

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Highlights:**

- Our revenue for the year ended 31 December 2016 amounted to approximately RMB745.2 million, representing a decrease of approximately 8.4% from approximately RMB813.5 million recorded in 2015.
- Our gross profit for the year ended 31 December 2016 amounted to approximately RMB471.7 million, representing an increase of approximately 10.2% from approximately RMB427.9 million recorded in 2015.
- Profit attributable to owners of the Company for the year ended 31 December 2016 amounted to approximately RMB211.3 million, representing a decrease of approximately 41.0% from approximately RMB357.8 million recorded in 2015.
- Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2016 derived by excluding share-based compensation expenses amounted to approximately RMB232.8 million, representing a decrease of approximately 38.7% from approximately RMB379.7 million recorded in 2015. Without taking into account the one-off non-operational items such as the disposal of equity interests in RaySns in the fourth quarter of 2015 and impairment of equity interests in Zeus Entertainment in the fourth quarter of 2016, the unaudited non-IFRS adjusted net profit of the Company recorded a year-on-year increase of approximately 46.5%.

## FINANCIAL HIGHLIGHTS

	For the year ended		Year-on-Year Change*
	31 December		
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Revenue	<b>745,194</b>	813,480	(8.4)
– Web-based games	<b>260,004</b>	333,941	(22.1)
– Mobile games	<b>485,190</b>	479,539	1.2
Gross profit	<b>471,708</b>	427,944	10.2
Profit attributable to owners of the Company	<b>211,271</b>	357,799	(41.0)
Non-IFRS adjusted net profit (unaudited)**	<b>232,817</b>	379,726	(38.7)
Earnings per share (expressed in RMB cents per share)			
– Basic	<b>31.21</b>	50.81	(38.6)
– Diluted	<b>29.60</b>	49.25	(39.9)
	For the three months ended		Year-on-Year Change*
	31 December		
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(unaudited)	(unaudited)	
Revenue	<b>208,590</b>	186,523	11.8
– Web-based games	<b>65,396</b>	75,157	(13.0)
– Mobile games	<b>143,194</b>	111,366	28.6
Gross profit	<b>129,859</b>	99,766	30.2
Profit attributable to owners of the Company	<b>13,702</b>	221,761	(93.8)
Non-IFRS adjusted net profit**	<b>17,433</b>	229,394	(92.4)

**REVENUE BY GAMES**

	<b>For the year ended</b>		<b>Year-on-Year Change*</b>
	<b>31 December</b>		
	<b>2016</b>	<b>2015</b>	
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b>%</b>
	<b>(audited)</b>	<b>(audited)</b>	
Texas Hold'em Series	<b>551,262</b>	569,636	(3.2)
Fight the Landlord	<b>67,678</b>	149,298	(54.7)
Others	<b>126,254</b>	94,546	33.5
<b>Total</b>	<b><u>745,194</u></b>	<b><u>813,480</u></b>	<b>(8.4)</b>

	<b>For the three months ended</b>		<b>Year-on-Year Change*</b>
	<b>31 December</b>		
	<b>2016</b>	<b>2015</b>	
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b>%</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	
Texas Hold'em Series	<b>147,948</b>	129,532	14.2
Fight the Landlord	<b>14,528</b>	36,178	(59.8)
Others	<b>46,114</b>	20,813	121.6
<b>Total</b>	<b><u>208,590</u></b>	<b><u>186,523</u></b>	<b>11.8</b>

## REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the year ended		Year-on-Year Change*
	31 December		
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
Simplified Chinese	<b>336,825</b>	349,746	(3.7)
Other languages	<b>408,369</b>	463,734	(11.9)
<b>Total</b>	<b><u>745,194</u></b>	<b><u>813,480</u></b>	(8.4)
	For three months ended		Year-on-Year Change*
	31 December		
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(unaudited)	(unaudited)	
Simplified Chinese	<b>101,406</b>	85,778	18.2
Other languages	<b>107,184</b>	100,745	6.4
<b>Total</b>	<b><u>208,590</u></b>	<b><u>186,523</u></b>	11.8

## OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-on-Year Change*	Quarter-on-Quarter Change**
	31 December 2016 (unaudited)	30 September 2016 (unaudited)	31 December 2015 (unaudited)		
Paying Players (in thousands)	<b>1,997</b>	1,781	1,749	14.2	12.1
• Web-based games	<b>41</b>	43	76	(46.1)	(4.7)
• Mobile games	<b>1,956</b>	1,738	1,673	16.9	12.5
Daily Active Players (“DAUs”) (in thousands)****	<b>5,830</b>	5,536	5,639	3.4	5.3
• Web-based games	<b>570</b>	622	838	(32.0)	(8.4)
• Mobile games	<b>5,260</b>	4,914	4,801	9.6	7.0
Monthly Active Players (“MAUs”) (in thousands)****	<b>24,211</b>	22,438	26,491	(8.6)	7.9
• Web-based games	<b>2,407</b>	2,437	5,753	(58.2)	(1.2)
• Mobile games	<b>21,804</b>	20,001	20,738	5.1	9.0
Average Revenue Per Paying Player (“ARPPU”) of Texas Hold’em (in RMB)					
• Web-based games	<b>555.8</b>	501.8	351.6	58.1	10.8
• Mobile games	<b>155.3</b>	137.4	89.7	73.1	13.0
ARPPU of Fight the Landlord (in RMB)					
• Web-based games	<b>92.3</b>	92.3	55.8	65.4	0
• Mobile games	<b>15.4</b>	13.1	15.8	(2.5)	17.6
ARPPU of Other Games (in RMB)					
• Web-based games	<b>30.0</b>	43.0	81.4	(63.1)	(30.2)
• Mobile games	<b>10.0</b>	10.0	9.3	7.5	0

\* 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 31 December 2016 and the immediately preceding quarter.

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

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

The board of directors (the “**Board**”) of Boyaa Interactive International Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016. The annual results have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and audited by Pan-China (H.K.) CPA Limited, the auditor of the Company. In addition, the annual results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## **BUSINESS OVERVIEW AND OUTLOOK**

### **Review of 2016**

In 2016, we continued to focus on the development and innovation of online card and board games products, and further explored the domestic and overseas card and board games market. Affected by the downslope trend in web-based games industry, our annual revenue recorded certain level of year-on-year decrease compared to last year. However, as we successfully launched the cost control policy, and in view of the optimisation of payment channels and promotion strategy in 2016, our unaudited non-IFRS adjusted net profit recorded significant year-on-year growth in 2016 after deducting the one-off non-operational items such as the gain of approximately RMB212.9 million from the disposal of equity interests in RaySns Technology Co., Ltd. (雷尚(北京)科技有限公司, “**RaySns**”) in the fourth quarter of 2015 and impairment of approximately RMB68.5 million of equity interests in Dalian Zeus Entertainment Group Co., Ltd. (大連天神娛樂股份有限公司, “**Zeus Entertainment**”) in the fourth quarter of 2016.

In terms of financial performance, we recorded a revenue of approximately RMB745.2 million, representing a year-on-year decrease of approximately 8.4% compared to 2015; we recorded unaudited non-IFRS adjusted net profit of approximately RMB232.8 million, representing a year-on-year decrease of approximately 38.7% compared to 2015. Without taking into account the one-off gain of approximately RMB212.9 million from the disposal of equity interest in RaySns in the fourth quarter of 2015, we recorded a year-on-year growth of unaudited non-IFRS adjusted net profit of approximately 17.2% in 2016. After the issue of profit alert announcement (the “**Profit Alert Announcement**”) by the Company based on the unaudited consolidated management accounts of the Company and information available to the Board on 10 February 2017, the unaudited non-IFRS adjusted net profit was less than the assessed value as stated in the Profit Alert Announcement, as the result of the adjustments to the financial accounts of the Company attributable to (1) the final decision of impairment in equity investment of Zeus Entertainment by the Company in consideration of its share price; and (2) the ultimate fair value determined for certain financial assets at fair value through profit or loss was higher than the assessed value when the Profit Alert Announcement was issued. Without taking into account the one-off non-operational items such as the disposal of equity interests in RaySns in the fourth quarter of 2015 and impairment of equity interests in Zeus Entertainment in the fourth quarter of 2016, the unaudited non-IFRS adjusted net profit of the Company recorded a year-on-year increase of approximately 46.5%.

