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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 2015

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June			For the year ended 31 December
	2015	2014	Year-on-Year Change*	2014
	RMB'000	*RMB'000*	*%*	*RMB'000*
	(Unaudited)	(Unaudited)		(Audited)
Revenue	**437,036**	457,951	(4.6)	945,319
– Web-based games	**178,200**	216,982	(17.9)	409,544
– Mobile games	**258,836**	240,969	7.4	535,775
Gross profit	**221,873**	283,851	(21.8)	567,852
Profit attributable to owners of the Company	**73,830**	137,836	(46.4)	280,065
Non-IFRS adjusted net profit***	**82,564**	153,823	(46.3)	306,177

	For the three months ended 30 June		
	2015	2014	Year-on-Year Change*
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**193,080**	236,324	(18.3)
– Web-based games	**77,917**	106,784	(27.0)
– Mobile games	**115,163**	129,540	(11.1)
Gross profit	**90,568**	150,614	(39.9)
Profit attributable to owners of the Company	**16,237**	75,599	(78.5)
Non-IFRS adjusted net profit***	**21,189**	82,068	(74.2)

REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year
	2015	2014	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Texas Hold'em Series	**305,789**	375,513	(18.6)
Fight the Landlord	**87,053**	62,349	39.6
Others	**44,194**	20,089	120.0
Total	**437,036**	457,951	(4.6)

	For the three months ended 30 June		Year-on-Year
	2015	2014	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Texas Hold'em Series	**138,509**	190,879	(27.4)
Fight the Landlord	**31,975**	35,170	(9.1)
Others	**22,596**	10,275	119.9
Total	**193,080**	236,324	(18.3)

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year
	2015	2014	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Simplified Chinese	**195,426**	177,049	10.4
Other languages	**241,610**	280,902	(14.0)
Total	**437,036**	457,951	(4.6)

	For the three months ended 30 June		Year-on-Year
	2015	2014	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Simplified Chinese	**84,684**	94,804	(10.7)
Other languages	**108,396**	141,520	(23.4)
Total	**193,080**	236,324	(18.3)

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2015	31 March 2015	30 June 2014	%	%
Paying Players *(in thousands)*	**2,725**	2,297	1,618	68.4	18.6
• Web-based games	**107**	156	182	(41.2)	(31.4)
• Mobile games	**2,618**	2,141	1,436	82.3	22.3
Daily Active Players ("**DAUs**") *(in thousands)*****	**6,213**	6,003	5,671	9.6	3.5
• Web-based games	**914**	1,583	1,607	(43.1)	(42.3)
• Mobile games	**5,299**	4,420	4,064	30.4	19.9
Monthly Active Players ("**MAUs**") *(in thousands)*****	**27,929**	29,207	25,960	7.6	(4.4)
• Web-based games	**5,329**	8,092	8,095	(34.2)	(34.1)
• Mobile games	**22,600**	21,115	17,865	26.5	7.0
Average Revenue Per Paying Player ("**ARPPU**") for Texas Hold'em Series *(in RMB)*					
• Web-based games	**269.4**	409.5	418.6	(35.6)	(34.2)
• Mobile games	**73.5**	57.7	56.1	31.0	27.4
ARPPU for Fight the Landlord *(in RMB)*					
• Web-based games	**72.0**	48.4	47.8	50.6	48.8
• Mobile games	**6.9**	18.2	17.4	(60.3)	(62.1)
ARPPU for Other Games *(in RMB)*					
• Web-based games	**43.6**	9.3	11.5	279.1	368.8
• Mobile games	**8.6**	8.8	8.4	2.4	(2.3)

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

** *Quarter-on-Quarter Change % represents a comparison between the quarter ended 30 June 2015 and the immediately preceding quarter.*

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

**** *The numbers of DAUs and MAUs shown above are calculated based on the number of active players in the last calendar month of the relevant reporting period.*

The board of directors (the "**Board**") of Boyaa Interactive International Limited (the "**Company**" or "**we**" or "**our**" or "**us**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**" or "**we**" or "**our**" or "**us**") for the three and six months ended 30 June 2015 (the "**Reporting Period**") (the "**Interim Results**"). The Interim Results have been reviewed by PricewaterhouseCoopers, 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 the second quarter of 2015, our business was affected by the decline of the online card and board games market and the impact on the industry led by the regulation and adjustment of SMS payment channels by domestic operators in mainland China. We saw a decline in our financial results in the second quarter despite our efforts to promptly adjust our operation and marketing strategies.

The numbers of our active players for web-based games and mobile games became increasingly polarized. The number of DAUs for our mobile games experienced a 30.4% increase from 4.1 million in the second quarter of 2014 to 5.3 million in the same period in this year, whereas the number of DAUs for our web-based games experienced a 43.1% decline from 1.6 million in the second quarter of 2014 to 0.9 million in the same period in this year. Although the domestic market has been affected by the SMS payment channels, we still witnessed a relatively robust growth in our paying player base for our mobile games, an 82.3% increase in the number of paying players for our mobile games from 1.4 million in the second quarter of 2014 to 2.6 million in the same period this year due to our flexible payment methods and monetization strategy. However, the number of paying players for our web-based games declined 41.2% from 182 thousands in the second quarter of 2014 to 107 thousands in the same period this year. Also, the ARPPU of the mobile-based Fight the Landlord experienced a significant decrease due to the impact of SMS payment channels in mainland China.

In the second quarter of 2015, based on the series of challenges and opportunities we face in the overseas and domestic markets, we have made appropriate adjustments to our plans in market expansion. For the overseas market, we have contracted our investments in multi-language versions of our games and increased investments in key strategic markets, both online and offline, and deepened our cooperation with large-scale social platforms such as Facebook, Google, and LINE to enhance the cooperation in local offline events, which expands player base and increases player's adherence. Domestically, we actively promote local offline events and competitions while ensuring the current volume of online purchases through our existing channels in order to encourage rapid growth in our player base. At the same time, while the whole industry was affected by the regulation and adjustment of SMS payment channels in mainland China, we continued to maintain close cooperation relationship with the three telecom operators to fight for resources in order to establish a solid foundation for the market landscape after the completion of the regulation and adjustment of SMS payment channels.

Meanwhile, we completed an equity investment in Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司, "**Shenzhen Jisiwei**") at a consideration of RMB3.6 million, as a result of which we now hold 12% equity stake in Shenzhen Jisiwei. Shenzhen Jisiwei is a company that focuses on development and sales of electronic products and development of intelligence applications.

In terms of technology infrastructure investment and technology innovation, as at the end of second quarter of 2015, we had 742 servers hosted in 12 countries and regions all over the world. We have continued to refine our game development engine – Boyaa Building Engine, in order to enhance our game development efficiency and quality.

