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Boyaa Interactive International Limited

博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0434)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by the board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company about an incident below.

It is the general practice of the Company to invest in fixed-term deposits and wealth management products with its idle cash reserves (“**Idle Fund Management**”). It has come to the attention of the Company on or around 4 March 2019 that it was not able to continue to use the idle cash reserves in its individual bank accounts (the “**Relevant Idle Cash Reserves**”) for fixed-term deposits or wealth management (the “**Incident**”). The Relevant Idle Cash Reserves only constitute a portion of the Company’s total idle cash reserves. As of the date of this announcement, the Relevant Idle Cash Reserves amount to approximately RMB635 million. At the relevant time, the Company considered that the Incident may be implicated as a result of the Case (as defined below) involving individual Employees (as defined below), as such, the Company has engaged its PRC legal advisers (the “**PRC Legal Advisers**”) to advise on this matter in March 2019. Upon engagement of the PRC Legal Advisers, the PRC Legal Advisers have submitted applications to the relevant PRC court and procuratorate on behalf of the Company in relation to the Incident, including an application to utilize the Relevant Idle Cash Reserves. The Company did not receive any reply from the relevant PRC court and procuratorate in relation to those applications.

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

The Company is not a party prosecuted in the Case and it was implicated due to the Alleged Crime of its individual Employees. As such, other than the Reply, the Company did not receive any formal notification on the Case from the relevant PRC judicial authority. As advised by the PRC Legal Advisers, the relevant PRC judicial authority is in the process of investigating the Case, and no trial dates have been fixed. Save as disclosed above, the Company has no details on the contents of the Case.

As at the date of this announcement, the Case is ongoing and all other bank accounts of the Company (the “**Other Bank Accounts**”) remain in normal operations and are not affected by the Case. As advised by the PRC Legal Advisers, since (i) no prosecution has been made against the Company, its directors and senior management in relation to the Case and they did not receive any formal notification on the Case from any relevant PRC judicial authority, and (ii) the prosecution in relation to the Case was made against the Employees only, the risk that the Company, its directors and its senior management will be subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime is remote.

In light of the fact that (i) based on the above advice of the PRC Legal Advisers, the risk that the Company, its directors and senior management will be subject to any prosecution by the relevant PRC judicial authority in relation to the Alleged Crime is remote, (ii) the Relevant Idle Cash Reserves of the Company are only used for the purpose of Idle Fund Management, which is the Company's general practice and the Relevant Idle Cash Reserves only constitute a portion of total idle cash reserves of the Company, (iii) the Company is of the view that it has sufficient cash reserves available in the Other Bank Accounts for its day-to-day operations, (iv) the Company does not have any loan borrowing as of the date of this announcement, and (v) the Company will actively monitor the development of the Case and the Incident and assess their impact on the operation of the Company, the Board is of the view that the Case and the Incident will not have any material adverse impact on the business, operation and financial conditions of the Group.

The Company will keep the Shareholders and potential investors informed of any material development in connection with the Case and the Incident as and when appropriate.

The Company will make further announcement(s) as and when appropriate pursuant to the requirements under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Boyaa Interactive International Limited
DAI Zhikang
Chairman and Executive Director

Hong Kong, 1 September 2019

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