value through other comprehensive income have been transferred from the retained earnings to other reserves at 1 January 2018. In addition, available-for-sale financial assets were reclassified to financial assets at fair value through other comprehensive income upon adoption of IFRS 9 on 1 January 2018.

The Group has trade receivables that are subject to IFRS 9's new expected credit loss model, and the Group was required to revise its impairment methodology under IFRS 9 for these receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The adoption of new approach results in approximately RMB861,000 expected credit loss on trade receivables on the amounts reported in the financial information during the six months ended 30 June 2018.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than 90 days past due (credit terms).

The Group has also voluntarily changed the presentation of certain amounts in the interim consolidated balance sheet to reflect the terminology of IFRS 15:

- Contract liabilities in relation to development and operations of online games were previously included in deferred revenue (approximately RMB18,176,000 as at 1 January 2018)

The application of the IFRS 15 and IFRS 2 (Amendments) in the current interim period has had no material impact on the results and financial position of the Group.

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 2018 and have not been early adopted:

	<b>Effective for the financial year beginning on or after</b>
IFRS 16	Leases 1 January 2019

IFRS 16 will primarily affect the accounting for the Group's operating leases. Upon adoption of IFRS 16 the majority of the Group's operating lease commitments will be recognised in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term. The directors of the Company anticipate that the application of the IFRS 16 in the future may have an impact on the Group's consolidated financial statements.

## 2. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
Development and operations of online games				
– Web-based games	<b>44,169</b>	53,610	<b>96,219</b>	116,645
– Mobile games	<b>80,196</b>	135,725	<b>188,016</b>	295,060
	<b>124,365</b>	189,335	<b>284,235</b>	411,705

The directors of the Company consider that the Group's operations are operated and managed as a single segment. The directors of the Company, being the chief operating decision maker of the Group, review the operating results of the Group as a whole when making decisions about resource allocations and assessing performances. Hence it is determined that the Group has only one operating segment. Accordingly no segment information is presented.

The Group offers its games in various language versions in order to enable game players to play the games in different geographical locations. All revenue derived from the PRC (including Hong Kong). 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	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
Simplified Chinese	<b>38,338</b>	94,413	<b>116,386</b>	217,754
Other languages	<b>86,027</b>	94,922	<b>167,849</b>	193,951
	<b>124,365</b>	189,335	<b>284,235</b>	411,705

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 2018 and 2017.

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

	<b>30 June 2018</b>	31 December 2017
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Mainland China	<b>67,152</b>	66,807
Other locations	<b>16,328</b>	17,075
	<b><u>83,480</u></b>	<u>83,882</u>

### 3. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>
Opening balance as at 1 January 2018	–
Transfer from available-for-sale financial assets upon adoption of IFRS 9	<b>128,280</b>
Additions of unlisted equity investment	<b>3,000</b>
Additions of listed equity investment	<b>15,318</b>
Fair value changes	<b>(56,188)</b>
Currency translation differences	<b>607</b>
	<b><u>91,017</u></b>
Closing balance as at 30 June 2018	<b>91,017</b>

Financial assets at fair value through other comprehensive income include the following:

	<b>30 June 2018</b>
	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>
Listed equity securities in PRC	<b>61,841</b>
Listed equity securities in the United States	<b>12,902</b>
Unlisted equity investments	<b>3,068</b>
Preference shares of private companies	<b>13,206</b>
	<b><u>91,017</u></b>

#### 4. TRADE RECEIVABLES

	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
Trade receivables	<b>36,058</b>	36,203
Less: impairment provision	<b>(861)</b>	–
	<b><u>35,197</u></b>	<b><u>36,203</u></b>

Trade receivables were arising from the development and operation of online game business. Platforms and third party payment vendors collect the payment from the paying players and remit the cash net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and platforms or third party payment vendors. 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, before provision for impairment, at the respective balance sheet dates is as follows:

	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
0-60 days	<b>22,401</b>	27,369
61-90 days	<b>5,799</b>	2,952
91-180 days	<b>4,964</b>	2,155
Over 180 days	<b>2,894</b>	3,727
	<b><u>36,058</u></b>	<b><u>36,203</u></b>

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

	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
<b>Included in non-current assets</b>		
Non-quoted investments in:		
– asset management plans	<b>100,572</b>	160,000
– equity investment partnerships	<b>492,107</b>	394,660
	<b><u>592,679</u></b>	<u>554,660</u>
<b>Included in current assets</b>		
Non-quoted investments in:		
– asset management plan	<b>42,346</b>	–
– wealth management products	<b>801,315</b>	664,424
	<b><u>843,661</u></b>	<u>664,424</u>
	<b><u>1,436,340</u></b>	<b><u>1,219,084</u></b>

## 6. SHARE-BASED PAYMENTS

### (a) Share options

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

Movements in the number of share options outstanding:

	<b>Number of share options</b>	
	<b>2018</b>	2017
	<b>(unaudited)</b>	(unaudited)
At 1 January	<b>10,707,790</b>	19,421,221
Exercised	<b>(808,000)</b>	(1,508,000)
Lapsed	<b>(777,530)</b>	(4,605,000)
	<b><u>9,122,260</u></b>	<u>13,308,221</u>
At 30 June	<b><u>9,122,260</u></b>	<u>13,308,221</u>

Share options exercised during the period resulted in 808,000 shares being issued, with exercise proceeds of approximately RMB1,909,000. The related weighted average share price at the time of exercise was HKD3.29 per share (30 June 2017: HKD4.03 per share).

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2018 and 2017 are as follows:

<b>Expiry Date</b>	<b>Exercise price</b>		<b>Number of share options</b>	
	<b>Original currency</b>	<b>Equivalent to HKD</b>	<b>2018</b>	2017
			<b>(unaudited)</b>	(unaudited)
31 January 2019	USD0.05	HKD0.388	<b>11,888</b>	76,232
1 March 2020	USD0.10	HKD0.775	<b>2,749</b>	14,749
30 June 2020	USD0.15	HKD1.163	<b>72,240</b>	72,240
6 September 2025	HKD3.108	HKD3.108	<b>9,035,383</b>	13,145,000
			<b><u>9,122,260</u></b>	<u>13,308,221</u>

**(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 incentivise directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

RSUs held by a participant that are vested may be exercised (in whole or in part) by the participant serving an exercise notice in writing to The Core Trust Company Limited 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>2018</b>	2017
	<b>(unaudited)</b>	(unaudited)
At 1 January	<b>20,480,853</b>	37,170,304
Lapsed	<b>(519,463)</b>	(2,778,425)
Vested and transferred	<b>(11,390,398)</b>	(3,591,480)
At 30 June	<b><u>8,570,992</u></b>	<u>30,800,399</u>
Vested but not transferred as at 30 June	<b><u>6,761,134</u></b>	<u>24,052,150</u>

The related weighted average share price at the time when the RSUs were vested and transferred was HKD3.14 per share (30 June 2017: HKD4.11 per share).

## 7. TRADE AND OTHER PAYABLES

	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
Trade payables	1,668	837
Other taxes payables	44,167	44,927
Accrued expenses	3,387	3,105
Accrued commissions charges by platforms	22,312	33,877
Accrued advertising expenses	2,075	2,155
Salary and staff welfare payables	12,962	6,858
Advance received from sales of prepaid game cards	4,511	4,097
Others	583	1,362
	<u>91,665</u>	<u>97,218</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 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
0-30 days	532	542
31-60 days	312	6
61-90 days	133	-
Over 90 days	691	289
	<u>1,668</u>	<u>837</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	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
Commission charges by platforms and third party payment vendors (included in cost of revenue)	32,620	53,065	79,203	136,971
Employee benefit expenses (excluding share-based compensation expenses)	24,363	42,506	61,006	92,712
Share-based compensation expenses	870	2,683	2,078	5,953
Servers rental expenses	2,979	4,727	6,167	9,465
Office rental expenses	2,117	2,398	4,345	4,764
Depreciation of property, plant and equipment	2,258	2,091	4,418	4,457
Travelling and entertainment expenses	1,392	2,246	2,010	4,316
Other professional service fees	1,847	1,063	3,165	3,555
Auditor's remuneration	550	774	1,100	1,074
Advertising expenses	5,202	1,977	13,757	10,834
Amortisation of intangible assets	350	421	706	844
Other expenses	2,814	9,869	4,972	16,552
	<u>77,362</u>	<u>123,820</u>	<u>182,927</u>	<u>291,497</u>