In terms of performance with respect to operational data, the number of paying players and active users recorded a certain level of growth as at 31 December 2016. The number of paying players increased by approximately 14.2% from approximately 1.7 million players in the fourth quarter of 2015 to approximately 2.0 million players in the fourth quarter of 2016. The number of DAUs increased by approximately 3.4% from approximately 5.6 million players in the fourth quarter of 2015 to approximately 5.8 million players in the fourth quarter of 2016. The number of MAUs decreased by approximately 8.6% from approximately 26.5 million players in the fourth quarter of 2015 to approximately 24.2 million players in the fourth quarter of 2016. In the fourth quarter of 2016, the ARPPUs of the mobile-based Fight the Landlord recorded a year-on-year decrease of approximately 2.5%, while the ARPPUs of the mobile-based Texas Hold'em recorded a year-on-year increase of approximately 73.1%.

In terms of games products, the number of our online games product portfolio increased from 43 to 65, and the number of the language versions of games provided reached 17 as at 31 December 2016. The introduction of our newly-added products, namely online card and board games covering domestic and overseas regions, enriched the variety of games available to our players. Meanwhile, we will consistently enhance our operations by refining and diversifying our products, and constantly enhance the quality of our games and user experience effectively.

In 2016, we have successfully organised the Second Boyaa Poker Tour (“**BPT**”) in Macau and the Boyaa Board Games Tour in Sanya China, which enhanced online and offline activities and engagement in competitions, and increased our brand’s awareness and players’ loyalty. It is an important step for us in our endeavor to become an internationally recognized poker game competition brand.

In addition, with our outstanding performance in online card and board games industry, we were awarded two prizes from the financial sector, namely “2016 Most Promising Listed Company” by China Financial Market magazine and “2016 Most Growth Potential Enterprise” jointly by Zhitong Finance and 10JOKA. This is due recognition of our growth potential in the capital market, and a high recognition from different sectors of our brand. In particular, Boyaa’s Fight the Landlord was awarded the “Golden Diamond” award for “2016 Most Popular Game” for its high-grade game experience and brand influence.

## **Outlook for 2017**

It is our clear goal to become a global leading brand in online card and board games in 2017. We intend to place emphasis on developing the followings:

- continue to expand our card and board games portfolio while further explore the domestic and overseas operational model;
- focus on the development and innovation of mobile-based products, to enrich the contents and rules of the games;
- constantly improve our basic infrastructure and game features, and focus on enhancing the experience and service quality we provide to our users;
- organise more professional and high quality competition games to enhance the loyalty of our players and develop Boyaa into a well-known brand.

We believe that, through our dedication to and constant innovation in online card and board games, our determination and persistence in upholding the player-oriented philosophy, we will certainly be able to achieve our goal of becoming the global leading brand in online card and board games in the near future.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Year Ended 31 December 2016 Compared to Year Ended 31 December 2015**

#### ***Revenue***

Our revenue for the year ended 31 December 2016 amounted to approximately RMB745.2 million, representing a decrease of approximately 8.4% from approximately RMB813.5 million recorded in 2015. The decrease in revenue was primarily due to the general downside of the web-based games industry.

In terms of revenue by forms of games, our continued shift in our strategic focus from web-based games to mobile games has resulted in an increased contribution of revenue generated from our mobile games to our total revenue. For the year ended 31 December 2016, revenue generated from our mobile games amounted to approximately RMB485.2 million as compared to approximately RMB479.5 million in 2015, representing an increase of approximately 1.2% and which accounted for approximately 65.1% of our total revenue in 2016 (2015: approximately 58.9% of our total revenue).



In terms of revenue by language versions of games, revenue generated from language versions of simplified Chinese has decreased compared with 2015 due to the control, regulation and adjustment of SMS payment channels placed by domestic telecommunications operators. For the year ended 31 December 2016, revenue generated from language version of simplified Chinese declined approximately 3.7% from approximately RMB349.7 million in 2015 to approximately RMB336.8 million in 2016, which accounted for approximately 45.2% and 43.0% of our total revenue in 2016 and 2015 respectively.

### ***Cost of revenue***

Our cost of revenue decreased by approximately 29.1% from approximately RMB385.5 million in 2015 to approximately RMB273.5 million in 2016 primarily due to a decrease in the average rate of commission, and a decrease in employee benefit expenses recorded in cost of revenue resulting from the increase of research and development (the “**R&D**”) personnel due to personnel turnover.

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

As a result of the foregoing, our gross profit increased by approximately 10.2% from approximately RMB427.9 million for the year ended 31 December 2015 to approximately RMB471.7 million for the year ended 31 December 2016.

For the year ended 31 December 2016 and the same period in 2015, our gross profit margin were approximately 63.3% and 52.6%, respectively.

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

Our selling and marketing expenses decreased by approximately 69.4% from approximately RMB146.7 million in 2015 to approximately RMB44.9 million in 2016, accounting for approximately 6.0% of our revenue in 2016, decreased from approximately 18.0% in 2015. The decrease in selling and marketing expenses was mainly attributable to decreased advertising and promotional activities and a decrease in employee benefit expenses recorded in selling and marketing expenses resulting from the increase of R&D personnel due to personnel turnover.

### ***Administrative expenses***

Our administrative expenses increased by approximately 98.6% from approximately RMB139.9 million in 2015 to approximately RMB277.8 million in 2016, accounting for approximately 37.3% of our revenue in 2016, increased from approximately 17.2% in 2015. The increase in administrative expenses was mainly due to an increase in employee benefit expenses recorded in administrative expenses resulting from the increase of R&D personnel due to personnel turnover, and an increase in available-for-sale financial assets impairment.

### ***Other gains – net***

For the year ended 31 December 2016, we recorded other gains (net) of approximately RMB62.1 million, compared to approximately RMB236.4 million recorded for the same period in 2015. The other gains (net) primarily consisted of fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnerships and certain wealth management products we purchased.

### ***Finance income – net***

Our net finance income was approximately RMB29.7 million in 2016 and we recorded net finance income of approximately RMB34.9 million in 2015. The change was primarily due to a decrease in interest income compared to that in 2015.

### ***Share of result of associates***

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市滙富天下網絡科技有限公司), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司), Chengdu Boyu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司), and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries as at 31 December 2016 (31 December 2015: six), all of which were online game or Internet technology companies. We recorded a share of loss of associates of approximately RMB2.0 million for the year ended 31 December 2016, compared to a share of profit of associates of approximately RMB7.5 million recorded for the same period in 2015.

### ***Income tax expense***

Our income tax expense decreased by approximately 56.7% from approximately RMB63.5 million for the year ended 31 December 2015 to approximately RMB27.5 million for the year ended 31 December 2016, primarily due to the decrease in profit before income tax from approximately RMB420.1 million in 2015 to approximately RMB238.8 million in 2016. The effective income tax rate decreased from approximately 15.1% in 2015 to approximately 11.5% in 2016, primarily due to an increase in R&D expenses that constituted additional deduction for income tax purposes.

### ***Profit attributable to owners of the Company***

As a result of the foregoing, our profit attributable to owners of the Company decreased by approximately 41.0% from approximately RMB357.8 million in 2015 to approximately RMB211.3 million in 2016.