In addition, we have entered into a Joint Operation Framework Agreement with Zhejiang Zhuoji Network Co., Ltd.("**Zhejiang Zhuoji**") in July 2015, which achieved an in-depth cooperation in relation to the operation of Fight the Landlord (Zhuoji Edition), an online game developed by us.

In the second half of 2015, we will increase our research and development and marketing efforts in promoting and developing local card and board games to facilitate our strategic layout of the card and board game environment. We will also push for developments in offline competitions in order to accumulate more competition experiences and players to expand our brand awareness in the player base. We will also continue to strengthen the development of frontier technology in order to maintain our leading position in the technological front.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Second Quarter of 2015 Compared to Second Quarter of 2014

Revenue

Our revenue for the three months ended 30 June 2015 amounted to approximately RMB193.1 million, representing year-on-year decrease of 18.3% from approximately RMB236.3 million recorded for the same period of 2014. For the three months ended 30 June 2015, revenue generated from mobile games amounted to approximately RMB115.2 million, representing year-on-year decrease of 11.1% from approximately RMB129.5 million recorded for the same period of 2014. The year-on-year decrease was primarily due to the regulation of the SMS payment channels and the adjustment to the SMS pricing channels by the operators, and the income from mobile terminal generally declined in line with industry trend. Revenue generated from web-based games was approximately RMB77.9 million, representing year-on-year decrease of 27.0% from approximately RMB106.8 million recorded for the same period of 2014. The year-on-year decrease was primarily attributable to the decrease of income from web-based games resulting from the shift of web-based games to mobile games as witnessed in the industry. For the three months ended 30 June 2015, revenue generated from our mobile games and web-based games accounted for approximately 59.6% and 40.4% of our total revenue, respectively, as compared with 54.8% and 45.2%, respectively, for the three months ended 30 June 2014.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2015 amounted to approximately RMB102.5 million, representing year-on-year increase of 19.6% from approximately RMB85.7 million recorded for the same period of 2014. The year-on-year increase was mainly due to the increase in commission fees paid to our payment collection channels attributable to the increase in the average rate of commission. It was also attributable to the increase in employee benefit expenses resulting from the increase in headcount of our game development staff and operations support staff.

Gross profit and gross profit margin

Our gross profit for the three months ended 30 June 2015 amounted to approximately RMB90.6 million, representing year-on-year decrease of 39.9% from approximately RMB150.6 million recorded for the same period of 2014.

Our gross profit margin were approximately 46.9% and 63.7%, respectively, for the three months ended 30 June 2015 and the same period of 2014.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2015 amounted to approximately RMB60.0 million, representing year-on-year increase of 32.8% from approximately RMB45.2 million recorded for the same period of 2014. The year-on-year increase was mainly attributable to increased advertising and promotional activities to promote our games in our existing and target markets. It was also attributable to the increase in employee benefit expenses resulting from the increase in headcount of our selling and marketing personnel.

Administrative expenses

Our administrative expenses for the three months ended 30 June 2015 amounted to approximately RMB39.4 million, representing year-on-year increase of 39.6% from approximately RMB28.2 million recorded for the same period of 2014. The year-on-year increase was mainly due to the increase in employee benefit expenses resulting from the increase in headcount.

Other income and gains – net

For the three months ended 30 June 2015, we recorded other income and gains – net of approximately RMB9.3 million, compared to approximately RMB14.1 million recorded for the same period of 2014. The other income and gains – net primarily consisted of gains on financial assets at fair value through profit or loss and gains arising from disposal of subsidiaries. The year-on-year decrease was primarily due to the decrease in returns on short-term investments as compared to the same period of last year.

Finance income/(costs) – net

Our net finance income for the three months ended 30 June 2015 was approximately RMB14.6 million, compared to the net finance cost of approximately RMB2.6 million recorded for the same period of 2014. The year-on-year change was primarily due to the increase in interest income as compared to the same period of 2014.

Share of profit of associates

We held investments in seven associates, namely Shenzhen Fanhou Technology Co., Ltd., RaySns Technology Co., Ltd., Shenzhen HuifuWorld Network Technology Co., Ltd., Shenzhen Gangyun Technology Co., Ltd., Shenzhen Easething Technology Co., Ltd., Shenzhen Jisiwei and Allin Interactive International Limited and its subsidiaries as at 30 June 2015 (31 December 2014: five), all of which were online games or Internet technology companies. We recorded a share of profit of associates of approximately RMB2.3 million for the three months ended 30 June 2015, compared to a share of profit of associates of approximately RMB2.5 million recorded for the same period of 2014.

Income tax expense

Our income tax expense for the three months ended 30 June 2015 was approximately RMB1.6 million, representing a decrease of 89.9% from approximately RMB15.6 million recorded for the three months ended 30 June 2014. The effective tax rate were 9.1% and 17.1%, respectively, for the three months ended 30 June 2015, and the same period of 2014. The decrease in effective tax rate for the three months ended 30 June 2015 compared to the corresponding period in 2014 is primarily due to the low effective tax rate of Function Technology Co., Ltd. newly acquired during the first quarter of 2015 and Boyaa Holdings Limited. It was also attributable to the decrease in the share-based compensation expense and excess advertising fee which were non-tax deductible items, and certain amount of deferred income tax assets recognised for the losses of Boyaa On-line Game Development (Shenzhen) Co., Ltd..

Profit for the period

As a result of the foregoing, our profit for the three months ended 30 June 2015 amounted to approximately RMB15.8 million, with our profit attributable to owners of the Company for the three months ended 30 June 2015 amounted to approximately RMB16.2 million, representing year-on-year decrease of 79.1% and 78.5%, respectively, from the profit and the profit attributable to owners of the Company of approximately RMB75.6 million recorded for the same period of 2014.

Non-IFRS Measure – Adjusted net profit

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

Our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2015 of approximately RMB21.2 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB1.3 million, RMB1.3 million and RMB2.8 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 2014 of approximately RMB82.1 million derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB2.6 million, RMB1.0 million and RMB2.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

First Half of 2015 Compared to First Half of 2014

Revenue

Our revenue for the six months ended 30 June 2015 amounted to approximately RMB437.0 million, representing year-on-year decrease of 4.6% from approximately RMB458.0 million recorded for the same period of 2014. For the six months ended 30 June 2015, revenue generated from mobile games amounted to approximately RMB258.8 million, representing year-on-year increase of 7.4% from approximately RMB241.0 million recorded for the same period of 2014. The growth of revenue from mobile games slowdown during the Reporting Period in line with overall industry trend. The revenue generated from web-based games was approximately RMB178.2 million, representing year-on-year decrease of 17.9% from approximately RMB217.0 million recorded for the same period of 2014. The year-on-year decrease was primarily affected by industry conditions which led to the decrease in revenue from web-based games. For the six months ended 30 June 2015, revenue generated from our mobile games and web-based games accounted for approximately 59.2% and 40.8% of our total revenue, respectively, as compared with approximately 52.6% and 47.4%, respectively, for the six months ended 30 June 2014.

