



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



2015  
Interim Report



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# Corporate Information



## BOARD OF DIRECTORS

### *Executive Directors*

Mr. Zhang Wei (*Chairman and Chief Executive Officer*)  
Mr. Dai Zhikang  
Mr. Gao Junfeng (*resigned on 1 July 2015*)

### *Non-executive Director*

Mr. Zhou Kui (*resigned on 14 May 2015*)

### *Independent Non-executive Directors*

Mr. Cheung Ngai Lam  
Mr. Choi Hon Keung Simon  
Mr. Gao Shaofei

## AUDIT COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)  
Mr. Choi Hon Keung Simon  
Mr. Gao Shaofei

## NOMINATION COMMITTEE

Mr. Zhang Wei (*Chairman*)  
Mr. Choi Hon Keung Simon  
Mr. Gao Shaofei

## REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam (*Chairman*)  
Mr. Choi Hon Keung Simon  
Mr. Gao Shaofei

## JOINT COMPANY SECRETARIES

Ms. Huang Haiyan (*resigned on 27 March 2015*)  
Ms. Dai Meng (*appointed on 27 August 2015*)  
Ms. Lai Siu Kuen

## AUTHORIZED REPRESENTATIVES

Mr. Zhang Wei  
Ms. Lai Siu Kuen

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
22/F, Prince's Building  
Central  
Hong Kong

## COMPANY'S WEBSITE

[www.boyya.com.hk](http://www.boyya.com.hk)

## STOCK CODE

0434

## Corporate Information



### HEADQUARTERS IN THE PRC

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

### 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  
PO Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited  
PO 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



In the second quarter of 2015, the business of Boyaa Interactive International Limited (the “**Company**”) and its subsidiaries (the “**Group**”) was affected by the decline of the online card and board games market and the impact on the industry led by the regulation and adjustment of SMS payment channels by domestic operators in mainland China. We saw a decline in our financial results in the second quarter despite our efforts to promptly adjust our operation and marketing strategies.

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

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

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

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

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

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

# Management Discussion and Analysis



## FINANCIAL REVIEW

### *Second Quarter of 2015 Compared to Second Quarter of 2014*

#### **Revenue**

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

#### **Cost of revenue**

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

#### **Gross profit and gross profit margin**

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

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

#### **Selling and marketing expenses**

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

# Management Discussion and Analysis



## ***Administrative expenses***

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

## ***Other income and gains – net***

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

## ***Finance income/(costs) – net***

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

## ***Share of profit of associates***

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

## ***Income tax expense***

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



## Management Discussion and Analysis

### ***Profit for the period***

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

### ***Non-IFRS Measure – Adjusted net profit***

To supplement our consolidated financial statements which are presented in accordance with International Financial Reporting Standards (“**IFRS**”), we also use unaudited non-IFRS adjusted net profit as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term of adjusted net profit is not defined under IFRS. Other companies in the industry the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the three months ended 30 June 2015 and should not be considered in isolation or as a substitute for analysis of the Group’s results as reported under IFRS.

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

### ***First Half of 2015 Compared to First Half of 2014***

#### ***Revenue***

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



# Management Discussion and Analysis



## ***Cost of revenue***

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

## ***Gross profit and gross profit margin***

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

## ***Selling and marketing expenses***

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

## ***Administrative expenses***

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

## ***Other income and gains – net***

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

## ***Finance income – net***

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

## ***Share of profit of associates***

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



# Management Discussion and Analysis

## ***Income tax expense***

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

## ***Profit for the period***

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

## ***Non-IFRS Measure – Adjusted net profit***

Our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2015 of approximately RMB82.6 million was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB3.1 million, RMB1.9 million and RMB4.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, as compared to our unaudited non-IFRS adjusted net profit for the six months ended 30 June 2014 of approximately RMB153.8 million derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB6.3 million, RMB2.4 million and RMB7.3 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

## ***Liquidity and Capital Resources***

For the six months ended 30 June 2015, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion, investments and business operations with internal resources and through organic and sustainable growth. We will make investments in line with our capital and investment management policies and strategies.

## ***Cash and cash equivalents***

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

# Management Discussion and Analysis



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

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

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

The short-term investments were made for treasury management purpose and were made in line with our treasury and investment policies, after taking into account, among others, the level of risk, return on investment, liquidity and the term to maturity. Generally, the Company has in the past selected wealth management products that are principal guaranteed and therefore are relatively low risk products. Prior to making an investment, the Company had also ensured that there remains sufficient working capital for the Company's business needs even after the investments in wealth management products. The Company decided and as agreed with the financial institutions offering the short-term investments, the underlying investment portfolio of all the short-term investments were represented by inter-bank loan market instruments and exchange traded fixed-income financial instruments, such as inter-bank loans, government bonds, central bank bills and similar products, which were highly liquid with a relatively short term of maturity, and which were considered to akin to placing deposits with banks whilst enabling the Group to earn an attractive rate of return.

## ***Borrowings***

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

## ***Capital expenditures***

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



# Management Discussion and Analysis

## ***Contingent liabilities and guarantees***

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

## ***Material acquisitions and future plans for major investment***

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

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

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

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

## ***Pledge of assets***

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

## ***Employees and Staff Costs***

As at 30 June 2015, we had a total of 861 full time employees, mainly located in mainland China. In particular, 657 employees are responsible for our game development and operation functions, 49 for game support, 77 for business development and 78 for administration and senior management functions.