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

To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use unaudited non-IFRS adjusted net profit as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. The term “adjusted net profit” is not defined under IFRS. Other companies in the industry which the Group operates in may calculate such non-IFRS item differently from the Group. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year 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 year ended 31 December 2016 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB5.1 million, RMB5.4 million and RMB11.0 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively. Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2015 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB6.4 million, RMB5.1 million and RMB11.6 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

## **Fourth Quarter of 2016 Compared to Fourth Quarter of 2015**

### ***Revenue***

Our revenue for the three months ended 31 December 2016 amounted to approximately RMB208.6 million, representing a year-on-year increase of approximately 11.8% from approximately RMB186.5 million recorded for the same period of 2015. The year-on-year increase in revenue was primarily due to the organisation of Boyaa Board Games Tour which stimulated income growth.

For the three months ended 31 December 2016, revenue generated from our mobile games amounted to approximately RMB143.2 million as compared to approximately RMB111.4 million recorded for the same period of 2015, representing a year-on-year increase of approximately 28.6%.

For the three months ended 31 December 2016, revenue generated from language version of simplified Chinese amounted to approximately RMB101.4 million, representing a year-on-year increase of approximately 18.2% from approximately RMB85.8 million recorded for the same period of 2015.

### ***Cost of revenue***

Our cost of revenue for the three months ended 31 December 2016 amounted to approximately RMB78.7 million, representing a year-on-year decrease of approximately 9.3% from approximately RMB86.8 million recorded for the same period in 2015. The year-on-year decrease was primarily due to a decrease in the average rate of commission and a decrease in employee benefit expenses recorded in cost of revenue resulting from the increase of R&D personnel due to personnel turnover.

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

As a result of the foregoing, our gross profit increased by approximately 30.2% from approximately RMB99.8 million for the three months ended 31 December 2015 to approximately RMB129.9 million for the three months ended 31 December 2016. In addition, our gross profit margin increased from approximately 53.5% for the three months ended 31 December 2015 to approximately 62.3% for the three months ended 31 December 2016.

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

Our selling and marketing expenses increased from approximately RMB18.3 million recorded for the three months ended 31 December 2015 to approximately RMB20.1 million for the same period of 2016, representing a year-on-year increase of approximately 9.7%, which was mainly attributable to the BPT and the Boyaa Board Games Tour which increased our advertising and promotion expenses.

### ***Administrative expenses***

Our administrative expenses for the three months ended 31 December 2016 amounted to approximately RMB114.9 million, representing a year-on-year increase of approximately 205.7% from approximately RMB37.6 million recorded for the same period of 2015. The year-on-year increase was mainly due to an increase in employee benefit expenses recorded in administrative expenses resulting from the increase of R&D personnel due to personnel turnover, and an increase in available-for-sale financial assets impairment.

### ***Other gains – net***

For the three months ended 31 December 2016, we recorded other gains (net) of approximately RMB9.0 million, compared to approximately RMB215.1 million recorded for the same period in 2015. The other gains (net) primarily consisted of fair value gains in financial assets at fair value through profit or loss relating to the non-quoted investments in equity investment partnership and certain wealth management products we purchased.

### ***Finance income – net***

Our net finance income for the three months ended 31 December 2016 was approximately RMB9.1 million, compared to approximately RMB6.9 million recorded for the same period of 2015, representing a year-on-year increase of approximately 32.2%. The increase was primarily due to an increase in interest income as compared to the same period of 2015.

### ***Share of loss of associates***

We recorded a share of loss of associates of approximately RMB0.3 million for the three months ended 31 December 2016, compared to a share of loss of associates of approximately RMB1.1 million recorded for the same period in 2015.

### ***Income tax credit/expense***

Our income tax credit for the three months ended 31 December 2016 was approximately RMB1.1 million, representing a year-on-year decrease of 102.5% from approximately RMB42.9 million of income tax expense recorded for the same period of 2015, which was primarily due to the decrease in profit before income tax from approximately RMB264.7 million for the fourth quarter of 2015 to approximately RMB12.6 million for the same period of 2016.

### ***Profit attributable to owners of the Company***

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 December 2016 amounted to approximately RMB13.7 million, representing a year-on-year decrease of approximately 93.8% from approximately RMB221.8 million recorded for the same period of 2015.

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

Our unaudited non-IFRS adjusted net profit for the three months ended 31 December 2016 was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB0.8 million, RMB1.0 million and RMB1.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively. Our unaudited non-IFRS adjusted net profit for the three months ended 31 December 2015 was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB1.9 million, RMB1.9 million and RMB3.9 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

### ***Liquidity and capital resources***

In 2016, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion and business operations by internal resources and through organic and sustainable growth.

### ***Gearing ratio***

As at 31 December 2016, the Group's gearing ratio (total liabilities divided by total assets) was 11.5% (31 December 2015: 13.2%).

### ***Term deposits***

As at 31 December 2016, we had term deposits of approximately RMB27.7 million (31 December 2015: approximately RMB65.5 million), which were mainly denominated in Renminbi. The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the year ended 31 December 2016 was 0.75%.

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

As at 31 December 2016, we had cash and cash equivalents of approximately RMB1,563.3 million (31 December 2015: approximately RMB1,065.8 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 78.9%), US dollars (as to 15.6%) and other currencies (as to 5.5%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

Net proceeds from our initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the offering which the Company received, amounted to approximately HKD837.9 million. Up to 31 December 2016, a total amount of approximately RMB501.2 million from the net proceeds from our initial public offering had been utilised for the following purposes:

- (a) approximately RMB177.4 million for our marketing activities and business expansion;
- (b) approximately RMB101.2 million for investments in technologies and complementary online games or businesses; and
- (c) approximately RMB222.6 million for R&D activities, working capital and other general corporate purposes, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio.

As at 31 December 2016, approximately RMB173.4 million raised from our initial public offering remains unused.

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

### *Available-for-sale financial assets*

We accounted for available-for-sale financial assets at their respective fair values. As at 31 December 2016, the fair value of our unlisted and listed investments classified as available-for-sale financial assets amounted to approximately RMB179.6 million (31 December 2015: approximately RMB280.5 million). These available-for-sale financial assets consisted of both listed and unlisted equity securities, which are mainly represented by our equity investment in Zeus Entertainment, a company established in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002354). Zeus Entertainment is mainly engaged in R&D and publication of web-based and mobile games.

As at 31 December 2016, we held 2,385,093 shares in Zeus Entertainment. The fair value of the investment in Zeus Entertainment as at 31 December 2016 was approximately RMB165.0 million (31 December 2015: approximately RMB228.9 million).

As disclosed in the annual results announcement of Zeus Entertainment for the year ended 31 December 2016, Zeus Entertainment generated a total revenue of approximately RMB1,742 million and recorded a net profit attributable to shareholders of the parent company of approximately RMB582 million, representing a year-on-year increase of approximately 85.15% and 60.73%, respectively. Although we expect that the stock market in the PRC will continue to be volatile and such investment environment may affect the value of our investment in Zeus Entertainment, based on the high revenue and profit growth of Zeus Entertainment, we are optimistic about the ongoing performance of Zeus Entertainment. Nevertheless, we will closely monitor the performance of Zeus Entertainment on an ongoing basis and consider making adjustment to this investment as and when appropriate.



We consider that, save for our investment in the listed equity securities of Zeus Entertainment, none of the other unlisted and listed investments classified as available-for-sale financial assets in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 December 2016.

*Financial assets at fair value through profit or loss*

As at 31 December 2016, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB325.3 million (31 December 2015: approximately RMB482.4 million), which consisted of non-quoted investments in asset management plans and equity investment partnerships included in non-current assets. As at 31 December 2016, the fair values of the investments in asset management plans were determined mainly with reference to subsequent realisation of underlying investments and the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values. The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

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

No single investment that was designated as financial assets at fair value through profit or loss in our investment portfolio is a significant investment as none of such investments has a carrying amount that accounts for more than 5% of our total assets as at 31 December 2016.

### ***Borrowings***

During the year ended 31 December 2016, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilised or unutilised banking facilities.

