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

2017
Interim Report

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Wei *(Chairman and Chief Executive Officer)*
Mr. Dai Zhikang

Independent Non-executive Directors

Mr. Cheung Ngai Lam
Mr. Choi Hon Keung Simon
Mr. You Caizhen

AUDIT COMMITTEE

Mr. Cheung Ngai Lam *(Chairman)*
Mr. Choi Hon Keung Simon
Mr. You Caizhen

NOMINATION COMMITTEE

Mr. Zhang Wei *(Chairman)*
Mr. Choi Hon Keung Simon
Mr. You Caizhen

REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam *(Chairman)*
Mr. Choi Hon Keung Simon
Mr. You Caizhen

COMPANY SECRETARY

Ms. Lai Siu Kuen

AUTHORISED REPRESENTATIVES

Mr. Zhang Wei
Ms. Lai Siu Kuen

AUDITOR

Pan-China (H.K.) CPA Limited
Certified Public Accountants
11/F, Hong Kong Trade Centre
161-167 Des Voeux Road
Central
Hong Kong

COMPANY'S WEBSITE

www.boyaa.com.hk

STOCK CODE

0434

Corporate Information

HEADQUARTER IN THE PRC

Room 9B-C, Block D3
International E Town
TCL Industry Park
1001 Zhong Shan Yuan Road
Nanshan District, Shenzhen, PRC
Postal code: 518000

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The offices of Maples Corporate Services Limited
P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL BANKS

China Merchants Bank, Shenzhen Branch
The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch

Business Overview and Outlook

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

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

In terms of operating performance, we recorded a decrease in the number of users during the second quarter of 2017 as compared with the first quarter of 2017. The number of paying players decreased by approximately 30.0% from approximately 2.3 million for the first quarter of 2017 to approximately 1.6 million for the second quarter of 2017. The number of Daily Active Players ("**DAPs**") decreased by approximately 16.4% from approximately 6.7 million for the first quarter of 2017 to approximately 5.6 million for the second quarter of 2017. The number of Monthly Active Players ("**MAPs**") decreased by approximately 17.7% from approximately 31.2 million for the first quarter of 2017 to approximately 25.7 million for the second quarter of 2017. During the second quarter of 2017, the Average Revenue Per Playing Player ("**ARPPU**") of the key mobile-based games Texas Hold'em series recorded an increase by approximately 35.3% from approximately RMB173.8 for the first quarter of 2017 to approximately RMB235.2 for the second quarter of 2017.

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

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

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

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

Management Discussion and Analysis

FINANCIAL REVIEW

Second Quarter of 2017 Compared to Second Quarter of 2016

Revenue

Our revenue for the three months ended 30 June 2017 amounted to approximately RMB189.3 million, representing year-on-year increase of approximately 4.8% from approximately RMB180.7 million recorded for the same period of 2016. The year-on-year increase was primarily due to the optimisation of other chess games and the continuous enrichment of games which contributed to the growth of revenue of mobile games. The improvement of diversified payment channels and the reduction of dependence on mobile operators also contributed to the growth of revenue of mobile games. For the three months ended 30 June 2017, revenue generated from our mobile games and web-based games accounted for approximately 71.7% and 28.3% of our total revenue, respectively, as compared with approximately 63.4% and 36.6%, respectively, for the three months ended 30 June 2016.

Cost of revenue

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

Gross profit and gross profit margin

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

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

Selling and marketing expenses

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

Management Discussion and Analysis

Administrative expenses

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

Other gains – net

For the three months ended 30 June 2017, we recorded other gains (net) of approximately RMB2.3 million, compared to approximately RMB22.5 million recorded for the same period in 2016. The other gains (net) primarily consisted of fair value gains/(losses) on financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased and dividends from available-for-sale financial assets.

Finance income – net

Our net finance income for the three months ended 30 June 2017 was approximately RMB14.7 million, compared to approximately RMB4.8 million recorded for the same period of 2016. The year-on-year change was primarily due to increase in interest income as compared to the same period of 2016.

Share of result of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu Boyu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司) and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries as at 30 June 2017 (31 December 2016: six), all of which were online game or Internet technology companies. We recorded a share of profit of associates of approximately RMB0.2 million for the three months ended 30 June 2017, compared to a share of loss of associates of approximately RMB0.6 million recorded for the same period in 2016.

Income tax expense

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

Profit attributable to owners of the Company

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 30 June 2017 amounted to approximately RMB73.9 million, representing year-on-year increase of approximately 5.5%, from the profit attributable to owners of the Company of approximately RMB70.0 million recorded for the same period in 2016.

Non-IFRS Measure – Adjusted net profit

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

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

First Half of 2017 Compared to First Half of 2016

Revenue

Our revenue for the six months ended 30 June 2017 amounted to approximately RMB411.7 million, representing year-on-year increase of approximately 17.3% from approximately RMB350.9 million recorded for the same period of 2016. The year-on-year increase was primarily due to the optimisation of Texas Poker and other chess games and the continuous enrichment of games which contributed to the growth of revenue of mobile games. The improvement of diversified payment channels and the reduction of dependence on mobile operators also contributed to the growth of revenue of mobile games. For the six months ended 30 June 2017, revenue generated from our mobile games and web-based games accounted for approximately 71.7% and 28.3% of our total revenue, respectively, as compared with approximately 62.2% and 37.8%, respectively, for the six months ended 30 June 2016.

Management Discussion and Analysis

Cost of revenue

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

Gross profit and gross profit margin

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

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

Selling and marketing expenses

Our selling and marketing expenses for the six months ended 30 June 2017 amounted to approximately RMB17.7 million, representing year-on-year increase of approximately 27.3% from approximately RMB13.9 million recorded for the same period in 2016. The year-on-year increase was mainly attributable to increased advertising and promotional activities expense.

Administrative expenses

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

Other gains – net

For the six months ended 30 June 2017, we recorded other gains (net) of approximately RMB11.4 million, compared to approximately RMB33.6 million recorded for the same period in 2016. The other gains (net) primarily consisted of fair value gains/(losses) on financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased, government subsidies and dividends from available-for-sale financial assets.

Finance income – net

Our net finance income for the six months ended 30 June 2017 was approximately RMB27.2 million, compared to approximately RMB12.6 million recorded for the same period of 2016. The year-on-year change was primarily due to increase in interest income as compared to the same period of 2016.

Share of results of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu Boyu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司) and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries as at 30 June 2017 (31 December 2016: six), all of which were online game or internet technology companies. We recorded a share of loss of associates of approximately RMB0.3 million for the six months ended 30 June 2017, compared to a share of loss of associates of approximately RMB1.5 million recorded for the same period in 2016.

Income tax expense

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

Profit attributable to owners of the Company

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

Non-IFRS Measure – Adjusted net profit

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

Liquidity and Capital Resources

For the six months ended 30 June 2017, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion, investment and business operations by internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies. During the six months ended 30 June 2017, the Group had not used any financial instruments for hedging purposes.

Gearing ratio

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

Term deposits

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

Cash and cash equivalents

As at 30 June 2017, we had cash and cash equivalents of approximately RMB1,224.4 million (31 December 2016: approximately RMB1,563.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 66.9%), US dollars (as to 24.3%) and other currencies (as to 8.8%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

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

(a) approximately RMB193.9 million for our marketing activities and business expansion;

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

(c) approximately RMB269.8 million for research and development activities, working capital and other general corporate purposes, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio.

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

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

Available-for-sale financial assets

We accounted for available-for-sale financial assets at their respective fair values. As at 30 June 2017, the fair value of our unlisted and listed investments classified as available-for-sale financial assets amounted to approximately RMB158.0 million (31 December 2016: approximately RMB179.6 million). These available-for-sale financial assets consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Dalian Zeus Entertainment Co., Ltd. ("**Zeus Entertainment**"), a company established in the PRC, the issued shares of which are located on the Shenzhen Stock Exchange (Stock Code: 002354). Zeus Entertainment is mainly engaged in research and development and publication of web-based and mobile games.

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

For the six months ended 30 June 2017, the fair value loss in available-for-sale financial assets,net of tax, recorded in the reserves of the Company was approximately RMB18.2 million (for the six months ended 30 June 2016: approximately RMB55.4 million), of which, the fair value loss in available-for-sale financial assets, net of tax, attributable to our investment in Zeus Entertainment amounted to approximately RMB18.2 million for the six months ended 30 June 2017 (for the six months ended 30 June 2016: approximately RMB17.1 million). The decreased fair value loss in available-for-sale financial assets for the six months ended 30 June 2017 was mainly the result of the impact of fluctuation in China's stock market.

