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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 2021**

The board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**” or “**we**” or “**our**” or “**us**”) is pleased to announce the unaudited condensed consolidated results (the “**Interim Results**”) of the Company and its subsidiaries (the “**Group**”) for the three and six months ended 30 June 2021 (the “**Reporting Period**”). The Interim Results have been reviewed by ZHONGHUI ANDA CPA Limited, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants and by the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year Change* %	For the year ended
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)		31 December 2020 <i>RMB'000</i> (audited)
Revenue	181,483	188,460	(3.7)	351,479
– Web-based games	71,527	75,234	(4.9)	142,432
– Mobile games	109,956	113,226	(2.9)	209,047
Gross profit	122,659	132,597	(7.5)	242,231
(Loss)/profit attributable to owners of the Company	(10,951)	(13,566)	19.3	(45,102)
Non-IFRS adjusted net (loss)/profit (unaudited)***	(10,951)	(13,566)	19.3	(45,102)
	For the three months ended 30 June		Year-on-Year Change* %	
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)		
Revenue	96,564	95,377	1.2	
– Web-based games	36,916	38,388	(3.8)	
– Mobile games	59,648	56,989	4.7	
Gross profit	65,066	67,399	(3.5)	
Profit/(loss) attributable to owners of the Company	5,167	(25,469)	120.3	
Non-IFRS adjusted net profit/(loss)***	5,167	(25,469)	120.3	

REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	121,528	128,077	(5.1)
Other Card and Board	59,955	60,383	(0.7)
Total	181,483	188,460	(3.7)

	For the three months ended 30 June		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Texas Hold'em Series	63,536	66,349	(4.2)
Other Card and Board	33,028	29,028	13.8
Total	96,564	95,377	1.2

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Simplified Chinese	12,669	25,064	(49.5)
Other languages	168,814	163,396	3.3
Total	181,483	188,460	(3.7)

	For the three months ended 30 June		Year-on-Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Simplified Chinese	7,162	10,097	(29.1)
Other languages	89,402	85,280	4.8
Total	96,564	95,377	1.2

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2021 (unaudited)	31 March 2021 (unaudited)	30 June 2020 (unaudited)		
Paying Players (<i>in thousands</i>)	243	280	292	(16.8)	(13.2)
• Web-based games	7	6	10	(30.0)	16.7
• Mobile games	236	274	282	(16.3)	(13.9)
Daily Active Users (“DAUs”) (<i>in thousands</i>)****	1,362	1,498	2,222	(38.7)	(9.1)
• Web-based games	86	92	150	(42.7)	(6.5)
• Mobile games	1,276	1,406	2,072	(38.4)	(9.2)
Monthly Active Users (“MAUs”) (<i>in thousands</i>)****	3,983	4,405	6,080	(34.5)	(9.6)
• Web-based games	243	236	402	(39.6)	3.0
• Mobile games	3,740	4,169	5,678	(34.1)	(10.3)
Average Revenue Per Paying Users (“ARPPU”) of Texas Hold’em Series (<i>in RMB</i>)					
• Web-based games	2,050.9	2,307.3	1,420.2	44.4	(11.1)
• Mobile games	145.5	129.9	135.3	7.5	12.0
ARPPU for Other Card and Board (<i>in RMB</i>)					
• Web-based games	0.3	0.3	14.3	(97.9)	–
• Mobile games	62.9	41.9	45.4	38.5	50.1

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

** *Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2021 and the immediately preceding quarter.*

*** *Non-IFRS adjusted (loss)/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.*

BUSINESS OVERVIEW AND OUTLOOK

In terms of financial performance, although the Company's revenue performance in the first quarter of 2021 was year-on-year lower due to the outbreak of novel coronavirus (“COVID-19 Pandemic”) had eased and the online time and consumption of online games by game users had decreased, in the second quarter of 2021, the Company's revenue level improved in this quarter as a result of optimisation of its game products and gameplay and the holding of certain online operating activities during this period. We recorded revenue of approximately RMB96.6 million in the second quarter of 2021, representing a quarter-on-quarter increase of approximately 13.7% compared to the first quarter of 2021 and a year-on-year increase of approximately 1.2% compared to the same period in 2020. We recorded revenue of approximately RMB181.5 million in the first half of 2021, representing a year-on-year decrease of approximately 3.7% compared to the first half of 2020. The year-on-year decrease in revenue in the first half of 2021 was mainly due to the lower performance of revenue in the first quarter of 2021 as compared to the same period last year.

We recorded an unaudited non-IFRS adjusted net profit of approximately RMB5.2 million in the second quarter of 2021, whereas we recorded an unaudited non-IFRS adjusted loss of approximately RMB16.1 million in first quarter of 2021 and the unaudited non-IFRS adjusted loss in the second quarter of 2020 was approximately RMB25.5 million. The quarter-on-quarter and year-on-year increases for unaudited non-IFRS adjusted net profit in the second quarter of 2021 were primarily due to (i) the increase in revenue in the second quarter of 2021; and (ii) the smaller extent of the decrease in the second quarter of 2021 in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, the Group would have recorded an unaudited non-IFRS adjusted net profits of approximately RMB35.3 million and RMB23.7 million for the second quarter of 2021 and the first quarter of 2021, respectively, representing a quarter-on-quarter increase of 49.2% in unaudited non-IFRS adjusted net profit for the second quarter of 2021, which was mainly due to the quarter-on-quarter increase in revenue. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit of approximately RMB28.8 million for the second quarter of 2020. The unaudited non-IFRS adjusted net profit for the second quarter of 2021 increased by approximately 22.7% as compared to the same period in 2020, mainly due to the year-on-year increase in revenue and the decrease in administrative expenses compared to the same period in 2020. We recorded an unaudited non-IFRS adjusted loss of approximately RMB11.0 million in the first half of 2021, while the unaudited non-IFRS adjusted loss in the first half of 2020 was approximately RMB13.6 million, representing a reduction in loss of approximately 19.3% as compared to the same period in 2020, which was mainly due to the decrease in administrative expenses in the second quarter of 2021 compared to the same period in 2020.

In terms of the operating data performance, we recorded a decrease in the number of paying players and users during the second quarter of 2021 as compared to the first quarter of 2021. In particular, the number of paying players decreased by 13.2% from approximately 0.28 million in the first quarter of 2021 to approximately 0.24 million in the second quarter of 2021. The number of DAUs decreased by approximately 9.1% from approximately 1.5 million in the first quarter of 2021 to 1.4 million in the second quarter of 2021. The number of MAUs decreased by approximately 9.6% from approximately 4.4 million in the first quarter of 2021 to approximately 4.0 million in the second quarter of 2021. However, the number of DAUs and MAUs for our Traditional Chinese version games increased, and the ARPPU grew relatively in mobile games of Texas Hold'em Series and other card and board.

