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 2016

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-Year	For the year ended 31 December
	2016	2015	Change*	2015
	RMB'000	*RMB'000*	*%*	*RMB'000*
	(Unaudited)	(Unaudited)		(Audited)
Revenue	**350,856**	437,036	(19.7)	813,480
– Web-based games	**132,485**	178,200	(25.7)	333,941
– Mobile games	**218,371**	258,836	(15.6)	479,539
Gross profit	**223,580**	221,873	0.8	427,944
Profit attributable to owners of the Company	**129,675**	73,830	75.6	357,799
Non-IFRS adjusted net profit***	**142,391**	82,564	72.5	379,726

	For the three months ended 30 June		
	2016	2015	Year-on-Year Change*
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**180,660**	193,080	(6.4)
– Web-based games	**66,111**	77,917	(15.2)
– Mobile games	**114,549**	115,163	(0.5)
Gross profit	**116,136**	90,568	28.2
Profit attributable to owners of the Company	**70,045**	16,237	331.4
Non-IFRS adjusted net profit***	**75,777**	21,189	257.6

REVENUE BY GAMES

	For the six months ended 30 June		Year-on-Year
	2016	2015	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Texas Hold'em Series	**268,232**	305,789	(12.3)
Fight the Landlord	**38,091**	87,053	(56.2)
Others	**44,533**	44,194	0.8
Total	**350,856**	437,036	(19.7)

	For the three months ended 30 June		Year-on-Year
	2016	2015	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Texas Hold'em Series	**138,960**	138,509	0.3
Fight the Landlord	**17,397**	31,975	(45.6)
Others	**24,303**	22,596	7.6
Total	**180,660**	193,080	(6.4)

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the six months ended 30 June		Year-on-Year
	2016	2015	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Simplified Chinese	**155,371**	195,426	(20.5)
Other languages	**195,485**	241,610	(19.1)
Total	**350,856**	437,036	(19.7)

	For the three months ended 30 June		Year-on-Year
	2016	2015	Change*
	RMB'000	*RMB'000*	%
	(Unaudited)	(Unaudited)	
Simplified Chinese	**78,619**	84,684	(7.2)
Other languages	**102,041**	108,396	(5.9)
Total	**180,660**	193,080	(6.4)

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	30 June 2016	31 March 2016	30 June 2015	%	%
Paying Players *(in thousands)*	**1,544**	1,694	2,725	(43.3)	(8.9)
• Web-based games	**60**	68	107	(43.9)	(11.8)
• Mobile games	**1,484**	1,626	2,618	(43.3)	(8.7)
Daily Active Players ("**DAUs**") *(in thousands)*****	**5,300**	5,337	6,213	(14.7)	(0.7)
• Web-based games	**641**	710	914	(29.9)	(9.7)
• Mobile games	**4,659**	4,627	5,299	(12.1)	0.7
Monthly Active Players ("**MAUs**") *(in thousands)*****	**22,067**	24,898	27,929	(21.0)	(11.4)
• Web-based games	**2,926**	4,239	5,329	(45.1)	(31.0)
• Mobile games	**19,141**	20,659	22,600	(15.3)	(7.3)
Average Revenue Per Paying Player ("**ARPPU**") for Texas Hold'em Series *(in RMB)*					
• Web-based games	**382.9**	342.4	269.4	42.1	11.8
• Mobile games	**131.0**	110.3	73.5	78.2	18.8
ARPPU for Fight the Landlord *(in RMB)*					
• Web-based games	**120.0**	64.5	72.0	66.7	86.0
• Mobile games	**11.5**	9.6	6.9	66.7	19.8
ARPPU for Other Games *(in RMB)*					
• Web-based games	**47.2**	41.5	43.6	8.3	13.7
• Mobile games	**10.0**	9.1	8.6	16.3	9.9

* *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 2016 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 2016 (the "**Reporting Period**") (the "**Interim Results**"). The Interim Results have been reviewed by Pan-China (H.K.) CPA Limited, the auditor of the Company, in accordance with International Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the International Auditing and Assurance Standards Board and by the audit committee of the Company (the "**Audit Committee**").

BUSINESS OVERVIEW AND OUTLOOK

In the second quarter of 2016, our performance remained steady in general.

In terms of financial performance, our revenue continued to decline when compared with the same period last year. However, we recorded growth in our non-IFRS adjusted net profit. In the second quarter of 2016, we recorded revenue of approximately RMB180.7 million, representing a year-on-year decrease of approximately 6.4% compared to the second quarter of 2015, and a quarter-on-quarter increase of approximately 6.1% compared to the first quarter of 2016. In the second quarter of 2016, we recorded unaudited non-IFRS adjusted net profit of approximately RMB75.8 million, representing a year-on-year increase of approximately 257.6% compared to the second quarter of 2015, and a quarter-on-quarter increase of 13.8% compared to the first quarter of 2016.

