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Boyaa Interactive International Limited

博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0434)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Highlights:

- Our revenue for the year ended 31 December 2014 amounted to approximately RMB945.3 million, representing an increase of 38.8% from approximately RMB681.3 million recorded in 2013.
- Our gross profit for the year ended 31 December 2014 amounted to approximately RMB567.9 million, representing an increase of 36.4% from approximately RMB416.2 million recorded in 2013.
- Profit attributable to equity holders of the Company for the year ended 31 December 2014 amounted to approximately RMB280.1 million, representing an increase of 106.7% from approximately RMB135.5 million recorded in 2013.
- Our unaudited adjusted net profit for the year ended 31 December 2014 derived by excluding non-operational and one-off items amounted to approximately RMB306.2 million, representing an increase of 40% from approximately RMB218.7 million recorded in 2013.
- Payout ratio of our unaudited non-IFRS adjusted net profit for the year ended 31 December 2014 is 30.0%. The Board recommends the payment of a final dividend of RMB0.059 per share (equivalent to HK\$0.075 per share) for the year ended 31 December 2014. Together with the interim dividend that was paid in 2014, the aggregate dividend amounts to RMB0.121 per share (equivalent to HK\$0.153 per share) for the full financial year of 2014.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Year-on-Year Change* %
	2014	2013	
	<i>RMB' 000</i> (audited)	<i>RMB' 000</i> (audited)	
Revenue	945,319	681,262	38.8
- Web-based games	409,544	406,197	0.8
- Mobile games	535,775	275,065	94.8
Gross profit	567,852	416,209	36.4
Profit attributable to owners of the Company	280,065	135,507	106.7
Non-IFRS adjusted net profit (unaudited)***	306,177	218,676	40.0
Earning per share (expressed in RMB cents per share)			
- Basic	42.07	43.54	(3.4)
- Diluted	38.07	25.47	49.5
	For the three months ended 31 December		Year-on-Year Change* %
	2014	2013	
	<i>RMB' 000</i> (unaudited)	<i>RMB' 000</i> (unaudited)	
Revenue	243,906	199,441	22.3
- Web-based games	92,415	102,533	(9.9)
- Mobile games	151,491	96,908	56.3
Gross profit	138,315	118,910	16.3
Profit attributable to owners of the Company	65,979	33,999	94.1
Non-IFRS adjusted net profit***	70,246	57,982	21.2

REVENUE BY GAMES

	For the year ended		Year-on-Year Change*
	2014	2013	
	<i>RMB' 000</i>	<i>RMB' 000</i>	
	(audited)	(audited)	%
Texas Hold'em Series	736,732	593,996	24.0
Fight the Landlord	159,846	60,848	162.7
Others	<u>48,741</u>	<u>26,418</u>	84.5
Total	<u>945,319</u>	<u>681,262</u>	38.8
For the three months			
ended 31 December			
	2014	2013	Year-on-Year
	<i>RMB' 000</i>	<i>RMB' 000</i>	Change*
	(unaudited)	(unaudited)	%
Texas Hold'em Series	177,914	172,059	3.4
Fight the Landlord	52,196	20,816	150.7
Others	<u>13,796</u>	<u>6,566</u>	110.1
Total	<u>243,906</u>	<u>199,441</u>	22.3

REVENUE BY LANGUAGE VERSIONS OF GAMES

	For the year ended 31 December		Year-on-Year Change* %
	2014 <i>RMB' 000</i> (audited)	2013 <i>RMB' 000</i> (audited)	
Simplified Chinese	426,153	216,979	96.4
Other languages	<u>519,166</u>	<u>464,283</u>	11.8
Total	<u>945,319</u>	<u>681,262</u>	38.8
	For three months ended 31 December		Year-on-Year Change* %
	2014 <i>RMB' 000</i> (unaudited)	2013 <i>RMB' 000</i> (unaudited)	
Simplified Chinese	130,958	61,725	112.2
Other languages	<u>112,948</u>	<u>137,716</u>	(18.0)
Total	<u>243,906</u>	<u>199,441</u>	22.3

OPERATIONAL HIGHLIGHTS

	For the three months ended			Year-	Quarter-
	31 December	30 September	31 December	on-Year	on-Quarter
	2014	2014	2013	Change*	Change**
	(unaudited)	(unaudited)	(unaudited)	%	%
Paying Players (in thousands)	2,157	2,015	886	143.5	7.0
• Web-based games	160	179	178	(10.1)	(10.6)
• Mobile games	1,997	1,836	708	182.1	8.8
Daily Active Players (“DAUs”) (in thousands)****	5,828	5,805	4,895	19.1	0.4
• Web-based games	1,580	1,610	1,562	1.2	(1.9)
• Mobile games	4,248	4,195	3,333	27.5	1.3
Monthly Active Players (“MAUs”) (in thousands)****	27,909	27,064	23,322	19.7	3.1
• Web-based games	8,084	8,106	8,021	0.8	(0.3)
• Mobile games	19,825	18,958	15,301	29.6	4.6
Average Revenue Per Paying Player (“ARPPU”) of Texas Hold’em (in RMB)					
• Web-based games	407.6	419.5	387.5	5.2	(2.8)
• Mobile games	57.0	56.5	51.8	10.0	0.9
ARPPU of Fight the Landlord (in RMB)					
• Web-based games	48.3	48.1	43.2	11.8	0.4
• Mobile games	17.9	17.7	16.1	11.2	1.1
ARPPU of Other Games (in RMB)					
• Web-based games	10.8	14.8	12.9	(16.3)	(27.0)
• Mobile games	7.2	6.3	8.6	(16.3)	14.3