As disclosed in the interim report of Zeus Entertainment for the six months ended 30 June 2017, it generated a total revenue of approximately RMB1,589.2 million and recorded a net profit attributable to shareholders of the parent company of approximately RMB505.2 million, representing a year-on-year increase of 85.0% and 150.1%, respectively. Although we expect that the stock market in the PRC will continue to be volatile in the rest of 2017 and such investment environment may affect the value of our investment in Zeus Entertainment, based on the high revenue and profit growth of Zeus Entertainment, we are optimistic about the on-going performance of Zeus Entertainment. Nevertheless, we will closely monitor the performance of Zeus Entertainment on an on-going basis and consider making adjustment to this investment as and when the circumstances, including market conditions, are appropriate.

We consider that, save for our investments in the listed equity securities of Zeus Entertainment, none of the other unlisted and listed investments classified as available-for-sale financial assets in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 30 June 2017.

Financial assets at fair value through profit or loss

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

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

Management Discussion and Analysis

During the six months ended 30 June 2017, the Group, through Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**"), contributed RMB200.0 million out of the total capital commitment of RMB300.0 million in cash to establish a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise ("**Jiaxing Boyaa**") with Shanghai Tailai Tianji Asset Management Co., Ltd ("**Tailai Tianji**"). The investment in Jiaxing Boyaa accounts for approximately 8.2% of the Group's total audited assets as at 30 June 2017. The capital commitment of RMB300.0 million represented 99% of the total capital contribution of Jiaxing Boyaa. The fair value of the investment in Jiaxing Boyaa as at 30 June 2017 was approximately RMB198.9 million. Jiaxing Boyaa is established for carrying out equity investments, venture capital investments and investments in securities, subject to certain investment restrictions. For the six months ended 30 June 2017, Jiaxing Boyaa has recorded revenue from investment of RMB0.4 million and a net loss of RMB1.4 million. This is mainly because Jiaxing Boyaa is in the early investment phase and has not received much investment returns yet. With regard to the future prospects of Jiaxing Boyaa, the Directors noted the investment strategy of Jiaxing Boyaa to invest in the business that is related to or complementary to our core business. We are optimistic about the on-going performance of Jiaxing Boyaa. Nevertheless, we will closely monitor the performance of Jiaxing Boyaa on an on-going basis.

We consider that, save for our capital investment in Jiaxing Boyaa as a limited partnership, no other single investment that was designated as financial assets at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 30 June 2017.

Borrowings

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

Capital expenditures

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

Contractual obligations

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

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

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

Contingent liabilities and guarantees

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

Significant investments and future plans for major investments

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

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

Pledge/charge of the Group's assets

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

Employees and staff costs

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

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

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

Other Information

CONTRACTUAL ARRANGEMENTS

Reasons for Contractual Arrangements

Reference is made to the section headed "History, Reorganization and Corporate Structure – Contractual Arrangements" in the prospectus of the Company dated 31 October 2013 (the "**Prospectus**") and the section headed "Connected Transactions – Contractual Arrangements" in the Directors' Report of the Company's 2016 Annual Report.

The Group is primarily engaged in the development and operation of online card and board games business and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of the websites of the Group. The Group conducts online games business through a PRC operating entity, Boyaa Shenzhen. According to the Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定) issued by the State Council on 11 December 2001 and amended on 10 September 2008, foreign investors are prohibited to hold more than 50% of the equity interest in an entity conducting online games business and are restricted to conduct value-added telecommunications services, including internet content provision services. Internet content provisions services are classified as value-added telecommunications businesses, and a commercial operator of such services must obtain an ICP license from the appropriate telecommunications authorities in order to carry on any commercial internet content provision operations in China. Boyaa Shenzhen has obtained the requisite ICP license for the operations of the Group. Therefore, in order for the Group to be able to carry on its online games business in China in compliance with the applicable PRC laws and regulations, the Group entered into a series of contractual arrangements (the "**Contractual Arrangements**") with Boyaa Shenzhen through an indirect wholly-owned subsidiary, Boyaa On-line Game Development (Shenzhen) Co., Ltd. ("**Boyaa PRC**"), pursuant to which the Group will be able to assert management control over the operations of, and enjoy all economic benefits of, Boyaa Shenzhen. In addition, the Group will be able to consolidate Boyaa Shenzhen's financial results in the results of the Company under IFRS as if it was a wholly-owned subsidiary of the Company. There are no new Contractual Arrangements entered into, renewed or reproduced between the Group and Boyaa Shenzhen during the six months ended 30 June 2017. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the six months ended 30 June 2017. During the six months ended 30 June 2017, none of the agreements underlying the Contractual Arrangements has been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements has been removed.

Other Information

In addition, foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services overseas (the "**Qualification Requirement**"). As advised by the Company's PRC legal advisers, as of 30 June 2017, there were no applicable PRC laws, regulations or rules that provide clear guidance or interpretation on the Qualification Requirement, and there was no update to the Qualification Requirement. Therefore, in order for the Company to be able to carry on its business in China, the Group has taken steps to build up its track record of overseas telecommunications business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interest of Boyaa Shenzhen when the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership in online culture products and business are lifted. Moreover, the Group has completed equity investments in Coalaa, through a series of agreements and at a total consideration of RMB5.0 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version), which is offered as both a web-based game and a mobile game and in 10 language versions, including Arabian and Indonesian. The Group envisages that through such acquisition, the Group can further complement its game portfolio and it will be able to further expand its market share in overseas market.

Boyaa Shenzhen is significant to the Group as it holds certain licenses and permits that are essential to the operation of the business of the Group, including ICP License and Internet Culture Business License. In addition, Boyaa Shenzhen also holds certain intellectual property rights, including software copyrights, trademarks, patents and domain names. The revenue and the total asset value of Boyaa Shenzhen subject to the Contractual Arrangements amounted to approximately RMB289.6 million for the six months ended 30 June 2017 and approximately RMB1,781.4 million as at 30 June 2017, respectively.

Risks associated with the Contractual Arrangements and the actions taken by the Company to mitigate the risks

Risks associated with the Contractual Arrangements	**Mitigation actions taken by the Company**
i. If the PRC government finds that the agreements that establish the structure for operating the Group's online game businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest in its variable interest entity ("**VIE**"), i.e. Boyaa Shenzhen.	Pursuant to each of the agreements underlying the Contractual Arrangements, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change on such laws, regulations or rules leading to any provision in any of the agreements underlying the Contractual Arrangements is held to be or becomes illegal, invalid or unenforceable in any respect under the law of the applicable jurisdiction: (a) so far as it is illegal, invalid and unenforceable, it shall be given no effect and shall be deemed not to be included in the relevant agreement and shall not affect or impair the legality, validity or enforceability in that jurisdiction of the other provisions of the agreement, or of that or any provisions of the relevant agreement in any other jurisdictions; and

Other Information

(b) the parties shall use all reasonable endeavors to replace it with a valid and enforceable substitute provision or provisions but differing from the replaced provision as little as possible and the effect of which is as close to the intended effect of the illegal, invalid or unenforceable provision.

In addition, pursuant to the agreements underlying the Contractual Arrangements, the parties agreed and will ensure that they will unwind the Contractual Arrangements as soon as the law allows the business to be operated without them.

ii. The Group relies on the Contractual Arrangements to control and obtain the economic benefits from Boyaa Shenzhen which may not be as effective in providing operational control as direct ownership.

Each of Mr. Zhang Wei (the Chairman of the Board, Chief Executive Officer and executive director) and Mr. Dai Zhikang (the executive director), being the registered shareholders of Boyaa Shenzhen, has executed a power of attorney pursuant to the terms of the Business Operating Agreement. Pursuant to the power of attorney, each of the shareholders of Boyaa Shenzhen agrees to authorise any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen. These include the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management, (iii) decide on any acquisition or disposal of the equity interest of Mr. Zhang Wei and Mr. Dai Zhikang in Boyaa Shenzhen or the winding-up or dissolution of Boyaa Shenzhen, (iv) file documents with relevant governmental authorities or regulatory bodies, (v) to instruct directors and senior management of Boyaa Shenzhen to act in accordance with all instructions of Boyaa PRC or its designated person, and (vi) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of Boyaa Shenzhen.

iii. The shareholders of Boyaa Shenzhen may have conflicts of interest with the Group, which may materially and adversely affect the Group's business.

Pursuant to the Exclusive Option Agreement, the Company has the option to (i) purchase or to designate a third party to purchase the equity interests of the existing shareholders of Boyaa Shenzhen when and to the extent permitted by law and (ii) acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Boyaa Shenzhen at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Each of Boyaa Shenzhen's shareholders has executed a power of attorney to authorise any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen.