Cost of revenue

Our cost of revenue increased by 23.6% to approximately RMB215.2 million in the six months ended 30 June 2015 from approximately RMB174.1 million for the corresponding period in 2014, primarily due to the increase in commission fees paid to our payment collection channels attributable to the increase in the average rate of commission.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 21.8% to approximately RMB221.9 million for the six months ended 30 June 2015 from approximately RMB283.9 million for the corresponding period in 2014, and our gross profit margin decreased to 50.8% for the six months ended 30 June 2015 from 62.0% for the corresponding period in 2014.

Selling and marketing expenses

Our selling and marketing expenses increased by 22.8% to approximately RMB107.9 million for the six months ended 30 June 2015 from approximately RMB87.9 million for the corresponding period in 2014, which was mainly attributable to increased advertising and promotional activities to promote our games in our existing and target markets. It was also attributable to the increase in employee benefit expenses resulting from the increase in headcount of our selling and marketing personnel.

Administrative expenses

Our administrative expenses increased by 25.8% to approximately RMB69.0 million for the six months ended 30 June 2015 from approximately RMB54.8 million for the corresponding period in 2014. The increase was mainly due to the increase in employee benefit expenses resulting from the increase in headcount, as well as the increase in rental expenses as a result of our office expansion.

Other income and gains – net

We recorded other income and gains – net of approximately RMB16.3 million for the six months ended 30 June 2015, which primarily consisted of returns on short-term investments and gains on financial assets at fair value through profit or loss. In the corresponding period in 2014, we recorded other income and gains – net of approximately RMB21.9 million.

Finance income – net

Our net finance income was approximately RMB15.8 million for the six months ended 30 June 2015. We recorded net finance income of approximately RMB0.3 million for the corresponding period in 2014. The year-on-year change was primarily due to the increase in interest income as compared to the same period of 2014.

Share of profit of associates

We recorded a share of profit of associates of approximately RMB5.4 million for the six months ended 30 June 2015, compared to a share of profit of associates of approximately RMB2.8 million for the corresponding period in 2014.

Income tax expense

Our income tax expense decreased by approximately 65.2% to approximately RMB9.8 million for the six months ended 30 June 2015 from approximately RMB28.2 million for the corresponding period in 2014 in line with the decrease of the profit before income tax. The effective tax rate decreased to approximately 11.9% for the six months ended 30 June 2015 from approximately 17.0% for the corresponding period in 2014, which was mainly due to the decrease in the share-based compensation expense and excess advertising fee which were non-tax deductible items and certain amount of deferred income tax assets recognised for the losses of Boyaa On-line Game Development (Shenzhen) Co., Ltd..

Profit for the period

As a result of the foregoing, our profit and profit attributable to owners of the Company decreased by approximately 47.3% and 46.4%, respectively, to approximately RMB72.7 million and RMB73.8 million, respectively for the six months ended 30 June 2015 from the profit and the profit attributable to owners of the Company of approximately RMB137.8 million for the six months ended 30 June 2014.

Non-IFRS Measure – Adjusted net profit

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2015 of approximately RMB82.6 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB3.1 million, RMB1.9 million and RMB4.9 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 2014 of approximately RMB153.8 million derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB6.3 million, RMB2.4 million and RMB7.3 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 2015, 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, investments and business operations with internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

Cash and cash equivalents

As at 30 June 2015, we had cash and cash equivalents of approximately RMB1,363.1 million (31 December 2014: approximately RMB1,029.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits. Out of the RMB1,363.1 million, approximately RMB1,261.8 million is denominated in Renminbi and approximately RMB101.3 million is denominated in other currencies (primarily US dollars). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

Up to 30 June 2015, a total amount of RMB223.7 million from the net proceeds from our initial public offering had been utilized for expanding our marketing and promotion activities, for equity investments and for research and development activities. The unutilized net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group.

Short-term investments and financial assets at fair value through profit or loss

As at 30 June 2015, all our short-term investments had matured (31 December 2014: RMB370.0 million). The short-term investments held during the Reporting Period represents investment in certain money market instruments in the form of principal and return-guaranteed products denominated in Renminbi offered by a commercial bank in China and have a term of one year and which had all matured in April 2015. No new money market instruments have been purchased by the Group during the Reporting Period. The effective interest rate for these short-term investments for the six months ended 30 June 2015 was 6.0% (for the six months ended 30 June 2014: 6.2%), and the returns on such short-term investments amounted to approximately RMB4.2 million for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB18.5 million).

The short-term investments were made for treasury management purpose and 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 therefore are 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. The Company decided and as agreed with the financial institutions offering the short-term investments, the underlying investment portfolio of all the short-term investments were represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

Borrowings

During the six months ended 30 June 2015, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilized or unutilized banking facilities.

Capital expenditures

For the six months ended 30 June 2015, our capital expenditure amounted to approximately RMB11.0 million (for the six months ended 30 June 2014: approximately RMB13.0 million). The capital expenditure mainly includes payment for equity investments of RMB5.1 million (2014: RMB9.7 million), which was funded by using the net proceeds from our initial public offering; and purchasing of additional furniture and equipment, motor vehicles, leasehold improvements and computer software of RMB5.9 million (for the six months ended 30 June 2014: approximately RMB3.3 million), which was funded by using our cash flows generated from our operations.

Contingent liabilities and guarantees

As at 30 June 2015, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and future plans for major investment

During the six months ended 30 June 2015, the Group has completed three equity investments. In the first quarter of 2015, we acquired the entire equity interests of four companies, namely Shenzhen Coalaa Network Technology Co., Ltd. (深圳市卡拉網絡科技有限公司), Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司), Shenzhen Guanhai Technology Co., Ltd. (深圳市觀海科技有限公司) and Function Technology Co., Ltd. (collectively referred to as "**Coalaa**"), through a series of agreements and at a total consideration of RMB5 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version) and 9k Poker as its two most important games. We envisage that through such acquisitions, we can further complement our game portfolio and we will be able to further expand our market share in overseas markets, and in particular, the Thai market.

In the first half of 2015, we completed the investment of 10% equity interest in Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司, "**Easething**") at a consideration of approximately RMB1 million. Easething is a company principally engaged in the research and development of intelligence hardware and artificial intelligence system and ancillary operations.