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

** Quarter-on-Quarter Change % represents a comparison between the quarter ended 31 December 2014 and the immediately preceding quarter.

*** Non-IFRS adjusted net profit was derived from the net profit for the period excluding share-based compensation expenses, fair value change of liability component of Series A Preferred Shares and listing-related 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 consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2014. The annual results have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and audited by PricewaterhouseCoopers, 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

Overview

In 2014, we continued to focus on the development and operations of online card and board games, broaden card and board games portfolio by constant product innovation, expanded professional game development and operations team, continuously enhanced our response speed in customer service and improved service quality so as to maintain our leading position in the increasingly competitive online card and board game market. For the year of 2014, we recorded revenue of approximately RMB945.3 million, representing an increase of 38.8% as compared to 2013.

As at 31 December 2014, the online games product portfolio we launched increased to 25 and the newly added online games were particularly targeted at and offered to the local card and board game market in mainland China for refined operation. Meanwhile, we also actively expand language versions of our games by currently offering as many as 21 languages versions to further build and strengthen our global business.

During the year, our paying player base, in particular for our mobile games, recorded a significant growth in 2014, the number of which increased from 0.7 million in the fourth quarter of 2013 to 2.0 million in the same period of 2014. We witnessed a stable growth in our MAUs and DAUs. The ARPPU of our two most important games, Fight the Landlord and Texas Hold'em, also maintained steady growth in mobile games offering.

In 2014, we continued to increase our efforts to market our games and broaden the channels in both the domestic and overseas markets. In terms of the domestic market, we continued to maintain close cooperation relationship with the three telecom operators in China, and enhanced the cooperation with various mobile equipment manufacturers in the pre-installing channel. On the other hand, we conducted extensive pilot of the cooperation with domestic mainstream TV game publisher to seize higher market share in the TV board game market. In terms of the broad

overseas market, we continued to deepen the cooperation with large-scale social platforms such as Facebook and Line to boarden our player base through online marketing channel and facilitated strategic layout in our overseas target market by accelerating the expansion into overseas mobile pre-installing market.

In terms of technology infrastructure investment and technology innovation, as at 31 December 2014, we had 595 servers hosted in 17 countries and regions all over the world. We also continued to refine our game development engine — Boyaa Building Engine and further expanded its function library, thereby further enhancing our game development capability and efficiency. We established an automatic testing framework applicable to mobile games offering to enhance the quality and response speed for product testing. The integration and optimization of the data servers also strengthened our disaster recovery and data loss prevention capabilities.

In 2014, we completed equity investments in four Internet companies, including Shenzhen Gangyun Technology Co., Ltd. (深圳港雲科技有限公司, “**Gangyun**”), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司, **HuifuWorld**), YaoYaoCity Limited (“**YaoYaoCity**”) and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries (the “**Allin Group**”), in which we had a shareholding of 12%, 15%, 15% and 51%, respectively. These four companies are either online games companies or Internet technology companies, and investments in these companies will help us to further expand channels of Boyaa games business.

Outlook for 2015

In 2015, we will continue our efforts to achieve our goal of becoming a leading global brand for online card and board games. We intend to focus on the following:

- continuously strengthening and expanding our card and board games portfolio, particularly local card and board games with emphasis on mobile devices channel and pilot Internet Protocol television channel;
- exploring significant presence in target emerging overseas markets, such as Indonesia, Vietnam and the Middle East, through cooperation relationships with other market players or mergers and acquisitions to further increase our overseas market share;
- increasing premium service offerings for our paying players, including more convenient and flexible payment methods as well as more professional and considerate customer services;

- improving our influence among players as a brand and expanding the recognition and player base of our games by striving to hold influential tournaments and activities; and
- continuously strengthening our research and development efforts on emerging and cutting-edge technologies and improving game quality, allowing our players wider technological applications of our games.

We believe that, leveraging on our expertise and rich experience in online card and board games, we will achieve our goal of becoming a leading global brand for online card and board games through innovations and persevere in player-oriented concepts.