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

## Management Discussion and Analysis



For the six months ended 30 June 2015, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB85.2 million, representing approximately 21.7% of the total expenses of the Group. During the six months ended 30 June 2015, 81 employees of the Group were granted RSUs in respect of an aggregate of 4,955,000 shares pursuant to the RSU scheme adopted by the Company in September 2013 (the “**RSU Scheme**”) on 12 March 2015. The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. Subject to certain vesting conditions and the satisfaction of certain performance targets, the RSUs shall be exercisable over a period of eight years commencing from 12 March 2015. Pursuant to the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU Scheme, there were a total of 3,095,416 share options and 66,160,423 shares underlying the RSUs granted to a total of 279 directors, senior management members, employees and former employees of the Group which remained outstanding as at 30 June 2015. There were an additional number of 30,345,116 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme.



## 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 2014 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, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**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 provision 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. The Contractual Arrangements currently in effect comprise six agreements, namely (a) the Exclusive Business Consulting and Service Agreement, (b) the Business Operating Agreement, (c) the Exclusive Option Agreement, (d) the Equity Pledge Agreement, (e) the Intellectual Properties License Agreement and (f) the Loan Agreement, which were entered into between or amongst Boyaa Shenzhen, Boyaa PRC, Mr. Zhang Wei and/or Mr. Dai Zhikang (as the case may be). Details of these agreements are set out in the section headed “Connected Transactions – Contractual Arrangements” in the Directors’ Report of the Company’s 2014 Annual Report.

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 31 December 2014 and 30 June 2015, 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. In particular, the Company has offered casual games, such as Ant Wars (蟲蟲特攻隊) and Happy Babies (開心寶貝), on the Company’s overseas website, boyaa.com.hk, with a view to build up its track record of overseas telecommunications business operations. Moreover, in the first half of 2015, the Group has completed equity investments in Shenzhen Coalaa Network

## Other Information



Technology Co., Ltd. (深圳市卡拉網絡科技有限公司), Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司), Shenzhen Guanhai Technology Co., Ltd. (深圳市觀海科技有限公司) and Function Technology Co., Ltd. (collectively referred to as “**Coalaa**”), through a series of agreements and at a total consideration of RMB5 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version), which is offered as both a web-based game and a mobile game and in 12 language versions, including Arabian, Indonesian and Thai, and 9k Poker, which is offered as a mobile game and in Thai language only, as its two most important games. 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, and in particular, the Thai market.

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

#### **Risks associated with the Contractual Arrangements**

- 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.

#### **Mitigation actions taken by the Company**

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
- (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.

## Other Information



- 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 authorize 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 authorize any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen.



## Other Information



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 conflict 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 conflict 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.

## Other Information



- v. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may subject the Group to increased 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 2012 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2012 to 31 December 2014. Based on management's self-assessment, it is highly probable that Boyaa Shenzhen will successfully renew the HNTe qualification for the next three years ending 31 December 2017 in 2015. Therefore, the expected income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2015 (2014: 15%). See note 23 to the Interim Condensed Consolidated Financial Information in this report.

Boyaa PRC qualified as a HNTe under the PRC Corporate Income Tax Law in 2013 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. Therefore, the actual income tax rate for Boyaa PRC was 15% for the three and six months ended 30 June 2015 (2014: 15%). Also see note 23 to the Interim Condensed Consolidated Financial Information in this report.

As a result, as both Boyaa PRC and Boyaa Shenzhen enjoys the reduced income tax rate of 15%, the transfer of its 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 then any questions raised by PRC tax authorities are addressed in a timely and satisfactory manner.



## Other Information

- 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 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 2015, the interests and short positions of the directors or the chief executive of the Company in the shares, underlying shares or 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 <sup>(1)</sup>	Approximate percentage of shareholding <sup>(5)</sup>
Mr. Zhang Wei <sup>(2)</sup>	The Company	Founder of a discretionary trust	246,237,474 (L)	32.26%
Mr. Dai Zhikang <sup>(3)</sup>	The Company	Founder of a discretionary trust	36,500,000 (L)	4.78%
Mr. Gao Junfeng <sup>(4)</sup>	The Company	Beneficial owner	12,394,366 (L)	1.62%

## Other Information



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. Gao Junfeng is interested in 1,267,605 shares, share options representing 2,112,676 shares at an exercise price of US\$0.15 per share and restricted share units representing 9,014,085 shares which can be exercised for nil consideration. Both the share options and the restricted share units are subject to a vesting schedule. Mr. Gao has resigned as an executive director of the Company with effect from 1 July 2015.
- (5) As at 30 June 2015, the Company had 763,404,837 issued shares.

### (b) *Interests in other members of the Group*

So far as the directors of the Company are aware, as at 30 June 2015, the following person (excluding the Company) is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Registered capital	Approximate percentage of interest
Shenzhen Dong Fang Bo Ya Technology Co., Ltd.	Mr. Zhang Wei	RMB9,800,000	98%

Save as disclosed above, as at 30 June 2015, 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.

## Other Information



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

As at 30 June 2015, the following persons (other than the directors or the chief executive of the Company) have interests or short positions in the shares or underlying shares 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 <sup>(1)</sup>	Approximate percentage of interest <sup>(4)</sup>
Cantrust (Far East) Limited <sup>(2)(5)</sup>	The Company	Trustee of a trust	282,737,474 (L)	37.04%
Rustem Limited <sup>(2)(5)</sup>	The Company	Nominee for another person	282,737,474 (L)	37.04%
Chunlei Investment <sup>(2)(5)</sup>	The Company	Interest in a controlled corporation	246,237,474 (L)	32.26%
Boyaa Global Limited <sup>(2)</sup>	The Company	Beneficial owner	176,572,474 (L)	23.13%
Emily Technology Limited <sup>(2)(5)</sup>	The Company	Beneficial owner	69,665,000 (L)	9.13%
The Core Trust Company Limited <sup>(3)(5)</sup>	The Company	Trustee of a trust	110,587,393 (L)	14.49%
The Core Admin Boyaa RSU Limited <sup>(3)(5)</sup>	The Company	Nominee for another person	96,505,539 (L)	12.64%

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, (the "**RSU Trustee**"), directly holds the entire issued share capital of The Core Admin Boyaa RSU Limited as the RSU nominee, which holds 96,505,539 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 2015, the Company had 763,404,837 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 2015, no persons (other than the directors or the chief executive of the Company) has 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.