### ***Capital expenditures***

For the year ended 31 December 2016, our total capital expenditures amounted to approximately RMB37.3 million (2015: approximately RMB22.0 million), mainly including payment for equity investments of approximately RMB13.2 million (2015: approximately RMB5.6 million), which was funded by using the net proceeds from our initial public offering; and purchasing of buildings, additional furniture and equipment, motor vehicles, leasehold improvements and computer software of approximately RMB24.1 million (2015: approximately RMB16.4 million), which was funded by using our cash flow generated from our operations.

### ***Contractual obligations***

As at 31 December 2016, the Group had a total capital commitment amounted to RMB300 million in respect of the investment in a limited partnership between Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (as limited partner) and Shanghai Tailai Tianji Asset Management Co., Ltd. (as general partner) (2015: approximately RMB11.3 million in respect of purchase of building for office use) which had been contracted for but not provided for. For details, please refer to the announcement of the Company dated 28 December 2016 and Note 17 to the consolidated financial statements in this announcement.

As at 31 December 2016, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of servers and office buildings which amounted to approximately RMB14.0 million (31 December 2015: approximately RMB20.4 million).

Save as disclosed above, the Group did not have other significant outstanding commitments as at 31 December 2016.

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

As at 31 December 2016, the Group did not have any significant unrecorded contingent liabilities, guarantees or any litigation against us.

### ***Significant investments and future plans for major investments***

For the year ended 31 December 2016, the Group invested in uSens Inc., at a consideration of USD1.5 million (equivalent to approximately RMB9.8 million) and invested in Hangzhou Linggan Technology Co., Ltd. (杭州凌感科技有限公司), at a consideration of USD0.5 million (equivalent to approximately RMB3.3 million). uSens Inc. creates three-dimensional human-computer interaction solutions for augmented and virtual reality and its products include all-in-one head-mounted displays with three-dimensional gesture control (帶三維手勢交互的虛擬現實一體機), Impression Pi (印象湃) and “Fingo” (凌指), a three-dimensional hand tracking technology (三維手勢識別技術), etc.

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

### ***Pledge/charge of the Group’s assets***

As at 31 December 2016, none of the Group’s assets was pledged or charged.

### ***Employees and staff costs***

As at 31 December 2016, we had a total of 910 full-time employees, who are mainly based in China. In particular, 694 employees are responsible for our game development and operation functions, 151 for game support, and 65 for administration and senior management functions.

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

For the year ended 31 December 2016, the total staff costs of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to approximately RMB194.5 million, representing approximately 32.6% of the total expenses of the Group. Pursuant to the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”), the post-IPO share option scheme adopted by the Company in October 2013 (the “**Post-IPO Share Option Scheme**”) as well as the RSU scheme adopted by the Company in September 2013 (the “**RSU Scheme**”), there were a total of 19,421,221 share options and 37,170,304 shares underlying the RSUs outstanding and/or granted to a total of 301 directors, senior management members and employees of the Group as at 31 December 2016. There were also 48,290,734 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme will be set out in the section headed “Share Option Schemes and Restricted Share Unit Scheme” in the Directors’ Report in our 2016 annual report to be issued in due course.

## FINANCIAL INFORMATION

### CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016

	<i>Notes</i>	As at 31 December	
		2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,553	28,164
Intangible assets		4,413	5,473
Investments in associates	3	14,466	18,829
Available-for-sale financial assets	4	179,639	280,484
Deferred income tax assets		7,760	7,029
Prepayments and other receivables		21,930	17,611
Financial assets at fair value through profit or loss	6	325,285	259,857
		<u>596,046</u>	<u>617,447</u>
<b>Current assets</b>			
Trade receivables	5	73,275	77,858
Prepayments and other receivables		24,604	30,664
Financial assets at fair value through profit or loss	6	–	222,561
Term deposits		27,748	65,468
Cash and cash equivalents		1,563,281	1,065,802
		<u>1,688,908</u>	<u>1,462,353</u>
<b>Total assets</b>		<u>2,284,954</u>	<u>2,079,800</u>

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2016**

		<b>As at 31 December</b>	
	<i>Notes</i>	<b>2016</b>	2015
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	7	248	248
Share premium	7	609,826	590,113
Shares held for RSU Scheme	7	(17)	(18)
Reserves		139,542	155,266
Retained earnings		<u>1,271,966</u>	<u>1,060,695</u>
		<b>2,021,565</b>	1,806,304
Non-controlling interests		<u>—</u>	<u>—</u>
<b>Total equity</b>		<u><b>2,021,565</b></u>	<u>1,806,304</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		<u>15,195</u>	<u>41,628</u>
<b>Current liabilities</b>			
Trade and other payables	9	84,072	95,760
Deferred revenue		20,685	22,774
Current income tax liabilities		<u>143,437</u>	<u>113,334</u>
		<u>248,194</u>	<u>231,868</u>
<b>Total liabilities</b>		<u><b>263,389</b></u>	<u>273,496</u>
<b>Total equity and liabilities</b>		<u><b>2,284,954</b></u>	<u>2,079,800</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

		<b>Year ended 31 December</b>	
		<b>2016</b>	<b>2015</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	10	<b>745,194</b>	813,480
Cost of revenue	11	<b>(273,486)</b>	(385,536)
<b>Gross profit</b>		<b>471,708</b>	427,944
Selling and marketing expenses	11	<b>(44,924)</b>	(146,741)
Administrative expenses	11	<b>(277,826)</b>	(139,869)
Other gains – net	12	<b>62,065</b>	236,402
<b>Operating profit</b>		<b>211,023</b>	377,736
Finance income	13	<b>34,559</b>	41,543
Finance costs	13	<b>(4,813)</b>	(6,647)
Finance income – net	13	<b>29,746</b>	34,896
Share of (loss)/profit of associates	3	<b>(2,008)</b>	7,478
<b>Profit before income tax</b>		<b>238,761</b>	420,110
Income tax expense	14	<b>(27,490)</b>	(63,473)
<b>Profit for the year</b>		<b>211,271</b>	356,637
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss:			
– Changes in value of available-for-sale financial assets, net of tax		<b>(96,575)</b>	(13,671)
– Add: reclassification of changes in fair value of available-for-sale financial assets to profit or loss due to impairment of available-for-sale financial assets, net of tax		<b>68,548</b>	–
– Add/(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		<b>106</b>	(258)
– Currency translation differences		<b>9,303</b>	9,061
<b>Other comprehensive loss for the year, net of tax</b>		<b>(18,618)</b>	(4,868)
<b>Total comprehensive income for the year</b>		<b>192,653</b>	351,769

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2016**

		<b>Year ended 31 December</b>	
		<b>2016</b>	2015
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit attributable to:</b>			
– Owners of the Company		<b>211,271</b>	357,799
– Non-controlling interests		–	(1,162)
		<u><b>211,271</b></u>	<u>356,637</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>192,653</b>	352,931
– Non-controlling interests		–	(1,162)
		<u><b>192,653</b></u>	<u>351,769</u>
<b>Earnings per share (expressed in RMB cents per share)</b>			
– Basic	<i>15</i>	<u><b>31.21</b></u>	<u>50.81</u>
– Diluted	<i>15</i>	<u><b>29.60</b></u>	<u>49.25</u>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
<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 year		-	-	-	-	357,799	357,799	(1,162)	356,637
<b>Other comprehensive income</b>									
Change in value of available- for-sale financial assets, net of tax		-	-	-	(13,671)	-	(13,671)	-	(13,671)
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		-	-	-	9,061	-	9,061	-	9,061
<b>Total comprehensive income for the year</b>		-	-	-	(4,868)	357,799	352,931	(1,162)	351,769
Employee share option and RSU scheme									
- value of employee services		-	-	-	23,089	-	23,089	-	23,089
- proceeds from shares issued	7	3	2,907	-	-	-	2,910	-	2,910
- vesting of shares under RSU scheme	8	-	(1)	1	-	-	-	-	-
Dividends		-	(45,122)	-	-	-	(45,122)	-	(45,122)
<b>Total contributions by and distributions to owners of the Company, recognised directly in equity</b>		3	(42,216)	1	23,089	-	(19,123)	-	(19,123)
Disposal of subsidiaries		-	-	-	-	-	-	(7,968)	(7,968)
<b>Total transactions with owners, recognised directly in equity</b>		3	(42,216)	1	23,089	-	(19,123)	(7,968)	(27,091)
<b>Balance at 31 December 2015</b>		248	590,113	(18)	155,266	1,060,695	1,806,304	-	1,806,304