In addition, we completed the investment of 12% equity interest in Shenzhen Jisiwei at a consideration of approximately RMB3.6 million during the Reporting Period. Shenzhen Jisiwei is mainly engaged in development and sales of electronic products and development of intelligence applications.

In the coming future, the Group will continue to identify new opportunities for business development.

Pledge of assets

As at 30 June 2015, none of the Group's assets was pledged.

Employees and Staff Costs

As at 30 June 2015, we had a total of 861 full time employees, mainly located in mainland China. In particular, 657 employees are responsible for our game development and operation functions, 49 for game support, 77 for business development and 78 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, improve time management and internal communications, and strengthen team building. We also provide various incentives, including share-based awards, such as 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 leave insurance, and to mandatory housing accumulation funds, for or on behalf of our employees.

For the six months ended 30 June 2015, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB85.2 million, representing approximately 21.7% of the total expenses of the Group. During the Reporting Period, 81 employees of the Group were granted RSUs in respect of an aggregate of 4,955,000 shares pursuant to the RSU scheme adopted by the Company in September 2013 (the "**RSU Scheme**") on 12 March 2015. The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. Subject to certain vesting conditions and the satisfaction of certain performance targets, the RSUs shall be exercisable over a period of eight years commencing from 12 March 2015. Pursuant to 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, there were a total of 3,095,416 share options and 66,160,423 shares underlying the RSUs granted to a total of 279 directors, senior management members, employees and former employees of the Group which remained outstanding as at 30 June 2015. There were an additional number of 30,345,116 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.

FINANCIAL INFORMATION

INTERIM CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2015

	Note	**30 June 2015 *RMB'000* (Unaudited)**	31 December 2014 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**17,356**	15,176
Intangible assets		**6,209**	19,626
Investments in associates		**35,932**	21,839
Available-for-sale financial assets		**50,783**	63,975
Deferred income tax assets		**9,475**	1,685
Financial assets at fair value through profit or loss	*4*	**72,411**	22,085
Prepayments and other receivables		**40,599**	42,651
		232,765	187,037
Current assets			
Trade receivables	*3*	**103,501**	94,312
Prepayments and other receivables		**33,261**	33,001
Short-term investments		**–**	370,000
Cash and cash equivalents		**1,363,136**	1,029,331
		1,499,898	1,526,644
Total assets		**1,732,663**	1,713,681

INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2015

	Note	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
EQUITY AND LIABILITIES			
Equity			
Share capital		**247**	245
Share premium		**588,948**	632,329
Shares held for RSU Scheme		**(15)**	(19)
Reserves		**136,375**	137,045
Retained earnings		**776,726**	702,896
		1,502,281	1,472,496
Non-controlling interests		**–**	9,130
Total equity		**1,502,281**	1,481,626
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		**8,271**	14,234
Current liabilities			
Trade and other payables	*6*	**108,384**	115,169
Deferred revenue		**21,287**	24,238
Current income tax liabilities		**92,440**	78,414
		222,111	217,821
Total liabilities		**230,382**	232,055
Total equity and liabilities		**1,732,663**	1,713,681
Net current assets		**1,277,787**	1,308,823
Total assets less current liabilities		**1,510,552**	1,495,860

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015

	Note	**Three months ended 30 June**		**Six months ended 30 June**	
		2015	2014	**2015**	2014
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*2*	**193,080**	236,324	**437,036**	457,951
Cost of revenue	*7*	**(102,512)**	(85,710)	**(215,163)**	(174,100)
Gross profit		**90,568**	150,614	**221,873**	283,851
Selling and marketing expenses	*7*	**(60,036)**	(45,215)	**(107,944)**	(87,917)
Administrative expenses	*7*	**(39,359)**	(28,201)	**(69,003)**	(54,846)
Other income and gains – net	*8*	**9,312**	14,121	**16,339**	21,875
Operating profit		**485**	91,319	**61,265**	162,963
Finance income	*9*	**15,499**	611	**21,054**	6,644
Finance costs	*9*	**(910)**	(3,164)	**(5,279)**	(6,386)
Finance income/(costs) – net	*9*	**14,589**	(2,553)	**15,775**	258
Share of profit of associates		**2,311**	2,460	**5,424**	2,801
Profit before income tax		**17,385**	91,226	**82,464**	166,022
Income tax expense	*10*	**(1,578)**	(15,627)	**(9,796)**	(28,186)
Profit for the period		**15,807**	75,599	**72,668**	137,836
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
– Changes in value of available-for-sale financial assets, net of tax		**(9,407)**	–	**(9,986)**	–
– Less: reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax		**(258)**	–	**(258)**	–
– Currency translation differences		**(1,003)**	1,172	**(322)**	6,025
Other comprehensive (loss)/income for the period, net of tax		**(10,668)**	1,172	**(10,566)**	6,025
Total comprehensive income for the period		**5,139**	76,771	**62,102**	143,861

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	**2015**	2014
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit attributable to:					
– Owners of the Company		**16,237**	75,599	**73,830**	137,836
– Non-controlling interests		**(430)**	–	**(1,162)**	–
		15,807	75,599	**72,668**	137,836
Total comprehensive income attributable to:					
– Owners of the Company		**5,569**	76,771	**63,264**	143,861
– Non-controlling interests		**(430)**	–	**(1,162)**	–
		5,139	76,771	**62,102**	143,861
Earnings per share ***(expressed in RMB cents per share)***					
– Basic	*11*	**2.28**	11.60	**10.44**	21.49
– Diluted	*11*	**2.22**	10.32	**10.08**	18.79
Dividends	*12*	**–**	–	**–**	46,307

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Note	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	Total equity RMB'000
					(Unaudited)				
Balance at 1 January 2015		245	632,329	(19)	137,045	702,896	1,472,496	9,130	1,481,626
Comprehensive income									
Profit for the period		–	–	–	–	73,830	73,830	(1,162)	72,668
Other comprehensive income									
– change in value of available-for-sale financial assets, net of tax		–	–	–	(9,986)	–	(9,986)	–	(9,986)
– reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax		–	–	–	(258)	–	(258)	–	(258)
– currency translation differences		–	–	–	(322)	–	(322)	–	(322)
Total comprehensive income for the period		–	–	–	(10,566)	73,830	63,264	(1,162)	62,102
Employee share option and RSU scheme									
– value of employee services		–	–	–	9,896	–	9,896	–	9,896
– proceeds from shares issued		2	1,745	–	–	–	1,747	–	1,747
– vesting of shares under RSU scheme		–	(4)	4	–	–	–	–	–
Dividends relating to 2014		–	(45,122)	–	–	–	(45,122)	–	(45,122)
Total contributions by and distributions to owners of the Company, recognized directly in equity		2	(43,381)	4	9,896	–	(33,479)	–	(33,479)
Disposal of subsidiaries	*14*	–	–	–	–	–	–	(7,968)	(7,968)
Total transactions with owners, recognized directly in equity		2	(43,381)	4	9,896	–	(33,479)	(7,968)	(41,447)
Balance at 30 June 2015		247	588,948	(15)	136,375	776,726	1,502,281	–	1,502,281