MANAGEMENT DISCUSSION AND ANALYSIS

Year ended 31 December 2014 Compared to Year ended 31 December 2013

Revenue

Our revenue for the year ended 31 December 2014 amounted to approximately RMB945.3 million, representing an increase of 38.8% from approximately RMB681.3 million recorded in 2013. The increase in revenue was primarily driven by the increase in paying players, mainly as a result of our effective monetization measures, especially in our mobile games.

In terms of revenue by game forms, our continued shift in our strategic focus from web-based games to mobile games has contributed to a significant increase in revenue generated from our mobile games. For the year ended 31 December 2014, revenue generated from our mobile games amounted to approximately RMB535.8 million as compared to approximately RMB275.1 million in 2013, representing a growth of approximately 94.8% and which accounted for approximately 56.7% of our total revenue in 2014 (2013: 40.4% of our total revenue).

In terms of revenue by language versions of games, our continued efforts in enhancing our games with localized features during the year has contributed to the continued increase in revenue attributable to our games offered in language version of simplified Chinese. For the year ended 31 December 2014, revenue generated from language versions of simplified Chinese grew 96.4% from approximately RMB217.0 million in 2013 to approximately RMB426.2 million in 2014, which accounted for approximately 45.1% and 31.8% of our total revenue in 2014 and 2013, respectively.

Cost of revenue

Our cost of revenue increased by 42.4% from approximately RMB265.1 million in 2013 to approximately RMB377.5 million in 2014 primarily due to the increase in commission fees paid to our payment collection channels in line with the increase in revenue and the increase in the average commission fees charge rate. The increase in cost of revenue was also attributable to an increase in employee benefit expenses resulting from the increase in the number of our game development staff and operations support staff.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 36.4% from approximately RMB416.2 million for the year ended 31 December 2013 to approximately RMB567.9 million for the year ended 31 December 2014. Our gross profit margin in 2014 was basically flat as compared to that of 2013, fell into normal business volatility range resulting from the adjustment to our product mix.

Selling and marketing expenses

Our selling and marketing expenses increased by 21.0% from approximately RMB147.7 million in 2013 to approximately RMB178.7 million in 2014, accounting for 18.9% of our revenue in 2014 decreased from 21.7% in 2013. The increase in selling and marketing expenses was mainly attributable to the increase in advertising and promotional activities for expanding our games in existing markets and potential markets, as well as the increase in employee benefit expenses resulting from the increase in headcount of our selling and marketing department.

Administrative expenses

Our administrative expenses increased by 5.4% from approximately RMB111.4 million in 2013 to approximately RMB117.4 million in 2014, accounting for 12.4% of our revenue in 2014 decreased from 16.4% in 2013. The increase in administrative expenses was mainly due to the increase in employee benefit expenses resulting from the increase in headcount.

Other gains - net

We recorded other gains - net of approximately RMB54.9 million for the year ended 31 December 2014, which primarily consisted of return on short-term investments, government subsidies and tax rebates. For the year ended 31 December 2013, we recorded other gains - net of approximately RMB19.1 million.

Finance income/(costs) - net

Our net finance income was approximately RMB2.1 million in 2014 and we recorded net finance costs of approximately RMB11.6 million in 2013. The change was primarily due to the fair value change of liability component of Series A Preferred Shares, which was recorded for 2013 but not for 2014 as Series A Preferred Shares were converted into ordinary shares immediately prior to our listing on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Share of profit of associates

We held investments in five associates, namely Shenzhen Fanhou Technology Co., Ltd (“**Fanhou**”), RaySns Technology Co., Ltd (“**RaySns**”), Shanghai Teqi Internet Technology Co., Ltd. (“**Teqi**”), HuifuWorld and Gangyun as at 31 December 2014 (31 December 2013: three), all of which were Internet or online game companies. We recorded a share of profit of associates of approximately RMB6.2 million and RMB0.2 million for the years ended 31 December 2014 and 2013, respectively.

Income tax expense

Our income tax expense increased by 89.6% from approximately RMB29.2 million for the year ended 31 December 2013 to approximately RMB55.4 million for the year ended 31 December 2014, primarily due to the increase in profit before income tax from approximately RMB164.7 million in 2013 to approximately RMB335.0 million in 2014. The effective income tax rate decreased from approximately 17.7% in 2013 to approximately 16.5% in 2014 is primarily due to the decrease of the share-based compensation expense and fair value change of liability component of Series A Preferred Shares which were non-tax deductible items.

Profit for the year

As a result of the foregoing, our profit attributable to owners of the Company increased by 106.7% from approximately RMB135.5 million in 2013 to approximately RMB280.1 million in 2014.

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 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 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 2014 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB10.5 million, RMB4.0 million and RMB12.1 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 2013 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB18.7 million, RMB7.1 million and RMB21.5 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, and fair value change of liability component of Series A Preferred Shares of approximately RMB16.9 million included in finance costs, and listing-related expenses of approximately RMB18.9 million included in administrative expenses.