During the second quarter of 2021, we successfully held BPT branded competition series – 2021 BPT Competition in Europe. We stay true to the mission and have upheld the concept of “growing in love” in the charity for years, shouldering a strong sense of responsibility to make contributions to the society and continuously transmit the spirit of love to the society. During the second quarter of 2021, we organized public welfare activities, such as donating teaching materials to Yan'an Zaoyuan Primary School (延安棗園小學). We will continue to pay attention to the education development of left-behind children, hoping to create good conditions for their healthy growth and make our best efforts to bring warmth to more people in need so as to fulfill our corporate social responsibility.

The Company will continue to conduct more intensive market surveys, improve and launch innovative game rules, explore various operation modes for card and board games in domestic and foreign markets, improve the experience of our game players, continue to strengthen product refinement and operation diversification, ramp up the quality of our games in an all-rounded manner, and spare no effort to build our brand for online and offline match series. On top of consolidating our existing market, more efforts will be made to further expand our overseas market as well as other card and board games business. The Company will strictly comply with various laws and regulations of the People's Republic of China (the “**PRC**”), develop high-quality puzzle games and matches, and continue with its journey to forge a century-old brand for card and board games.

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarter of 2021 Compared to Second Quarter of 2020

Revenue

Our revenue for the three months ended 30 June 2021 amounted to approximately RMB96.6 million, representing a year-on-year increase of approximately 1.2% from approximately RMB95.4 million recorded for the same period in 2020. The year-on-year increase in revenue was primarily due to the Company's optimisation of its game products and gameplay and the holding of certain online operation activities during this period. For the three months ended 30 June 2021, revenue generated from our mobile games and web-based games accounted for approximately 61.8% and 38.2% of our total revenue, respectively, as compared with approximately 59.8% and 40.2%, respectively, for the three months ended 30 June 2020.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2021 amounted to approximately RMB31.5 million, representing a year-on-year increase of approximately 12.6% from approximately RMB28.0 million recorded for the same period in 2020. The year-on-year increase was primarily due to the increase in commission charges by platforms and third party payment vendors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the three months ended 30 June 2021 amounted to approximately RMB65.1 million, representing a year-on-year decrease of approximately 3.5% from approximately RMB67.4 million recorded for the same period in 2020.

Our gross profit margin were approximately 67.4% and 70.7%, respectively, for the three months ended 30 June 2021 and the same period in 2020.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2021 amounted to approximately RMB6.0 million, representing a year-on-year decrease of approximately 1.6% from approximately RMB6.1 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the three months ended 30 June 2021 amounted to approximately RMB20.9 million, representing a year-on-year decrease of approximately 33.2% from approximately RMB31.2 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in professional service expenses.

Other losses – net

For the three months ended 30 June 2021, we recorded other losses, net of approximately RMB31.7 million, compared to other losses, net of approximately RMB51.7 million recorded for the same period in 2020. The other losses net primarily consisted of fair value changes on investment at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, and government subsidies.

Finance income – net

Our net finance income for the three months ended 30 June 2021 was approximately RMB4.9 million, compared to approximately RMB5.1 million recorded for the same period in 2020. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 2020.

Share of result of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen Huifu World Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Shanghai Allin Network Technology Co., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2021 (31 December 2020: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.8 million for the three months ended 30 June 2021, compared to a share of loss of associates of approximately RMB1.1 million recorded for the same period in 2020.

Income tax expenses

Our income tax expenses for the three months ended 30 June 2021 was approximately RMB5.4 million, representing a decrease of approximately 30.6% from approximately RMB7.8 million recorded for the three months ended 30 June 2020.

Profit/(loss) attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 30 June 2021 amounted to approximately RMB5.2 million, whereas we recorded a loss attributable to owners of the Company of approximately RMB25.5 million for the same period in 2020.

We recorded a lower profit attributable to owners of the Company for the second quarter of 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded a profit attributable to owners of the Company amounted to approximately RMB35.3 million for the three months ended 30 June 2021, whereas we would have recorded a profit attributable to owners of the Company amounted to approximately RMB28.8 million for the three months ended 30 June 2020.

* For identification purpose only

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

To supplement our unaudited condensed consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit/(loss) as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term “adjusted net profit/(loss)” is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit/(loss) has material limitations as an analytical tool, as adjusted net profit/(loss) does not include all items that impact our net profit/(loss) 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 2021 amounted to approximately RMB5.2 million, as compared to our unaudited non-IFRS adjusted loss for the three months ended 30 June 2020 of approximately RMB25.5 million. We recorded a lower unaudited non-IFRS adjusted net profit for the second quarter of 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB35.3 million for the three months ended 30 June 2021, whereas we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB28.8 million for the three months ended 30 June 2020.

First Half of 2021 Compared to First Half of 2020

Revenue

Our revenue for the six months ended 30 June 2021 amounted to approximately RMB181.5 million, representing a year-on-year decrease of approximately 3.7% from approximately RMB188.5 million recorded for the same period in 2020. The year-on-year decrease was primarily due to the COVID-19 Pandemic had eased and the online time and consumption of online games by game users had decreased in the first quarter of 2021. For the six months ended 30 June 2021, revenue generated from our mobile games and web-based games accounted for approximately 60.6% and 39.4% of our total revenue, respectively, as compared with approximately 60.1% and 39.9%, respectively, for the six months ended 30 June 2020.

Cost of revenue

Our cost of revenue for the six months ended 30 June 2021 amounted to approximately RMB58.8 million, representing a year-on-year increase of approximately 5.3% from approximately RMB55.9 million recorded for the same period in 2020. The year-on-year increase was mainly due to the increase in commission charges by platforms and third party payment vendors.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit for the six months ended 30 June 2021 amounted to approximately RMB122.7 million, representing a year-on-year decrease of approximately 7.5% from approximately RMB132.6 million recorded for the same period in 2020.

Our gross profit margin were approximately 67.6% and 70.4%, respectively, for the six months ended 30 June 2021 and the same period in 2020.

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2021 amounted to approximately RMB14.2 million, representing a year-on-year increase of approximately 26.6% from approximately RMB11.2 million recorded for the same period in 2020. The year-on-year increase was mainly attributable to the increase in the expenses incurred for advertising and promotional activities.

Administrative expenses

Our administrative expenses for the six months ended 30 June 2021 amounted to approximately RMB42.6 million, representing a year-on-year decrease of approximately 28.0% from approximately RMB59.2 million recorded for the same period in 2020. The year-on-year decrease was mainly attributable to the decrease in professional service expenses.