Research and development expenses during the three and six months ended 30 June 2018 and 2017, are analysed as below:

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
Employee benefit expenses (excluding share-based compensation expenses)	14,932	31,172	33,179	58,600
Depreciation of property, plant and equipment	–	446	–	825
Office rental expenses	561	766	1,168	1,616
Other expenses	2,724	3,185	3,430	9,201
	<u>18,217</u>	<u>35,569</u>	<u>37,777</u>	<u>70,242</u>

No research and development expenses were capitalised for the three and six months ended 30 June 2018 and 2017.

## 9. OTHER GAINS – NET

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
Realised/unrealised fair value gains/ (losses) on financial assets at fair value through profit or loss	14,775	(194)	47,417	5,634
Foreign exchange (losses)/gains, net	(1,578)	151	(1,367)	560
Government subsidies and tax rebates	4,433	73	6,860	3,002
Dividends from available-for-sale financial assets	–	1,576	–	1,576
Dividends from financial assets at fair value through other comprehensive income	134	–	134	–
Dividends from financial assets at fair value through profit or loss	12,271	–	12,271	–
Loss on disposal of property, plant and equipment	–	(1)	(1)	(15)
Others	(2,473)	675	(2,436)	675
	<u>27,562</u>	<u>2,280</u>	<u>62,878</u>	<u>11,432</u>

## 10. FINANCE INCOME – NET

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
<b>Finance income</b>				
Interest income	4,217	11,543	6,900	23,378
Interest income on non-current loans to employees	935	508	1,141	706
Foreign exchange (losses)/gains, net	(909)	2,630	1,074	3,483
	<u>4,243</u>	<u>14,681</u>	<u>9,115</u>	<u>27,567</u>
<b>Finance costs</b>				
Discounting effects of non-current loans to employees	–	–	(89)	(320)
<b>Finance income – net</b>	<u>4,243</u>	<u>14,681</u>	<u>9,026</u>	<u>27,247</u>

## 11. INCOME TAX EXPENSES

The income tax expenses of the Group for the three and six months ended 30 June 2018 and 2017 is analysed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)
<b>Current income tax – PRC</b>				
– Provision for the period	1,038	14,851	6,450	14,923
– Over-provision in prior periods	(1,137)	(290)	(1,137)	(290)
	<u>(99)</u>	<u>14,561</u>	<u>5,313</u>	<u>14,633</u>
<b>Current income tax – Hong Kong</b>				
– Provision for the period	6,077	–	10,520	2,218
– Over-provision in prior periods	–	(6,469)	–	–
	<u>6,077</u>	<u>(6,469)</u>	<u>10,520</u>	<u>2,218</u>
<b>Deferred income tax</b>	<u>2,316</u>	<u>650</u>	<u>5,049</u>	<u>396</u>
	<u>8,294</u>	<u>8,742</u>	<u>20,882</u>	<u>17,247</u>

(a) **Cayman Island 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 at the rate of 8.25% on assessable profits up to HKD2,000,000 and 16.5% on any part of assessable profits over HKD2,000,000 for the period (2017: 16.5% on all assessable profits).

(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 2018 and 2017, based on the existing legislation, interpretations and practices in respect thereof.