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### SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEME

#### *Post-IPO Share Option Scheme*

On 23 October 2013, a share option scheme (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 31 December 2014, the remaining life of the Post-IPO Share Option Scheme is approximately eight years and ten months and as at 30 June 2015, the remaining life of the Post-IPO Share Option Scheme is approximately eight years and four months.

Further details of the principal terms of the Post-IPO Share Option Scheme are set out in the Prospectus. As at 30 June 2015, no option has been granted or agreed to be granted nor has any option been cancelled under the Post-IPO Share Option Scheme.

#### *Pre-IPO Share Option Scheme*

On 7 January 2011, a Pre-IPO share option scheme (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 31 December 2014, the remaining life of the Pre-IPO Share Option Scheme in respect of outstanding options is nine years and ten months, and as at 30 June 2015, such remaining life is nine years and four months.

Further details of the principal terms of the Pre-IPO Share Option Scheme are set out in the Prospectus. During the six months ended 30 June 2015, no option has been cancelled. Details of the movements in options during the six months ended 30 June 2015 under the Pre-IPO Share Option Scheme are set out in the section headed “Details of the options granted and outstanding under the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme” below.

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### *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. As at 31 December 2014, the remaining life of the RSU Scheme is approximately six years and two months and as at 30 June 2015, the remaining life of the RSU Scheme is approximately five years and eight months.

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 "(b) 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.

The Company has appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. 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

## Other Information



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. On 12 March 2015, 81 employees of the Group were granted RSUs in respect of an aggregate of 4,955,000 shares. The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs. Save as aforementioned, during the six months ended 30 June 2015, 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 Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme” below.



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### Details of the options granted and outstanding under 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 2015	Date of grant	Granted during the period	Exercise price (US\$)	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 2015
<b>Director of the Company</b>										
Gao Junfeng <sup>(1)</sup>	Executive Director and Chief Financial Officer	Options	2,112,676	1 November 2012	-	0.15	-	-	-	2,112,676
		RSUs	3,380,282	1 November 2012	-	-	-	-	-	3,380,282
			5,633,803	4 March 2013	-	-	-	-	-	5,633,803
		<b>Sub-total</b>	11,126,761		-	-	-	-	11,126,761	
<b>Director of our subsidiary</b>										
Suo Hongbin	Director of Boyaa Interactive (Thailand) Limited and Vice President	Options	937,518	1 February 2011	-	0.05	937,518	5.41	-	-
		RSUs	7,500,000	1 February 2011	-	-	1,800,000	-	-	5,700,000
		<b>Sub-total</b>	8,437,518		-	-	2,737,518	-	-	5,700,000
<b>277 employees and previous employees of the Group</b>										
		Options	5,370,157	1 February 2011	-	0.05	4,288,243	6.12	312,522	769,392
			197,500	2 March 2012	-	0.10	95,220	7.26	-	102,280
			209,655	1 July 2012	-	0.15	91,545	6.32	7,042	111,068
		RSUs	17,536,302	1 February 2011	-	-	3,165,342	-	312,522	14,058,438
			317,027	2 March 2012	-	-	54,668	-	7,686	254,673
			415,401	1 July 2012	-	-	120,022	-	48,842	246,537
			39,433,117	4 March 2013	-	-	3,777,619	-	3,523,808	32,131,690
			-	12 March 2015	4,955,000 <sup>(2)</sup>	-	-	-	200,000	4,755,000
		<b>Sub-total</b>	63,479,159		4,955,000	-	11,592,659	-	4,412,422	52,429,078
<b>Total</b>										
		Options	6,307,675	1 February 2011	-	0.05	5,225,761	6.00	312,522	769,392
			197,500	2 March 2012	-	0.10	95,220	7.26	-	102,280
			209,655	1 July 2012	-	0.15	91,545	6.32	7,042	111,068
			2,112,676	1 November 2012	-	0.15	-	-	-	2,112,676
		RSUs	25,036,302	1 February 2011	-	-	4,965,342	-	312,522	19,758,438
			317,027	2 March 2012	-	-	54,668	-	7,686	254,673
			415,401	1 July 2012	-	-	120,022	-	48,842	246,537
			3,380,282	1 November 2012	-	-	-	-	-	3,380,282
			45,066,920	4 March 2013	-	-	3,777,619	-	3,523,808	37,765,493
			-	12 March 2015	4,955,000 <sup>(2)</sup>	-	-	-	200,000	4,755,000
			83,043,438		4,955,000	-	14,330,177	-	4,412,422	69,255,839

#### Notes:

- (1) Mr. Gao Junfeng has resigned as an executive director of the Company with effect from 1 July 2015.
- (2) The closing price of the shares of the Company on 11 March 2015, being the trading day immediately preceding that date on which the 4,955,000 RSUs were granted, was HK\$6.08.

## Other Information



**(a) 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.

**(b) 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 "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 to the named individual grantee of RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify such grantee in writing) 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 12.5% of the RSUs on the date ending 18 months after the date of grant of the RSUs;
- (iii) as to 12.5% of the RSUs ending 24 months after the date of grant of the RSUs; and
- (iv) as to the remaining 50% of the RSUs, on a monthly basis starting from the 25th month after the date of grant in 24 monthly equal lots.