Other losses – net

For the six months ended 30 June 2021, we recorded other losses, net of approximately RMB73.1 million, compared to other losses, net of approximately RMB70.7 million recorded for the same period in 2020. The other losses, net primarily consisted of fair value changes on investment at fair value through profit or loss and dividend income relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, and government subsidies.

Finance income – net

Our net finance income for the six months ended 30 June 2021 was approximately RMB9.8 million, compared to approximately RMB10.5 million recorded for the same period in 2020. The year-on-year change was primarily due to the decrease in interest revenue as compared to the same period in 2020.

Share of results of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd.* (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd.* (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd.* (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd.* (深圳市極思維智能科技有限公司) and Shanghai Allin Network Technology Co., Limited* (上海傲英網絡科技有限公司) and its subsidiaries as at 30 June 2021 (31 December 2020: five), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB1.5 million for the six months ended 30 June 2021, compared to a share of loss of associates of approximately RMB1.7 million recorded for the same period in 2020.

Income tax expenses

Our income tax expenses for the six months ended 30 June 2021 was approximately RMB12.1 million, representing an decrease of approximately 14.0% from approximately RMB14.0 million recorded for the six months ended 30 June 2020.

(Loss)/profit attributable to owners of the Company

As a result of the foregoing, our loss attributable to owners of the Company for the six months ended 30 June 2021 amounted to approximately RMB11.0 million, and we recorded a loss attributable to owners of the Company of approximately RMB13.6 million recorded for the same period in 2020, representing a reduction in loss of approximately 19.3% as compared to the same period in 2020.

We recorded a loss attributable to owners of the Company for the six months ended 30 June 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded a profit attributable to owners of the Company amounted to approximately RMB59.0 million for the six months ended 30 June 2021, whereas we would have recorded a profit attributable to owners of the Company amounted to approximately RMB54.1 million for the six months ended 30 June 2020.

* For identification purpose only

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

Our unaudited non-IFRS adjusted loss for the six months ended 30 June 2021 amounted to approximately RMB11.0 million, as compared to our unaudited non-IFRS adjusted loss for the six months ended 30 June 2020 of approximately RMB13.6 million. We recorded an unaudited non-IFRS adjusted loss for the six months ended 30 June 2021, which was primarily attributable to the decrease in fair value of financial assets such as equity investment partnerships due to the economic downturn caused by the COVID-19 Pandemic and market factors. Excluding the impact of non-operating one-off factors such as the decrease in the fair value of financial assets including equity investment partnerships, we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB59.0 million for the six months ended 30 June 2021, whereas we would have recorded an unaudited non-IFRS adjusted net profit amounted to approximately RMB54.1 million for the six months ended 30 June 2020.

Liquidity and capital resources

For the six months ended 30 June 2021, we generated sufficient cash through our operating activities to satisfy our capital needs for our business operations. We intend to provide financial support to 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 2021, the Group's gearing ratio (total liabilities divided by total assets) was 11.8% (31 December 2020: 12.0%).

Term deposits

As at 30 June 2021, we had term deposits of approximately RMB961.8 million (31 December 2020: approximately RMB725.6 million), which were mainly denominated in RMB and United States dollars (“USD”). The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the six months ended 30 June 2021 was approximately 1.6%.

Cash and cash equivalents

As at 30 June 2021, we had cash and cash equivalents of approximately RMB208.3 million (31 December 2020: approximately RMB389.1 million), which primarily consisted of cash at banks and in hand and short-term bank deposits, which were mainly denominated in RMB (as to approximately 23.2%), USD (as to approximately 66.5%) and other currencies (as to approximately 10.3%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

As at 30 June 2021, the total amount of the net proceeds from our initial public offering had been fully utilized.

Equity investment at fair value through other comprehensive income

We accounted for equity investments at fair values through other comprehensive income at their respective fair values. As at 30 June 2021, the fair value of our unlisted and listed investments classified as equity investments at fair value through other comprehensive income amounted to approximately RMB64.3 million (31 December 2020: approximately RMB67.2 million). These equity investments at fair value through other comprehensive income mainly consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Dalian Zeus Entertainment Co., Ltd. (Shenzhen Stock Exchange: 002354), Xiaomi Corporation (Hong Kong Stock Exchange: 1810) and Qudian Inc. (New York Stock Exchange: QD).

We consider that, none of the other unlisted and listed investments classified as equity investments at fair value through other comprehensive income in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5.0% of our total assets as at 30 June 2021.

Investments at fair value through profit or loss

As at 30 June 2021, we also recorded investments at fair value through profit or loss amounted to approximately RMB632.2 million (31 December 2020: approximately RMB708.0 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and wealth management products. As at 30 June 2021, the fair values of the investments in asset management plans were determined by discount cash flows model; the fair values of the investments in equity investment partnerships were determined by market approach and discount cash flows model; and the fair values of investments in wealth management products, which have an initial term ranging from immediate to 360 days, were determined based on the estimated rate of return of investments. For the six months ended 30 June 2021, we recorded fair value losses on investments at fair value through profit or loss of approximately RMB70.2 million (fair value losses for the six months ended 30 June 2020: approximately RMB71.1 million).

The investments in wealth management products under investments at fair value through profit or loss were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Group has in the past selected wealth management products that are principal guaranteed and relatively low risk products. Prior to making an investment, the Group had also ensured that there remains sufficient working capital for the Group's business needs even after the investments in wealth management products. During the six months ended 30 June 2021, the Company entered into various transactions with one licensed bank in the PRC regarding a type of deposit in an aggregate sum of RMB48.0 million. Such deposit constituted discloseable transactions under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The deposit was fully redeemed as at 30 June 2021. For further details, please refer to the Company's announcement dated 23 April 2021. Save as disclosed above, each of the other investments made by the Group does not constitute a notifiable transaction or a connected transaction of the Group under the Listing Rules. As agreed with the financial institutions, the underlying investment portfolio of the wealth management products of the Group were primarily represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

On 28 December 2016, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Limited (深圳市東方博雅科技有限公司), established a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise (“**Jiaxing Boyaa**”) with Shanghai Tailai Tianji Asset Management Co., Limited (上海泰來天濟資產管理有限公司). During the six months ended 30 June 2021, the Group’s accumulated contribution of RMB300.0 million represented 99.0% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2021 was approximately RMB33.0 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. We will continue to closely monitor the performance of Jiaxing Boyaa on an on-going basis.