In terms of performance with respect to operational data, the number of players slightly declined, while our ARPPU recorded growth. The number of paying players in the second quarter of 2016 was approximately 1.5 million, representing a quarter-on-quarter decrease of 8.9% compared to the 1.7 million paying players in the first quarter of 2016. The number of DAUs was approximately 5.3 million in the second quarter of 2016, which is about the same as the previous quarter. The number of MAUs decreased from 24.9 million in the first quarter of 2016 to 22.1 million in the second quarter of 2016, representing a quarter-on-quarter decrease of approximately 11.4%. In the second quarter of 2016, the ARPPU of the web-based and the mobile-based Texas Hold'em, Fight the Landlord and other products recorded growth.

In terms of game products, we continued to focus on the research, development and innovation of online card and board games. As at 30 June 2016, our online games product portfolio increased to 55, where most of them are card and board games, and the newly-added games are also online card and board games. At the same time, we continued to enhance refined operations for and diversification of our products, and to effectively enhance game quality.

In addition, we cooperated with Huawei Technologies Co., Ltd. to hold the Huawei Spring Race in April 2016, which, as an operational activity, was relatively successful. This event played an active role in facilitating our brand promotion.

In the second half of 2016, we will invest more in online and offline competitions. Gaining from our experience in hosting the 2015 Boyaa Poker Tournament ("**BPT**") last year, we will again host a new session of BPT so as to establish a well-known brand of international poker tournament. This provides online players with a premium playing channel, thereby expanding brand awareness among our player base and enhancing the loyalty of players of our games.

Our goal is clear. We will continue to concentrate on card and board games and to focus on user experience so as to forge a century-old brand name.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Second Quarter of 2016 Compared to Second Quarter of 2015

Revenue

Our revenue for the three months ended 30 June 2016 amounted to approximately RMB180.7 million, representing year-on-year decrease of 6.4% from approximately RMB193.1 million recorded for the same period of 2015. For the three months ended 30 June 2016, revenue generated from mobile games amounted to approximately RMB114.5 million, representing year-on-year decrease of 0.5% from approximately RMB115.2 million recorded for the same period of 2015. As such, revenue generated from mobile games remained stable year-on-year. Revenue generated from web-based games was approximately RMB66.1 million, representing year-on-year decrease of 15.2% from approximately RMB77.9 million recorded for the same period of 2015. 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 2016, revenue generated from our mobile games and web-based games accounted for approximately 63.4% and 36.6% of our total revenue, respectively, as compared with 59.6% and 40.4%, respectively, for the three months ended 30 June 2015.

Cost of revenue

Our cost of revenue for the three months ended 30 June 2016 amounted to approximately RMB64.5 million, representing year-on-year decrease of 37.1% from approximately RMB102.5 million recorded for the same period in 2015. The year-on-year decrease was mainly due to the decrease in the average rate of commission and the decrease in employee benefit expenses recorded in cost of revenue resulting from the increase in the proportion of research and development ("**R&D**") personnel due to personnel movement.

Gross profit and gross profit margin

Our gross profit for the three months ended 30 June 2016 amounted to approximately RMB116.1 million, representing year-on-year increase of 28.2% from approximately RMB90.6 million recorded for the same period in 2015.

Our gross profit margin were approximately 64.3% and 46.9%, respectively, for the three months ended 30 June 2016 and the same period in 2015.

Selling and marketing expenses

Our selling and marketing expenses for the three months ended 30 June 2016 amounted to approximately RMB8.1 million, representing year-on-year decrease of 86.4% from approximately RMB60.0 million recorded for the same period in 2015. The year-on-year decrease was mainly attributable to decreased advertising and promotional activities and the decrease in employee benefit expenses recorded in selling and marketing expenses resulting from the increase in the proportion of R&D personnel due to personnel movement.

Administrative expenses

Our administrative expenses for the three months ended 30 June 2016 amounted to approximately RMB54.2 million, representing year-on-year increase of 37.6% from approximately RMB39.4 million recorded for the same period in 2015. The year-on-year increase was mainly due to the increase in employee benefit expenses recorded in administrative expenses resulting from the increase in the proportion of R&D personnel due to personnel movement.

Other income and gains – net

For the three months ended 30 June 2016, we recorded other income and gains – net of approximately RMB22.5 million, compared to approximately RMB9.3 million recorded for the same period in 2015. The other income and gains – net primarily consisted of fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in asset management plans, equity investment partnerships and certain wealth management products we purchased.

Finance income – net

Our net finance income for the three months ended 30 June 2016 was approximately RMB4.8 million, compared to the net finance income of approximately RMB14.6 million recorded for the same period in 2015. The year-on-year change was primarily due to the decrease in interest income as compared to the same period in 2015.

Share of (loss)/profit of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu BoYu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司) and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries as at 30 June 2016 (31 December 2015: six), all of which were online game or Internet technology companies. We recorded a share of loss of associates of approximately RMB0.6 million for the three months ended 30 June 2016, compared to a share of profit of associates of approximately RMB2.3 million recorded for the same period in 2015.