## Other Information



For the remaining 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.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the six months ended 30 June 2015.

## INTERIM DIVIDEND

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

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended 30 June 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for a deviation from the code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Zhang Wei is the Chairman and Chief Executive Officer of the Company. With extensive experience in the Internet industry, Mr. Zhang Wei is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company's growth and business expansion since its establishment in 2004. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group.



## Other Information

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 2015.

### AUDIT COMMITTEE

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

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

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

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

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

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

### 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 2015, a total amount of HK\$223.7 million from the net proceeds from our initial public offering had been utilized for expanding our marketing, promotion activities, for equity investments and for research and development activities. The unutilized net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group.

The Company will continue to utilize 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



羅兵咸永道

## 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 29 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 2015 and the related interim consolidated statements 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”. 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”.

#### PricewaterhouseCoopers

*Certified Public Accountants*

Hong Kong, 27 August 2015

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T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*



# Interim Consolidated Balance Sheet

As at 30 June 2015

	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	17,356	15,176
Intangible assets	7	6,209	19,626
Investments in associates	8	35,932	21,839
Available-for-sale financial assets	9	50,783	63,975
Deferred income tax assets	10	9,475	1,685
Financial assets at fair value through profit or loss	13	72,411	22,085
Prepayments and other receivables	12	40,599	42,651
		<b>232,765</b>	187,037
<b>Current assets</b>			
Trade receivables	11	103,501	94,312
Prepayments and other receivables	12	33,261	33,001
Short-term investments		–	370,000
Cash and cash equivalents	14	1,363,136	1,029,331
		<b>1,499,898</b>	1,526,644
<b>Total assets</b>		<b>1,732,663</b>	1,713,681
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	247	245
Share premium	15	588,948	632,329
Shares held for RSU Scheme	15	(15)	(19)
Reserves	16	136,375	137,045
Retained earnings		776,726	702,896
		<b>1,502,281</b>	1,472,496
Non-controlling interests		–	9,130
<b>Total equity</b>		<b>1,502,281</b>	1,481,626

# Interim Consolidated Balance Sheet

As at 30 June 2015



	Note	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	10	8,271	14,234
<b>Current liabilities</b>			
Trade and other payables	18	108,384	115,169
Deferred revenue	19	21,287	24,238
Current income tax liabilities		92,440	78,414
		222,111	217,821
<b>Total liabilities</b>		<b>230,382</b>	232,055
<b>Total equity and liabilities</b>		<b>1,732,663</b>	1,713,681
<b>Net current assets</b>		<b>1,277,787</b>	1,308,823
<b>Total assets less current liabilities</b>		<b>1,510,552</b>	1,495,860



# Interim Consolidated Statement of Comprehensive Income

For the Three and Six Months Ended 30 June 2015

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Revenue	6	193,080	236,324	437,036	457,951
Cost of revenue	20	(102,512)	(85,710)	(215,163)	(174,100)
<b>Gross profit</b>		<b>90,568</b>	150,614	<b>221,873</b>	283,851
Selling and marketing expenses	20	(60,036)	(45,215)	(107,944)	(87,917)
Administrative expenses	20	(39,359)	(28,201)	(69,003)	(54,846)
Other income and gains – net	21	9,312	14,121	16,339	21,875
<b>Operating profit</b>		<b>485</b>	91,319	<b>61,265</b>	162,963
Finance income	22	15,499	611	21,054	6,644
Finance costs	22	(910)	(3,164)	(5,279)	(6,386)
Finance income/(costs) – net	22	14,589	(2,553)	15,775	258
Share of profit of associates	8	2,311	2,460	5,424	2,801
<b>Profit before income tax</b>		<b>17,385</b>	91,226	<b>82,464</b>	166,022
Income tax expense	23	(1,578)	(15,627)	(9,796)	(28,186)
<b>Profit for the period</b>		<b>15,807</b>	75,599	<b>72,668</b>	137,836
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
– Changes in value of available-for-sale financial assets, net of tax		(9,407)	–	(9,986)	–
– Less: reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax		(258)	–	(258)	–
– Currency translation differences		(1,003)	1,172	(322)	6,025
<b>Other comprehensive (loss)/income for the period, net of tax</b>		<b>(10,668)</b>	1,172	<b>(10,566)</b>	6,025
<b>Total comprehensive income for the period</b>		<b>5,139</b>	76,771	<b>62,102</b>	143,861





## Interim Consolidated Statement of Comprehensive Income

For the Three and Six Months Ended 30 June 2015

	Note	Three months ended 30 June		Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Profit attributable to:</b>					
– Owners of the Company		16,237	75,599	73,830	137,836
– Non-controlling interests		(430)	–	(1,162)	–
		<b>15,807</b>	75,599	<b>72,668</b>	137,836
<b>Total comprehensive income attributable to:</b>					
– Owners of the Company		5,569	76,771	63,264	143,861
– Non-controlling interests		(430)	–	(1,162)	–
		<b>5,139</b>	76,771	<b>62,102</b>	143,861
<b>Earnings per share (expressed in RMB cents per share)</b>					
– Basic	24	2.28	11.60	10.44	21.49
– Diluted	24	2.22	10.32	10.08	18.79
Dividends	25	–	–	–	46,307