In addition, to ensure that Mr. Zhang Wei, Mr. Dai Zhikang and Boyaa Shenzhen will comply with the Contractual Arrangements, the Company has further introduced the following measures:

i. the three independent non-executive directors will review the effective implementation of the procedures and controls and compliance of the Contractual Arrangements;

ii. each of Mr. Zhang Wei and Mr. Dai Zhikang shall abstain from voting on any resolutions of Boyaa Shenzhen in which he may have conflicts of interest, and all resolutions shall be passed unanimously or by the affirmative vote of a simple majority of the board of Boyaa Shenzhen (as the case may be), and if any resolution could not be passed by the board of Boyaa Shenzhen unanimously or by a simple majority of votes (as the case may be), such resolution would be considered as disapproved; and

iii. the Group has implemented corporate governance measures to manage any conflicts of interest between the Group and the directors.

iv. The Group may lose the ability to use and enjoy assets held by the VIE that are important to the operation of its business if the VIE declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Pursuant to the Business Operating Agreement, in the event that Boyaa PRC or its designee decided to voluntary wind-up or dissolve Boyaa Shenzhen, each of Mr. Zhang Wei and Mr. Dai Zhikang undertakes that he will ensure and procure the execution of all related documents and completion of all relevant procedures required for completing the liquidation and winding-up process and that Boyaa PRC shall be transferred, at nil consideration, all remaining assets of Boyaa Shenzhen upon liquidation.

In addition, under the Business Operating Agreement and the Equity Pledge Agreement, Mr. Zhang Wei and Mr. Dai Zhikang warrant to Boyaa PRC that appropriate arrangements have been made to protect Boyaa PRC's interests in the event of his death, bankruptcy or divorce to avoid any practical difficulties in enforcing the agreements underlying the Contractual Arrangements.

v. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may subject the Group to increase income tax due to the different income tax rates applicable to Boyaa PRC and Boyaa Shenzhen, which may adversely affect the Group's results of operations.

Boyaa Shenzhen qualified as a "High and New Technology Enterprise" ("**HNTE**") under the PRC 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 six months ended 30 June 2017. See Note 23 to the consolidated financial statements of this interim report.

Boyaa PRC qualified as a HNTE under the PRC Corporate Income Tax Law in 2016 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. Therefore, the actual income tax rate for Boyaa PRC was 15% for the six months ended 30 June 2017 (2016: 15%). Also see Note 23 to the consolidated financial statements of this interim report.

As a result, as both Boyaa Shenzhen and Boyaa PRC enjoy the reduced income tax rate of 15%, the transfer of the before-tax profits by Boyaa Shenzhen to Boyaa PRC during the Reporting Period or any future period will not result in increased income tax expenses for the Group on a consolidated basis and hence will not materially and adversely affect the Group's results of operations, particularly, its net profit and net profit margin.

vi. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may be subject to scrutiny by the PRC tax authorities and any finding that the Group or Boyaa Shenzhen owe additional taxes could substantially reduce the Group's consolidated net income and the value of the investment of investors.

The Group will work closely with its tax advisers to ensure that all tax filings are made promptly and any questions raised by PRC tax authorities are addressed in a timely and satisfactory manner.

vii. Based on the consultation draft of the new PRC Foreign Investment Law published by the Ministry of Commerce in January 2015 and assuming that the draft of the new PRC Foreign Investment Law is enacted as proposed, substantial uncertainties exist in connection with the legality and validity of the Contractual Arrangements to hold interests in PRC businesses that are subject to foreign ownership restrictions and the Company may have to incur compliance costs in the future.

As of the date of this interim report, the consultation draft of the new PRC Foreign Investment Law has not yet been passed by the State Council and therefore does not constitute any law or regulation. Accordingly, the Company, as advised by its PRC legal advisers, is of the view that such consultation draft currently will not have any impact on the Company and the Contractual Arrangements. In any event, the Company will closely monitor the progress of the consultation and the promulgation of the new PRC Foreign Investment Law and will consult its PRC legal advisers promptly should there be any new legal development leading to any change to the Contractual Arrangements.

For details of the risks associated with the Contractual Arrangements, please refer to the section headed "Risk Factors – Risks relating to our corporate structure" in the Prospectus.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short positions of the directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") were as follows:

(a) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Name of company	Capacity/Nature of interest	Number of underlying shares[(1)]	Approximate percentage of shareholding[(5)]
Mr. Zhang Wei[(2)]	The Company	Founder of a discretionary trust	246,237,474 (L)	32.10%
Mr. Dai Zhikang[(3)]	The Company	Founder of a discretionary trust	36,500,000 (L)	4.76%
Mr. You Caizhen[(4)]	The Company	Beneficial Owner	100,000 (L)	0.01%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Chunlei Investment Limited ("**Chunlei Investment**"), a company wholly-owned by a trust named the Chunlei Trust (the "**Zhang Family Trust**"), directly holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, Mr. Zhang Wei is deemed to be interested in the 176,572,474 shares and 69,665,000 shares held by each of Boyaa Global Limited and Emily Technology Limited, respectively.

(3) Visioncode Holdings Limited, a company wholly-owned by a trust named the Visioncode Trust (the "**Dai Family Trust**"), directly holds the entire issued share capital of Comsenz Holdings Limited. The Dai Family Trust is a discretionary trust established by Mr. Dai Zhikang (as the settlor) and the discretionary beneficiaries of which include Mr. Dai Zhikang and his children. Accordingly, Mr. Dai Zhikang is deemed to be interested in the 36,500,000 shares held by Comsenz Holdings Limited.

(4) Mr. You Caizhen is interested in 100,000 shares.

(5) As at 30 June 2017, the Company had 767,011,957 issued shares.

(b) Interests in associated corporations of the Company

Name of subsidiary	Name of shareholder	Registered capital	Approximate percentage of interest
Boyaa Shenzhen	Mr. Zhang Wei	RMB9,800,000	98%
Boyaa Shenzhen	Mr. Dai Zhikang	RMB200,000	2%

Save as disclosed above, as at 30 June 2017, none of the directors nor the chief executive of the Company had any interests or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, the following persons (other than the directors or the chief executive of the Company) have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of shareholder	Name of company	Nature of interest	Number of Shares or securities held[1]	Approximate percentage of interest[4]
Cantrust (Far East) Limited[2][5]	The Company	Trustee of a trust	282,737,474 (L)	36.86%
Rustem Limited[2][5]	The Company	Nominee for another person	282,737,474 (L)	36.86%
Chunlei Investment[2][5]	The Company	Interest in a controlled corporation	246,237,474 (L)	32.10%
Boyaa Global Limited[2][5]	The Company	Beneficial owner	176,572,474 (L)	23.02%
Emily Technology Limited[2][5]	The Company	Beneficial owner	69,665,000 (L)	9.08%
The Core Trust Company Limited[3][5]	The Company	Trustee of a trust	99,446,639 (L)	12.97%
The Core Admin Boyaa RSU Limited[3][5]	The Company	Nominee for another person	81,719,558 (L)	10.65%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Cantrust (Far East) Limited, the trustee of the Zhang Family Trust, holds the entire issued share capital of Chunlei Investment through Rustem Limited (as nominee for Cantrust (Far East) Limited). Chunlei Investment in turn holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, each of Mr. Zhang Wei, Cantrust (Far East) Limited and Chunlei Investment are deemed to be interested in the shares held by each of Boyaa Global Limited and Emily Technology Limited, respectively.

(3) The Core Trust Company Limited, being the RSU Trustee, directly holds the entire issued share capital of The Core Admin Boyaa RSU Limited as the RSU nominee, which holds 81,719,558 shares underlying the RSUs (as defined below) granted and to be granted under the RSU Scheme (as defined below) for the benefit of eligible participants pursuant to the RSU Scheme (as defined below).

(4) As at 30 June 2017, the Company had 767,011,957 issued shares.

(5) Pursuant to Section 336 of the SFO, the shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 30 June 2017, no persons (other than the directors or the chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

Other Information

SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEME

Post-IPO Share Option Scheme

On 23 October 2013, the Post-IPO Share Option Scheme of the Company was approved and adopted by the shareholders of the Company. The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (the "**Eligible Persons**") for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Post-IPO Share Option Scheme, the board of directors of the Company (the "**Board**") (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of shares of the Company as the Board may determine to an Eligible Person.

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from 12 November 2013, being the date on which the trading of shares of the Company on the Stock Exchange commenced (the "**Listing Date**"). Accordingly, as at 30 June 2017, the remaining life of the Post-IPO Share Option Scheme is approximately six years and four months.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus and the Company's 2016 Annual Report. During the six months ended 30 June 2017, no option has been granted or agreed to be granted nor has any option been cancelled under the Post-IPO Share Option Scheme. Details of the movements in options during the six months ended 30 June 2017 under the Post-IPO Share Option Scheme are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme" below.