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Share capital *RMB'000*	Share premium *RMB'000*	Treasury shares *RMB'000*	Shares held for RSU Scheme *RMB'000*	Reserves *RMB'000* (Unaudited)	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2014	239	738,070	–	(33)	53,512	422,831	1,214,619	–	1,214,619
Comprehensive income									
Profit for the period	–	–	–	–	–	137,836	137,836	–	137,836
Other comprehensive income									
– currency translation differences	–	–	–	–	6,025	–	6,025	–	6,025
Total comprehensive income for the period	–	–	–	–	6,025	137,836	143,861	–	143,861
Employee share option and RSU scheme									
– value of employee services	–	–	–	–	15,987	–	15,987	–	15,987
– proceeds from shares issued	3	2,921	–	–	–	–	2,924	–	2,924
– vesting of shares under RSU scheme	–	(11)	–	11	–	–	–	–	–
Buy-back of shares	–	–	(587)	–	–	–	(587)	–	(587)
Dividends relating to 2013	–	(65,590)	–	–	–	–	(65,590)	–	(65,590)
Total transactions with owners, recognized directly in equity	3	(62,680)	(587)	11	15,987	–	(47,266)	–	(47,266)
Balance at 30 June 2014	242	675,390	(587)	(22)	75,524	560,667	1,311,214	–	1,311,214

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

		Six months ended 30 June	
	Notes	**2015**	2014
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Cash flows from operating activities			
Cash generated from operations		**34,092**	134,703
Income tax paid		**(3,770)**	(18,748)
Net cash generated from operating activities		**30,322**	115,955
Cash flows from investing activities			
Purchase of property, plant and equipment		**(5,626)**	(2,458)
Purchase of intangible assets		**(226)**	(826)
Purchase of short-term investments		**–**	(790,000)
Purchase of financial assets at fair value through profit or loss		**(39,935)**	–
Investments in associates		**(4,600)**	(8,200)
Purchase of available-for-sale financial assets		**(500)**	–
Prepayment for acquisition of a subsidiary		**–**	(1,500)
Net proceeds from disposal of subsidiaries	*14*	**4,666**	–
Acquisition of subsidiaries, net of cash acquired	*13*	**19**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	102,113
Proceeds from disposal of short-term investments		**370,000**	53,000
Proceeds from disposal of available-for-sale financial assets		**1,927**	–
Proceeds from disposal of property, plant and equipment		**15**	10
Return on short-term investments received		**1,894**	16,862
Interest received		**19,787**	6,644
Net cash generated from/(used in) investing activities		**347,421**	(624,355)
Cash flows from financing activities			
Payments for buy-back of shares		**–**	(587)
Dividends paid to equity holders of the Company	*12*	**(45,122)**	(65,590)
Proceeds from issuance of ordinary shares	*5*	**1,846**	2,341
Net cash used in financing activities		**(43,276)**	(63,836)
Net increase/(decrease) in cash and cash equivalents		**334,467**	(572,236)
Cash and cash equivalents at beginning of the period		**1,029,331**	965,566
Exchange (losses)/gains on cash and cash equivalents		**(662)**	784
Cash and cash equivalents at end of the period		**1,363,136**	394,114

1. GENERAL INFORMATION, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Boyaa Interactive International Limited (the "**Company**") was incorporated in the Cayman Islands. The address of its registered office is PO Box 309, 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 2015, the interim consolidated statements of comprehensive income for the three and six months then ended, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "**Interim Financial Information**") of the Group have been approved by the Board of Directors (the "**Board**") on 27 August 2015.

This Interim Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

During the period, the Group acquired four subsidiaries from certain independent third parties. These subsidiaries are principally engaged in development and operations of online card and board game business. Details of the acquisitions are given in Note 13.

During the period, the Group disposed of certain subsidiaries to an independent third party. Details of the disposals are given in Note 14.

The Interim Financial Information is prepared in accordance with International Accounting Standards ("**IAS**") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board. This Interim Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2014 as set out in the 2014 annual report of the Company dated 11 March 2015 (the "**2014 Financial Statements**").

Except as described below, the accounting policies applied are consistent with those used in the 2014 Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and available-for-sale financial assets, which were carried at fair value.

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

There are no new standards, amendments and interpretations to existing standards that are effective for the first time for this interim period that could be expected to have a material impact on the Group.

The following new standards and amendments to standards have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for the financial year beginning on or after
IFRS 11 (Amendment)	"Accounting for acquisitions of interests in joint operations"	1 January 2016
IAS 16 and IAS 38 (Amendments)	"Clarification of acceptable methods of depreciation and amortization"	1 January 2016
IFRS 10 and IAS 28 (Amendments)	"Sale or contribution of assets between an investor and its associate or joint venture"	1 January 2016
IAS 27 (Amendment)	"Equity method in separate financial statements"	1 January 2016
IAS 1 (Amendment)	"Disclosure initiative"	1 January 2016
Annual improvements 2014	"Annual improvements project"	1 July 2016
IFRS 15	"Revenue from contracts with customers"	1 January 2018
IFRS 9	"Financial instruments"	1 January 2018

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

2. REVENUE AND SEGMENT INFORMATION

	Three months ended 30 June		**Six months ended 30 June**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Development and operations of online games				
– Web-based games	**77,917**	106,784	**178,200**	216,982
– Mobile games	**115,163**	129,540	**258,836**	240,969
	193,080	236,324	**437,036**	457,951

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

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

	Three months ended 30 June		**Six months ended 30 June**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Simplified Chinese	**84,684**	94,804	**195,426**	177,049
Other languages	**108,396**	141,520	**241,610**	280,902
	193,080	236,324	**437,036**	457,951

The Group has a large number of game players, none of whom contributed 5% or more of the Group's revenue for the three and six months ended 30 June 2015 and 2014.