All of the Series A Preferred Shares of the Company were fully converted into ordinary shares immediately prior to our listing in November 2013. In addition, all listing-related expenses had been paid in full and had been duly accounted for in the financial statements for the year ended 31 December 2013. Accordingly, the Company did not incur any further fair value change of liability component of Series A Preferred Shares or listing-related expenses for the year ended 31 December 2014.

Fourth Quarter of 2014 Compared to Fourth Quarter of 2013

Revenue

Our revenue for the three months ended 31 December 2014 amounted to approximately RMB243.9 million, representing year-on-year increase of 22.3% from approximately RMB199.4 million recorded for the same period of 2013. The year-on-year increase in revenue was primarily due to the increase in paying players from 886,000 in the three months ended 31 December 2013 to 2,157,000 in the same period in 2014, which primarily resulted from our effective monetization measures, especially in our mobile games.

For the three months ended 31 December 2014, revenue generated from our mobile games amounted to approximately RMB151.5 million as compared to approximately RMB96.9 million recorded for the same period of 2013, representing year-on-year growth of approximately 56.3%.

For the three months ended 31 December 2014, revenue generated from language versions of simplified Chinese amounted to approximately RMB131.0 million, representing year-on-year increase of 112.2% from approximately RMB61.7 million recorded for the same period of 2013.

Cost of revenue

Our cost of revenue for the three months ended 31 December 2014 amounted to approximately RMB105.6 million, representing year-on-year increase of 31.1% from approximately RMB80.5 million recorded for the same period in 2013. The year-on-year increase was primarily due to the increase in commission fees paid to our payment collection channels resulting from the increase in average commission fees charge rate as well as the increase in our revenue.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by 16.3% from approximately RMB118.9 million for the three months ended 31 December 2013 to approximately RMB138.3 million for the three months ended 31 December 2014. In addition, our gross profit margin decreased from 59.6% for the three months ended 31 December 2013 to 56.7% for the three months ended 31 December 2014. The decrease in our gross profit margin was primarily due to the increase in the average commission fees charge rate.

Selling and marketing expenses

Our selling and marketing expenses increased from approximately RMB43.1 million recorded for the three months ended 31 December 2013 to approximately RMB45.4 million for the same period of 2014, representing year-on-year increase of 5.3%, which was mainly attributable to the increase in advertising and promotional activities for expanding our games in the existing and potential markets.

Administrative expenses

Our administrative expenses for the three months ended 31 December 2014 amounted to approximately RMB34.8 million, representing year-on-year decrease of 18.7% from approximately RMB42.8 million recorded for the same period of 2013. The year-on-year decrease was mainly due to the decrease in share-based compensation expenses as well as the listing related expenses incurred in relation to our global offering and listing in November 2013.

Other gains - net

We recorded other gains - net of approximately RMB18.4 million for the three months ended 31 December 2014, which primarily consisted of return on short-term investments, government subsidies and tax rebates. For the same period of 2013, we recorded other gains - net of approximately RMB5.1 million.

Finance income - net

Our net finance income for the three months ended 31 December 2014 was approximately RMB1.5 million, compared to the net finance income of approximately RMB3.2 million recorded for the same period of 2013, representing year-on-year decrease of 53.1%. The year-on-year change was primarily due to the foreign exchange gain.

Share of profit of associates

We held investments in five associates, namely Fanhou, RaySns, Teqi, HuifuWorld and Gangyun as at 31 December 2014 (31 December 2013: three). We recorded a share of profit of associates of approximately RMB0.8 million and a share of profit of associates of approximately RMB0.1 million for the three months ended 31 December 2014 and 2013, respectively.

Income tax expense

Our income tax expense for the three months ended 31 December 2014 was approximately RMB13.2 million, representing year-on-year increase of 79.6% from approximately RMB7.3 million recorded for the same period of 2013, which was primarily due to the increase in profit before income tax from approximately RMB41.3 million for the fourth quarter of 2013 to approximately RMB78.7 million for the same period of 2014. The effective tax rate was 16.8% and 17.8%, respectively, for the three months ended 31 December 2014 and 2013. The decrease in effective tax rate for the three months ended 31 December 2014 compared to the corresponding period of 2013 is primarily due to the decrease of the share-based compensation expense and fair value change of liability component of Series A Preferred Shares which were non-tax deductible items.

Profit for the period

As a result of the foregoing, our profit attributable to owners of the Company for the three months ended 31 December 2014 amounted to approximately RMB66.0 million, representing year-on-year increase of 94.1% from approximately RMB34.0 million recorded for the same period of 2013.

Non-IFRS Measure - Adjusted net profit

Our unaudited non-IFRS adjusted net profit for the three months ended 31 December 2014 was derived from our unaudited profit of the same period excluding share-based compensation expenses of approximately RMB1.9 million, RMB0.7 million and RMB2.2 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 2013 was derived from our unaudited profit for the same period excluding share-based compensation expenses of approximately RMB5.5 million, RMB2.1 million and RMB6.3 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively, and fair value change of liability component of Series A Preferred Shares of approximately RMB2.8 million included in finance cost, and listing-related expenses of approximately RMB7.3 million included in administrative expenses.