Income tax expense

Our income tax expense for the three months ended 30 June 2016 was approximately RMB10.4 million, representing an increase of 561.3% from approximately RMB1.6 million recorded for the three months ended 30 June 2015. The effective tax rate were 13.0% and 9.1%, respectively, for the three months ended 30 June 2016, and the same period in 2015. The increase in effective tax rate for the three months ended 30 June 2016 compared to the corresponding period in 2015 is primarily due to the decrease in deferred income tax assets and the increase in share-based compensation expense which was a non-tax deductible item.

Profit for the period

As a result of the foregoing, our profit for the three months ended 30 June 2016 amounted to approximately RMB70.0 million, with our profit attributable to owners of the Company for the three months ended 30 June 2016 amounted to approximately RMB70.0 million, representing year-on-year increase of 343.1% and 331.4%, respectively, from the profit and the profit attributable to owners of the Company of approximately RMB15.8 million and RMB16.2 million recorded for the same period in 2015, respectively.

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 2016 of approximately RMB75.8 million was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB1.4 million, RMB1.4 million and RMB2.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, as compared to our unaudited non-IFRS adjusted net profit for the three months ended 30 June 2015 of approximately RMB21.2 million derived from our unaudited profit for 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.

First Half of 2016 Compared to First Half of 2015

Revenue

Our revenue for the six months ended 30 June 2016 amounted to approximately RMB350.9 million, representing year-on-year decrease of 19.7% from approximately RMB437.0 million recorded for the same period in 2015. For the six months ended 30 June 2016, revenue generated from mobile games amounted to approximately RMB218.4 million, representing year-on-year decrease of 15.6% from approximately RMB258.8 million recorded for the same period in 2015. The year-on-year decrease was primarily due to the SMS payment channels were affected as a result of regulatory control and adjustments by their operators since the second quarter of 2015. The revenue generated from web-based games was approximately RMB132.5 million, representing year-on-year decrease of 25.7% from approximately RMB178.2 million recorded for the same period in 2015. The year-on-year decrease was primarily due to industry conditions which led to the decrease in revenue from web-based games. For the six months ended 30 June 2016, revenue generated from our mobile games and web-based games accounted for approximately 62.2% and 37.8% of our total revenue, respectively, as compared with approximately 59.2% and 40.8%, respectively, for the six months ended 30 June 2015.

Cost of revenue

Our cost of revenue decreased by 40.8% to approximately RMB127.3 million in the six months ended 30 June 2016 from approximately RMB215.2 million for the corresponding period in 2015, primarily due to the decrease in the average rate of commission and the decrease in employee benefit expenses recorded in cost of revenue resulting from the increase in the proportion of R&D personnel due to personnel movement.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 0.8% to approximately RMB223.6 million for the six months ended 30 June 2016 from approximately RMB221.9 million for the corresponding period in 2015, and our gross profit margin increased to 63.7% for the six months ended 30 June 2016 from 50.8% for the corresponding period in 2015.

Selling and marketing expenses

Our selling and marketing expenses decreased by 87.1% to approximately RMB13.9 million for the six months ended 30 June 2016 from approximately RMB107.9 million for the corresponding period in 2015. The year-on-year decrease was mainly attributable to decreased advertising and promotional activities and the decrease in employee benefit expenses recorded in selling and marketing expenses resulting from the increase in the proportion of R&D personnel due to personnel movement.

Administrative expenses

Our administrative expenses increased by 52.9% to approximately RMB105.5 million for the six months ended 30 June 2016 from approximately RMB69.0 million for the corresponding period in 2015. The increase was mainly due to the increase in employee benefit expenses recorded in administrative expenses resulting from the increase in the proportion of R&D personnel due to personnel movement.

Other income and gains – net

For the six months ended 30 June 2016, we recorded other income and gains – net of approximately RMB33.6 million, compared to approximately RMB16.3 million recorded for the same period in 2015. The other income and gains – net primarily consisted of fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in asset management plans, equity investment partnerships and certain wealth management products we purchased.

Finance income – net

Our net finance income was approximately RMB12.6 million for the six months ended 30 June 2016. We recorded net finance income of approximately RMB15.8 million for the corresponding period in 2015. The year-on-year change was primarily due to the decrease in interest income as compared to the same period in 2015.

Share of (loss)/profit of associates

We recorded a share of loss of associates of approximately RMB1.5 million for the six months ended 30 June 2016, compared to a share of profit of associates of approximately RMB5.4 million for the corresponding period in 2015.

Income tax expense

Our income tax expense increased by approximately 95.9% to approximately RMB19.2 million for the six months ended 30 June 2016 from approximately RMB9.8 million for the corresponding period in 2015. The effective tax rate increased to approximately 12.9% for the six months ended 30 June 2016 from approximately 11.9% for the corresponding period in 2015, which was mainly due to the decrease in profits with lower effective tax rates which contributed by Function Technology Co., Ltd. and Boyaa Holdings Limited and the increase in share-based compensation expense which was a non-tax deductible item.

Profit for the period

As a result of the foregoing, our profit and profit attributable to owners of the Company increased by approximately 78.4% and 75.6%, respectively, to approximately RMB129.7 million and RMB129.7 million, respectively for the six months ended 30 June 2016 from the profit and the profit attributable to owners of the Company of approximately RMB72.7 million and RMB73.8 million, respectively for the six months ended 30 June 2015.