Pre-IPO Share Option Scheme

On 7 January 2011, the Pre-IPO Share Option Scheme of the Company was approved and adopted by the Board, which was subsequently amended on 17 September 2013. The purpose of the Pre-IPO Share Option Scheme is to enable our Company to grant pre-IPO options to employees, officers and directors of or consultant to any member of the Group (the "**Eligible Participants**") as recognition and acknowledgement of the contributions that such Eligible Participants have made or may make to the Group or any affiliates.

No further options can be granted under the Pre-IPO Share Option Scheme after the Listing Date. However, all options granted under the Pre-IPO Share Option Scheme are exercisable over an eight-year period from the date of vesting. Therefore, given that the last batch of options under the Pre-IPO Share Option Scheme were granted on 1 November 2012 and the options so granted shall vest over a period of four years after the date of grant, as at 30 June 2017, such remaining life is seven years and four months.

Further details of the principal terms of the Option Scheme are set out in the Prospectus and the Company's 2016 Annual Report. During the six months ended 30 June 2017, no option has been cancelled. Details of the movements in options during the six months ended 30 June 2017 under the Pre-IPO Share Option Scheme are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme" below.

Restricted Share Unit Scheme

On 17 September 2013, the RSU Scheme of the Company was approved and adopted by the Board. The purpose of the RSU Scheme is 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.

Persons eligible to receive the RSUs under the RSU Scheme are existing employees, directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of the Company or any of its subsidiaries ("**RSU Eligible Persons**"). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme although no RSU Eligible Person has been granted RSUs exceeding 1.5% of the issued share capital of 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, being 4 March 2013 (unless it is terminated earlier in accordance with its terms) (the "**RSU Scheme Period**"). As at 30 June 2017, the remaining life of the RSU Scheme is approximately three years and eight months.

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the RSU Trustee (as defined below) for the purpose of the RSU Scheme from time to time.

The Board may not grant any RSUs to any RSU Eligible Person in any of the following circumstances:

(i) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSUs or in respect of the RSU Scheme, unless the Board determines otherwise;

(ii) where granting the RSUs would result in a breach by the Company, its subsidiaries or any of their directors of any applicable securities laws, rules or regulations; or

(iii) where such grant of RSUs would result in breach of the limit set out in the rules of the RSU Scheme. Under such rules, the maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules) shall be such number of shares held by the trustee for the purpose of the RSU Scheme from time to time.

The Board can determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the letter granting such RSUs. Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, the Board will send a vesting notice ("**Vesting Notice**") to each of the relevant participant in the RSU Scheme (the "**RSU Participants**"). The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved. The RSUs that have been granted are subject to vesting as described in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme – (c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the RSU Scheme" below and once the RSUs vest and the corresponding shares transferred to the RSU Participants, the RSU Participants are not restricted from dealing in the shares under the rules of the RSU Scheme.

Other Information

The Company has appointed The Core Trust Company Limited as the trustee (the "**RSU Trustee**") to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The shares underlying the RSU Scheme are held by a nominee company, The Core Admin Boyaa RSU Limited (the "**RSU Nominee**"). Dividends that are attributable to the underlying shares of the RSU Scheme will be paid to the RSU Nominee as the registered shareholder of such shares. The dividends attributable to the underlying shares of RSUs already granted will be held by the RSU Nominee for the benefit of the RSU Participants which will be distributed to them in accordance with the corresponding number of underlying shares that each RSU Participant is entitled based on RSUs already granted to such RSU Participant at the time of distribution of the dividends. The remaining dividends represent dividends attributable to shares in the reserve pool of underlying shares where RSUs have not yet been granted (the "**RSU Pool**"). The dividends in respect of shares in the RSU Pool will first be used to settle any outstanding fees and expenses of the RSU Scheme payable by the Company to the trustee of the RSU Scheme and the remaining portion of such dividends will be transferred to the shareholders immediately prior to the adoption of the RSU Scheme, namely Boyaa Global Limited, Emily Technology Limited, Comsenz Holdings Limited and Sequoia Capital and its affiliates, in the proportion of their then respective shareholding interests in the Company. Similarly, any bonus shares distributed will be treated in the same manner as dividends save that the bonus shares will not be used to pay any outstanding fees and expenses of the RSU Scheme.

The Company has put in place the following mechanism for the exercise of the voting rights attached to the shares held by the RSU Nominee at the Company's general meetings:

(i) In respect of each general meeting of the Company, the Company will send a voting instruction form to each of the RSU Participants to solicit votes from such RSU Participants. The voting instruction form will be very similar to the proxy form for the relevant general meeting and will set out a general description of the resolutions proposed at the general meeting and will allow the RSU Participants to select whether to vote for or against each of the resolutions. A copy of the relevant corporate communication concerning matters to be proposed at such general meeting (such as shareholders' circular and annual report) will also be made available to each of the RSU Participants so that the RSU Participants will have all relevant information for considering the relevant resolutions as if they were shareholders of the Company. Each RSU Participant shall be entitled to one vote for each of the shares underlying the RSUs granted to him or her, whether vested or unvested. The RSU Participants will be required to return the signed and completed voting instruction form with the administrator of the RSU Scheme (the "**Administrator**") (currently being Mr. Zhang Wei) by the deadline stated in the voting instruction form, which deadline shall be no less than 7 days before the time for holding the relevant general meeting and the RSU Participants will be given at least 7 days to consider how they would like to cast their votes. In so far as the duly signed and completed voting instructions from the RSU Participants have been received by the Administrator prior to the proposed deadline, the Administrator will calculate the total of votes for and against each proposed resolution and will instruct the RSU Nominee accordingly, and the RSU Nominee shall vote only in accordance with the instructions of the Administrator which reflect the instructions of the RSU Participants.

(ii) For those RSU Participants who fail to return a duly signed and completed voting instructions form to the Administrator prior to the proposed deadline as set out in the voting instruction form, the Administrator will not give any instruction to the RSU Nominee so that no votes will be cast for such shares underlying the RSUs granted and the RSU Nominee shall abstain from voting with respect to such shares underlying the RSUs granted.

(iii) For the shares in the RSU Pool in respect of which no RSUs have been granted, the Administrator will not give any instruction to the RSU Nominee so that no votes will be cast for those shares and the RSU Nominee shall also abstain from voting with respect to such shares.

Further details of the principal terms of the RSU Scheme are set out in the Prospectus and the Company's 2016 Annual Report. During the six months ended 30 June 2017, no RSU has been granted or agreed to be granted under the RSU Scheme, nor has any RSU been cancelled. Details of the movements in the RSUs under the RSU Scheme are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme" below.

Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme

Name of option holder/ grantees of RSU	Position held with the Group	Nature	Number of shares represented by options or RSUs at 1 January 2017	Date of grant	Granted during the period	Exercise price	Exercised during the period	Weighted average closing price of shares immediately before the dates on which the options were exercised	Lapsed during the period	Number of shares represented by options or RSUs at 30 June 2017
Director of our subsidiary										
Suo Hongbin	Honorary Life Vice President of the Group and Director of Boyaa Thailand	RSUs	5,700,000	1 February 2011	–	–	–	–	–	**5,700,000**
		Sub-total	5,700,000		–	–	–	–	–	**5,700,000**
290 employees and previous employees of the Group		Options	88,232	1 February 2011	–	US$0.05	12,000	3.67	–	**76,232**
			45,749	2 March 2012	–	US$0.10	31,000	3.89	–	**14,749**
			72,240	1 July 2012	–	US$0.15	–	–	–	**72,240**
			19,215,000	7 September 2015	–	HK$3.108	1,465,000	3.99	4,605,000	**13,145,000**
		RSUs	10,348,421	1 February 2011	–	–	405,549	–	237,573	**9,705,299**
			130,840	2 March 2012	–	–	13,663	–	19,561	**97,616**
			102,340	1 July 2012	–	–	3,432	–	–	**98,908**
			18,534,460	4 March 2013	–	–	2,636,006	–	2,131,291	**13,767,163**
			2,354,243	12 March 2015	–	–	532,830	–	390,000	**1,431,413**
		Sub-total	50,891,525		–		5,099,480		7,383,425	**38,408,620**
Total		Options	88,232	1 February 2011	–	US$0.05	12,000	3.67	–	**76,232**
			45,749	2 March 2012	–	US$0.10	31,000	3.89	–	**14,749**
			72,240	1 July 2012	–	US$0.15	–	–	–	**72,240**
			19,215,000	7 September 2015	–	HK$3.108	1,465,000	3.99	4,605,000	**13,145,000**
		RSUs	16,048,421	1 February 2011	–	–	405,549	–	237,573	**15,405,299**
			130,840	2 March 2012	–	–	13,663	–	19,561	**97,616**
			102,340	1 July 2012	–	–	3,432	–	–	**98,908**
			18,534,460	4 March 2013	–	–	2,636,006	–	2,131,291	**13,767,163**
			2,354,243	12 March 2015	–	–	532,830	–	390,000	**1,431,413**
		Total	56,591,525		–		5,099,480		7,383,425	**44,108,620**

Other Information

(a) *Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Post-IPO Share Option Scheme*

Each holder of the options granted under the Post-IPO Share Option Scheme as referred to in the table above is required to pay an amount of HKD1.00 for the grant of each of the option under the Post-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with the vesting schedule as follows:

(i) as to 25% of the options granted on the date ending 12 months after the date of grant;

(ii) as to 25% of the options granted on the date ending 24 months after the date of grant; and

(iii) as to the remaining 50% of the options granted, on a monthly basis starting from the 25th month after the date of grant in 24 monthly equal lots.