An indirect wholly owned subsidiary of the Company, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”), had 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. Based on management’s self-assessment, it is highly probable that Boyaa Shenzhen will successfully renew the HNTE qualification for the next 3 years ending 31 December 2020 in 2018. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2018 (for the three and six months ended 30 June 2017: 15%).

A direct wholly owned subsidiary of the Company, Boyaa On-line Game Development (Shenzhen) Co., Ltd. (“**Boyaa PRC**”), had 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 2018 (for the three and six months ended 30 June 2017: 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 2018 and 2017.

(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 2018, 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 RMB1,144,423,000 (31 December 2017: approximately RMB956,225,000). 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>2018</b>	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
Profit before income tax	<b>174,660</b>	158,616
(Less)/add: Share of (profit)/loss of associates	<b>(1,448)</b>	271
	<b><u>173,212</u></b>	<u>158,887</u>
Tax calculated at a tax rate of 25%	<b>43,303</b>	39,722
Tax effects of:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	<b>(9,562)</b>	(13,744)
– Different tax rates available to different subsidiaries of the Group other than PRC	<b>(4,998)</b>	150
– Expenses not deductible for tax purposes	<b>934</b>	636
– Income not subject to tax	<b>(4,912)</b>	(4,080)
– Super Deduction	<b>(2,746)</b>	(5,147)
– Over-provision in prior periods	<b>(1,137)</b>	(290)
Income tax expenses	<b><u>20,882</u></b>	<u>17,247</u>

## 12. EARNINGS PER SHARE

### (a) Basic

Basic earnings per 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 and repurchased shares.

	Three months ended 30 June		Six months ended 30 June	
	2018	2017	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit attributable to owners of the Company	<b>71,756</b>	73,928	<b>153,778</b>	141,369
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>672,162</b>	684,267	<b>678,573</b>	682,742
Basic earnings per share ( <i>expressed in RMB cents per share</i> )	<b>10.68</b>	10.80	<b>22.66</b>	20.71

**(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 2018 and 2017, the Group 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 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 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<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)
Profit used to determine diluted earnings per share	<u>71,756</u>	<u>73,928</u>	<u>153,778</u>	<u>141,369</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<b>672,162</b>	684,267	<b>678,573</b>	682,742
Adjustment for RSUs ( <i>thousand shares</i> )	<b>7,968</b>	24,597	<b>12,289</b>	24,560
Adjustment for share options ( <i>thousand shares</i> )	<u>72</u>	<u>2,618</u>	<u>87</u>	<u>3,591</u>
Weighted average number of ordinary shares for calculating diluted earnings per share ( <i>thousand shares</i> )	<u><b>680,202</b></u>	<u>711,482</u>	<u><b>690,949</b></u>	<u>710,893</u>
Diluted earnings per share ( <i>expressed in RMB cents per share</i> )	<u><b>10.55</b></u>	<u>10.39</u>	<u><b>22.26</b></u>	<u>19.89</u>

### 13. DIVIDENDS

The Board of the Company has resolved not to declare an interim dividend for the six months ended 30 June 2018 (for the six months ended 30 June 2017: nil).

### 14. COMMITMENTS

#### (a) Capital commitments

Capital commitments as at 30 June 2018 and 31 December 2017 are analysed as follows:

	<b>30 June 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
Contracted obligation:		
Investment in a limited partnership	<u>–</u>	<u>100,000</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 4 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 2018 RMB'000 (unaudited)</b>	31 December 2017 RMB'000 (audited)
Not later than 1 year	8,923	7,176
Later than 1 year but not later than 5 years	<u>18,871</u>	<u>982</u>
	<u><b>27,794</b></u>	<u><b>8,158</b></u>

## 15. MATERIAL EVENT/LITIGATION

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 PRC as a defendant due to its alleged act of bribery in May 2017. Mr. Zhang Wei, the Chairman of the Board, as the legal representative of Boyaa Shenzhen, has become a co-defendant of the case.