Non-IFRS Measure – Adjusted net profit

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2016 of approximately RMB142.4 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB3.1 million, RMB3.2 million and RMB6.5 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, as compared to our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2015 of approximately RMB82.6 million 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.

Liquidity and Capital Resources

For the six months ended 30 June 2016, 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 2016, we had cash and cash equivalents of approximately RMB1,246.1 million (31 December 2015: approximately RMB1,065.8 million), which primarily consisted of cash at bank and in hand and short-term bank deposits. Out of the RMB1,246.1 million, approximately RMB1,036.1 million is denominated in Renminbi and approximately RMB210.0 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 2016, a total amount of RMB403.1 million from the net proceeds from our initial public offering had been utilized for the purposes and approximately in the amounts set out below:

(a) approximately RMB141.2 million was used for our marketing activities and business expansion;

(b) approximately RMB101.2 million was used for investments in technologies and complementary online games or businesses;

(c) approximately RMB160.7 million was used for research and development activities, for working capital, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio and other general corporate purposes.

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

Financial assets at fair value through profit or loss

As at 30 June 2016, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB490.6 million (31 December 2015: approximately RMB482.4 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and preferred shares issued by a private company included in non-current assets and non-quoted investments in certain wealth management products included in current assets. As at 30 June 2016, the fair values of the investments in asset management plans were determined mainly with reference to the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values; and the fair value of preferred shares issued by a private company approximated its carrying amount as at 30 June 2016. These wealth management products have an initial term ranging from 122 days to 1 year. The fair values of these investments were based on the quotations provided by the counterparties. The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

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

Borrowings

During the six months ended 30 June 2016, 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 2016, our capital expenditure amounted to approximately RMB17.9 million (for the six months ended 30 June 2015: approximately RMB11.0 million). The capital expenditure mainly includes payment for equity investments of RMB0.2 million (for the six months ended 30 June 2015: RMB5.1 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 RMB17.7 million (for the six months ended 30 June 2015: approximately RMB5.9 million), which was funded by using our cash flows generated from operations.

Contingent liabilities and guarantees

As at 30 June 2016, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

Material acquisitions and future plans for major investment

In the first half of 2016, the Group invested in uSens Inc. ("**uSens U.S.**"), at a consideration of US$1.5 million (equivalent to RMB9.718 million), in which we had a shareholding of 1.53%; and invested in Hangzhou Linggan Technology Co., Ltd. (杭州凌感科技有限公司, "**uSens China**"), at a consideration of US$0.5 million (equivalent to RMB3.2809 million), in which we had a shareholding of 1.7391%. uSens Inc. creates three-dimensional human-computer interaction solution for augmented and virtual reality and its products include all-in-one head-mounted displays with three-dimensional gesture control (帶三維手勢交互的虛擬現實一體機), Impression Pi (印象湃) and "Fingo" (凌指), a three-dimensional hand tracking technology (三維手勢識別技術), etc.

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

Pledge of assets

As at 30 June 2016, none of the Group's assets was pledged.

Employees and Staff Costs

As at 30 June 2016, we had a total of 836 full time employees, mainly located in mainland China. In particular, 664 employees are responsible for our game development and operation functions, 38 for game support, 35 for business development and 99 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 2016, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB97.1 million, representing approximately 39.4% of the total expenses of the Group. 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 21,012,221 share options and 41,271,866 shares underlying the RSUs granted to a total of 321 directors, senior management members, employees and former employees of the Group which remained outstanding as at 30 June 2016. There were an additional number of 47,335,092 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 STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**40,751**	28,164
Intangible assets		**5,190**	5,473
Investments in associates		**15,015**	18,829
Available-for-sale financial assets		**215,282**	280,484
Deferred income tax assets		**8,255**	7,029
Prepayments and other receivables		**16,561**	17,611
Financial assets at fair value through profit or loss	*4*	**302,835**	259,857
		603,889	617,447
Current assets			
Trade receivables	*3*	**66,350**	77,858
Prepayments and other receivables		**21,637**	30,664
Financial assets at fair value through profit or loss	*4*	**187,738**	222,561
Term deposits		**31,653**	65,468
Cash and cash equivalents		**1,246,093**	1,065,802
		1,553,471	1,462,353
Total assets		**2,157,360**	2,079,800

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**248**	248
Share premium		**590,116**	590,113
Share held for RSU Scheme		**(17)**	(18)
Reserves		**118,076**	155,266
Retained earnings		**1,190,370**	1,060,695
Total equity		**1,898,793**	1,806,304
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		**26,011**	41,628
Current liabilities			
Trade and other payables	*6*	**90,517**	95,760
Deferred revenue		**23,095**	22,774
Current income tax liabilities		**118,944**	113,334
		232,556	231,868
Total liabilities		**258,567**	273,496
Total equity and liabilities		**2,157,360**	2,079,800
Net current assets		**1,320,915**	1,230,485
Total assets less current liabilities		**1,924,804**	1,847,932