# Interim Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2015

		(Unaudited)							
		Share capital	Share premium	Shares held for RSU Scheme	Reserves	Retained earnings	Total	Non-controlling interests	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2015</b>		245	632,329	(19)	137,045	702,896	1,472,496	9,130	1,481,626
<b>Comprehensive income</b>									
Profit for the period		-	-	-	-	73,830	73,830	(1,162)	72,668
Other comprehensive income									
– change in value of available-for-sale financial assets, net of tax		-	-	-	(9,986)	-	(9,986)	-	(9,986)
– reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax		-	-	-	(258)	-	(258)	-	(258)
– currency translation differences		-	-	-	(322)	-	(322)	-	(322)
<b>Total comprehensive income for the period</b>		-	-	-	(10,566)	73,830	63,264	(1,162)	62,102
Employee share option and RSU scheme									
– value of employee services		-	-	-	9,896	-	9,896	-	9,896
– proceeds from shares issued		2	1,745	-	-	-	1,747	-	1,747
– vesting of shares under RSU scheme		15	(4)	4	-	-	-	-	-
Dividends relating to 2014		-	(45,122)	-	-	-	(45,122)	-	(45,122)
<b>Total contributions by and distributions to owners of the Company, recognized directly in equity</b>		2	(43,381)	4	9,896	-	(33,479)	-	(33,479)
Disposal of subsidiaries		29	-	-	-	-	-	(7,968)	(7,968)
<b>Total transactions with owners, recognized directly in equity</b>		2	(43,381)	4	9,896	-	(33,479)	(7,968)	(41,447)
<b>Balance at 30 June 2015</b>		247	588,948	(15)	136,375	776,726	1,502,281	-	1,502,281



# Interim Consolidated Statement of Changes in Equity

For the Six Months Ended 30 June 2015

(Unaudited)

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



# Interim Consolidated Statement of Cash Flows

For the Six Months Ended 30 June 2015

	Note	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Cash flows from operating activities</b>			
Cash generated from operations		34,092	134,703
Income tax paid		(3,770)	(18,748)
Net cash generated from operating activities		30,322	115,955
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(5,626)	(2,458)
Purchase of intangible assets		(226)	(826)
Purchase of short-term investments		–	(790,000)
Purchase of financial assets at fair value through profit or loss		(39,935)	–
Investments in associates		(4,600)	(8,200)
Purchase of available-for-sale financial assets		(500)	–
Prepayment for acquisition of a subsidiary		–	(1,500)
Net proceeds from disposal of subsidiaries	29	4,666	–
Acquisition of subsidiaries, net of cash acquired	28	19	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	102,113
Proceeds from disposal of short-term investments		370,000	53,000
Proceeds from disposal of available-for-sale financial assets		1,927	–
Proceeds from disposal of property, plant and equipment		15	10
Return on short-term investments received		1,894	16,862
Interest received		19,787	6,644
Net cash generated from/(used in) investing activities		347,421	(624,355)
<b>Cash flows from financing activities</b>			
Payments for buy-back of shares		–	(587)
Dividends paid to equity holders of the Company	25	(45,122)	(65,590)
Proceeds from issuance of ordinary shares	17	1,846	2,341
Net cash used in financing activities		(43,276)	(63,836)
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		1,029,331	965,566
Exchange (losses)/gains on cash and cash equivalents		(662)	784
<b>Cash and cash equivalents at end of the period</b>		<b>1,363,136</b>	<b>394,114</b>

# 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 PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 12 November 2013 (the “**Listing**”).

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

The interim consolidated balance sheet as at 30 June 2015, the interim consolidated statements of comprehensive income for the three and six months then ended, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes (collectively defined as the “**Interim Financial Information**”) of the Group have been approved by the Board of Directors (the “**Board**”) on 27 August 2015.

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

### *Key events*

During the period, the Group acquired four subsidiaries from certain independent third parties. These subsidiaries are principally engaged in development and operations of online card and board game business. Details of the acquisitions are given in Note 28.

During the period, the Group disposed of certain subsidiaries to an independent third party. Details of the disposals are given in Note 29.

## 2. BASIS OF PREPARATION

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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



## Notes to the Interim Condensed Consolidated Financial Information

### 3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

### 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 2014 Financial Statements.

# Notes to the Interim Condensed Consolidated Financial Information



## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

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 2014 Financial Statements.

There have been no significant changes in risk management policies since the year end of 2014.

### 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 recognized 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 2015 of the Group would have been approximately RMB1,508,000 higher/lower (for the six months ended 30 June 2014: RMB1,656,000), 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 HKD, if RMB had strengthened/weakened by 5% against USD and HKD with all other variables held constant, the post-tax profit for the six months ended 30 June 2015 would have been approximately RMB2,349,000 higher/lower (for the six months ended 30 June 2014: RMB3,944,000), mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in RMB.

### 5.3 Liquidity risk

Compared to the year end of 2014, 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 2015 and 31 December 2014:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Unaudited</b>				
<b>At 30 June 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	–	–	72,411	72,411
Available-for-sale financial assets	766	–	50,017	50,783
	<b>766</b>	<b>–</b>	<b>122,428</b>	<b>123,194</b>
<b>Audited</b>				
<b>At 31 December 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	–	–	22,085	22,085
Available-for-sale financial assets	2,650	–	61,325	63,975
	2,650	–	83,410	86,060



# Notes to the Interim Condensed Consolidated Financial Information



## 5. FINANCIAL RISK MANAGEMENT *(Continued)*

### 5.4 Fair value estimation *(Continued)*

The following table presents the changes in level 3 instruments for the period ended 30 June 2015:

	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 2015	22,085	61,325	83,410
Additions	39,935	500	40,435
Gains recognized in profit or loss	10,445	–	10,445
Fair value changes	–	(11,808)	(11,808)
Currency translation differences	(54)	–	(54)
Closing balance as at 30 June 2015	72,411	50,017	122,428
Total gains for the period recognized in profit or loss under “other income and gains – net”	10,445	–	10,445