On 25 October 2018, the Group, through Boyaa On-line Game Development (Shenzhen) Co., Ltd* (博雅網絡遊戲開發(深圳)有限公司), had subscribed for two RMB wealth management products issued by Industrial and Commercial Bank of China at the amount of RMB200.0 million and RMB128.5 million, respectively (the “**Wealth Management Products**”). As at 30 June 2021, the fair value of the two Wealth Management Products were approximately RMB218.8 million and RMB138.9 million, respectively. The Wealth Management Products were assessed by the Group as very low-risk products. As at 30 June 2021, the bank accounts which holds the Wealth Management Products had been frozen. For details as to the circumstance leading to the freezing of the accounts, please refer to Note 21 under the section headed “Notes to the Condensed Consolidated Financial Statements” of this announcement and the announcements of the Company dated 1 September 2019, 13 December 2019, 3 January 2020, 6 January 2020 and 9 November 2020.

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

* For identification purpose only

Borrowings

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

Capital expenditure

For the six months ended 30 June 2021, our capital expenditure amounted to approximately RMB9.0 million (for the six months ended 30 June 2020: approximately RMB2.9 million). The capital expenditure mainly included purchasing equipment and leasehold improvements of approximately RMB9.0 million (for the six months ended 30 June 2020: approximately RMB2.9 million), which was funded by using our cash flows generated from our operations.

Commitment

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

Contingent liabilities and guarantees

As at 30 June 2021, 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 2021, the Group's investment in Jiaxing Boyaa amounted to RMB300.0 million. Jiaxing Boyaa mainly carried out equity investments and venture capital investments. In addition, the Group had subscribed for the Wealth Management Products, which had an aggregate fair value of approximately RMB357.7 million as at 30 June 2021.

In the future, the Group will continue to identify new opportunities for business development. As at the date of this announcement, the Group has not executed any agreement in respect of material acquisitions, investments or capital asset and does not have any other future plans relating to material acquisitions, investments or capital asset. 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 2021, none of the Group's assets was pledged or charged.

Employees and staff costs

As at 30 June 2021, we had a total of 262 full time employees, who are mainly based in mainland China. In particular, 211 employees are responsible for our game development and operation functions, 34 employees for game support and 17 employees for administration and senior management functions.

We organize and launch various training programs on a regular basis for our employees to enhance their knowledge of online game development and operation, develop professional skills, 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 the relevant 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 2021, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB39.8 million, representing approximately 34.4% 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 5,722,429 share options and 4,187,089 shares underlying the RSUs outstanding and/or granted to a total of 241 directors, senior management members and employees of the Group as at 30 June 2021. There were also 53,040,494 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme will be set out in the section headed “Share Option Schemes and Restricted Share Unit Scheme” in the Other Information section in the 2021 interim report of the Company to be issued in due course.

On 19 July 2021, the Company has adopted a new RSU Scheme. For further details, please refer to the announcement of the Company dated 19 July 2021.

FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2021

		Three months ended		Six months ended	
		30 June		30 June	
		2021	2020	2021	2020
	Notes	RMB'000	RMB'000	RMB'000	RMB'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	96,564	95,377	181,483	188,460
Cost of revenue		<u>(31,498)</u>	<u>(27,978)</u>	<u>(58,824)</u>	<u>(55,863)</u>
Gross profit		65,066	67,399	122,659	132,597
Other losses, net	5	(31,737)	(51,689)	(73,080)	(70,663)
Selling and marketing expenses		(6,025)	(6,125)	(14,160)	(11,184)
Administrative expenses		<u>(20,850)</u>	<u>(31,228)</u>	<u>(42,599)</u>	<u>(59,150)</u>
Operating profit/(loss)		6,454	(21,643)	(7,180)	(8,400)
Finance income	6	4,995	5,279	9,893	10,844
Finance costs	7	(59)	(141)	(133)	(300)
Share of losses of associates		<u>(787)</u>	<u>(1,129)</u>	<u>(1,479)</u>	<u>(1,697)</u>
Profit/(loss) before income tax		10,603	(17,634)	1,101	447
Income tax expense	8	<u>(5,436)</u>	<u>(7,835)</u>	<u>(12,052)</u>	<u>(14,013)</u>
Profit/(loss) for the period attributable to owners of the Company	9	<u>5,167</u>	<u>(25,469)</u>	<u>(10,951)</u>	<u>(13,566)</u>

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

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2021

	Three months ended		Six months ended	
	30 June		30 June	
	2021	2020	2021	2020
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Other comprehensive income/				
(expenses):				
<i>Items that will not be reclassified</i>				
<i>to profit or loss:</i>				
Changes in fair value of equity				
investments at fair value through				
other comprehensive income	2,229	9,782	(2,988)	415
Exchange differences on translation	(1,251)	196	(884)	1,437
 <i>Item that may be reclassified to</i>				
<i>profit or loss:</i>				
Exchange differences on translating				
foreign operations	<u>(5,312)</u>	<u>347</u>	<u>(3,746)</u>	<u>4,795</u>
 Other comprehensive (expenses)/				
income for the period,				
net of tax	<u>(4,334)</u>	<u>10,325</u>	<u>(7,618)</u>	<u>6,647</u>
 Total comprehensive income/				
(expenses) for the period				
attributable to owners of the				
Company	<u>833</u>	<u>(15,144)</u>	<u>(18,569)</u>	<u>(6,919)</u>
 Earnings/(loss) per share				
(RMB cents)				
<i>11</i>				
– Basic	<u>0.78</u>	<u>(3.85)</u>	<u>(1.67)</u>	<u>(2.05)</u>
– Diluted	<u>0.78</u>	<u>(3.85)</u>	<u>(1.67)</u>	<u>(2.05)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2021

		30 June	31 December
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
ASSETS			
Non-current assets			
Property, plant and equipment	<i>12</i>	42,571	40,981
Right-of-use assets		3,365	5,049
Intangible assets		–	27
Investments in associates		8,453	9,933
Equity investments at fair value through other comprehensive income	<i>13</i>	64,258	67,246
Investments at fair value through profit or loss	<i>14</i>	605,207	705,136
Prepayments, deposits and other receivables		18,318	25,601
Deferred tax assets		9,106	12,205
Restricted bank deposits	<i>16</i>	292,565	291,866
		<u>1,043,843</u>	<u>1,158,044</u>
Current assets			
Trade receivables	<i>15</i>	27,346	19,557
Prepayments, deposits and other receivables		32,372	37,989
Investments at fair value through profit or loss	<i>14</i>	27,000	2,900
Term deposits		961,798	725,631
Bank and cash balances		208,268	389,108
		<u>1,256,784</u>	<u>1,175,185</u>
Total assets		<u>2,300,627</u>	<u>2,333,229</u>