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**94,133**	97,128
Other locations	**5,963**	2,164
	100,096	99,292

3. TRADE RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**104,393**	95,204
Less: impairment provision	**(892)**	(892)
	103,501	94,312

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-60 days	**56,074**	67,306
60-90 days	**16,170**	14,832
90-180 days	**29,630**	10,705
Over 180 days	**2,519**	2,361
	104,393	95,204

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Included in non-current assets		
Non-quoted investments	**72,411**	22,085

In October and November 2014, the Group entered into partnership agreements with Source Code Fund I L.P. ("**Source Code Fund I**") and Tibet Source Code Equity Investment Partnership (西藏源代碼股權投資合夥企業) ("**Tibet Source Code**") as a limited partner, which are mainly engaged in investments in early-stage and high-growth companies in the technology, media and telecommunications industry in China. During the period, the Group further subscribed the shares of Source Code Fund I at a consideration of USD720,000 (equivalent to approximately RMB4,413,000) and of Tibet Source Code at a consideration of RMB1,620,000.

In March and April 2015, the Group entered into partnership agreements with Source Code Fund II L.P. ("**Source Code Fund II**") and Tibet Yuanshang Investment Limited Partnership (西藏源尚投資合夥企業) ("**Tibet Yuanshang**") as a limited partner, which are mainly engaged in seed and early-stage high-growth companies in the information technology driven business. During the period, the Group subscribed the shares of Source Code Fund II at a consideration of USD400,000 (equivalent to approximately RMB2,452,000) and Tibet Yuanshang at a consideration of RMB1,200,000.

In January 2015, the Group entered into partnership agreements with Ningbo Yinbaodian Equity Investment Partnership (寧波引爆點創業投資合夥企業(有限合夥)) ("**Ningbo Yinbaodian**") as a limited partner, which is mainly engaged in investments in potential unlisted companies of game, cartoon, literature and other aspects, which are mostly released in Modian website platform. During the period, the Group subscribed the shares of Ningbo Yinbaodian at a consideration of RMB6,000,000.

In January 2015, the Group entered into partnership agreements with Beijing Dianqing Equity Investment Partnership (北京點晴致遠投資中心(有限合夥)) ("**Beijing Dianqing**") as a limited partner, which is mainly engaged in equity investments or equity-related investments in mobile internet companies. During the period, the Group subscribed the shares of Beijing Dianqing at a consideration of RMB6,250,000.

In March 2015, the Group entered into partnership agreements with Shenzhen Zhicheng Qianli Equity Investment Partnership (深圳市志成千里投資企業(有限合夥)) ("**Zhicheng Qianli**") as a limited partner, which is mainly engaged in investments in early-stage and high-growth game companies. During the period, the Group subscribed the shares of Zhicheng Qianli at a consideration of RMB10,000,000.

In April 2015, the Group entered into partnership agreements with Ningbo Fenghou Zhiyuan Equity Investment Partnership (寧波豐厚致遠創業投資中心(有限合夥)) ("**Fenghou Zhiyuan**") as a limited partner, which is mainly engaged in territories of science and technology, finance, new media, mobile medical, game, social, O2O, intelligent hardware and others related to internet. During the period, the Group subscribed the shares of Fenghou Zhiyuan at a consideration of RMB8,000,000.

As at 30 June 2015, the fair values of the above investments were determined with reference to the Group's share of their respective net asset values.

5. SHARE-BASED PAYMENTS

(a) Share options

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

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

	Number of share options	
	2015	2014
	(Unaudited)	(Unaudited)
At 1 January	**8,827,506**	29,527,781
Exercised	**(5,412,526)**	(9,327,202)
Lapsed	**(319,564)**	(131,250)
At 30 June	**3,095,416**	20,069,329

Share options exercised during the period resulted in 5,412,526 shares being issued, with exercise proceeds of approximately RMB1,747,000. As at 30 June 2015, an amount of RMB7,000 was due from The Core Admin Boyaa Option Limited (31 December 2014: RMB106,000), being the nominee of the Group's share option scheme. The related weighted average share price at the time of exercise was HKD6.57 per share.

(ii) Outstanding share options

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 30 June 2015 and 31 December 2014 are as follows:

		Number of share options	
		30 June	31 December
Expiry Date	**Price**	**2015**	2014
		(Unaudited)	(Audited)
31 January 2019	USD0.05	**769,392**	6,307,675
1 March 2020	USD0.10	**102,280**	197,500
30 June 2020	USD0.15	**111,068**	209,655
31 October 2020	USD0.15	**2,112,676**	2,112,676
		3,095,416	8,827,506

(b) Restricted Share Units ("RSUs")

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

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

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2015	2014
	(Unaudited)	(Unaudited)
At 1 January	**74,215,932**	79,654,565
Granted	**4,955,000**	–
Lapsed	**(4,092,858)**	(2,283,817)
Vested and transferred	**(8,917,651)**	(201,000)
At 30 June	**66,160,423**	77,169,748
Vested but not transferred as at 30 June	**46,369,592**	35,715,437

On 12 March 2015, the Group granted 4,955,000 additional RSUs to its employees. The vesting period of the RSUs granted is 4 years and the vesting schedule is 25% after 12 months from the grant date, 25% after 24 months from the grant date, 12.5% after 30 months from the grant date, 12.5% after 36 months from the grant date, and 2.083% from each month of 37 to 48 months from the grant date. The fair value of each of the above newly granted RSU equals to the closing price of the Company's ordinary shares on the grant date, which was HKD5.61 per share. The expiry date of the above newly granted RSUs is 11 March 2023.

6. TRADE AND OTHER PAYABLES

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade payables	**1,027**	670
Other taxes payable	**43,938**	45,189
Accrued expenses	**37,929**	31,274
Guarantee deposit from a third party *(Note (a))*	**–**	19,887
Salary and staff welfare payables	**14,454**	9,769
Payables for the remaining considerations for the acquisitions of subsidiaries *(Note 13)*	**5,000**	–
Advance received from sales of prepaid game cards	**2,231**	2,718
Returns on short-term investments received in advance	**–**	2,500
Others	**3,805**	3,162
	108,384	115,169

(a) It represented a guarantee deposit received from a third party for its tort liability to the Group according to the private settlement agreed by the Group and the third party. The guarantee deposit had been returned on 15 April 2015.