Liquidity and capital resources

In 2014, 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.

Cash and cash equivalents

As at 31 December 2014, we had cash and cash equivalents of approximately RMB1,029.3 million (31 December 2013: approximately RMB965.6 million), which primarily consisted of cash at bank and in hand and which were mainly denominated in Renminbi (as to 92.7%), US dollars (as to 4.8%) and other currencies (as to 2.5%). 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 HK\$837.9 million. Up to 31 December 2014, a total amount of RMB112.5 million from the net proceeds from our initial public offering had been utilized for expanding our marketing and promotion activities and equity investments. The unutilized net proceeds has been deposited into short-term demand deposits in the bank account maintained by the Group as well as used in money markets instruments which are principal protected and with guaranteed return.

Short-term investments

As at 31 December 2014, we had short-term investments of approximately RMB370.0 million (31 December 2013: RMB223.0 million). These short-term investments represent investments in certain money market instruments in the form of principal and return-guaranteed products denominated in Renminbi offered by certain commercial banks in China and have a term ranging from six months to twelve months. These short-term investments will mature before end of April 2015 and no new money market instruments have been purchased by the Group since November 2014. The effective interest rate for these short-term investments for the year ended 31 December 2014 was 6.2% (for the year ended 31 December 2013: 6.0%), and the returns on such short-term investments amounted to approximately RMB44.5 million for the year ended 31 December 2014 (for the year ended 31 December 2013: RMB4.8 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. The Company decided and as agreed with the financial institutions offering the short-term investments, all the short-term investments were represented by interbank bonds and cash deposits which were highly liquid.

Borrowings

During the year ended 31 December 2014, 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 year ended 31 December 2014, our total capital expenditure amounted to approximately RMB54.7 million (2013: approximately RMB7.4 million), mainly including payment for equity investments of RMB43.8 million (2013: nil), 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 RMB10.9 million (2013: approximately RMB7.4 million), which was funded by using our cash flow generated from our operations.

Contingent liabilities and guarantees

As at 31 December 2014, our 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 year ended 31 December 2014, the Group has completed four equity investments. On 16 June 2014, we entered into an agreement with HuifuWorld pursuant to which we acquired 15% equity interest in HuifuWorld at a consideration of RMB5.0 million. On 19 June 2014, we entered into an agreement with Gangyun pursuant to which we acquired 12% equity interest in Gangyun at a consideration of RMB3.2 million. On 18 September 2014, the Group entered into a share purchase agreement with YaoYaoCity pursuant to which we acquired 15% equity interest in YaoYaoCity at a consideration of RMB9.9 million. On 8 November 2014, the Group acquired 51% equity interest in Allin Interactive International Limited and, thereby acquired 51% interest in Allin Group, at a consideration of RMB10.0 million. In the coming future, the Group will continue to identify new opportunities for business development.

Proposed disposal of available-for-sale financial assets

On 13 February 2015, our subsidiary, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (“**Boyaa Shenzhen**”), Mr. Dai Zhikang and other shareholders of Blingstorm Entertainment Ltd. (晶合思動(北京)科技有限公司, “**Blingstorm**”) (as vendors) entered into a share purchase agreement (“**Share Purchase Agreement**”) with OurPalm Co., Ltd (北京掌趣科技股份有限公司, “**OurPalm**”) (as purchaser), pursuant to which Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm agreed to dispose of 100% equity interests in Blingstorm to OurPalm. The completion of the proposed disposal is subject to certain conditions. The preliminary consideration for the disposal of Boyaa Shenzhen’s 9.36% equity interest in Blingstorm is RMB80,145,000, which is subject to adjustment. If agreement on the adjustment cannot be reached by the parties to the Share Purchase Agreement, the Share Purchase Agreement will be terminated and therefore the proposed disposal may or may not be completed. For details, please refer to the announcement of the Company dated 15 February 2015. The investment cost of the Group for its 9.36% equity interest in Blingstorm was RMB4,600,000 and due to the significant loss reported by Blingstorm in 2012 and 2013, full impairment had been made against the investment cost as at 31 December 2012 and 2013. In light of the proposed disposal and the possible recovery of the value of the investment, an independent valuer was appointed to estimate the fair value of the investment in Blingstorm as at 31 December 2014. The fair value of the investment was approximately RMB61,325,000.

Pledge of assets

As at 31 December 2014, none of the Group's assets was pledged.

Employees and staff cost

As at 31 December 2014, we had a total of 832 full time employees, who are mainly based in China. In particular, 625 employees are responsible for our game development and operation functions, 48 for game support, 80 for business development and 79 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 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 leave insurance, and to mandatory housing accumulation funds, for or on behalf of our employees.