It has come to the attention of the Board that Boyaa Shenzhen has received a criminal judgment from the Municipal of Intermediate People's Court, upon trial of first instance, Boyaa Shenzhen was found guilty of the alleged crime of offering bribes by entities (單位行賄罪) and was liable to a fine of RMB2,500,000 in May 2018. Its legal representative, Mr. Zhang Wei ("**Mr. Zhang**"), is sentenced to a fixed-term imprisonment of one year with a suspended sentence of one year and six months (the "**Decision**"). Based on the opinion of the Company's PRC Counsel (the "**PRC Counsel**"), there is insufficient legal basis to support the Decision, and therefore Boyaa Shenzhen made an application to appeal to the Higher People's Court (the "**Appeal**"). The Decision will not be effective and both Boyaa Shenzhen and Mr. Zhang will not be found guilty or hold any criminal record until the final judgement is handed down by the Higher People's Court.

Based on the opinion of the PRC Counsel, the Board is of the view that the Decision will not result in any material adverse impact on the business, operation and financial conditions of the Group. The Board will continue to monitor the development and the results of the Appeal and assess its impact on the operation of the Company. The Company will keep its shareholders and potential investors informed of any material development in connection with the Decision as and when appropriate. The Company will make further announcement(s) as and when appropriate pursuant to the requirements under the Listing Rules.

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

*FOR THE SIX MONTHS ENDED 30 JUNE 2018*

	For the six months ended 30 June		Year-on-Year Change* %
	2018 <i>RMB'000</i> (unaudited)	2017 <i>RMB'000</i> (unaudited)	
<b>Revenue</b>	<b>284,235</b>	411,705	(31.0)
Cost of revenue	<u>(90,251)</u>	<u>(159,267)</u>	(43.3)
<b>Gross profit</b>	<b>193,984</b>	252,438	(23.2)
Selling and marketing expenses	(21,105)	(17,701)	19.2
Administrative expenses	(71,571)	(114,529)	(37.5)
Other gains – net	<u>62,878</u>	<u>11,432</u>	450.0
<b>Operating profit</b>	<b>164,186</b>	131,640	24.7
Finance income – net	9,026	27,247	(66.9)
Share of profit/(loss) of associates	<u>1,448</u>	<u>(271)</u>	(634.3)
<b>Profit before income tax</b>	<b>174,660</b>	158,616	10.1
Income tax expenses	<u>(20,882)</u>	<u>(17,247)</u>	21.1
<b>Profit for the period</b>	<b><u>153,778</u></b>	<b><u>141,369</u></b>	8.8
<b>Non-IFRS adjustment (unaudited)</b>			
Share-based compensation expenses included in cost of revenue	428	1,244	(65.6)
Share-based compensation expenses included in selling and marketing expenses	568	1,616	(64.9)
Share-based compensation expenses included in administrative expenses	<u>1,082</u>	<u>3,093</u>	(65.0)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>155,856</u></b>	<b><u>147,322</u></b>	5.8