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:

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-30 days	**771**	448
31-60 days	**33**	–
61-90 days	**1**	–
Over 90 days	**222**	222
	1,027	670

7. EXPENSES BY NATURE

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

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Commission charges by platforms and third party payment vendors	**79,116**	71,140	**173,787**	140,480
Advertising expenses	**47,114**	40,591	**86,550**	75,147
Employee benefit expenses (excluding share-based compensation expenses)	**42,422**	20,588	**75,348**	49,352
Share-based compensation expenses	**5,382**	6,469	**9,896**	15,987
Servers rental expenses	**6,507**	3,976	**12,503**	7,500
Travelling and entertainment expenses	**5,851**	3,059	**7,696**	4,176
Other professional service fees	**2,937**	3,155	**5,439**	5,503
Office rental expenses	**2,599**	2,197	**5,026**	3,470
Depreciation of property, plant and equipment	**1,792**	1,245	**3,412**	2,328
Auditor's remuneration	**1,000**	1,000	**2,000**	2,000
Amortization of intangible assets	**764**	106	**1,438**	190
Other expenses	**6,423**	5,600	**9,015**	10,730
	201,907	159,126	**392,110**	316,863

Research and development expenses during the three and six months ended 30 June 2015 and 2014 were analyzed as below:

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Employee benefit expenses	**15,301**	11,239	**26,948**	19,473
Depreciation of property, plant and equipment	**446**	244	**813**	464
Rental expenses	**896**	685	**1,716**	1,241
	16,643	12,168	**29,477**	21,178

No development expenses were capitalized for the three and six months ended 30 June 2015 and 2014.

8. OTHER INCOME AND GAINS – NET

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Returns on short-term investments	**444**	14,080	**4,197**	18,508
Realized/unrealized fair value gains on financial assets at fair value through profit or loss	**6,966**	566	**10,445**	2,153
Government subsidies	**396**	3	**1,397**	1,546
Foreign exchange losses, net	**(613)**	(441)	**(1,928)**	(225)
Gain on disposal of subsidiaries *(Note 14)*	**1,707**	–	**1,707**	–
Gain on disposal of available-for-sale financial assets	**250**	–	**250**	–
Gain on partial disposal of an associate	**175**	–	**175**	–
Losses on disposals of property, plant and equipment	**(14)**	(21)	**(14)**	(24)
Others	**1**	(66)	**110**	(83)
	9,312	14,121	**16,339**	21,875

9. FINANCE INCOME/(COSTS) – NET

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance income				
Interest income	**15,337**	611	**20,332**	6,644
Interest income on non-current loans to employees	**162**	–	**722**	–
	15,499	611	**21,054**	6,644
Finance costs				
Discounting effects of non-current loans to employees	**(842)**	–	**(4,180)**	–
Foreign exchange losses, net	**(68)**	(3,164)	**(1,099)**	(6,386)
	(910)	(3,164)	**(5,279)**	(6,386)
Finance income/(costs) – net	**14,589**	(2,553)	**15,775**	258

10. INCOME TAX EXPENSE

The income tax expense of the Group for the three and six months ended 30 June 2015 and 2014 is analyzed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax	**8,209**	15,254	**17,796**	28,269
Deferred tax	**(6,631)**	373	**(8,000)**	(83)
	1,578	15,627	**9,796**	28,186

(a) Cayman Islands income tax

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

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for as there was business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 16.5% on the estimated assessable profits for the three and six months ended 30 June 2015 and 2014.

(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 2015 and 2014, based on the existing legislation, interpretations and practices in respect thereof.

According to relevant tax regulations, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**") is exempt from CIT in 2009 for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing either from the first year of commercial operations or from the first year of profitable operation after offsetting tax losses generated in prior years. Boyaa Shenzhen qualified as a "High and New Technology Enterprise" ("**HNTE**") under the Corporate Income Tax Law in 2012 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2012 to 31 December 2014. 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 2017 in 2015. Therefore, the expected income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2015 (2014: 15%).

Boyaa On-line Game Development (Shenzhen) Co., Ltd. ("**Boyaa PRC**") qualified as a HNTE under the Corporate Income Tax Law in 2013 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. Therefore, the actual income tax rate for Boyaa PRC was 15% for the three and six months ended 30 June 2015 (2014: 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**").

(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 2015, 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 RMB498,358,000 (31 December 2014: RMB526,944,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

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:

	Three months ended 30 June		**Six months ended 30 June**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit before income tax	**17,385**	91,226	**82,464**	166,022
Less: Share of profit of associates, net of tax	**(2,311)**	(2,460)	**(5,424)**	(2,801)
	15,074	88,766	**77,040**	163,221
Tax calculated at a tax rate of 25%	**3,768**	22,191	**19,260**	40,805
Tax effects of:				
– Tax holiday on assessable losses/(profits) of subsidiaries	**4,321**	(2,070)	**4,107**	(4,632)
– Different tax rates available to different subsidiaries of the Group	**(6,441)**	(5,230)	**(13,848)**	(9,821)
– Expenses not deductible for tax purposes	**916**	1,193	**1,718**	2,637
– Income not subject to tax	**(436)**	–	**(436)**	–
– Super Deduction	**(550)**	(457)	**(1,005)**	(803)
Income tax expense	**1,578**	15,627	**9,796**	28,186

11. EARNINGS PER SHARE

(a) Basic

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

	Three months ended 30 June		**Six months ended 30 June**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit attributable to owners of the Company	**16,237**	75,599	**73,830**	137,836
Weighted average number of ordinary shares in issue *(thousand shares)*	**711,768**	651,631	**707,181**	641,482
Basic earnings per share *(expressed in RMB cents per share)*	**2.28**	11.60	**10.44**	21.49

(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 2014 and 2015, the Company had two categories of dilutive potential ordinary shares, namely share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.

	Three months ended 30 June		Six months ended 30 June	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit used to determine diluted earnings per share	**16,237**	75,599	**73,830**	137,836
Weighted average number of ordinary shares in issue *(thousand shares)*	**711,768**	651,631	**707,181**	641,482
Adjustment for RSUs *(thousand shares)*	**18,216**	54,917	**21,113**	64,834
Adjustment for share options *(thousand shares)*	**2,840**	26,321	**3,991**	27,409
Weighted average number of ordinary shares for calculating diluted earnings per share *(thousand shares)*	**732,824**	732,869	**732,285**	733,725
Diluted earnings per share *(expressed in RMB cents per share)*	**2.22**	10.32	**10.08**	18.79

12. DIVIDENDS

The Board has resolved not to declare an interim dividend in respect of the current period. On 12 August 2014, the Board resolved to declare an interim dividend of RMB0.062 per share, totaling RMB46,307,000 for the six months ended 30 June 2014 which was paid in September 2014.

A final dividend in respect of the year ended 31 December 2014 of RMB0.059 per share (equivalent to HKD0.075 per share) was proposed pursuant to a resolution passed by the Board on 11 March 2015 and approved by the shareholders at the annual general meeting held on 14 May 2015. Such dividend, amounted to HKD57,254,000 (equivalent to approximately RMB45,122,000), had been paid as at 30 June 2015.