Each option granted under the Post-IPO Share Option Scheme has a ten-year exercise period commencing from the date of grant.

(b) *Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme*

The holders of the options granted under the Pre-IPO Share Option Scheme as referred to in the table above are not required to pay for the grant of any option under the Pre-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with vesting schedule as follows:

(i) as to 25% of the aggregate number of shares underlying the option on the date ending 12 months after the date of grant of such option;

(ii) as to 12.5% of the aggregate number of shares underlying the option on the date ending 18 months after the date of grant of such option;

(iii) as to 12.5% of the aggregate number of shares underlying the option on the date ending 24 months after the date of grant of such option; and

(iv) as to the remaining 50% of the aggregate number of shares underlying the option, on a monthly basis starting from the 25th month after the date of grant of such option in 24 monthly equal lots.

Each option granted under the Pre-IPO Share Option Scheme has an eight-year exercise period.

(c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the RSU Scheme

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for the grant of any RSU under the RSU Scheme.

RSUs that were granted before 4 March 2013 were granted to replace certain options granted under the Pre-IPO Share Option Scheme and have the same vesting period as the options granted under the Pre-IPO Share Option Scheme. See the preceding sub-paragraph "(b) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme" above.

For the RSUs granted on 4 March 2013, they shall (unless the Company shall otherwise determine and so notify such grantees in writing) vest as follows:

(i) 25% of the RSUs on the date ending 12 months after 30 September 2013;

(ii) 12.5% of the RSUs on the date ending 18 months after 30 September 2013;

(iii) 12.5% of the RSUs ending 24 months after 30 September 2013; and

(iv) as to the remaining 50% of the RSUs, on a monthly basis starting from the 25th month after 30 September 2013 in 24 monthly equal lots.

For the RSUs granted on 12 March 2015, they shall vest as follows:

(i) as to 25% of the RSUs on the date ending 12 months after the date of grant of the RSUs;

(ii) as to 25% of the RSUs on the date ending 24 months after the date of grant of the RSUs;

(iii) as to 12.5% of the RSUs on the date ending 30 months after the date of grant of the RSUs;

(iv) as to 12.5% of the RSUs on the date ending 36 months after the date of grant of the RSUs; and

(v) as to the remaining 25% of the RSUs, on a monthly basis starting from the 37th month after the date of grant in 12 monthly equal lots,

and shall be subject to the Company and the relevant grantee meeting or satisfying the annual and half-yearly performance target or review immediately preceding such vesting.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

INTERIM DIVIDEND

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

Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the six months ended 30 June 2017.

AUDIT COMMITTEE

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

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

Other Information

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

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

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

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD

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

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

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 12 November 2013, the Company's shares were listed on the Main Board of the Stock Exchange. A total of 177,014,000 ordinary Shares with nominal value of US$0.00005 each of the Company were issued at HK$5.35 per share for a total of approximately HK$947.0 million. The net proceeds raised by the Company from the abovementioned global offering are approximately HK$837.9 million. Up to 30 June 2017, a total amount of RMB564.9 million from the net proceeds from our initial public offering had been utilised for expanding our marketing, promotion activities and equity investments, for business expansion and for research and development activities, etc. The unutilised net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group.

The Company will continue to utilise the net proceeds from the initial public offering for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Report on Review of Interim Condensed Consolidated Financial Information

TO THE BOARD OF DIRECTORS OF BOYAA INTERACTIVE INTERNATIONAL LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial information set out on pages 31 to 66, which comprises the interim consolidated balance sheet of Boyaa Interactive International Limited (the "**Company**") and its subsidiaries (together, the "**Group**") as at 30 June 2017 and the related interim consolidated statement of comprehensive income for the three and six months then ended, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PAN-CHINA (H.K.) CPA LIMITED
Certified Public Accountants

Tsang Chiu Keung

Practising Certificate Number P04968

Hong Kong, 31 August 2017

Interim Consolidated Balance Sheet

As at 30 June 2017

	Notes	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	**42,191**	42,553
Intangible assets	7	**3,569**	4,413
Interests in associates	8	**14,195**	14,466
Available-for-sale financial assets	9	**158,025**	179,639
Deferred income tax assets	10	**7,430**	7,760
Prepayments and other receivables	12	**25,035**	21,930
Financial assets at fair value through profit or loss	13	**530,461**	325,285
		780,906	596,046
Current assets			
Trade receivables	11	**58,315**	73,275
Prepayments and other receivables	12	**24,633**	24,604
Financial assets at fair value through profit or loss	13	**321,084**	–
Term deposits		**27,304**	27,748
Cash and cash equivalents	14	**1,224,388**	1,563,281
		1,655,724	1,688,908
Total assets		**2,436,630**	2,284,954
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	15	**248**	248
Share premium	15	**613,876**	609,826
Shares held for RSU Scheme	15	**(17)**	(17)
Reserves	16	**121,276**	139,542
Retained earnings		**1,413,335**	1,271,966
		2,148,718	2,021,565
Non-controlling interests		**–**	–
Total equity		**2,148,718**	2,021,565

Interim Consolidated Balance Sheet

As at 30 June 2017

	Notes	**30 June 2017 RMB'000 (Unaudited)**	31 December 2016 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	10	**12,055**	15,195
Current liabilities			
Trade and other payables	18	**112,512**	84,072
Deferred revenue	19	**15,654**	20,685
Current income tax liabilities		**147,691**	143,437
		275,857	248,194
Total liabilities		**287,912**	263,389
Total equity and liabilities		**2,436,630**	2,284,954
Net current assets		**1,379,867**	1,440,714
Total assets less current liabilities		**2,160,773**	2,036,760

Interim Consolidated Statement of Comprehensive Income

For the Three and Six Months Ended 30 June 2017

	Notes	Three months ended 30 June 2017 RMB'000 (Unaudited)	Three months ended 30 June 2016 RMB'000 (Unaudited)	Six months ended 30 June 2017 RMB'000 (Unaudited)	Six months ended 30 June 2016 RMB'000 (Unaudited)
Revenue	6	**189,335**	180,660	**411,705**	350,856
Cost of revenue	20	**(65,167)**	(64,524)	**(159,267)**	(127,276)
Gross profit		**124,168**	116,136	**252,438**	223,580
Selling and marketing expenses	20	**(5,320)**	(8,140)	**(17,701)**	(13,900)
Administrative expenses	20	**(53,333)**	(54,170)	**(114,529)**	(105,528)
Other gains – net	21	**2,280**	22,469	**11,432**	33,551
Operating profit		**67,795**	76,295	**131,640**	137,703
Finance income	22	**16,132**	4,819	**29,018**	12,958
Finance costs	22	**(1,451)**	–	**(1,771)**	(333)
Finance income – net	22	**14,681**	4,819	**27,247**	12,625
Share of profit/(loss) of associates	8	**194**	(633)	**(271)**	(1,459)
Profit before income tax		**82,670**	80,481	**158,616**	148,869
Income tax expenses	23	**(8,742)**	(10,436)	**(17,247)**	(19,194)
Profit for the period		**73,928**	70,045	**141,369**	129,675
Other comprehensive income					
Items that may be reclassified to profit or loss:					
– Changes in fair value of available-for-sale financial assets, net of tax		**(10,096)**	(21,147)	**(18,165)**	(55,406)
– Currency translation differences		**(3,435)**	6,761	**(6,054)**	5,500
Other comprehensive loss for the period, net of tax		**(13,531)**	(14,386)	**(24,219)**	(49,906)
Total comprehensive income for the period		**60,397**	55,659	**117,150**	79,769