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016

		Three months ended 30 June		Six months ended 30 June	
		2016	2015	**2016**	2015
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*2*	**180,660**	193,080	**350,856**	437,036
Cost of revenue	*7*	**(64,524)**	(102,512)	**(127,276)**	(215,163)
Gross profit		**116,136**	90,568	**223,580**	221,873
Selling and marketing expenses	*7*	**(8,140)**	(60,036)	**(13,900)**	(107,944)
Administrative expenses	*7*	**(54,170)**	(39,359)	**(105,528)**	(69,003)
Other income and gains – net	*8*	**22,469**	9,312	**33,551**	16,339
Operating profit		**76,295**	485	**137,703**	61,265
Finance income	*9*	**4,819**	15,499	**12,958**	21,054
Finance costs	*9*	**–**	(910)	**(333)**	(5,279)
Finance income – net	*9*	**4,819**	14,589	**12,625**	15,775
Share of (loss)/profit of associates		**(633)**	2,311	**(1,459)**	5,424
Profit before income tax		**80,481**	17,385	**148,869**	82,464
Income tax expense	*10*	**(10,436)**	(1,578)	**(19,194)**	(9,796)
Profit for the period		**70,045**	15,807	**129,675**	72,668
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		**(21,147)**	(9,407)	**(55,406)**	(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		**6,761**	(1,003)	**5,500**	(322)
Other comprehensive loss for the period, net of tax		**(14,386)**	(10,668)	**(49,906)**	(10,566)
Total comprehensive income for the period		**55,659**	5,139	**79,769**	62,102

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

FOR THE THREE AND SIX MONTHS ENDED 30 JUNE 2016

	Notes	Three months ended 30 June **2016** *RMB'000* **(Unaudited)**	Three months ended 30 June 2015 *RMB'000* (Unaudited)	Six months ended 30 June **2016** *RMB'000* **(Unaudited)**	Six months ended 30 June 2015 *RMB'000* (Unaudited)
Profit attributable to:					
– Owners of the Company		**70,045**	16,237	**129,675**	73,830
– Non-controlling interests		**–**	(430)	**–**	(1,162)
		70,045	15,807	**129,675**	72,668
Total comprehensive income attributable to:					
– Owners of the Company		**55,659**	5,569	**79,769**	63,264
– Non-controlling interests		**–**	(430)	**–**	(1,162)
		55,659	5,139	**79,769**	62,102
Earnings per share *(expressed in RMB cents per share)*					
– Basic	*11*	**10.36**	2.28	**19.20**	10.44
– Diluted	*11*	**9.73**	2.22	**18.00**	10.08
Dividends	*12*	**–**	–	**–**	–

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	(Unaudited)					
	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*
Balance at 1 January 2016	**248**	**590,113**	**(18)**	**155,266**	**1,060,695**	**1,806,304**
Comprehensive income						
Profit for the period	–	–	–	–	129,675	129,675
Other comprehensive income						
– change in value of available-for-sale financial assets, net of tax	–	–	–	(55,406)	–	(55,406)
– reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax	–	–	–	–	–	–
– currency translation differences	–	–	–	5,500	–	5,500
Total comprehensive income for the period	–	–	–	(49,906)	129,675	79,769
Employee share option and RSU scheme						
– value of employee services	–	–	–	12,716	–	12,716
– proceeds from shares issued	–	4	–	–	–	4
– vesting of shares under RSU scheme	–	(1)	1	–	–	–
Total transactions with owners, recognized directly in equity	–	3	1	12,716	–	12,720
Balance at 30 June 2016	**248**	**590,116**	**(17)**	**118,076**	**1,190,370**	**1,898,793**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	(Unaudited)							
	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*
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								
Other comprehensive income	–	–	–	–	73,830	73,830	(1,162)	72,668
– 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	–	–	–	–	–	–	(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 CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Six months ended 30 June 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		**158,498**	34,092
Income tax paid		**(30,427)**	(3,770)
Net cash generated from operations activities		**128,071**	30,322
Cash flows from investing activities			
Purchase of property, plant and equipment		**(17,240)**	(5,626)
Purchase of intangible assets		**(529)**	(226)
Purchase of financial assets at fair value through profit or loss		**(1,497,932)**	(39,935)
Investments in associates		**(150)**	(4,600)
Purchase of available-for-sale financial assets		**–**	(500)
Net proceeds from disposal of subsidiaries		**–**	4,666
Proceeds from disposal of investment of associate		**2,505**	–
Placement of term deposits with original maturities over three months		**33,815**	–
Acquisition of subsidiaries, net of cash acquired		**–**	19
Proceeds from disposal of financial assets at fair value through profit or loss		**1,516,650**	–
Proceeds from disposal of short-term investments		**–**	370,000
Proceeds from disposal of available-for-sale financial assets		**–**	1,927
Proceeds from disposal of property, plant and equipment		**–**	15
Return on short-term investments received		**–**	1,894
Interest received		**10,912**	19,787
Net cash generated from investing activities		**48,031**	347,421
Cash flows from financing activities			
Dividends paid to equity holders of the Company	*12*	**–**	(45,122)
Proceeds from issuance of ordinary shares	*5*	**4**	1,846
Net cash generated from/(used in) financing activities		**4**	(43,276)
Net increase in cash and cash equivalents		**176,106**	334,467
Cash and cash equivalents at beginning of the year		**1,065,802**	1,029,331
Exchange gains/(losses) on cash and cash equivalents		**4,185**	(662)
Cash and cash equivalents at end of the period		**1,246,093**	1,363,136

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

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

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

The interim consolidated statement of financial position as at 30 June 2016, the interim consolidated statements of profit or loss and other 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 30 August 2016.