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

AT 30 JUNE 2021

		30 June 2021	31 December 2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(audited)
EQUITY AND LIABILITIES			
Equity			
Share capital	18	232	232
Reserves		<u>2,028,015</u>	<u>2,046,584</u>
Total equity		<u>2,028,247</u>	<u>2,046,816</u>
Liabilities			
Non-current liabilities			
Lease liabilities		–	806
Deferred tax liabilities		<u>7,501</u>	<u>6,574</u>
		<u>7,501</u>	<u>7,380</u>
Current liabilities			
Trade payables	17	1,061	1,932
Accruals and other payables		72,127	79,427
Contract liabilities		8,458	15,071
Lease liabilities		2,806	3,810
Current tax liabilities		<u>180,427</u>	<u>178,793</u>
		<u>264,879</u>	<u>279,033</u>
Total liabilities		<u>272,380</u>	<u>286,413</u>
Total equity and liabilities		<u>2,300,627</u>	<u>2,333,229</u>
Net current assets		<u>991,905</u>	<u>896,152</u>
Total assets less current liabilities		<u>2,035,748</u>	<u>2,054,196</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	(Unaudited)										
	Attributable to owners of the Company										
	Share capital	Share premium	Repurchased shares	Shares held for RSU scheme	Capital reserve	Foreign currency translation reserve	Statutory reserve	Share-based payments reserve	Other reserve	Retained profits	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	234	380,970	(4,864)	(14)	2,000	24,490	33,990	80,721	(246,204)	1,838,920	2,110,243
Total comprehensive income/ (expenses) for the period	-	-	-	-	-	6,232	-	-	415	(13,566)	(6,919)
Repurchase of ordinary shares	-	-	(1,577)	-	-	-	-	-	-	-	(1,577)
Cancellation of ordinary shares	(2)	(6,439)	6,441	-	-	-	-	-	-	-	-
Share-based payments – exercise and lapse of share options and RSUs	-	877	-	-	-	-	-	(877)	-	-	-
Changes in equity for the period	(2)	(5,562)	4,864	-	-	6,232	-	(877)	415	(13,566)	(8,496)
At 30 June 2020	232	375,408	-	(14)	2,000	30,722	33,990	79,844	(245,789)	1,825,354	2,101,747
At 1 January 2021	232	373,294	-	(14)	2,000	(1,295)	33,990	79,791	(235,000)	1,793,818	2,046,816
Total comprehensive (expenses)/ income for the period	-	-	-	-	-	(4,630)	-	-	(2,988)	(10,951)	(18,569)
Share-based payments – exercise and lapse of share options and RSUs	-	294	-	-	-	-	-	(294)	-	-	-
Changes in equity for the period	-	294	-	-	-	(4,630)	-	(294)	(2,988)	(10,951)	(18,569)
At 30 June 2021	232	373,588	-	(14)	2,000	(5,925)	33,990	79,497	(237,988)	1,782,867	2,028,247

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash generated from operating activities	67,946	72,173
Income tax paid	(9,003)	(8,258)
Lease interests paid	(133)	(300)
	<hr/>	<hr/>
Net cash generated from operating activities	58,810	63,615
	<hr/>	<hr/>
Cash flows from investing activities		
Placement of term deposits with original maturities over three months	(807,712)	(565,638)
Proceeds from maturity of term deposits with original maturities over three month	570,849	227,906
Interest received	8,205	7,431
Dividends from investments at fair value through profit or loss	–	430
Purchases of investments at fair value through profit or loss	(55,000)	(335,200)
Proceeds from settlements of investments at fair value through profit or loss	58,778	442,947
Purchases of property, plant and equipment	(9,284)	(2,940)
Proceeds from disposals of property, plant and equipment	148	222
	<hr/>	<hr/>
Net cash used in investing activities	(234,016)	(224,842)
	<hr/>	<hr/>
Cash flows from financing activities		
Repayment of lease liabilities	(1,850)	(1,850)
Repurchase of ordinary shares	–	(1,577)
	<hr/>	<hr/>
Net cash used in financing activities	(1,850)	(3,427)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(177,056)	(164,654)
Effect of foreign exchange rate changes	(3,784)	3,536
Cash and cash equivalents at beginning of the period	389,108	487,301
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	208,268	326,183
	<hr/>	<hr/>
Analysis of cash and cash equivalents		
Bank and cash balances	208,268	326,183
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

1. GENERAL INFORMATION

Boyaa Interactive International Limited (the “**Company**”) was incorporated in the Cayman Islands. The address of its registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. The address of its principal place of business in Hong Kong is 14/F., Golden Centre, 188 Des Voeux Road Central, Hong Kong. The address of its headquarters is 8/F, Block E1, International E Town, TCL Industry Park, 1001 Zhong Shan Yuan Road, Nanshan District, Shenzhen, the People’s Republic of China (“**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements are presented in Renminbi (the “**RMB**”), which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Group.

The Company acts as an investment holding company. The principal activities of the Group are the development and operation of online games and provision of advisory services.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2020. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2020.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Company and its subsidiaries (collectively referred as the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

4. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Web-based games	36,916	38,388	71,527	75,234
Mobile games	59,648	56,989	109,956	113,226
Revenue from contracts with customers	<u>96,564</u>	<u>95,377</u>	<u>181,483</u>	<u>188,460</u>

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
At a point of time	<u>96,564</u>	<u>95,377</u>	<u>181,483</u>	<u>188,460</u>

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

The Group offers its games in various language versions in order to enable game players to play the games in different geographical locations. The Group's operations are substantially located in the PRC (including Hong Kong). A breakdown of revenue derived from different languages versions of the Group's games is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Simplified Chinese	7,162	10,097	12,669	25,064
Other languages	89,402	85,280	168,814	163,396
	<u>96,564</u>	<u>95,377</u>	<u>181,483</u>	<u>188,460</u>

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

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Mainland China	59,996	67,633
Other locations	12,711	13,958
	<u>72,707</u>	<u>81,591</u>

5. OTHER LOSSES, NET

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Dividends from investments at fair value through profit or loss	–	430	–	430
Gain/(loss) on disposals of property, plant and equipment	25	51	(451)	51
Government subsidies and tax rebates (<i>Note</i>)	108	2,483	200	3,025
Net foreign exchange (losses)/gains	(1,668)	2,561	(2,556)	(3,058)
Fair value changes on investments at fair value through profit or loss	(30,283)	(57,187)	(70,182)	(71,071)
Others	81	(27)	(91)	(40)
	<u>(31,737)</u>	<u>(51,689)</u>	<u>(73,080)</u>	<u>(70,663)</u>

Note:

Government subsidies represented various industry-specific subsidies granted by the government authorities to subsidise the research and development costs incurred by the Group during the course of its business.