For the year ended 31 December 2014, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB137.2 million, representing approximately 20.4% of the total expenses of the Group. Pursuant to the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the “**Pre-IPO Share Option Scheme**”) as well as the RSU scheme adopted by the Company in September 2013 (the “**RSU Scheme**”), there were a total of 8,827,506 share options and 74,215,932 shares underlying the RSUs outstanding and/or granted to a total of 263 directors, senior management members and employees of the Group as at 31 December 2014. There were also 31,207,258 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 and the RSU Scheme, together with details of the options and RSUs granted under such schemes, will be set out in the section headed “Share Option Schemes and Restricted Share Unit Scheme” in the report of directors in our 2014 annual report to be issued in due course.

Dividends

The Board recommends the payment of a final dividend of RMB0.059 per share (equivalent to HK\$0.075 per share), amounting to approximately a total of RMB45.0 million for the year ended 31 December 2014 (the “**2014 Final Dividend**”). This, together with the interim dividend of RMB0.062 per share (equivalent to HK\$0.078 per share) that was paid in 2014, amounts to an aggregate dividend payment of RMB0.121 per share (equivalent to HK\$0.153 per share) for the full financial year of 2014, representing a payout ratio of 30% of our unaudited non-IFRS adjusted net profit for the year ended 31 December 2014. The 2014 Final Dividend is subject to the approval of the Company’s shareholders (the “**Shareholders**”) at the forthcoming annual general meeting (the “**AGM**”). All Shareholders on the register of members of the Company as of the record date for the 2014 Final Dividend to be determined and announced, which shall include The Core Admin Boyaa RSU Limited, the nominee which holds the shares underlying the RSUs for the benefit of eligible participants pursuant to the RSU Scheme (the “**RSU Nominee**”), will be entitled to receive the 2014 Final Dividend. Dividend shall be distributed to the RSU Nominee (i) for the benefit of the grantees in respect of the issued shares underlying the granted and outstanding RSUs and (ii) in respect of the issued shares underlying the RSUs that have not been granted or lapsed and which have returned to the pool of RSUs (the “**RSU Pool**”) held by the RSU Nominee. The dividends with respect to the issued shares in the RSU Pool not representing any outstanding RSUs will first be used to settle the 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.

FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2014

		As at 31 December	
	Note	2014	2013
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		15,176	10,804
Intangible assets		19,626	1,032
Investments in associates	3	21,839	7,977
Available-for-sale financial assets	4	63,975	—
Deferred income tax assets		1,685	4,383
Financial assets at fair value through profit or loss	6	22,085	—
Prepayments and other receivables		<u>42,651</u>	<u>9,285</u>
		<u>187,037</u>	<u>33,481</u>
Current assets			
Trade receivables	5	94,312	59,376
Prepayments and other receivables		33,001	19,690
Financial assets at fair value through profit or loss	6	—	107,000
Short-term investments	7	370,000	223,000
Cash and cash equivalents		<u>1,029,331</u>	<u>965,566</u>
		<u>1,526,644</u>	<u>1,374,632</u>
Total assets		<u><u>1,713,681</u></u>	<u><u>1,408,113</u></u>

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2014

		As at 31 December	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	245	239
Share premium	8	632,329	738,070
Shares held for RSU Scheme	8	(19)	(33)
Reserves		137,045	53,512
Retained earnings		<u>702,896</u>	<u>422,831</u>
		1,472,496	1,214,619
Non-controlling interests		<u>9,130</u>	<u>—</u>
Total equity		<u>1,481,626</u>	<u>1,214,619</u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities		<u>14,234</u>	<u>591</u>
Current liabilities			
Trade and other payables	10	115,169	97,651
Deferred revenue		24,238	39,202
Current income tax liabilities		<u>78,414</u>	<u>56,050</u>
		<u>217,821</u>	<u>192,903</u>
Total liabilities		<u>232,055</u>	<u>193,494</u>
Total equity and liabilities		<u>1,713,681</u>	<u>1,408,113</u>
Net current assets		<u>1,308,823</u>	<u>1,181,729</u>
Total assets less current liabilities		<u>1,495,860</u>	<u>1,215,210</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014**

		Year ended 31 December	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	11	945,319	681,262
Cost of revenue	12	(377,467)	(265,053)
Gross profit		567,852	416,209
Selling and marketing expenses	12	(178,682)	(147,685)
Administrative expenses	12	(117,398)	(111,415)
Other gains - net	13	54,877	19,082
Operating profit		326,649	176,191
Finance income		8,518	2,018
Finance costs		(6,389)	(13,656)
Finance income/(costs) - net		2,129	(11,638)
Share of profit of associates		6,222	177
Profit before income tax		335,000	164,730
Income tax expense	14	(55,413)	(29,223)
Profit for the year		<u>279,587</u>	<u>135,507</u>
Other comprehensive income			
Items that may be reclassified to profit or loss:			
- Changes in value of available-for-sale financial assets, net of tax		52,182	—
- Currency translation differences		4,521	(8,870)
Other comprehensive income/(loss) for the year, net of tax		<u>56,703</u>	<u>(8,870)</u>
Total comprehensive income for the year		<u>336,290</u>	<u>126,637</u>
Profit attributable to:			
- Owners of the Company		280,065	135,507
- Non-controlling interests		(478)	—
Total comprehensive income attributable to:			
- Owners of the Company		336,768	126,637
- Non-controlling interests		(478)	—
Earnings per share (expressed in RMB cents per share)			
- Basic	15	<u>42.07</u>	<u>43.54</u>
- Diluted	15	<u>38.07</u>	<u>25.47</u>
Dividends	16	<u>91,853</u>	<u>65,640</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