The following table presents the changes in level 3 instruments for the period ended 30 June 2014:

	Financial assets at fair value through profit or loss RMB'000 (Unaudited)
Opening balance as at 1 January 2014	107,000
Disposals	(102,153)
Gains recognized in profit or loss	2,153
Closing balance as at 30 June 2014	7,000
Total gains for the period recognized in profit or loss under “other income and gains – net”	2,153



## Notes to the Interim Condensed Consolidated Financial Information

### 6. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information



## 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:

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

## 7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	<b>Property, plant and equipment RMB'000 (Unaudited)</b>	<b>Intangible assets RMB'000 (Unaudited)</b>
Six months ended 30 June 2015		
Opening balance as at 1 January 2015	<b>15,176</b>	<b>19,626</b>
Acquisition of subsidiaries (Note 28)	<b>181</b>	<b>4,823</b>
Other additions	<b>5,495</b>	<b>226</b>
Depreciation and amortization	<b>(3,412)</b>	<b>(1,438)</b>
Disposals of subsidiaries (Note 29)	<b>(55)</b>	<b>(17,028)</b>
Other disposals	<b>(29)</b>	–
Closing balance as at 30 June 2015	<b>17,356</b>	<b>6,209</b>
Six months ended 30 June 2014		
Opening balance as at 1 January 2014	10,804	1,032
Additions	2,458	826
Depreciation and amortization	(2,328)	(190)
Disposals	(34)	–
Closing balance as at 30 June 2014	10,900	1,668



# Notes to the Interim Condensed Consolidated Financial Information

## 8. INVESTMENTS IN ASSOCIATES

	Six months ended	
	30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At beginning of the period	21,839	7,977
Transfer from investments in subsidiaries as a result of disposal (Note 29)	3,922	–
Other additions (Notes (a) and (b))	6,600	8,200
Disposals (Note (a))	(1,853)	–
Share of profits	5,424	2,801
At end of the period	35,932	18,978

- (a) On 22 January 2015, the Group acquired 30% equity interest in Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司, “**Easething**”), which is mainly engaged in development and operating of intelligent hardware and artificial intelligence system, from an independent third party, at a cash consideration of RMB3,000,000 of which RMB1,000,000 had been paid. On 12 May 2015, the Group disposed of 20% equity interest in Easething to an independent third party at a consideration of RMB2,028,600, which resulted in a gain of RMB175,000. Since the Group still has the contractual right to appoint one director to the board of directors of Easething after the disposal, the directors of the Company consider that the Group has significant influence on Easething, and accordingly it is accounted for as an associate of the Group.
- (b) On 18 June 2015, the Group acquired 12% equity interest in Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司, “**Shenzhen Jisiwei**”), which is mainly engaged in development and sales of electronic products and development of intelligence applications from an independent third party, at a cash consideration of RMB3,600,000, which had been paid as at 30 June 2015. Since the Group has the contractual right to appoint a director to the board of directors of Shenzhen Jisiwei, the directors of the Company consider that the Group has significant influence on Shenzhen Jisiwei, and accordingly it is accounted for as an associate of the Group.
- (c) On 23 March 2015, the Group entered into a share purchase agreement (“**SPA**”) with Dalian Zeus Entertainment Co., Ltd (“**Zeus Entertainment**”) (formerly known as Dalian Kemian Wood Industry Co., Ltd.) which is an A-share listed company, to dispose of its entire 16% equity interest in RaySns Technology Co., Ltd. (“**RaySns**”), an associate of the Group. The consideration for the disposal payable by Zeus Entertainment to the Group is RMB126,720,000, subject to adjustment, which shall be satisfied by the issue and allotment of the consideration shares, being 2,385,093 shares in Zeus Entertainment with par value of RMB1.00 each, to the Group.

The completion of the transaction contemplated under the SPA is conditional upon: (i) the execution of the SPA; (ii) the transaction contemplated under the SPA being approved by the board of directors and shareholders’ meeting of Zeus Entertainment (the approval by the board of directors of Zeus Entertainment has been obtained on 23 March 2015); (iii) the changes to the registered capital of and the shareholding of foreign investors in Zeus Entertainment, as a foreign-invested enterprise, arising from the transactions contemplated under the SPA being approved by relevant commission of commerce; and (iv) the transaction contemplated under the SPA being approved by the China Securities Regulatory Commission. The above disposal has not been completed as at the date of the approval of the Interim Financial Information. The directors of the Company are of the view that the completion of the disposal was uncertain as at 30 June 2015 and thus its investment in Raysuns continued to be classified as ‘investment in associate’ as at 30 June 2015.

# Notes to the Interim Condensed Consolidated Financial Information



## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
At 1 January	63,975	–
Additions	500	–
Net losses from changes in fair value	(11,757)	–
Disposals	(1,935)	–
At 30 June	<b>50,783</b>	–

Available-for-sale financial assets include the following:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Listed equity securities	766	2,650
Unlisted equity investment	50,017	61,325
	<b>50,783</b>	63,975

# 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:

	<b>Deferred income tax assets RMB'000 (Unaudited)</b>	<b>Deferred income tax liabilities RMB'000 (Unaudited)</b>
At 1 January 2015	<b>1,685</b>	<b>14,234</b>
Acquisition of subsidiaries (Note 28)	–	275
Credited to profit or loss (Note 23)	<b>7,790</b>	<b>(210)</b>
Disposal of subsidiaries (Note 29)	–	<b>(4,257)</b>
Tax credited relating to components of other comprehensive income	–	<b>(1,771)</b>
<b>At 30 June 2015</b>	<b>9,475</b>	<b>8,271</b>
At 1 January 2014	4,383	591
Credited to profit or loss (Note 23)	83	–
<b>At 30 June 2014</b>	<b>4,466</b>	<b>591</b>