6. FINANCE INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest revenue	4,786	5,246	9,476	10,641
Interest revenue on non-current loans to employees	209	33	417	203
	<u>4,995</u>	<u>5,279</u>	<u>9,893</u>	<u>10,844</u>

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Lease interests	<u>59</u>	<u>141</u>	<u>133</u>	<u>300</u>

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– PRC Enterprise Income Tax (“EIT”) and other jurisdictions	3,982	6,539	10,737	13,418
Deferred tax	<u>1,454</u>	<u>1,296</u>	<u>1,315</u>	<u>595</u>
	<u>5,436</u>	<u>7,835</u>	<u>12,052</u>	<u>14,013</u>

(a) EIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2021 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Limited has successfully renewed its “High and New Technology Enterprise” (“**HNTE**”) qualification under PRC Enterprise Income Tax Law (“**EIT Law**”) during the year ended 31 December 2018 and as a result, Shenzhen Dong Fang Bo Ya Technology Co., Limited enjoy a preferential tax rate of 15% from 1 January 2018 to 31 December 2020. Therefore, the applicable tax rate for Shenzhen Dong Fang Bo Ya Technology Co., Limited was 15% (for the six months ended 30 June 2020: 15%) for the six months ended 30 June 2021. Shenzhen Dong Fang Bo Ya Technology Co., Limited is still renewing the HNTE as at the date of this announcement.

Boyaa On-line Game Development (Shenzhen) Co., Limited has successfully renewed its HNTE qualification under EIT Law during the year ended 31 December 2019 and as a result, Boyaa On-line Game Development (Shenzhen) Co., Limited enjoy a preferential tax rate of 15% from 1 January 2019 to 31 December 2021. Therefore, the applicable tax rate for Boyaa On-line Game Development (Shenzhen) Co., Limited was 15% (for the six months ended 30 June 2020: 15%) for the six months ended 30 June 2021.

According to policies promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 175% (for the six months ended 30 June 2020: 175%) of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year (“**Super Deduction**”). Shenzhen Dong Fang Bo Ya Technology Co., Limited and Boyaa On-line Game Development (Shenzhen) Co., Limited had claimed such Super Deduction in ascertaining its tax assessable profits for the six months ended 30 June 2021 and 2020.

(b) PRC withholding tax (“WHT”)

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

As at 30 June 2021, the retained earnings of the Group’s PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were RMB917,405,000 (31 December 2020: RMB1,000,672,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on the management’s estimation of overseas funding requirements.

(c) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to Hong Kong dollars (“**HK\$**”) 2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2021 and 2020.

9. PROFIT/(LOSS) FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Amortisation of intangible assets				
– included in cost of revenue	27	27	54	134
	<u>27</u>	<u>27</u>	<u>54</u>	<u>134</u>
Depreciation	4,862	3,836	8,307	7,653
Research and development expenditure				
– included in staff costs	11,676	11,440	27,751	23,451
– included in depreciation	12	85	34	181
– included in other administrative expenses	618	2,093	1,248	4,125
	<u>12,306</u>	<u>13,618</u>	<u>29,033</u>	<u>27,757</u>
(Reversal of loss allowance)/loss allowance				
provision for trade receivables	(738)	1,901	(730)	330
Loss allowance provision for loans to employees	2	49	–	8
Staff costs including directors' emoluments				
– Wages, salaries and bonuses	20,796	15,765	36,926	31,883
– Retirement benefit scheme contributions	1,321	1,771	2,851	3,365
	<u>22,117</u>	<u>17,536</u>	<u>39,777</u>	<u>35,248</u>

10. DIVIDENDS

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

11. EARNINGS/(LOSS) PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings/(loss)				
Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share	<u>5,167</u>	<u>(25,469)</u>	<u>(10,951)</u>	<u>(13,566)</u>
Number of shares ('000)				
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	<u>657,680</u>	<u>661,930</u>	<u>657,680</u>	<u>661,992</u>

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment of RMB9,284,000 (for the six months ended 30 June 2020: RMB2,940,000).

Property, plant and equipment with a carrying amount of approximately RMB599,000 (for the six months ended 30 June 2020: approximately RMB171,000) were disposed by the Group during the six months ended 30 June 2021.

13. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2021 <i>RMB'000</i> (unaudited)	31 December 2020 <i>RMB'000</i> (audited)
Equity securities, at fair value		
– Listed in PRC – Dalian Zeus Entertainment Co., Limited	22,639	17,764
– Listed in Hong Kong – Xiaomi Corporation	38,193	47,500
– Listed in USA – Qudian Inc.	<u>3,426</u>	<u>1,982</u>
Total equity investments at fair value through other comprehensive income, analysed as non-current assets	<u>64,258</u>	<u>67,246</u>

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans	88,700	108,000
– equity investment partnerships	137,314	223,320
– wealth management products (<i>Note (i)</i>)	379,193	373,816
	605,207	705,136
Included in current assets		
Non-quoted investments in:		
– asset management plan	27,000	2,900
	632,207	708,036

Note:

- (i) Investments in wealth management products are investments in wealth management plans provided by financial institutions in the PRC. They have initial terms ranging from 30 day to 364 days. As at 30 June 2021, an amount of RMB379,193,000 were frozen (31 December 2020: RMB373,816,000) (Note 21).

15. TRADE RECEIVABLES

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Trade receivables	31,208	24,144
Provision for loss allowance	(3,862)	(4,587)
Carrying amount	27,346	19,557

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	26,070	19,365
31 to 60 days	–	92
61 to 90 days	992	33
91 to 180 days	252	45
181 to 365 days	14	3
Over 365 days	18	19
	<u>27,346</u>	<u>19,557</u>

16. RESTRICTED BANK DEPOSITS

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

17. TRADE PAYABLES

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
0 to 30 days	807	536
31 to 90 days	1	131
91 to 180 days	1	183
181 to 365 days	–	239
Over 365 days	252	843
	<u>1,061</u>	<u>1,932</u>

18. SHARE CAPITAL

The total authorised share capital of the Company comprises 2,000,000,000 (31 December 2020: 2,000,000,000 ordinary shares) ordinary shares with par value of United States dollar (“USD”) 0.00005 (31 December 2020: USD0.00005 per share) per share.