		Share capital	Share premium	Shares held for RSU Scheme	Reserves	Retained earnings	Total equity
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2013		123	—	—	31,038	271,263	302,424
Comprehensive income							
Profit for the year		—	—	—	—	135,507	135,507
Other comprehensive loss							
Currency translation differences		—	—	—	(8,870)	—	(8,870)
Total comprehensive income for the year		—	—	—	(8,870)	135,507	126,637
Issuance of new shares	8	54	742,184	—	—	—	742,238
Issuance of shares held for RSU Scheme	8	22	—	—	—	—	22
Share issuance costs	8	—	(62,617)	—	—	—	(62,617)
Deemed contribution from shareholders for the shares held for RSU Scheme	9	—	—	(33)	33	—	—
Conversion of Series A Preferred Shares	8	40	58,503	—	—	—	58,543
Transfer		—	—	—	(16,061)	16,061	—
Employee share option and RSU scheme - value of employee services		—	—	—	47,372	—	47,372
Total contributions by and distributions to owners of the Company, recognized directly in equity		116	738,070	(33)	31,344	16,061	785,558
Balance at 31 December 2013		<u>239</u>	<u>738,070</u>	<u>(33)</u>	<u>53,512</u>	<u>422,831</u>	<u>1,214,619</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

		Share capital	Share premium	Shares held for RSU Scheme	Reserves	Retained earnings	Total	Non- controlling interests	Total equity
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2014		239	738,070	(33)	53,512	422,831	1,214,619	—	1,214,619
Comprehensive income									
Profit for the year		—	—	—	—	280,065	280,065	(478)	279,587
Other comprehensive loss									
Change in value of available-for-sale financial assets, net of tax		—	—	—	52,182	—	52,182	—	52,182
Currency translation differences		—	—	—	4,521	—	4,521	—	4,521
Total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>56,703</u>	<u>280,065</u>	<u>336,768</u>	<u>(478)</u>	<u>336,290</u>
Employee share option and RSU scheme									
- value of employee services		—	—	—	26,590	—	26,590	—	26,590
- proceeds from shares issued	8	6	7,288	—	—	—	7,294	—	7,294
- vesting of shares under RSU scheme	9	—	(14)	14	—	—	—	—	—
Share of change in reserves of an associate	3	—	—	—	240	—	240	—	240
Buy-back of shares	8	—	(587)	—	—	—	(587)	—	(587)
Dividends	16	—	(112,428)	—	—	—	(112,428)	—	(112,428)
Total contributions by and distributions to owners of the Company, recognized directly in equity		<u>6</u>	<u>(105,741)</u>	<u>14</u>	<u>26,830</u>	<u>—</u>	<u>(78,891)</u>	<u>—</u>	<u>(78,891)</u>
Non-controlling interests arising on business combination	18	—	—	—	—	—	—	9,608	9,608
Total transactions with owners, recognized directly in equity		<u>6</u>	<u>(105,741)</u>	<u>14</u>	<u>26,830</u>	<u>—</u>	<u>(78,891)</u>	<u>9,608</u>	<u>(69,283)</u>
Balance at 31 December 2014		<u>245</u>	<u>632,329</u>	<u>(19)</u>	<u>137,045</u>	<u>702,896</u>	<u>1,472,496</u>	<u>9,130</u>	<u>1,481,626</u>

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014**

		Year ended	
		31 December	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities			
Cash generated from operations		265,434	227,138
Income tax paid		<u>(30,427)</u>	<u>(16,579)</u>
Net cash generated from operating activities		<u>235,007</u>	<u>210,559</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	18	(4,764)	—
Purchase of property, plant and equipment		(9,616)	(7,014)
Purchase of intangible assets		(1,277)	(393)
Purchase of financial assets at fair value through profit or loss		(169,883)	(420,000)
Purchase of available-for-sale financial assets	4	(2,608)	—
Purchase of short-term investments		(1,360,000)	(223,000)
Prepayments for purchase of certain properties		(30,873)	—
Investments in associates	3	(8,200)	—
Proceeds from disposals of financial assets at fair value through profit or loss		258,274	446,618
Proceeds from disposals of short-term investments		1,213,000	—
Proceeds on disposals of property, plant and equipment		17	—
Dividends received from an associate	3	800	—
Proceeds from partial disposal of investment in an associate		—	2,000
Return on short-term investments received		41,481	3,286
Interest received		<u>8,450</u>	<u>2,018</u>
Net cash used in investing activities		<u>(65,199)</u>	<u>(196,485)</u>