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

		Share	Share	Shares held		Retained		Non-	Total
	Note	capital	premium	for RSU	Reserves	earnings	Total	controlling	equity
		RMB'000	RMB'000	Scheme	RMB'000	RMB'000	RMB'000	interests	RMB'000
				RMB'000				RMB'000	
<b>Balance at 1 January 2016</b>		248	590,113	(18)	155,266	1,060,695	1,806,304	-	1,806,304
<b>Comprehensive income</b>									
Profit for the year		-	-	-	-	211,271	211,271	-	211,271
<b>Other comprehensive income</b>									
Change in value of available-for-sale financial assets, net of tax		-	-	-	(96,575)	-	(96,575)	-	(96,575)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss due to impairment, net of tax		-	-	-	68,548	-	68,548	-	68,548
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax		-	-	-	106	-	106	-	106
Currency translation differences		-	-	-	9,303	-	9,303	-	9,303
<b>Total comprehensive income for the year</b>		-	-	-	(18,618)	211,271	192,653	-	192,653
Employee share option and RSU scheme									
- value of employee services		-	-	-	21,546	-	21,546	-	21,546
- proceeds from shares issued	7	-	1,062	-	-	-	1,062	-	1,062
- vesting of shares under RSU scheme	8	-	(1)	1	-	-	-	-	-
- exercised and lapsed of share options and RSUs		-	18,652	-	(18,652)	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>		-	19,713	1	2,894	-	22,608	-	22,608
<b>Balance at 31 December 2016</b>		248	609,826	(17)	139,542	1,271,966	2,021,565	-	2,021,565

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

		<b>Year ended 31 December</b>	
		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations		<b>267,043</b>	163,232
Income tax paid		<b>(7,501)</b>	(91)
Net cash generated from operating activities		<b>259,542</b>	163,141
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		–	19
Purchase of property, plant and equipment		<b>(23,531)</b>	(16,104)
Purchase of intangible assets		<b>(590)</b>	(270)
Purchase of financial assets at fair value through profit or loss		<b>(1,504,504)</b>	(4,283,661)
Purchase of available-for-sale financial assets	4	<b>(13,099)</b>	(1,000)
Placement of term deposits with original maturities over three months		<b>(27,748)</b>	(65,468)
Proceeds from maturity of term deposits with original maturities over three months		<b>65,468</b>	–
Refund of prepayment for purchase of certain properties		–	20,000
Investments in associates	3	<b>(150)</b>	(4,600)
Net proceeds from disposal of subsidiaries		–	4,666
Proceeds from disposals of financial assets at fair value through profit or loss		<b>1,702,650</b>	3,842,340
Proceeds from disposals of short-term investments		–	370,000
Proceeds from disposal of available-for-sale financial assets		<b>967</b>	1,927
Proceeds on disposals of property, plant and equipment		<b>52</b>	34
Proceeds from partial disposal of investment in an associate	3	<b>3,200</b>	28
Return on short-term investments received		<b>964</b>	1,894
Interest received		<b>28,900</b>	39,454
Net cash generated from/(used in) investing activities		<b>232,579</b>	(90,741)
<b>Cash flows from financing activities</b>			
Dividends	16	–	(45,122)
Proceeds from issuance of ordinary shares	7	<b>1,062</b>	3,016
Net cash generated from/(used in) financing activities		<b>1,062</b>	(42,106)
<b>Net increase in cash and cash equivalents</b>		<b>493,183</b>	30,294
Cash and cash equivalents at beginning of year		<b>1,065,802</b>	1,029,331
Exchange gains on cash and cash equivalents		<b>4,296</b>	6,177
<b>Cash and cash equivalents at end of the year</b>		<b>1,563,281</b>	1,065,802

**Note:**

**1. General Information**

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

The Company is an investment holding company. The Group is 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 operations of the Group were initially conducted through Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**"), a limited liability company established in the PRC by certain shareholders of the Company on 13 February 2004. Boyaa Shenzhen is controlled by Mr. Zhang Wei.

Pursuant to applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online games business and are restricted to conduct value-added telecommunications services. In order to make investments into the business of the Group, the Company established a subsidiary, Boyaa On-line Game Development (Shenzhen) Co., Ltd. ("**Boyaa PRC**"), which is a wholly foreign owned enterprise incorporated in the PRC on 29 November 2010.

Boyaa PRC, Boyaa Shenzhen and its then owners entered into a series of contractual arrangements (the "**Contractual Arrangements**"). The Group does not have any equity interest in Boyaa Shenzhen. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Boyaa Shenzhen and has the ability to affect those returns through its power over Boyaa Shenzhen and is considered to control Boyaa Shenzhen. Consequently, the Company regards Boyaa Shenzhen as an indirect subsidiary for accounting purpose.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2017.

**2. Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with all applicable IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which were carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Group's accounting policies.

New and revised standards and amendments to existing standards that are mandatory for the first time for the financial year beginning on 1 January 2016, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

The following new and revised standards and amendments to existing standards that 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.

IFRS 9	Financial instruments
IFRS 15 and Amendments to IFRS15	Revenue from Contracts with Customers
IFRS 16	Leases
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

### 3. Investments in associates

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 January	18,829	21,839
Transfer from investments in subsidiaries as a result of disposal	–	3,922
Other additions ( <i>Note (a)</i> )	150	6,600
Dilution gain	–	1,407
Other disposal ( <i>Note (b)</i> )	(2,505)	(1,853)
Disposal of investment in RaySns	–	(20,564)
Share of (loss)/profit	(2,008)	7,478
	<u>14,466</u>	<u>18,829</u>
At 31 December	<u>14,466</u>	<u>18,829</u>

- (a) On 18 March 2016, the Group invested in 15% equity interest in Chengdu Boyu Interactive Technology Co., Ltd. (成都博娛互動科技有限公司, “**Chengdu Boyu**”), which is established on 26 February 2016 and mainly engaged in the operation and promotion of chess and card games at a consideration of RMB150,000. Since the Group has the right to appoint a director to the board of directors of Chengdu Boyu, the directors of the Company consider that the Group has significant influence on Chengdu Boyu, and accordingly it is accounted for as an associate of the Group.
- (b) On 25 February 2016, the Group disposed of 12% equity interest in Shenzhen Gangyun Technology Co., Ltd. (深圳港雲科技有限公司, “**Gangyun**”) to an independent third party at a consideration of approximately RMB3,200,000. As of 25 February 2016, the carrying amount of interest in Gangyun was approximately RMB2,505,000, thus the disposal resulted in a gain of RMB695,000.
- (c) The directors of the Company consider that all associates as at 31 December 2016 and 2015 were insignificant to the Group and thus the individual summarised financial information of these associates are not disclosed.

#### 4. Available-for-sale financial assets

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
At 1 January	280,484	63,975
Subscription for shares in Zeus Entertainment	–	233,501
Other additions	13,099	1,000
Impairment losses	(113,662)	–
Net gains/(losses) from changes in fair value	37	(16,101)
Currency translation differences	613	44
Disposals	(932)	(1,935)
	<u>179,639</u>	<u>280,484</u>

Available-for-sale financial assets include the following:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Listed equity securities in PRC ( <i>Note (a)</i> )	164,953	229,791
Unlisted equity investments ( <i>Note (b)</i> )	1,000	50,693
Preference shares issued by private companies ( <i>Note (c)</i> )	13,686	–
	<u>179,639</u>	<u>280,484</u>

- (a) The listed equity securities mainly represented the Group's equity investment in Zeus Entertainment, the fair value of the investment in Zeus Entertainment as at 31 December 2016 was RMB164,953,000 (2015: RMB228,921,000).