# Notes to the Interim Condensed Consolidated Financial Information



## 11. TRADE RECEIVABLES

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information



## 12. PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
<b>Included in non-current assets</b>		
Prepayments for purchase of certain properties and assets	<b>31,004</b>	30,873
Loans to employees (Note (a))	<b>9,595</b>	11,778
	<b>40,599</b>	42,651
<b>Included in current assets</b>		
Prepayment for advertising costs	<b>5,151</b>	9,110
Loans to employees	<b>11,167</b>	7,581
Undeducted input value-added tax	<b>2,979</b>	4,129
Prepaid commission charges	<b>2,255</b>	3,407
Deposits	<b>4,922</b>	2,982
Interest receivable	<b>613</b>	68
Receivable on tax rebates	–	1,488
Accrued investment return	–	197
Others	<b>6,174</b>	4,039
	<b>33,261</b>	33,001
	<b>73,860</b>	75,652

- (a) 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 5.90% to 6.15%, promulgated by the People's Bank of China. The RMB4,180,000 of differences between the initial fair values and the principals of these loans were recorded in "finance costs" (Note 22).



# Notes to the Interim Condensed Consolidated Financial Information



## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

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



## Notes to the Interim Condensed Consolidated Financial Information

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

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

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

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

### 14. CASH AND CASH EQUIVALENTS

	<b>30 June 2015 RMB’000 (Unaudited)</b>	31 December 2014 RMB’000 (Audited)
Cash at bank and in hand	<b>503,136</b>	994,331
Short-term bank deposits	<b>860,000</b>	35,000
	<b>1,363,136</b>	1,029,331

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 2015 was 5.66% (for the year ended 31 December 2014: 3.50%).



## Notes to the Interim Condensed Consolidated Financial Information

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

The total authorized share capital of the Company comprises 2,000,000,000 ordinary shares with par value of USD0.00005 per share.

As at 30 June 2015, the total number of issued ordinary shares of the Company was 763,404,837 shares (31 December 2014: 757,992,311 shares) which included 96,505,539 shares (31 December 2014: 105,423,190) held under the restricted shares units (“RSUs”) scheme (“RSU Scheme”) (Note 17). They have been fully paid up.

	(Unaudited)				
	Number of ordinary shares (in thousands)	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 2015	757,992	38	245	632,329	(19)
Employee share option and RSU schemes					
– proceeds from shares issued (Note 17)	5,413	–	2	1,745	–
– vesting of shares held for RSU Scheme	–	–	–	(4)	4
Dividends relating to 2014	–	–	–	(45,122)	–
At 30 June 2015	763,405	38	247	588,948	(15)



## Notes to the Interim Condensed Consolidated Financial Information

### 15. SHARE CAPITAL, SHARE PREMIUM, TREASURY SHARES AND SHARES HELD FOR RSU SCHEME *(Continued)*

(Unaudited)

	Number of ordinary shares (in thousands)	Nominal value of ordinary shares USD'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Treasury shares RMB'000	Shares held for RSU Scheme RMB'000
At 1 January 2014	737,559	37	239	738,070	–	(33)
Buy-back of shares	–	–	–	–	(587)	–
Employee share option and RSU schemes						
– proceeds from shares issued	9,327	–	3	2,921	–	–
– vesting of shares held for RSU Scheme	–	–	–	(11)	–	11
Dividends relating to 2013	–	–	–	(65,590)	–	–
At 30 June 2014	746,886	37	242	675,390	(587)	(22)

# Notes to the Interim Condensed Consolidated Financial Information



## 16. RESERVES

	(Unaudited)					Total RMB'000
	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	
At 1 January 2015	2,000	(3,582)	21,000	83,071	34,556	137,045
Employee share option and RSU schemes – value of employee services (Note 20)	–	–	–	9,896	–	9,896
Change in fair value of available-for-sale financial assets	–	–	–	–	(9,986)	(9,986)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax	–	–	–	–	(258)	(258)
Currency translation differences	–	(322)	–	–	–	(322)
At 30 June 2015	2,000	(3,904)	21,000	92,967	24,312	136,375

	(Unaudited)					Total RMB'000
	Capital reserve RMB'000	Currency translation differences RMB'000	Statutory surplus reserve fund RMB'000	Share-based compensation reserve RMB'000	Other reserves RMB'000	
At 1 January 2014	2,000	(8,103)	21,000	56,481	(17,866)	53,512
Employee share option and RSU schemes – value of employee services (Note 20)	–	–	–	15,987	–	15,987
Currency translation differences	–	6,025	–	–	–	6,025
At 30 June 2014	2,000	(2,078)	21,000	72,468	(17,866)	75,524

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

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

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

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

#### (ii) Outstanding share options

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

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

# Notes to the Interim Condensed Consolidated Financial Information



## 17. SHARE-BASED PAYMENTS *(Continued)*

### *(b)* RSUs

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

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

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

Movements in the number of RSUs outstanding:

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

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

### *(c)* Expected retention rate of 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 (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 2015, the Expected Retention Rate was assessed to be 85% (31 December 2014: 85%).



## Notes to the Interim Condensed Consolidated Financial Information

### 17. SHARE-BASED PAYMENTS *(Continued)*

#### *(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.

The shares held for RSU Scheme were regarded as treasury shares and had been deducted from shareholders’ equity. As a result of the vesting of 10,538,390 of RSUs during the six months ended 30 June 2015, approximately RMB4,000 of other reserves was transferred to share premium upon vesting of these RSUs under the RSU Scheme.