	Number of ordinary shares	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid:			
At 1 January 2020 (audited)	721,751,301	36	234
Cancellation of ordinary shares (<i>Note</i>)	<u>(10,875,000)</u>	<u>–</u>	<u>(2)</u>
At 31 December 2020 (audited), 1 January 2021 (audited) and At 30 June 2021 (unaudited)	<u>710,876,301</u>	<u>36</u>	<u>232</u>

Note:

- (i) For the 10,875,000 cancelled shares during the year ended 31 December 2020, 6,050,000 ordinary shares were repurchased during the year ended 31 December 2020 and 4,825,000 ordinary shares were repurchased during the year ended 31 December 2019.

19. SHARE-BASED PAYMENTS

(a) Share options

On 7 January 2011, the Board of the Company approved the establishment of a share option scheme (“**Pre-IPO Share Option Scheme**”) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Pre-IPO Share Option Scheme is eight years from the grant date.

On 23 October 2013, the Board of the Company approved the establishment of a share option scheme (“**Post-IPO Share Option Scheme**”) with the objective to recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Post-IPO Share Option Scheme is ten years from the grant date.

Details of the share options outstanding during the period are as follows:

	Number of share options	
	For the six months ended	
	30 June	
	2021	2020
	(unaudited)	(unaudited)
Outstanding at the beginning of the period	6,082,429	7,311,427
Lapsed during the period	(360,000)	(1,068,998)
Outstanding at the end of the period	<u>5,722,429</u>	<u>6,242,429</u>
Exercisable at the end of the period	<u>5,722,429</u>	<u>6,242,429</u>

No options were exercised during the six months ended 30 June 2021 and 2020.

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

Expiry date	Exercise price		Number of share options	
	Original currency	Equivalent to HK\$	For the six months ended	
			30 June	
			2021	2020
			(unaudited)	(unaudited)
6 September 2025	HK\$3.108	3.108	<u>5,722,429</u>	<u>6,242,429</u>

(b) Restricted Share Unit (“RSU”)

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

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

The RSU scheme will be valid and effective for a period of eight years from 4 March 2013 to 3 March 2021, commencing from the date of the first grant of the RSUs.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2021	2020
	(unaudited)	(unaudited)
At 1 January	4,640,457	5,589,245
Lapsed	(121,368)	–
Vested and transferred	(332,000)	(873,788)
	<u>4,187,089</u>	<u>4,715,457</u>
At 30 June	<u>4,187,089</u>	<u>4,715,457</u>
Vested but not transferred at 30 June	<u>4,187,089</u>	<u>4,715,457</u>

The related weighted-average share price at the time when the RSUs were vested and transferred was HK\$0.65 (for the six months ended 30 June 2020: HK\$1.01) per share.

Subsequent to end of the reporting period, the Company has adopted the new restricted share unit scheme, details were set out in the Company’s announcements dated 19 July 2021.

(c) Shares held for RSU scheme

The shares held for RSU scheme were regarded as treasury shares and had been presented as a deduction against shareholders’ equity. During the period, 332,000 of RSUs were vested and transferred (note (b) above), and as a result, 57,359,829 ordinary shares (31 December 2020: 57,691,829 ordinary shares) of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 30 June 2021.

20. RELATED PARTY TRANSACTIONS

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

	30 June 2021 RMB'000 (unaudited)	31 December 2020 RMB'000 (audited)
Amount due from a director included in other receivables	657	657
Amount due from a related party included in other receivables	<u>2,003</u>	<u>2,003</u>

The amounts due from a director and related party are unsecured, interest-free and repayable on demand.

21. MATERIAL EVENTS

In March 2019, the Company found it was not able to continue to use the idle cash reserves in its individual bank accounts (the “**Relevant Idle Cash Reserves**”) for fixed-term deposits or wealth management (the “**Incident**”). As at 30 June 2021, the Group’s investments at fair value through profit or loss of RMB379,193,000 and cash and cash equivalents of RMB292,565,000 were frozen.

At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company has engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers have submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilize the Relevant Idle Cash Reserves.

Upon advice of the PRC Legal Advisers, the Company filed application (the “**Application**”) to the relevant PRC court on 21 August 2019 seeking to utilize the Relevant Idle Cash Reserves for wealth management. On 27 August 2019, the Company received a reply (the “**Reply**”) from the relevant PRC court that the Relevant Idle Cash Reserves were frozen due to a prosecution (the “**Case**”) made by the relevant PRC judicial authority against its individual current or former employees (the “**Employees**”) for their alleged illegal activities conducted through one of the Company’s onshore online gaming platforms (the “**Alleged Crime**”). Therefore, the Application was rejected. As advised by the PRC Legal Advisers, if the relevant PRC judicial authority finds that the Employees are guilty of the Alleged Crime and some or all of the Relevant Idle Cash Reserves contain income generated as a result of such conduct, such income may be confiscated.

On 27 December 2019, the Intermediate People’s Court of Chengde City, Hebei Province (the “**Trial Court**”) delivered the judgment in relation to the Case (the “**Judgment**”). The Trial Court held that the Employees are guilty of the Alleged Crime and ordered an amount of approximately RMB943 million to be paid to the state treasury (the “**Judgment Amount**”).

The Company is not a party to the Case. As at the date of this announcement, none of the Company, its directors and its senior management had been subject to any prosecution or investigation by the relevant PRC judicial authorities in relation to the Alleged Crime. In addition, the Company had not received any notification from any relevant PRC judicial authority in relation to the Judgment Amount and so far as the Company is aware, the other bank accounts had not been frozen by the relevant PRC judicial authorities.

The Company is discussing with its PRC Legal Advisers as to the next step forward in relation to the Judgment, including the possibility to take appropriate legal actions as to the Judgment Amount to protect the interests of the Company and its shareholders. As advised by the PRC Legal Advisers, one of the Employees had applied for appeal against the Judgment and the appeal hearing against the Judgment (the “**Appeal Hearing**”) was heard on 10 November 2020. As at the date of this announcement, to the best knowledge of the Directors after working all reasonable enquiries and as advised by the PRC legal Advisers, the PRC court had not handed down the judgment of the Appeal Hearing. The Judgment will not be enforced and the Judgment Amount will not be ordered to be paid until a judgment from the court has finally been handed down.

In light of the fact that (i) the Company, its directors and senior management had not been subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime as at the date of this announcement; (ii) the Relevant Idle Cash Reserves of the Company are only used for the purpose of investing in fixed-term deposits and wealth management products, which is the Company’s general practice; (iii) the Company has sufficient cash reserves available in the other bank accounts for its day-to-day operations; and (iv) the Company does not have any loan borrowing as at the date of this announcement, the Board is of the view that the Judgment would not have any material adverse impact on the business, operation and financial conditions of the Group.