Interim Consolidated Statement of Comprehensive Income

For the Three and Six Months Ended 30 June 2017

		Three months ended 30 June		Six months ended 30 June	
	Notes	**2017 RMB'000 (Unaudited)**	2016 RMB'000 (Unaudited)	**2017 RMB'000 (Unaudited)**	2016 RMB'000 (Unaudited)
Profit attributable to:					
– Owners of the Company		**73,928**	70,045	**141,369**	129,675
– Non-controlling interests		**–**	–	**–**	–
		73,928	70,045	**141,369**	129,675
Total comprehensive income attributable to:					
– Owners of the Company		**60,397**	55,659	**117,150**	79,769
– Non-controlling interests		**–**	–	**–**	–
		60,397	55,659	**117,150**	79,769
Earnings per share *(expressed in RMB cents per share)*					
– Basic	24	**10.80**	10.36	**20.71**	19.20
– Diluted	24	**10.39**	9.73	**19.89**	18.00
Dividends	25	**–**	–	**–**	–

Interim Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2017

	Notes	(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 2017		**248**	**609,826**	**(17)**	**139,542**	**1,271,966**	**2,021,565**	**–**	**2,021,565**
Comprehensive income									
Profit for the period		–	–	–	–	141,369	141,369	–	141,369
Other comprehensive income									
– changes in fair value of available-for-sale financial assets, net of tax		–	–	–	(18,165)	–	(18,165)	–	(18,165)
– currency translation differences		–	–	–	(6,054)	–	(6,054)	–	(6,054)
Total comprehensive income for the period		–	–	–	(24,219)	141,369	117,150	–	117,150
Employee share option and RSU scheme									
– value of employee services	16	–	–	–	5,953	–	5,953	–	5,953
– proceeds from shares issued	15	–	4,050	–	–	–	4,050	–	4,050
Total transactions with owners, recognised directly in equity		–	4,050	–	5,953	–	10,003	–	10,003
Balance at 30 June 2017		**248**	**613,876**	**(17)**	**121,276**	**1,413,335**	**2,148,718**	**–**	**2,148,718**

Interim Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2017

		(Unaudited)							
	Notes	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 2016		248	590,113	(18)	155,266	1,060,695	1,806,304	–	1,806,304
Comprehensive income									
Profit for the period		–	–	–	–	129,675	129,675	–	129,675
Other comprehensive income									
– changes in fair value of available-for-sale financial assets, net of tax		–	–	–	(55,406)	–	(55,406)	–	(55,406)
– currency translation differences		–	–	–	5,500	–	5,500	–	5,500
Total comprehensive income for the period		–	–	–	(49,906)	129,675	79,769	–	79,769
Employee share option and RSU scheme									
– value of employee services	16	–	–	–	12,716	–	12,716	–	12,716
– proceeds from shares issued		–	4	–	–	–	4	–	4
– vesting of shares under RSU scheme		–	(1)	1	–	–	–	–	–
Total transactions with owners, recognised directly in equity		–	3	1	12,716	–	12,720	–	12,720
Balance at 30 June 2016		248	590,116	(17)	118,076	1,190,370	1,898,793	–	1,898,793

Interim Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2017

	Notes	For the six months ended 30 June **2017** **RMB'000** **(Unaudited)**	 2016 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations		**167,698**	158,498
Income tax paid		**(13,842)**	(30,427)
Net cash generated from operating activities		**153,856**	128,071
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4,123)**	(17,240)
Purchase of intangible assets		**–**	(529)
Purchase of financial assets at fair value through profit or loss		**(710,698)**	(1,497,932)
Investments in associates		**–**	(150)
Proceeds from disposal of investment in an associate		**–**	2,505
Placement of term deposits with original maturities over three months		**444**	33,815
Proceeds from disposal of financial assets at fair value through profit or loss		**189,146**	1,516,650
Dividends from available-for-sale financial assets	21	**1,576**	–
Interest received		**23,378**	10,912
Net cash (used in)/generated from investing activities		**(500,277)**	48,031
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	17	**4,050**	4
Net cash generated from financing activities		**4,050**	4
Net (decrease)/increase in cash and cash equivalents		**(342,371)**	176,106
Cash and cash equivalents at the beginning of the period		**1,563,281**	1,065,802
Exchange gains on cash and cash equivalents		**3,478**	4,185
Cash and cash equivalents at the end of the period		**1,224,388**	1,246,093

Notes to the Interim Condensed Consolidated Financial Information

1. GENERAL INFORMATION

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 ("**Stock Exchange**") since 12 November 2013 (the "**Listing**").

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

The interim consolidated balance sheet as at 30 June 2017, the interim consolidated statements of comprehensive income for the three and six months then ended, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the "**Interim Condensed Consolidated Financial Information**") of the Group have been approved by the Board of Director (the "**Board**") on 31 August 2017. This Interim Condensed Consolidated Financial Information is presented in Renminbi ("**RMB**"), unless otherwise stated.

2. BASIS OF PREPARATION

The Interim Financial Information is prepared in accordance with applicable disclosure provisions of the Rules Governing the Listings of Securities on the Stock Exchange of Hong Kong Limited and International Accounting Standard ("**IAS**") 34 'Interim Financial Reporting' issued by the International Accounting Standards Board. This Interim Condensed Consolidated Financial Information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2016 as set out in the 2016 annual report of the Company dated 28 March 2017 (the "**2016 Financial Statements**").

Except as described below, the accounting policies applied are consistent with those used in the 2016 Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") 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.

3. SIGNIFICANT ACCOUNTING POLICIES

New and revised standards and amendments to existing standards that are mandatory for the first time for the financial year beginning on 1 January 2017, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

The following new standards and amendments to standards have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted:

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

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

4. ESTIMATES

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2016 Financial Statements.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factor

The Group is subject to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2016 Financial Statements.

There have been no significant changes in risk management policies since the year end of 2016.

5.2 Foreign exchange risk

The Group operates internationally and it is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and United States dollars ("**USD**"). The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The finance department is responsible for monitoring and managing the net position in each foreign currency.

For the PRC subsidiaries whose functional currencies are RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the post-tax profit for the six months ended 30 June 2017 of the Group would have been approximately RMB1,527,000 higher/lower (for the six months ended 30 June 2016: RMB1,786,000), mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD. For the group companies outside of the PRC whose functional currencies are USD or Hong Kong dollars ("**HKD**"), if RMB had strengthened/weakened by 5% against USD and HKD with all other variables held constant, the other comprehensive income for the six months ended 30 June 2017 would have been approximately RMB2,855,000 higher/lower (for the six months ended 30 June 2016: RMB2,530,000), mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD and HKD.

5.3 Liquidity risk

Compared to the year end of 2016, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

Notes to the Interim Condensed Consolidated Financial Information

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2017 and 31 December 2016:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited				
At 30 June 2017				
Assets				
Financial assets at fair value through profit or loss	**–**	**–**	**851,545**	**851,545**
Available-for-sale financial assets	**143,583**	**–**	**14,442**	**158,025**
	143,583	**–**	**865,987**	**1,009,570**
Audited				
At 31 December 2016				
Assets				
Financial assets at fair value through profit or loss	–	–	325,285	325,285
Available-for-sale financial assets	164,953	–	14,686	179,639
	164,953	–	339,971	504,924

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.4 *Fair value estimation* *(Continued)*

The following table presents the changes in level 3 instruments for the six months ended 30 June 2017:

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Available-for-sale financial assets RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance as at 1 January 2017	**325,285**	**14,686**	**339,971**
Additions	**710,697**	**–**	**710,697**
Disposals	**(185,758)**	**–**	**(185,758)**
Unrealised fair value gains recognised in profit or loss	**2,246**	**–**	**2,246**
Currency translation differences	**(925)**	**(244)**	**(1,169)**
Closing balance as at 30 June 2017	**851,545**	**14,442**	**865,987**
Total unrealised fair value gains for the period recognised in profit or loss under "other gains - net"	**2,246**	**–**	**2,246**

The following table presents the changes in level 3 instruments for the six months ended 30 June 2016:

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)	Available-for-sale financial assets RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Opening balance as at 1 January 2016	482,418	50,693	533,111
Additions	1,497,932	–	1,497,932
Disposals	(1,516,650)	–	(1,516,650)
Unrealised fair value gains recognised in profit or loss	31,227	–	31,227
Currency translation differences	(4,354)	–	(4,354)
Fair value changes	–	(45,093)	(45,093)
Closing balance as at 30 June 2016	490,573	5,600	496,173
Total unrealised fair value gains for the period recognised in profit or loss under "other gains - net"	31,227	–	31,227

6. REVENUE AND SEGMENT INFORMATION

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

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

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

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

The Group has a large number of game players, none of whom contributed 10% or more of the Group's revenue for the three and six months ended 30 June 2017 and 2016.