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

The Interim Financial Information is prepared in accordance with applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and 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 2015 as set out in the 2015 annual report of the Company dated 23 March 2016 (the "**2015 Financial Statements**").

Except as described below, the accounting policies applied are consistent with those used in the 2015 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.

In the current interim period, the Group has applied, for the first time, certain amendments to IFRSs that are mandatorily effective for the current interim period.

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 2016 and have not been early adopted:

		Effective for the financial year beginning on or after
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
IFRS16	"Leases"	1 January 2019

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**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Development and operations of online game				
– Web-based games	**66,111**	77,917	**132,485**	178,200
– Mobile games	**114,549**	115,163	**218,371**	258,836
	180,660	193,080	**350,856**	437,036

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**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Simplified Chinese	**78,619**	84,684	**155,371**	195,426
Other languages	**102,041**	108,396	**195,485**	241,610
	180,660	193,080	**350,856**	437,036

The Group has a large number of game players, none of whom contributed 10% or more of the Group's revenue for the three and six months ended 30 June 2016 and 2015.

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 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Mainland China	**58,232**	61,626
Other locations	**19,285**	8,451
	77,517	70,077

3. TRADE RECEIVABLES

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**66,350**	77,858
Less: impairment provision	**–**	–
	66,350	77,858

(a) Trade receivables were arising from the development and operation of online game business. The credit terms of trade receivables granted to the Platforms and third party payment vendors are usually 30 to 120 days. Ageing analysis based on recognition date of the gross trade receivables at the end of respective reporting period is as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0-60 days	**41,699**	51,724
61-90 days	**7,076**	12,687
91-180 days	**9,479**	6,139
Over 180 days	**8,096**	7,308
	66,350	77,858

(b) As at 30 June 2016, trade receivables that past due but not impaired were approximately RMB26,753,000 (31 December 2015: RMB32,172,000). These related to a number of independent Platforms and third party payment vendors which the Group has not encountered any credit defaults in the past and they are assessed to be financially trustworthy. As a result, the directors of the Company consider that these overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding after due dates:		
0-60 days	**5,875**	21,766
61-90 days	**5,266**	1,852
Over 90 days	**15,612**	8,554
	26,753	32,172

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Included in non-current assets		
Non-quoted investments in *(Note (a))*		
– asset management plans	**167,250**	163,221
– equity investment partnerships	**122,338**	96,636
– preferred shares issued by private companies	**13,247**	–
	302,835	259,857
Included in current assets		
Non-quoted investments in certain wealth management products *(Note (b))*	**187,738**	222,561
	490,573	482,418

(a) As at 30 June 2016, the fair values of the investments in asset management plans were determined mainly with reference to the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values; and the fair value of preferred shares issued by private companies was RMB13,247,000.

(b) These wealth management products are investments in trust schemes and private investment funds. They have an initial term ranging from 122 days to 1 year. The fair values of these investments were based on the quotations or statements provided by the counterparties.

(c) The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

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	
	2016	2015
	(Unaudited)	(Unaudited)
At 1 January	**25,563,721**	8,827,506
Exercised	**(10,709)**	(5,412,526)
Lapsed	**(4,540,791)**	(319,564)
At 30 June	**21,012,221**	3,095,416

The related weighted average share price at the time of exercise was HKD2.88 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 2016 and 2015 are as follows:

		Number of share options	
Expiry Date	**Price**	**30 June 2016**	30 June 2015
		(Unaudited)	(Unaudited)
31 January 2019	USD0.05	**112,232**	769,392
1 March 2020	USD0.10	**61,749**	102,280
30 June 2020	USD0.15	**78,240**	111,068
31 October 2020	USD0.15	**–**	2,112,676
6 September 2025	HKD3.108	**20,760,000**	–
		21,012,221	3,095,416

(b) RSUs

Pursuant to a resolution passed by the Board of the Company on 17 September 2013, the Company set up a RSU Scheme with the objective to 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 The Core Trust Company Limited (the "**RSU Trustee**") and copied to the Company.

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

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 expiry date of the above newly granted RSUs is 11 March 2023.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2016	2015
	(Unaudited)	(Unaudited)
At 1 January	**47,383,431**	74,215,932
Granted	**–**	4,955,000
Lapsed	**(4,420,020)**	(4,092,858)
Vested and transferred	**(1,691,545)**	(8,917,651)
At 30 June	**41,271,866**	66,160,423
Vested but not transferred as at 30 June	**34,780,551**	46,369,592

The related weighted average share price at the time when the RSUs were vested and transferred was HKD2.74 per share.