### 18. TRADE AND OTHER PAYABLES

	<b>30 June 2015 RMB’000 (Unaudited)</b>	31 December 2014 RMB’000 (Audited)
Trade payables	<b>1,027</b>	670
Other taxes payable	<b>43,938</b>	45,189
Accrued expenses	<b>37,929</b>	31,274
Guarantee deposit from a third party (Note (a))	–	19,887
Salary and staff welfare payables	<b>14,454</b>	9,769
Payables for the remaining considerations for the acquisitions of subsidiaries (Note 28)	<b>5,000</b>	–
Advance received from sales of prepaid game cards	<b>2,231</b>	2,718
Returns on short-term investments received in advance	–	2,500
Others	<b>3,805</b>	3,162
	<b>108,384</b>	115,169

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



## Notes to the Interim Condensed Consolidated Financial Information



### 18. TRADE AND OTHER PAYABLES *(Continued)*

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:

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

### 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 2015 and 31 December 2014.



## 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 analyzed as follows:

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

## Notes to the Interim Condensed Consolidated Financial Information



### 20. EXPENSES BY NATURE (Continued)

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

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

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

### 21. OTHER INCOME AND GAINS – NET

	Three months ended 30 June		Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Returns on short-term investments	444	14,080	4,197	18,508
Realized/unrealized fair value gains on financial assets at fair value through profit or loss	6,966	566	10,445	2,153
Government subsidies (Note (a))	396	3	1,397	1,546
Foreign exchange losses, net	(613)	(441)	(1,928)	(225)
Gain on disposal of subsidiaries (Note 29)	1,707	–	1,707	–
Gain on disposal of available-for-sale financial assets	250	–	250	–
Gain on partial disposal of an associate (Note 8)	175	–	175	–
Losses on disposals of property, plant and equipment	(14)	(21)	(14)	(24)
Others	1	(66)	110	(83)
	<b>9,312</b>	14,121	<b>16,339</b>	21,875

(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.



## Notes to the Interim Condensed Consolidated Financial Information

### 22. FINANCE INCOME/(COSTS) – NET

	Three months ended 30 June		Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Finance income</b>				
Interest income	15,337	611	20,332	6,644
Interest income on non-current loans to employees	162	–	722	–
	15,499	611	21,054	6,644
<b>Finance costs</b>				
Discounting effects of non-current loans to employees (Note 12)	(842)	–	(4,180)	–
Foreign exchange losses, net	(68)	(3,164)	(1,099)	(6,386)
	(910)	(3,164)	(5,279)	(6,386)
Finance income/(costs) – net	14,589	(2,553)	15,775	258

### 23. INCOME TAX EXPENSE

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

	Three months ended 30 June		Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Current tax	8,209	15,254	17,796	28,269
Deferred tax (Note 10)	(6,631)	373	(8,000)	(83)
	1,578	15,627	9,796	28,186

# Notes to the Interim Condensed Consolidated Financial Information



## 23. INCOME TAX EXPENSE (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 2015 and 2014.

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

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the three and six months ended 30 June 2015 and 2014, based on the existing legislation, interpretations and practices in respect thereof.

According to relevant tax regulations, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**") is exempt from CIT in 2009 for two years, followed by a 50% reduction in the applicable tax rates for the next three years, commencing either from the first year of commercial operations or from the first year of profitable operation after offsetting tax losses generated in prior years. Boyaa Shenzhen qualified as a "High and New Technology Enterprise" ("**HNTE**") under the Corporate Income Tax Law in 2012 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2012 to 31 December 2014. Based on management's self-assessment, it is highly probable that Boyaa Shenzhen will successfully renew the HNTE qualification for the next 3 years ending 31 December 2017 in 2015. Therefore, the expected income tax rate for Boyaa Shenzhen was 15% for the three and six months ended 30 June 2015 (2014: 15%).

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

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("**Super Deduction**").



## Notes to the Interim Condensed Consolidated Financial Information

### 23. INCOME TAX EXPENSE (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 2015, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB498,358,000 (31 December 2014: RMB526,944,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

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

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

# Notes to the Interim Condensed Consolidated Financial Information



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

### (b) Diluted

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

For the three and six months ended 30 June 2014 and 2015, the Company had two categories of dilutive potential ordinary shares, namely share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.



## Notes to the Interim Condensed Consolidated Financial Information

### 24. EARNINGS PER SHARE *(Continued)*

#### *(b) Diluted (Continued)*

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

### 25. DIVIDENDS

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

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



# 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 2015 and 2014. 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:

Advertising expenses paid/payable to an associate:

	Three months ended 30 June		Six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Shenzhen Gangyun Technology Co., Ltd. ("Gangyun")	2,061	–	3,274	–

### (b) Balances with related parties:

Amount due to an associate included in "other payables":

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Gangyun	2,164	98

## 27. OPERATING LEASE COMMITMENTS

The Group leases servers and office buildings under non-cancellable operating lease agreements. The lease terms are between 3 months to 45 months, 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 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Not later than 1 year	8,053	9,508
Later than 1 year but not later than 5 years	12,397	14,698
	20,450	24,206



## Notes to the Interim Condensed Consolidated Financial Information

### 28. BUSINESS COMBINATION

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

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

<b>Consideration</b>	<b>On acquisition dates</b> RMB'000
Consideration payable	5,000

  

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

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

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

# Notes to the Interim Condensed Consolidated Financial Information



## 29. DISPOSAL OF SUBSIDIARIES

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

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

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

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

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

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

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



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

For the Three and Six Months Ended 30 June 2015

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

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



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

For the Three and Six Months Ended 30 June 2015

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

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

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