6. REVENUE AND SEGMENT INFORMATION *(Continued)*

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Mainland China	**66,965**	63,660
Other locations	**18,025**	19,702
	84,990	83,362

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000 (Unaudited)	**Intangible assets RMB'000 (Unaudited)**
Opening balance as at 1 January 2017	**42,553**	**4,413**
Additions	**4,123**	**–**
Disposals	**(28)**	**–**
Depreciation and amortisation	**(4,457)**	**(844)**
Closing balance as at 30 June 2017	**42,191**	**3,569**

8. INTERESTS IN ASSOCIATES

	RMB'000 (Unaudited)
At 1 January 2017	**14,466**
Share of loss	**(271)**
At 30 June 2017	**14,195**

The directors of the Company consider that all associates as at 30 June 2017 and 31 December 2016 were insignificant to the Group and thus the individual summarised financial information of these associates are not disclosed.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	RMB'000 (Unaudited)
At 1 January 2017	**179,639**
Net losses from changes in fair value	**(21,370)**
Currency translation differences	**(244)**
At 30 June 2017	**158,025**

Available-for-sale financial assets include the following:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Listed equity securities in PRC (Note (a))	**143,583**	164,953
Unlisted equity investments (Note (b))	**1,000**	1,000
Preference shares of private companies (Note (c))	**13,442**	13,686
	158,025	179,639

Notes:

(a) The listed equity securities represented the Group's equity investment in Dalian Zeus Entertainment Co., Ltd. ("**Zeus Entertainment**"), the fair value of the investment in Zeus Entertainment as at 30 June 2017 was approximately RMB143,583,000 (31 December 2016: approximately RMB164,953,000).

(b) The unlisted equity investment represented the cost of Group's equity investment in 進化時代科技(北京)有限責任公司 ("**進化時代**"). The unlisted equity investment is stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

(c) Preference shares mainly represented the investment cost in the preference shares of uSens, Inc. ("**uSens**") and Hangzhou Linggan Technology Co., Ltd. ("**Hangzhou Linggan**"). The holder of preference shares is entitled to receive dividends at the rate equal to 8% of the original issue price of preference shares per annum, payable only when, as and if declared by the board of directors of the uSens and Hangzhou Linggan. Preference shares are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

Notes to the Interim Condensed Consolidated Financial Information

10. DEFERRED INCOME TAX

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Deferred income tax assets RMB'000 (Unaudited)	Deferred income tax liabilities RMB'000 (Unaudited)
At 1 January 2017	7,760	15,195
Charged to profit or loss (Note 23)	(330)	66
Tax credited relating to components of other comprehensive income	–	(3,206)
At 30 June 2017	7,430	12,055

11. TRADE RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	58,315	73,275
Less: impairment provision	–	–
	58,315	73,275

11. TRADE RECEIVABLES *(Continued)*

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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0-60 days	**38,932**	50,932
61-90 days	**5,445**	10,138
91-180 days	**6,531**	5,140
Over 180 days	**7,407**	7,065
	58,315	73,275

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

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

12. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Included in non-current assets		
Prepayments for purchase of property, plant and equipment and renovation expenses	**8,127**	3,765
Loans to employees (Note (a))	**16,908**	18,165
	25,035	21,930
Included in current assets		
Loans to employees (Note (a))	**5,744**	9,289
Deposits	**1,191**	1,008
Prepayments for advertising costs	**2,611**	2,342
Prepaid commission charges	**2,098**	2,428
Prepayments for servers rental expenses	**739**	925
Interest receivable	**2,164**	2,279
Loans to associates (Note 26)	**2,000**	4,000
Undeducted input Value Added Tax	**188**	201
Others	**7,898**	2,132
	24,633	24,604
	49,668	46,534

Note:

(a) Loans to employees mainly represented advances to employees for various expenses to be incurred in the ordinary course of business and housing or auto loans to certain employees. These loans are unsecured, interest-free and repayable on demand except that approximately RMB16,908,000 are required to be repaid in 1 to 10 years as at 30 June 2017 (31 December 2016: approximately RMB18,165,000). The initial fair values of the non-current loans to employees were based on cash flows discounted using interest rates based on the prevailing borrowing rates (ranging from 4.35% to 6.15%) promulgated by the People's Bank of China. The differences of approximately RMB320,000 (six month ended 30 June 2016: approximately RMB333,000) between the initial fair values and the principals of these loans were recorded in "finance costs" (Note 22).

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Included in non-current assets		
Non-quoted investments in:		
– asset management plans (Note (a))	**160,000**	160,000
– equity investment partnerships (Note (b))	**370,461**	165,285
	530,461	325,285
Included in current assets		
Non-quoted investments in certain wealth management products (Note (c))	**321,084**	–
	851,545	325,285

Notes:

(a) They represented the entrusted investments with the principal amount of RMB80 million and RMB80 million to 2 independent asset management companies incorporated in the PRC. The estimated minimum return of such asset management plans is 5.05% per annum. If the annual estimated return cannot be achieved, the Group or asset management companies have option to early terminate the asset management plans. The Group will obtain the accumulated return and the entrusted principal in 2022. As at 30 June 2017 and 31 December 2016, the fair values of the investments in asset management plans were determined mainly with reference to the subsequent realisation of underlying investments and estimated return.

(b) They represented investments in equity investment partnership as a limited partner, which are mainly engaged in investments in early-stage and high-growth companies in the technology, media and telecommunications industry in China. They have an initial term ranging from 7 to 10 years. As at 30 June 2017 and 31 December 2016, the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values.

During the period ended 30 June 2017, the Group contributed RMB200 million out of the total capital commitment of RMB300 million in cash to establish a limited partnership namely Jiaxing Boyaa ChunLei Equity Investments Limited Partnership Enterprise ("**Jiaxing Boyaa**") with Shanghai Tailai Tianji Asset Management Co., Ltd.. The contribution represented 99% of the total contribution of the limited partnership.

(c) Investments in wealth management products are investments in wealth management plan provided by financial institutions. They have an initial term ranging from 35 days to 92 days. The fair values of these investments were based on the estimated rate of return of the investments.

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

14. CASH AND CASH EQUIVALENTS

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Cash at bank and in hand	**437,938**	170,248
Short-term bank deposits	**786,450**	1,393,033
	1,224,388	1,563,281

The short-term bank deposits are denominated in RMB and have a term ranging from 1 month to 3 months. The effective interest rate of these deposits for the six months ended 30 June 2017 was 2.58% (for the year ended 31 December 2016: 2.15%).

15. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME

As at 30 June 2017, the total authorised share capital of the Company comprises 2,000,000,000 ordinary shares (31 December 2016: 2,000,000,000 ordinary shares) with par value of USD0.00005 per share (31 December 2016: USD0.00005 per share).

As at 30 June 2017, the total number of issued ordinary shares of the Company was 767,011,957 shares (31 December 2016: 765,503,957 shares) which included 81,719,558 shares (31 December 2016: 85,461,038 shares) held under the RSU Scheme (Note 17(b)). They have been fully paid up.

		(Unaudited)				
	Notes	**Number of ordinary shares '000**	**Nominal value of ordinary shares USD'000**	**Equivalent nominal value of ordinary shares RMB'000**	**Share premium RMB'000**	**Shares held for RSU Scheme RMB'000**
At 1 January 2017		**765,504**	**38**	**248**	**609,826**	**(17)**
– proceeds from shares issued	17(a)(ii)	**1,508**	**–**	**–**	**4,050**	**–**
At 30 June 2017		**767,012**	**38**	**248**	**613,876**	**(17)**

16. RESERVES

	(Unaudited)					
	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2017	**2,000**	**14,782**	**21,000**	**109,054**	**(7,294)**	**139,542**
Employee share option and RSU scheme						
– value of employee services (Note 20)	**–**	**–**	**–**	**5,953**	**–**	**5,953**
Changes in fair value of available-for-sale						
financial assets, net of tax	**–**	**–**	**–**	**–**	**(18,165)**	**(18,165)**
Currency translation differences	**–**	**(6,054)**	**–**	**–**	**–**	**(6,054)**
At 30 June 2017	**2,000**	**8,728**	**21,000**	**115,007**	**(25,459)**	**121,276**

	(Unaudited)					
	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2016	2,000	5,479	21,000	106,160	20,627	155,266
Employee share option and RSU scheme						
– value of employee services (Note 20)	–	–	–	12,716	–	12,716
Changes in fair value of available-for-sale						
financial assets, net of tax	–	–	–	–	(55,406)	(55,406)
Currency translation differences	–	5,500	–	–	–	5,500
At 30 June 2016	2,000	10,979	21,000	118,876	(34,779)	118,076

Notes to the Interim Condensed Consolidated Financial Information

17. 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 recognise and reward the contribution of eligible directors and employees to the growth and development of the Group. The contractual life of all options under Pre-IPO Share Option Scheme is eight years from the grant date.