Due to prolonged decline in the fair value of Zeus Entertainment below its cost, directors considered that it is an evidence that the assets are impaired. Hence, the cumulative fair value recognised in "Other reserves" amounted to approximately RMB68,548,000 was reclassified as "Impairment loss of available-for-sale financial assets" included in "administrative expenses" in the consolidated statement of comprehensive income.

- (b) The unlisted equity investment mainly represented the Group's equity investment in Blingstorm Entertainment Ltd. ("Blingstorm", 晶合思動(北京)科技有限公司). Blingstorm is mainly engaged in development and operation of mobile games in the PRC. The Group held 9.36% equity interest in Blingstorm as at 31 December 2016.

As at 31 December 2016, considering the existing financial performance and the future plan of Blingstorm, the management had concluded that no future economic benefits was expected to be generated by Blingstorm, hence the fair value of Blingstorm was assessed to be zero.

The directors of the Company appointed an independent valuer, Avista Valuation Advisory Limited, to estimate the fair value of the investment in Blingstorm as at 31 December 2015. The fair value of the investment was RMB49,693,000, which was determined using the discounted cash flow method. The fair value measurement of the investment in Blingstorm is categorised within level 3 of the fair value hierarchy. The significant assumptions and inputs utilised in the valuation as at 31 December 2015 was as follows:

Discount rate:	23.8%
Terminal growth rate:	3%
Discount for lack of marketability:	15%
Discount for lack of control:	15%

- (c) On 22 February 2016, the Group entered into a share purchase agreement (“**uSens Shares Agreement**”) to subscribe 291,094 Series A Preferred Shares issued by uSens , Inc, a company incorporated in United States of America, which is mainly engaged in providing solutions to 3D interactions in virtual reality and augmented reality applications, at a consideration of USD1,500,000 (equivalent to approximately RMB9,818,000). On the same day, pursuant to the uSens Shares Agreement, the Group is required to enter into an equity subscription agreement with Hangzhou Linggan Technology Co., Ltd (“**Hangzhou Linggan**”, “杭州凌感科技有限公司”, “**Linggan Share Subscription**”), at a consideration of USD500,000 (equivalent to approximately RMB3,281,000), representing 1.74% equity interest in Hangzhou Linggan. uSens Shares Agreement and Linggan Share Subscription hereinafter collectively refer to “Preference Shares”.

The holder of Preference Shares is entitled to receive dividends at the rate equal to 8% of the original issue price of the Preference Shares per annum, payable only when, as and if declared by the board of directors of the uSens Inc, and Hangzhou Linggan Technology Co., Ltd.

Preference Shares are stated at cost less any accumulated impairment losses because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably.

## 5. Trade receivables

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	<b>73,275</b>	77,858
Less: impairment provision	<u>–</u>	<u>–</u>
	<b><u>73,275</u></b>	<b><u>77,858</u></b>

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
0-60 days	<b>50,932</b>	51,724
61-90 days	<b>10,138</b>	12,687
91-180 days	<b>5,140</b>	6,139
Over 180 days	<u><b>7,065</b></u>	<u>7,308</u>
	<b><u>73,275</u></b>	<b><u>77,858</u></b>

- (b) As at 31 December 2016, trade receivables of past due but not impaired were approximately RMB27,409,000 (2015: RMB32,172,000). These related to a number of independent platforms and third party payment vendors which the Group has not encountered any credit defaults in the past and they are assessed to be financially trustworthy. As a result, the directors of the Company consider that these overdue amounts can be recovered. The ageing analysis of these trade receivables was as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Outstanding after due dates:		
0-60 days	<b>20,006</b>	21,766
61-90 days	<b>5,380</b>	1,852
Over 90 days	<u><b>2,023</b></u>	<u>8,554</u>
	<b><u>27,409</u></b>	<b><u>32,172</u></b>



## 6. Financial assets at fair value through profit or loss

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Included in non-current assets</b>		
Non-quoted investments in :		
– assets management plans ( <i>Note (a)</i> )	160,000	163,221
– equity investment partnerships ( <i>Note (b)</i> )	<u>165,285</u>	<u>96,636</u>
	<b><u>325,285</u></b>	<b><u>259,857</u></b>
<b>Included in current assets</b>		
Non-quoted investments in certain wealth management products ( <i>Note (c)</i> )		
	<u>–</u>	<u>222,561</u>
	<b><u>325,285</u></b>	<b><u>482,418</u></b>

- (a) They represented the entrusted investments with the principal amount of RMB80 million and RMB80 million to 2 independent asset management companies incorporated in the PRC. The estimated minimum return of such asset management plans is 5.05% per annum. If the annual estimated return cannot be achieved, the Group or asset management companies have option to terminate the asset management plans. The Group will obtain the accumulated return and the entrusted principal in 2022. As at 31 December 2016 and 2015, the fair values of the investments in asset management plans were determined mainly with reference to the subsequent realisation of underlying investments and estimated return.
- (b) They represented investments in equity investment partnership as a limited partner, which are mainly engaged in investments in early-stage and high-growth companies in the technology, media and telecommunications industry in China. They have an initial term ranging from 7 to 10 years. As at 31 December 2016 and 2015, the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values.
- (c) Investments in wealth management products are investments in trust schemes and private investment funds. They have an initial term ranging from 1 day to 1 year. The fair values of these investments were based on the quotations provided by the counterparties.
- (d) The above financial assets were designated as at fair value through profit or loss by the management of the Company upon initial recognition because the financial assets form part of a group of financial assets which was managed and its performance was evaluated on a fair value basis, in accordance with the Group's investment strategy, and information about the grouping is provided internally on that basis.

## 7. Share capital, share premium and shares held for RSU Scheme

The total authorised share capital of the Company comprises 2,000,000,000 ordinary shares (2015: 2,000,000,000 ordinary shares) with par value of USD0.00005 per share (2015: USD0.00005 per share).

As at 31 December 2016, the total number of issued ordinary shares of the Company was 765,504,000 shares (2015: 765,067,000 shares) which included 85,461,038 shares (2015: 90,298,503 shares) held under the RSU Scheme (Note 8(c)). They have been fully paid up.

	Note	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	(a)	7,075	–	3	2,907	–
– vesting of shares held for RSU Scheme	8(c)	–	–	–	(1)	1
Dividends	16	–	–	–	(45,122)	–
At 31 December 2015/1 January 2016		765,067	38	248	590,113	(18)
Employee share option and RSU schemes						
– proceeds from shares issued	(a)	437	–	–	1,062	–
– vesting of shares held for RSU Scheme	8(c)	–	–	–	(1)	1
– exercise and lapsed of share options and RSUs		–	–	–	18,652	–
At 31 December 2016		<u>765,504</u>	<u>38</u>	<u>248</u>	<u>609,826</u>	<u>(17)</u>

- (a) Share options exercised during the year ended 31 December 2016 resulted in 436,709 shares being issued (2015: 7,074,937 shares), with a total exercise proceeds of RMB1,062,000 (2015: RMB2,910,000). As at 31 December 2016, RMB111,204 was due from The Core Admin Boyaa Option Limited (31 December 2015: nil), being the nominee of the Group's share option scheme.

## 8. Share-based payments

### (a) *Share options*

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

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

#### (i) *Grant of share options*

On 7 September 2015, the Group granted 26,360,000 share options under the Post-IPO Share Option Scheme to its employees. The vesting period of the share options granted is 4 years and the vesting schedule is 25% after 12 months from the grant date, 25% after 24 months from the grant date, and 2.083% from each month of 25 to 48 months from the grant date. Exercise price of the share options granted is HKD3.108 per share. The expiry date of the above newly granted share options is 6 September 2025.