\* *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 2018*

	For the three months ended			Year-on-Year Change*	Quarter-on- Quarter Change **
	30 June 2018 RMB'000 (unaudited)	31 March 2018 RMB'000 (unaudited)	30 June 2017 RMB'000 (unaudited)		
<b>Revenue</b>	<b>124,365</b>	159,870	189,335	(34.3)	(22.2)
Cost of revenue	<u>(35,771)</u>	<u>(54,480)</u>	<u>(65,167)</u>	(45.1)	(34.3)
<b>Gross profit</b>	<b>88,594</b>	105,390	124,168	(28.6)	(15.9)
Selling and marketing expenses	<b>(8,431)</b>	(12,674)	(5,320)	58.5	(33.5)
Administrative expenses	<b>(33,160)</b>	(38,411)	(53,333)	(37.8)	(13.7)
Other gains – net	<b>27,562</b>	35,316	2,280	1,108.9	(22.0)
<b>Operating profit</b>	<b>74,565</b>	89,621	67,795	10.0	(16.8)
Finance income – net	<b>4,243</b>	4,783	14,681	(71.1)	(11.3)
Share of profit of associates	<b>1,242</b>	206	194	540.2	502.9
<b>Profit before income tax</b>	<b>80,050</b>	94,610	82,670	(3.2)	(15.4)
Income tax expenses	<u>(8,294)</u>	<u>(12,588)</u>	<u>(8,742)</u>	(5.1)	(34.1)
<b>Profit for the period</b>	<b><u>71,756</u></b>	<b><u>82,022</u></b>	<b><u>73,928</u></b>	(2.9)	(12.5)
<b>Non-IFRS Adjustment (unaudited)</b>					
Share-based compensation expense included in cost of revenue	<b>184</b>	244	573	(67.9)	(24.6)
Share-based compensation expense included in selling and marketing expenses	<b>236</b>	332	728	(67.6)	(28.9)
Share-based compensation expense included in administrative expenses	<b>450</b>	632	1,382	(67.4)	(28.8)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>72,626</u></b>	<b><u>83,230</u></b>	<b><u>76,611</u></b>	(5.2)	(12.7)

\* *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 2018 and the immediately preceding quarter.*

## OTHER INFORMATION

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2018, the Company repurchased 27,644,000 shares of the Company on the Stock Exchange at an aggregate consideration of HKD91,783,760.00 pursuant to the share repurchase mandate approved by the shareholders of the Company at the annual general meeting held on 29 May 2017 and 6 June 2018. Details of the repurchases are summarised as follows:

Date of repurchase	Price per share		Number of Ordinary Shares of USD0.00005 Each	Total consideration HKD
	Highest HKD	Lowest HKD		
4 January 2018	3.24	3.23	350,000	1,133,190.00
8 January 2018	3.23	3.22	34,000	109,780.00
26 March 2018	3.03	2.96	198,000	596,440.00
3 April 2018	3.13	3.00	1,371,000	4,217,320.00
4 April 2018	3.18	3.06	1,437,000	4,489,760.00
6 April 2018	3.20	3.09	1,934,000	6,137,220.00
9 April 2018	3.27	3.15	1,424,000	4,617,710.00
10 April 2018	3.31	3.23	954,000	3,140,850.00
11 April 2018	3.37	3.30	895,000	3,003,030.00
12 April 2018	3.42	3.38	2,100,000	7,144,000.00
13 April 2018	3.47	3.39	605,000	2,087,750.00
16 April 2018	3.49	3.37	1,889,000	6,566,110.00
17 April 2018	3.52	3.47	3,102,000	10,856,660.00
18 April 2018	3.48	3.33	2,599,000	8,863,390.00
19 April 2018	3.55	3.40	5,364,000	18,711,780.00
20 April 2018	3.20	3.13	2,658,000	8,409,030.00
21 June 2018	2.41	2.41	50,000	120,500.00
22 June 2018	2.39	2.35	70,000	166,510.00
25 June 2018	2.38	2.37	142,000	337,760.00
26 June 2018	2.31	2.29	94,000	216,570.00
27 June 2018	2.31	2.30	200,000	461,100.00
28 June 2018	2.28	2.25	57,000	129,590.00
29 June 2018	2.29	2.28	117,000	267,710.00
<b>Total:</b>			<b>27,644,000</b>	<b>91,783,760.00</b>

All the repurchased shares of the Company have been cancelled on 19 March 2018, 17 May 2018 and 17 August 2018 and the issued share capital of the Company has been reduced by the nominal value of the repurchased shares. The premium paid on repurchase was charged against the share premium of the Company. The repurchases were effected by the Board with a view to benefiting the shareholders of the Company as a whole by enhancing the earnings per share of the Company.

Except as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2018.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2018.

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

For the six months ended 30 June 2018, 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 2018.

## **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 2018. 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**

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 2017 annual report of the Company.

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

There was no other important event affecting the Group which has taken place since 30 June 2018 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, 23 August 2018

*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.*