6. TRADE AND OTHER PAYABLES

	30 June 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
Trade payables	**794**	727
Other taxes payable	**45,686**	44,967
Accrued expenses	**22,568**	25,640
Salary and staff welfare payables	**12,865**	12,946
Payables for the remaining considerations for the acquisitions of subsidiaries	**5,000**	5,000
Advance received from sales of prepaid game cards	**2,879**	3,099
Others	**725**	3,381
	90,517	95,760

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 2016 *RMB'000* **(Unaudited)**	31 December 2015 *RMB'000* (Audited)
0 – 30 days	**417**	420
31 – 60 days	**260**	39
61 – 90 days	**21**	–
Over 90 days	**96**	268
	794	727

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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Commission charges by platforms and third party payment vendors	**54,026**	79,116	**106,992**	173,787
Advertising expenses	**3,328**	47,114	**4,029**	86,550
Employee benefit expenses (excluding share-based compensation expenses)	**43,657**	42,422	**84,410**	75,348
Share-based compensation expenses	**5,732**	5,382	**12,716**	9,896
Servers rental expenses	**5,003**	6,507	**9,876**	12,503
Travelling and entertainment expenses	**3,238**	5,851	**5,223**	7,696
Other professional service fees	**1,700**	2,937	**3,588**	5,439
Office rental expenses	**2,527**	2,599	**4,887**	5,026
Depreciation of property, plant and equipment	**2,311**	1,792	**4,653**	3,412
Auditor's remuneration	**–**	1,000	**1,000**	2,000
Amortization of intangible assets	**418**	764	**812**	1,438
Other expenses	**4,894**	6,423	**8,518**	9,015
	126,834	201,907	**246,704**	392,110

Research and development expenses during the three and six months ended 30 June 2016 and 2015 were analyzed as below:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Employee benefit expenses	**28,669**	15,301	**55,177**	26,948
Depreciation of property, plant and equipment	**442**	446	**860**	813
Rental expenses	**911**	896	**1,797**	1,716
Others	**3,623**	–	**6,066**	–
	33,645	16,643	**63,900**	29,477

No development expenses were capitalized for the three and six months ended 30 June 2016 and 2015.

8. OTHER INCOME AND GAINS – NET

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Return on short-term investments	**–**	444	**–**	4,197
Realized/unrealized fair value gains on financial assets at fair value through profit or loss	**21,287**	6,966	**31,227**	10,445
Government subsidies *(Note (a))*	**1,044**	396	**1,155**	1,397
Foreign exchange losses, net	**(1,842)**	(613)	**(1,519)**	(1,928)
Deregistration of a subsidiary	**227**	–	**227**	–
Gain on disposal of subsidiaries	**–**	1,707	**–**	1,707
Gain on disposal of available-for-sale financial assets	**–**	250	**–**	250
Gain arising from partial disposal of an associate	**–**	175	**695**	175
Losses on disposals of property, plant and equipment	**–**	(14)	**–**	(14)
Others	**1,753**	1	**1,766**	110
	22,469	9,312	**33,551**	16,339

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

9. FINANCE INCOME – NET

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Finance income				
Interest income	**3,426**	15,337	**10,912**	20,332
Interest income on non-current loans to employees	**175**	162	**383**	722
Foreign exchange gains, net	**1,218**	–	**1,663**	–
	4,819	15,499	**12,958**	21,054
Finance costs				
Discounting effects of non-current loans to employees	**–**	(842)	**(333)**	(4,180)
Foreign exchange losses, net	**–**	(68)	**–**	(1,099)
	–	(910)	**(333)**	(5,279)
Finance income – net	**4,819**	14,589	**12,625**	15,775

10. INCOME TAX EXPENSE

The income tax expense of the Group for the three and six months ended 30 June 2016 and 2015 is analyzed as follows:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax	**9,926**	8,209	**18,364**	17,796
Deferred tax	**510**	(6,631)	**830**	(8,000)
	10,436	1,578	**19,194**	9,796

(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 2016 and 2015.

(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 2016 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

Boyaa Shenzhen qualified as a "High and New Technology Enterprise" ("HNTE") under the Corporate Income Tax Law in 2015 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2016 and 2015.

Boyaa Online 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. Boyaa PRC has applied for the renewal of the HNTE qualification for the next 3 years ending 31 December 2018 and based on management's self-assessment made on 30 June 2016, it is highly probable that the above application would be successful. Therefore, the expected income tax rate for Boyaa PRC was 15% for the three and six months ended 30 June 2016 (actual income tax rate for the three and six months ended 30 June 2015: 15%).

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engage in research and development activities are entitled to claim 150% 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"). Boyaa Shenzhen and Boyaa PRC are entitled to claim such Super Deduction in ascertaining its tax assessable profits for the three and six months ended 30 June 2016 and 2015.

(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%.