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

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

#### (ii) *Outstanding share options*

Movements in the number of share options outstanding:

	Number of share options	
	2016	2015
At 1 January	25,563,721	8,827,506
Granted	–	26,360,000
Exercised	(436,709)	(7,074,937)
Lapsed	(5,705,791)	(2,548,848)
At 31 December	<u>19,421,221</u>	<u>25,563,721</u>

Out of the 19,421,221 outstanding options, 4,724,971 options were exercisable as at 31 December 2016. Options exercised in 2016 resulted in 436,709 shares being issued at a weighted average price of USD0.36 each. The related weighted average share price at the time of exercise was HKD4.42 per share.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2016 and 2015 are as follows:

Expiry Date	Exercise price		Number of share options	
	Original currency	Equivalent to HKD	2016	2015
31 January 2019	USD0.05	HKD0.388	<b>88,232</b>	120,232
1 March 2020	USD0.10	HKD0.775	<b>45,749</b>	65,249
30 June 2020	USD0.15	HKD1.163	<b>72,240</b>	78,240
6 September 2025	HKD3.108	HKD3.108	<b>19,215,000</b>	25,300,000
			<b><u>19,421,221</u></b>	<b><u>25,563,721</u></b>

**(b) RSUs**

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

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

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

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2016	2015
At 1 January	47,383,431	74,215,932
Granted	–	4,955,000
Lapsed	(5,375,662)	(16,662,814)
Vested and transferred	<u>(4,837,465)</u>	<u>(15,124,687)</u>
At 31 December	<u>37,170,304</u>	<u>47,383,431</u>
Vested but not transferred as at 31 December	<u>36,903,401</u>	<u>34,223,281</u>

The related weighted-average share price at the time when the RSUs were vested and transferred was HKD3.55 per share.

(c) *Shares held for RSU Scheme*

The shares held for RSU Scheme were regarded as treasury shares and had been presented as a deduction against shareholders' equity.

During the year, 4,837,465 of RSUs were vested and transferred (Note (b) above), and as a result, 85,461,038 ordinary shares of the Company underlying the RSUs were held by The Core Admin Boyaa RSU Limited as at 31 December 2016 (2015: 90,298,503 shares).

Meanwhile as a result of the vesting of 7,517,585 of RSUs during the year ended 31 December 2016 (see Note (b) above) (2015: 4,599,115 RSUs), approximately RMB1,000 (2015: RMB1,000) of other reserves was transferred to share premium upon vesting of these RSUs under the RSU Scheme.

9. Trade and other payables

	2016	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,025	727
Other taxes payable	46,692	44,967
Accrued expenses	20,769	25,640
Salary and staff welfare payables	9,851	12,946
Payables for the remaining considerations for the acquisitions of subsidiaries	–	5,000
Advance received from sales of prepaid game cards	3,189	3,099
Others	<u>2,546</u>	<u>3,381</u>
	<u>84,072</u>	<u>95,760</u>

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>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
0-30 days	737	420
31-90 days	1	39
Over 90 days	<u>287</u>	<u>268</u>
	<b><u>1,025</u></b>	<b><u>727</u></b>

#### 10. Revenue and segment information

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Development and operations of online games		
– Web-based games	<b>260,004</b>	333,941
– Mobile games	<b><u>485,190</u></b>	<u>479,539</u>
	<b><u>745,194</u></b>	<b><u>813,480</u></b>

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 locations. A breakdown of revenue derived from different language versions of the Group's games is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Simplified Chinese	<b>336,825</b>	349,746
Other languages	<b><u>408,369</u></b>	<u>463,734</u>
	<b><u>745,194</u></b>	<b><u>813,480</u></b>

The Group has a large number of game players, none of which contributed 10% or more of the Group's revenue for the years ended 31 December 2016 and 2015.

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

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	<b>63,660</b>	61,626
Other locations	<b>19,702</b>	8,451
	<b><u>83,362</u></b>	<u>70,077</u>

## 11. Expenses by nature

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

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Commission charges by Platforms and third party payment vendors	<b>234,019</b>	307,268
Advertising expenses	<b>27,528</b>	104,894
Employee benefit expenses (excluding share-based compensation expenses)	<b>172,967</b>	151,951
Share-based compensation expenses	<b>21,546</b>	23,089
Servers rental expenses	<b>19,230</b>	23,645
Other professional service fees	<b>7,574</b>	10,893
Office rental expenses	<b>9,635</b>	10,195
Travelling and entertainment expenses	<b>8,156</b>	9,468
Auditor's remuneration	<b>1,800</b>	7,000
Depreciation of property, plant and equipment	<b>9,091</b>	7,362
Amortisation of intangible assets	<b>1,650</b>	2,218
Impairment loss of available-for-sale financial assets	<b>68,548</b>	–
Other expenses	<b>14,492</b>	14,163
	<b><u>596,236</u></b>	<u>672,146</u>

Research and development expenses during the year ended 31 December 2016 and 2015 were analysed as below:

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	<b>113,486</b>	52,043
Depreciation of property, plant and equipment	<b>1,625</b>	1,753
Rental expenses	<b>3,523</b>	3,565
Other expenses	<b>10,647</b>	–
	<b><u>129,281</u></b>	<u>57,361</u>

No development expenses were capitalised for the year ended 31 December 2016 and 2015.

**12. Other gains – net**

	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Gain on disposal of the investment in RaySns	–	212,937
Realised fair value gain on financial assets at fair value through profit or loss	<b>20,583</b>	–
Unrealised fair value gain on financial assets at fair value through profit or loss	<b>38,332</b>	17,310
Return on short-term investments	<b>964</b>	4,197
Foreign exchange losses, net	<b>(2,380)</b>	(3,988)
Deregistration of a subsidiary	<b>227</b>	–
Government subsidies and tax rebates	<b>1,708</b>	2,282
Gain on disposal of subsidiaries	–	1,707
Gain on disposal of an associate	<b>695</b>	–
Dilution gains arising from deemed disposal of investment in certain associate	–	1,407
(Loss)/gain on disposal of available-for-sale financial assets	<b>(71)</b>	250
Gain arising from partial disposal of an associate	–	175
Gain/(loss) on disposals of property, plant and equipment	<b>1</b>	(39)
Others	<b>2,006</b>	164
	<b><u>62,065</u></b>	<u>236,402</u>

**13. Finance income – net**

	<b>2016</b>	2015
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Finance income</b>		
Interest income	<b>28,900</b>	40,545
Interest income on non-current loans to employees	<b>744</b>	998
Foreign exchange gains, net	<b>4,915</b>	–
	<b><u>34,559</u></b>	<u>41,543</u>
<b>Finance costs</b>		
Discounting effects of non-current loans to employees	<b>(565)</b>	(4,473)
Foreign exchange losses, net	<b>(4,248)</b>	(2,174)
	<b><u>(4,813)</u></b>	<u>(6,647)</u>
<b>Finance income – net</b>	<b><u>29,746</u></b>	<u>34,896</u>



#### 14. Income tax expense

The income tax expense of the Group for the years ended 31 December 2016 and 2015 is analysed as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current tax	47,886	35,011
Deferred tax	<u>(20,396)</u>	<u>28,462</u>
	<u>27,490</u>	<u>63,473</u>

(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 years ended 31 December 2016 and 2015.

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

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the years ended 31 December 2016 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

Boyaa Shenzhen has successfully renewed its "High and New Technology Enterprise" ("HNTe") qualification in 2015 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the year ended 31 December 2016 (2015: 15%).

Boyaa PRC has successfully renewed its "High and New Technology Enterprise" ("HNTe") qualification in 2016 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the year ended 31 December 2016 (2015: 15%).

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engage in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year ("**Super Deduction**"). Boyaa Shenzhen and Boyaa PRC has claimed such Super Deduction in ascertaining its tax assessable profits for the years ended 31 December 2016 and 2015.