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

i Grant of share options

On 7 September 2015, the Group granted 26,360,000 share options under the Post-IPO Share Option Scheme to its employees. The vesting period of the share options 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, and 2.083% from each month of 25 to 48 months from the grant date. Exercise price of the share options granted is HKD3.108 per share. The expiry date of the above newly granted share options is 6 September 2025.

The total fair value of the above newly granted share options on 7 September 2015 is HKD35,932,000, as determined using the Binomial model. The significant inputs used in the model were exercise price of HKD3.108 per share at the grant date, fair value of underlying stock of HKD2.95 per share at the valuation date, volatility of 49.29%, dividend yield of 2% and an expected option life of 10 years. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of comparable companies.

The options may be exercised provided that the grantees continue to be employed by the Group.

17. SHARE-BASED PAYMENTS *(Continued)*

(a) Share options ***(Continued)***

ii Outstanding share options

Movements in the number of share options outstanding:

	Number of share options	
	2017 (Unaudited)	2016 (Unaudited)
At 1 January	**19,421,221**	25,563,721
Exercised	**(1,508,000)**	(10,709)
Lapsed	**(4,605,000)**	(4,540,791)
At 30 June	**13,308,221**	21,012,221

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

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

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

(b) RSUs

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

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

17. SHARE-BASED PAYMENTS *(Continued)*

(b) RSUs (Continued)

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. The fair value of each of the above newly granted RSU on 12 March 2015 equals to the closing price of the Company's ordinary shares on the grant date, which was HKD5.61 per share.

Movements in the number of RSUs outstanding:

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

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

(c) Expected retention rate grantees

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the share options and the RSUs (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the statement of comprehensive income. As at 30 June 2017, the Expected Retention Rate was assessed to be 80% (31 December 2016: 80%).

(d) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board of the Company on 17 September 2013, the Company set up a RSU Scheme. On 11 October 2013, the Company entered into a trust deed with The Core Trust Company Limited (the "**RSU Trustee**") and the RSU Nominee, pursuant to which the RSU Trustee acts as the administrator of the RSU Scheme and the RSU Nominee holds the shares underlying the RSU Scheme.

Notes to the Interim Condensed Consolidated Financial Information

18. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	**1,888**	1,025
Other taxes payable	**46,262**	46,692
Accrued expenses	**49,758**	20,769
Salary and staff welfare payables	**9,581**	9,851
Advance received from sales of prepaid game cards	**3,511**	3,189
Others	**1,512**	2,546
	112,512	84,072

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 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
0 - 30 days	**783**	737
31 - 60 days	**137**	1
61 - 90 days	**136**	–
Over 90 days	**832**	287
	1,888	1,025

19. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the game players for the Group's online games in the forms of prepaid game cards, game tokens and virtual items, for which the related services had not been rendered as at 30 June 2017 and 31 December 2016.

Notes to the Interim Condensed Consolidated Financial Information

20. EXPENSES BY NATURE

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Commission charges by platforms and third party payment vendors	**53,065**	54,026	**136,971**	106,992
Advertising expenses	**1,977**	3,328	**10,834**	4,029
Employee benefit expenses (excluding share-based compensation expenses)	**42,506**	43,657	**92,712**	84,410
Share-based compensation expenses	**2,683**	5,732	**5,953**	12,716
Servers rental expenses	**4,727**	5,003	**9,465**	9,876
Other professional service fees	**1,063**	1,700	**3,555**	3,588
Office rental expenses	**2,398**	2,527	**4,764**	4,887
Travelling and entertainment expenses	**2,246**	3,238	**4,316**	5,223
Auditor's remuneration	**774**	–	**1,074**	1,000
Depreciation of property, plant and equipment (Note 7)	**2,091**	2,311	**4,457**	4,653
Amortisation of intangible assets (Note 7)	**421**	418	**844**	812
Other expenses	**9,869**	4,894	**16,552**	8,518
	123,820	126,834	**291,497**	246,704

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

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

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

21. OTHER GAINS - NET

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

Note:

(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.

22. FINANCE INCOME – NET

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

23. INCOME TAX EXPENSES

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

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

23. INCOME TAX EXPENSES *(Continued)*

(a) Cayman Islands Income Tax

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

(b) Hong Kong Profits Tax

Hong Kong profits tax has been provided for as there was business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 16.5% on the estimated assessable profits for the three and six months ended 30 June 2017 and 2016.

(c) PRC Corporate Income Tax ("CIT")

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the three and six months ended 30 June 2017 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**") has successfully renewed its "High and New Technology Enterprise" ("**HNTE**") qualification in 2015 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2017 (for the three and six months ended 30 June 2016: 15%).

Boyaa On-line Game Development (Shenzhen) Co., Ltd. ("**Boyaa PRC**") has successfully renewed its HNTE qualification in 2016 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. Therefore, the actual income tax rate for Boyaa PRC was 15% for the three and six months ended 30 June 2017 (for the three and six months ended 30 June 2016: 15%).

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("**Super Deduction**"). Boyaa Shenzhen and Boyaa PRC has claimed such Super Deduction in ascertaining its tax assessable profits for the three and six months ended 30 June 2017 and 2016.

23. INCOME TAX EXPENSES *(Continued)*

(d) PRC withholding Tax ("WHT")

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

As at 30 June 2017, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB958,087,000. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

(e) Tax reconciliation

The tax on the Group's profit before tax differ from the theoretical amount that would arise using the weighted average tax rate applicable to profits of consolidated entities in the respective jurisdictions as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit before income tax	**158,616**	148,869
Add: Share loss of associates, net of tax	**271**	1,459
	158,887	150,328
Tax calculated at a tax rate of 25%	**39,722**	37,582
Tax effects of:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	**(13,744)**	(5,122)
– Different tax rates available to different subsidiaries of the Group	**(2,526)**	(8,735)
– Expenses not deductible for tax purposes	**341**	145
– Income not subject to tax	**(1,109)**	(18)
– Super Deduction	**(5,147)**	(4,658)
– Over-provision in prior periods	**(290)**	–
Income tax expenses	**17,247**	19,194

24. EARNINGS PER SHARE

(a) Basic

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

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

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the three and six months ended 30 June 2017 and 2016, the Company had two categories of dilutive potential ordinary shares, namely share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.

24. EARNINGS PER SHARE *(Continued)*

(b) *Diluted (Continued)*

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

25. DIVIDENDS

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

Notes to the Interim Condensed Consolidated Financial Information

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed in other notes, the following significant transactions were carried out between the Group and its related parties for the three and six months ended 30 June 2017 and 2016. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties:

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Advertising expenses paid/ payable to an associate: Shenzhen Gangyun Technology Co., Ltd. ("**Gangyun**")	**–**	4	**–**	4
Commission expenses paid/ payable to an associate: Chengdu Boyu Interactive Technology Co., Ltd. ("**Chengdu Boyu**")	**219**	–	**1,003**	–
Repayment of loan from an associate: Shenzhen Jisiwei Intelligent Technology Co., Ltd. ("**Jisiwei**")	**–**	–	**2,000**	–
Repayment of other receivables from related company: Shenzhen Chun Lei Dong Fang Technology Co., Ltd ("**Chun Lei Dong Fang**")	**–**	–	**300**	–

26. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(a) *Transactions with related parties: (Continued)*

Compensation of key management personnel (including Directors):

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Wages, salaries, fees, allowances, bonus and benefits in kind	**756**	1,004	**1,514**	2,061
Contributions to pension plans	**16**	24	**31**	53
Share-based compensation expenses	**198**	469	**440**	1,054
	970	1,497	**1,985**	3,168

(b) *Balances with related parties:*

	30 June 2017	31 December 2016
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Amount due from associates included in "other receivables":		
Shenzhen Easething Technology Co., Ltd ("**Easething**")	**2,000**	2,000
Jisiwei	**–**	2,000
Amount due from related company included in "other receivables":		
Chun Lei Dong Fang	**–**	300
Amount due to an associate included in "other payables":		
Chengdu Boyu	**961**	1,408

27. COMMITMENTS

(a) Capital commitments

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Contracted obligation:		
Investment in a limited partnership	**100,000**	300,000

(b) Operating lease commitments

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

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

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Not later than 1 year	**9,495**	10,381
Later than 1 year but not later than 5 years	**1,456**	3,626
	10,951	14,007

28. SUBSEQUENT EVENT

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

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

Reconciliation from Unaudited Net Profit to Unaudited Non-IFRS Adjusted Net Profit

For the Six Months Ended 30 June 2017

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

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

Reconciliation from Unaudited Net Profit to Unaudited Non-IFRS Adjusted Net Profit

For the Six Months Ended 30 June 2017

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

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

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