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:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before income tax	**148,869**	82,464
Less: Share (loss)/profit of associates, net of tax	**1,459**	(5,424)
	150,328	77,040
Tax calculated at a tax rate of 25% (2015: 25%)	**37,582**	19,260
Tax effects of:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	**(5,122)**	4,107
– Different tax rates available to different subsidiaries of the Group	**(8,735)**	(13,848)
– Expenses not deductible for tax purposes	**145**	1,718
– Income not subject to tax	**(18)**	(436)
– Effect of Super Deduction	**(4,658)**	(1,005)
Income tax expenses	**19,194**	9,796

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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit attributable to owners of the Company	**70,045**	16,237	**129,675**	73,830
Weighted average number of ordinary shares in issue *(thousand shares)*	**676,064**	711,768	**675,527**	707,181
Basic earnings per share *(expressed in RMB cents per share)*	**10.36**	2.28	**19.20**	10.44

(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 2016 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**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit used to determine diluted earnings per share	**70,045**	16,237	**129,675**	73,830
Weighted average number of ordinary shares in issue *(thousand shares)*	**676,064**	711,768	**675,527**	707,181
Adjustment for RSUs *(thousand shares)*	**43,443**	18,216	**44,872**	21,113
Adjustment for share options *(thousand shares)*	**193**	2,840	**193**	3,991
Weighted average number of ordinary shares for calculating *diluted earnings per share (thousand shares)*	**719,700**	732,824	**720,592**	732,285
Diluted earnings per share *(expressed in RMB cents per share)*	**9.73**	2.22	**18.00**	10.08

12. DIVIDENDS

The Board did not declare interim dividend for the six months ended 30 June 2016 and 2015.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	For the six months ended 30 June		Year-on-Year
	2016	2015	Change
	RMB'000	*RMB'000*	%
	(unaudited)	(unaudited)	
Revenue	**350,856**	437,036	(19.7)
Cost of revenue	**(127,276)**	(215,163)	(40.8)
Gross profit	**223,580**	221,873	0.8
Selling and marketing expenses	**(13,900)**	(107,944)	(87.1)
Administrative expenses	**(105,528)**	(69,003)	52.9
Other income and gains – net	**33,551**	16,339	105.3
Operating profit	**137,703**	61,265	124.8
Finance income – net	**12,625**	15,775	(20.0)
Share of (loss)/profit of associates	**(1,459)**	5,424	(126.9)
Profit before income tax	**148,869**	82,464	80.5
Income tax expense	**(19,194)**	(9,796)	95.9
Profit for the period	**129,675**	72,668	78.4
Non-IFRS Adjustment (unaudited)			
Share-based compensation expense included in cost of revenue	**3,099**	3,079	0.6
Share-based compensation expense included in selling and marketing expenses	**3,165**	1,941	63.1
Share-based compensation expense included in administrative expenses	**6,452**	4,876	32.3
Non-IFRS adjusted net profit (unaudited)	**142,391**	82,564	72.5

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

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

FOR THE THREE MONTHS ENDED 30 JUNE 2016

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change **
	30 June 2016	31 March 2016	30 June 2015		
	RMB'000	*RMB'000*	*RMB'000*	%	%
	(unaudited)	(unaudited)	(unaudited)		
Revenue	**180,660**	170,196	193,080	(6.4)	6.1
Cost of revenue	**(64,524)**	(62,752)	(102,512)	(37.1)	2.8
Gross profit	**116,136**	107,444	90,568	28.2	8.1
Selling and marketing expenses	**(8,140)**	(5,760)	(60,036)	(86.4)	41.3
Administrative expenses	**(54,170)**	(51,358)	(39,359)	37.6	5.5
Other income and gains – net	**22,469**	11,082	9,312	141.3	102.8
Operating profit	**76,295**	61,408	485	15,630.9	24.2
Finance income – net	**4,819**	7,806	14,589	(67.0)	(38.3)
Share of (loss)/profit of associates	**(633)**	(826)	2,311	(127.4)	(23.4)
Profit before income tax	**80,481**	68,388	17,385	362.9	17.7
Income tax expense	**(10,436)**	(8,758)	(1,578)	561.3	19.2
Profit for the period	**70,045**	59,630	15,807	343.1	17.5
Non-IFRS Adjustment (unaudited)					
Share-based compensation expense included in cost of revenue	**1,426**	1,673	1,293	10.3	(14.8)
Share-based compensation expense included in selling and marketing expenses	**1,421**	1,744	1,263	12.5	(18.5)
Share-based compensation expense included in administrative expenses	**2,885**	3,567	2,826	2.1	(19.1)
Non-IFRS adjusted net profit (unaudited)	**75,777**	66,614	21,189	257.6	13.8

* *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 2016 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 2016.

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2016, 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 2016.

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. You Caizhen. Mr. Cheung Ngai Lam is the chairman of the Audit Committee.

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2016.

There is no disagreement between the Board and the Audit Committee regarding accounting treatment adopted by the Company.

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

On 14 July 2016, Mr. Gao Shaofei resigned from his position as an independent non-executive director and ceased to be a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company and Mr. You Caizhen was appointed as an independent non-executive director of the Company as well as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company.

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 2015 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, 30 August 2016

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