(d) **PRC withholding tax (“WHT”)**

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

(e) **Tax reconciliation**

The tax charge for the year can be reconciled to the “profit before income tax” per consolidated statement of profit or loss and other comprehensive income as below:

	<b>2016</b>	2015
	<b>RMB’000</b>	RMB’000
Profit before income tax	<b>238,761</b>	420,110
Add/(less): Share of loss/(profit) of associates	<b>2,008</b>	(7,478)
	<b>240,769</b>	412,632
Tax calculated at a tax rate of 25% (2015: 25%)	<b>60,192</b>	103,158
Tax effects of:		
– Tax concession on assessable profits of Boyaa Shenzhen and Boyaa PRC	<b>(2,453)</b>	(19,669)
– Different tax rates available to different subsidiaries of the Group	<b>(20,914)</b>	(23,908)
– Expenses not deductible for tax purposes	<b>611</b>	6,183
– Tax losses for which no deferred income tax asset was recognised	–	4,086
– Income not subject to tax	<b>(514)</b>	(427)
– Effect of Super Deduction	<b>(9,432)</b>	(5,950)
Income tax expense	<b>27,490</b>	63,473

## 15. 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 year, excluding ordinary shares held for the RSU Scheme which are treated as treasury shares.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit attributable to owners of the Company	<b>211,271</b>	357,799
Weighted average number of ordinary shares in issue (thousand shares)	<b>676,834</b>	704,147
Basic earnings per share (expressed in RMB cents per share)	<b>31.21</b>	50.81

### (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 year ended 31 December 2015 and 2016, the Company had two categories of dilutive potential ordinary shares, 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.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit used to determine diluted earnings per share	<b>211,271</b>	357,799
Weighted average number of ordinary shares in issue (thousand shares)	<b>676,834</b>	704,147
Adjustment for RSUs (thousand shares)	<b>35,675</b>	20,232
Adjustment for share options (thousand shares)	<b>1,282</b>	2,155
Weighted average number of ordinary shares for calculating diluted earnings per share (thousand shares)	<b>713,791</b>	726,534
Diluted earnings per share (expressed in RMB cents per share)	<b>29.60</b>	49.25

## 16. Dividends

The Board did not declare final and interim dividends during 2016.

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 approximately HKD57,254,000 (equivalent to approximately RMB45,122,000), was paid in June 2015.

## 17. Commitments

### (a) Capital commitments

Capital commitments as at 31 December 2016 are analysed as follows:

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted:		
Purchase of building for office use	–	11,323
Investment in a limited partnership	<b>300,000</b>	–

### (b) Operating lease commitments

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

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

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
Not later than 1 year	<b>10,381</b>	8,957
Later than 1 year and not later than 5 years	<b>3,626</b>	11,432
	<b>14,007</b>	20,389

**RECONCILIATION FROM NET PROFIT TO UNAUDITED NON-IFRS  
ADJUSTED NET PROFIT  
FOR THE YEAR AND THREE MONTHS ENDED 31 DECEMBER 2016**

	For the year ended 31 December		Year- on-Year Change*
	2016	2015	
	<i>RMB'000</i>	<i>RMB'000</i>	%
	(audited)	(audited)	
<b>Revenue</b>	<b>745,194</b>	813,480	(8.4)
Cost of revenue	<u>(273,486)</u>	<u>(385,536)</u>	(29.1)
<b>Gross profit</b>	<b>471,708</b>	427,944	10.2
Selling and marketing expenses	(44,924)	(146,741)	(69.4)
Administrative expenses	(277,826)	(139,869)	98.6
Other gains – net	<u>62,065</u>	<u>236,402</u>	(73.7)
<b>Operating profit</b>	<b>211,023</b>	377,736	(44.1)
Finance income – net	29,746	34,896	(14.8)
Share of (loss)/profit of associates	<u>(2,008)</u>	<u>7,478</u>	(126.9)
<b>Profit before income tax</b>	<b>238,761</b>	420,110	(43.2)
Income tax expense	<u>(27,490)</u>	<u>(63,473)</u>	(56.7)
<b>Profit for the year</b>	<b><u>211,271</u></b>	<b><u>356,637</u></b>	(40.8)
<b>Non-IFRS Adjustment (unaudited)</b>			
Share-based compensation expense included in cost of revenue	5,133	6,371	(19.4)
Share-based compensation expense included in selling and marketing expenses	5,436	5,097	6.7
Share-based compensation expense included in administrative expenses	<u>10,977</u>	<u>11,621</u>	(5.5)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>232,817</u></b>	<b><u>379,726</u></b>	(38.7)

	For the three months ended			Year- on-Year Change*	Quarter- on-Quarter Change**
	31 December 2016 RMB' 000 (unaudited)	30 September 2016 RMB' 000 (unaudited)	31 December 2015 RMB'000 (unaudited)		
<b>Revenue</b>	<b>208,590</b>	185,748	186,523	11.8	12.3
Cost of revenue	<u>(78,731)</u>	<u>(67,479)</u>	<u>(86,757)</u>	9.3	16.7
<b>Gross profit</b>	<b>129,859</b>	118,269	99,766	30.2	9.8
Selling and marketing expenses	<b>(20,081)</b>	(10,943)	(18,312)	9.7	83.5
Administrative expenses	<b>(114,935)</b>	(57,363)	(37,598)	205.7	100.4
Other gains – net	<b>8,969</b>	19,545	215,056	(95.8)	(54.1)
<b>Operating profit</b>	<b>3,812</b>	69,508	258,912	(98.5)	(94.5)
Finance income – net	<b>9,087</b>	8,034	6,873	32.2	13.1
Share of loss of associates	<b>(271)</b>	(278)	(1,108)	(75.5)	(2.5)
<b>Profit before income tax</b>	<b>12,628</b>	77,264	264,677	(95.2)	(83.7)
Income tax credit/(expense)	<b>1,074</b>	(9,370)	(42,916)	(102.5)	(111.5)
<b>Profit for the period</b>	<b><u>13,702</u></b>	<u>67,894</u>	<u>221,761</u>	(93.8)	(79.8)
<b>Non-IFRS Adjustment (unaudited)</b>					
Share-based compensation expense included in cost of revenue	<b>818</b>	1,216	1,878	(56.4)	(32.7)
Share-based compensation expense included in selling and marketing expenses	<b>977</b>	1,294	1,868	(47.7)	(24.5)
Share-based compensation expense included in administrative expenses	<b>1,936</b>	2,589	3,887	(50.2)	(25.2)
<b>Non-IFRS adjusted net profit (unaudited)</b>	<b><u>17,433</u></b>	<u>72,993</u>	<u>229,394</u>	(92.4)	(76.1)

\* 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 31 December 2016 and the immediately preceding quarter.

## **OTHER INFORMATION**

### **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the year ended 31 December 2016, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

### **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016.

### **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2016, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “**Code**”) as set out in Appendix 14 to the 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 separated and should not be performed by the same individual.

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

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2016.

## **AUDIT COMMITTEE**

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

The Audit Committee has reviewed and discussed the audited annual results of the Company for the year ended 31 December 2016.

## **IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE REPORTING PERIOD**

There was no other important event affecting the Group which has taken place since 31 December 2016 and up to the date of this announcement.

## **SCOPE OF WORK OF PAN-CHINA (H.K.) CPA LIMITED**

The figures in respect of the announcement of the Group’s results for the year ended 31 December 2016 have been agreed by the Group’s auditor, Pan-China (H.K.) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements. The work performed by Pan-China (H.K.) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Pan-China (H.K.) CPA Limited on the results announcement.



## **CHANGE OF AUDITOR**

On 2 August 2016, the Board passed the resolution to appoint Pan-China (H.K.) CPA Limited as the new auditors of the Company to fill the casual vacancy following the resignation of PricewaterhouseCoopers and to hold office until the conclusion of the next annual general meeting of the Company. Pursuant to article 29.2 of the articles of association of the Company, the Board has the power to fill any casual vacancy in the office of auditors. Accordingly, no extraordinary general meeting was held for such purpose. For details, please refer to the announcement of the Company dated 2 August 2016.

Save as disclosed above, there were no other changes in auditors of the Company during the past three years.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.boyya.com.hk>). The annual report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and of the Company in due course.

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

Hong Kong, 28 March 2017

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