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

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

22. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 August 2021.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	For the six months ended 30 June		Year-on- Year Change* %
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	
Revenue	181,483	188,460	(3.7)
Cost of revenue	<u>(58,824)</u>	<u>(55,863)</u>	5.3
Gross profit	122,659	132,597	(7.5)
Other losses, net	(73,080)	(70,663)	3.4
Selling and marketing expenses	(14,160)	(11,184)	26.6
Administrative expenses	<u>(42,599)</u>	<u>(59,150)</u>	(28.0)
Operating loss	(7,180)	(8,400)	(14.5)
Finance income, net	9,760	10,544	(7.4)
Share of loss of associates	<u>(1,479)</u>	<u>(1,697)</u>	(12.9)
Profit before income tax	1,101	447	146.3
Income tax expenses	<u>(12,052)</u>	<u>(14,013)</u>	(14.0)
Loss for the period	<u>(10,951)</u>	<u>(13,566)</u>	(19.3)
Non-IFRS adjustment			
Share-based compensation expenses included in cost of revenue	–	–	–
Share-based compensation expenses included in selling and marketing expenses	–	–	–
Share-based compensation expenses included in administrative expenses	<u>–</u>	<u>–</u>	–
Non-IFRS adjusted loss	<u>(10,951)</u>	<u>(13,566)</u>	(19.3)

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

**RECONCILIATION FROM UNAUDITED NET PROFIT/(LOSS) TO UNAUDITED
NON-IFRS ADJUSTED NET (LOSS)/PROFIT
FOR THE THREE MONTHS ENDED 30 JUNE 2021**

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	30 June 2021 RMB'000 (unaudited)	31 March 2021 RMB'000 (unaudited)	30 June 2020 RMB'000 (unaudited)		
Revenue	96,564	84,919	95,377	1.25	13.7
Cost of revenue	<u>(31,498)</u>	<u>(27,326)</u>	<u>(27,978)</u>	12.6	15.3
Gross profit	65,066	57,593	67,399	(3.5)	13.0
Other losses – net	(31,737)	(41,343)	(51,689)	(38.6)	(23.2)
Selling and marketing expenses	(6,025)	(8,135)	(6,125)	(1.6)	(25.9)
Administrative expenses	<u>(20,850)</u>	<u>(21,749)</u>	<u>(31,228)</u>	(33.2)	(4.1)
Operating profit/(loss)	6,454	(13,634)	(21,643)	129.8	147.3
Finance income – net	4,936	4,824	5,138	(3.9)	2.3
Share of loss of associates	<u>(787)</u>	<u>(692)</u>	<u>(1,129)</u>	(30.3)	13.7
Profit/(loss) before income tax	10,603	(9,502)	(17,634)	160.1	211.6
Income tax expenses	<u>(5,436)</u>	<u>(6,616)</u>	<u>(7,835)</u>	(30.6)	(17.8)
Profit/(loss) for the period	<u>5,167</u>	<u>(16,118)</u>	<u>(25,469)</u>	120.3	132.1
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	–	–	–	–	–
Share-based compensation expense included in selling and marketing expenses	–	–	–	–	–
Share-based compensation expense included in administrative expenses	<u>–</u>	<u>–</u>	<u>–</u>	–	–
Non-IFRS adjusted net profit/ (loss) (unaudited)	<u>5,167</u>	<u>(16,118)</u>	<u>(25,469)</u>	120.3	132.1

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

** *Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2021 and the immediately preceding quarter.*

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2021.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021, the Company has at all times 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 the following deviation:

Under code provision A.5.1 of the Code, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director. The chairlady of the nomination committee of the Company (the “**Nomination Committee**”) is Ms. Tao Ying, an executive director and the acting chief executive officer of the Company. Ms. Tao joined the Company in December 2013 and has worked in the Company for over seven years. She has been participating in the compliance, internal control, finance, investor relations, and investment project management of the Group. Taking into account her knowledge to the operation of the Company, the directors (including the independent non-executive directors) of the Company consider that it is most suitable for Ms. Tao Ying to hold the position of chairlady of the Nomination Committee and the existing arrangements are beneficial and in the interests of our Company and our shareholders as a whole.

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.

The Board currently comprises two executive directors (being Mr. Dai Zhikang, an executive director and the chairman of the Board and Ms. Tao Ying, an executive director and the acting chief executive officer of the Company), and three independent non-executive directors, and therefore has a strong element of independence in its composition.

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 a specific enquiry made by the Company, that they have at all times complied with the Model Code throughout the six months ended 30 June 2021.

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

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in directors’ biographical details of the Company since the publication date of the 2020 annual report of the Company are as follows:

Mr. Cheung Ngai Lam (張毅林), an independent non-executive director of the Company, has been appointed as an executive director of Silk Road Logistics Holdings Limited (HKEx Stock Code: 988) with effect from 4 June 2021 and had resigned as an independent non-executive director of Guoan International Limited (HKEx Stock Code: 143) on 17 June 2021.

Mr. Choi Hon Keung Simon (蔡漢強), an independent non-executive director of the Company, has been appointed as an executive director of Sun International Group (HKEx Stock Code: 8029) Limited with effect from 2 June 2021.

Save as disclosed above, there is no other change in the directors’ biographical details which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the publication date of the 2020 annual report of the Company.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Code. As at the date of this announcement, the Audit Committee comprises three independent non-executive directors of the Company, namely, Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. KONG Fanwei. Mr. CHEUNG Ngai Lam is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021. There is no disagreement between the Board and the Audit Committee regarding the accounting treatment adopted by the Company.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

There was no important event affecting the Group which has taken place since 30 June 2021 and up to the date of this announcement.

EXTRACT OF INDEPENDENT AUDITOR’S REVIEW REPORT

The following is an extract of the independent auditor’s report on Review of Condensed Consolidated Financial Information of the Group for the six months ended 30 June 2021:

“Basis for Qualified Conclusion

We were unable to obtain sufficient appropriate evidence to satisfy ourselves as to the recoverability of frozen investments at fair value through profit or loss and restricted bank deposits of RMB379,193,000 and RMB292,565,000 as at 30 June 2021 respectively and RMB373,816,000 and RMB291,866,000 as at 31 December 2020 respectively. Given the scope limitation, there were no other satisfactory procedures that we could perform to determine whether any adjustments to the carrying amounts of frozen investments at fair value through profit or loss and restricted bank deposits as at 30 June 2021 and 31 December 2020 were necessary.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph of our report, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

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

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>) respectively. The 2021 interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and of the Company in due course.

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

Hong Kong, 26 August 2021

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