13. BUSINESS COMBINATION

Pursuant to the agreement entered into between the Group and certain independent third parties, the Group acquired 100% equity interests in Function Technology Co., Ltd and Shenzhen Guanhai Technology Co., Ltd (深圳市觀海科技有限公司) on 5 January 2015, 100% equity interest in Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司) on 15 January 2015, and 100% equity interest in Shenzhen Coalaa Network Technology Co., Ltd. (深圳市卡拉網絡科技有限公司) on 3 March 2015 at a total consideration of RMB5,000,000. These four acquired companies are mainly engaged in development and operations of online card and board game business.

The following table summarizes the consideration, the fair value of assets acquired, and liabilities assumed at the acquisition dates.

Consideration	**On acquisition dates** *RMB'000*
Consideration payable	5,000

Recognized amounts of identifiable assets acquired and liabilities assumed	**On acquisition dates** *RMB'000*
Cash and cash equivalents	19
Trade receivables	143
Prepayments and other receivables	116
Property, plant and equipment	181
Customer relationship (included in intangible assets)	4,823
Trade and other payables	(7)
Deferred tax liabilities	(275)
Total identifiable net assets	5,000

The revenue included in the interim consolidated statement of comprehensive income since acquisition dates contributed by the four acquired companies was RMB27,976,000. The four acquired companies also recorded profit of RMB15,743,000 during the same period.

Had the four companies been consolidated from 1 January 2015, the interim consolidated statement of comprehensive income of the Group would show pro-forma revenue of RMB438,004,000 and profit of RMB68,857,000.

14. DISPOSAL OF SUBSIDIARIES

On 25 May 2015, the Group entered into an agreement with an independent third party to dispose of its 31% equity interest in Allin Interactive International Limited and its subsidiaries (together, "**Allin Group**") at a consideration of RMB6,078,000, the remaining equity interest in Allin Group is 20%. The cash flows from the disposal were as follows:

	RMB'000
Consideration received – Cash consideration	6,078
Less: cash and cash equivalents held by the subsidiaries on the disposal date	(1,412)
Net proceeds from disposal	4,666

Net assets of Allin Group as at the date of the disposal were as follows:

	RMB'000
Cash and cash equivalents	1,412
Trade receivables	100
Prepayments and other receivables	2,308
Property, plant and equipment	55
Trademarks and technical know-how (included in intangible assets)	17,028
Trade and other payables	(385)
Deferred tax liabilities	(4,257)
Total identifiable net assets	16,261
49% of non-controlling interest disposed of	7,968

Since the Group still has the contractual right to appoint two directors to the board of directors of Allin Group, the directors of the Company consider that the Group has significant influence on Allin Group, and accordingly it is accounted for as an associate of the Group. The above transaction had been completed as of 30 June 2015.

The gain on disposal of Allin Group was calculated as follows:

	RMB'000
Consideration received	6,078
Fair value of 20% interest retained	3,922
	10,000
Less:	
51% share of net assets of Allin Group on disposal date	(8,293)
Gain on disposal in the Group's financial statements	1,707

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2015

	For the six months ended 30 June		Year-on-Year
	2015	2014	Change*
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**437,036**	457,951	(4.6)
Cost of revenue	**(215,163)**	(174,100)	23.6
Gross profit	**221,873**	283,851	(21.8)
Selling and marketing expenses	**(107,944)**	(87,917)	22.8
Administrative expenses	**(69,003)**	(54,846)	25.8
Other income and gains – net	**16,339**	21,875	(25.3)
Operating profit	**61,265**	162,963	(62.4)
Finance income – net	**15,775**	258	6,014.3
Share of profit of associates	**5,424**	2,801	93.6
Profit before income tax	**82,464**	166,022	(50.3)
Income tax expenses	**(9,796)**	(28,186)	(65.2)
Profit for the period	**72,668**	137,836	(47.3)
Non-IFRS Adjustment			
Share-based compensation expense included in cost of revenue	**3,079**	6,325	(51.3)
Share-based compensation expense included in selling and marketing expenses	**1,941**	2,402	(19.2)
Share-based compensation expense included in administrative expenses	**4,876**	7,260	(32.8)
Non-IFRS adjusted net profit	**82,564**	153,823	(46.3)

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

	For the three months ended			Year-on-Year	Quarter-on-Quarter
	30 June 2015	31 March 2015	30 June 2014	Change*	Change**
	RMB'000	*RMB'000*	*RMB'000*	%	%
	(Unaudited)	(Unaudited)	(Unaudited)		
Revenue	**193,080**	243,956	236,324	(18.3)	(20.9)
Cost of revenue	**(102,512)**	(112,651)	(85,710)	19.6	(9.0)
Gross profit	**90,568**	131,305	150,614	(39.9)	(31.0)
Selling and marketing expenses	**(60,036)**	(47,908)	(45,215)	32.8	25.3
Administrative expenses	**(39,359)**	(29,644)	(28,201)	39.6	32.8
Other income and gains – net	**9,312**	7,027	14,121	(34.1)	32.5
Operating profit	**485**	60,780	91,319	(99.5)	(99.2)
Finance income/(cost) – net	**14,589**	1,186	(2,553)	(671.4)	1,130.1
Share of profit of associates	**2,311**	3,113	2,460	(6.1)	(25.8)
Profit before income tax	**17,385**	65,079	91,226	(80.9)	(73.3)
Income tax expenses	**(1,578)**	(8,218)	(15,627)	(89.9)	(80.8)
Profit for the period	**15,807**	56,861	75,599	(79.1)	(72.2)
Non-IFRS Adjustment					
Share-based compensation expense included in cost of revenue	**1,293**	1,786	2,559	(49.5)	(27.6)
Share-based compensation expense included in selling and marketing expenses	**1,263**	678	972	29.9	86.3
Share-based compensation expense included in administrative expenses	**2,826**	2,050	2,938	(3.8)	37.9
Non-IFRS adjusted net profit	**21,189**	61,375	82,068	(74.2)	(65.5)

* *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 2015 and the immediately preceding quarter.*

OTHER INFORMATION

PURCHASES, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 2015.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2015.

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 the three independent non-executive directors of the Company, namely, Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Gao Shaofei. Mr. Cheung Ngai Lam is the chairman of the Audit Committee.

The Audit Committee has reviewed and discussed the unaudited interim results for the six months ended 30 June 2015.

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

Mr. Gao Junfeng (高峻峰) has resigned as an executive director and the chief financial officer of the Company with effect from 1 July 2015.

Mr. Zhou Kui (周逵) has resigned as a non-executive director of the Company with effect from 14 May 2015.

Save as disclosed above, there is no other change in the composition of the Board or change in the directors' biographical details which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules since the date of the 2014 annual report of the Company.

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 website of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (http://www.hkexnews.hk) and that of the Company (http://www.boyaa.com.hk). The interim report will be dispatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 27 August 2015

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. GAO Shaofei.