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

		Year ended	
		31 December	
	<i>Note</i>	2014	2013
		<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from financing activities			
Buy-back of shares	8	(587)	—
Dividends	16	(112,428)	—
Proceeds from issuance of ordinary shares	8	7,188	—
Proceeds from issuance of new shares	8	—	742,238
Payment of share issuance costs	8	—	(62,617)
Proceeds from issuance of shares held for RSU scheme	9	<u>—</u>	<u>22</u>
Net cash (used in)/generated from financing activities		<u>(105,827)</u>	<u>679,643</u>
Net increase in cash and cash equivalents		63,981	693,717
Cash and cash equivalents at beginning of year		965,566	274,682
Exchange losses on cash and cash equivalents		<u>(216)</u>	<u>(2,833)</u>
Cash and cash equivalents at end of the year		<u><u>1,029,331</u></u>	<u><u>965,566</u></u>

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 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 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 (the "Founder").

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.

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

2. Basis of preparation

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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.

The new or revised standards and amendments to the existing standards, which are mandatory for the financial year of the Company beginning on 1 January 2014, are either not currently relevant or have no material impact on the Group's consolidated financial statements.

The following new and revised standards and amendments to existing standards have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2014 and have not been early adopted.

Annual improvements 2012, 2013 and 2014	Annual improvements projects
Amendment to IFRS 11	Acquisitions of interests in joint operations
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortization
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture
Amendment to IAS 27	Equity method in separate financial statements
IFRS 15	Revenue from contracts with customers
IFRS 9	Financial instruments

3. Investments in associates

	2014 RMB'000	2013 RMB'000
At 1 January	7,977	8,946
Additions (Note (i))	8,200	—
Disposal	—	(1,146)
Share of profit	6,222	177
Share of change in reserves of an associate	240	—
Dividends received from an associate	(800)	—
At 31 December	<u>21,839</u>	<u>7,977</u>

- (i) On 16 June 2014, the Group acquired 15% equity interest in HuifuWorld, which is mainly engaged in development and operation of Internet Protocol television (“IPTV”) and Android Set-Top-Box related channels and platforms and lottery, at a consideration of RMB5,000,000, from an independent third party.

On 19 June 2014, the Group acquired 12% equity interest in Gangyun, which is mainly engaged in development and operation of camera and video beautification systems with domestic and international mobile phones manufacturers, at a consideration of RMB3,200,000, from an independent third party.

Since the Group has the contractual right to appoint a director to the board of directors of HuifuWorld and Gangyun, the directors of the Company consider that the Group has significant influence on HuifuWorld and Gangyun, and accordingly they are accounted for as associates of the Group. The above two transactions had been completed as of 30 June 2014.

The directors of the Company consider that all associates as at 31 December 2014 and 2013 were insignificant to the Group and thus the individual financial information of these associates are not disclosed.

4. Available-for-sale financial assets

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
At 1 January	—	—
Additions (Note (i))	2,608	—
Net gains from changes in fair value	61,380	—
Currency translation differences	<u>(13)</u>	<u>—</u>
At 31 December	<u><u>63,975</u></u>	<u><u>—</u></u>

- (i) The additions represented equity investments in certain listed companies in which the Group holds less than 1% of their equity interest. These investments are denominated in HKD and USD. The fair values of these investments are measured at quoted prices in active capital markets.

Available-for-sale financial assets include the following:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Listed equity securities	2,650	—
Unlisted equity investment	<u>61,325</u>	<u>—</u>
	<u><u>63,975</u></u>	<u><u>—</u></u>

The unlisted equity investment represented the Group's equity investment in Blingstorm, which is mainly engaged in development and operation of mobile games in the PRC. The investment cost was RMB4,600,000 and the Group held 9.36% equity interest in Blingstorm as at 31 December 2014. Blingstorm reported significant loss in 2012 and 2013 due to poor performance and full impairment had been made against the investment cost as at 31 December 2012 and 2013. Such impairment was reversed through other comprehensive income as at 31 December 2014 as a result of the recovery of the value of the investment in 2014.

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 2014. The fair value of the investment was approximately RMB61,325,000, which was determined using the discounted cash flow method and with reference to a preliminary quotation from a third-party purchaser on the Group's entire equity interest in Blingstorm. The fair value measurement of the investment in Blingstorm is categorized within level 3 of the fair value hierarchy. The significant assumptions and inputs utilized in the valuation were as follows:

Discount rate: 24.2%

Terminal growth rate: 3%

Discount for lack of marketability: 15%

Discount for lack of control: 15%

5. Trade receivables

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Trade receivables	95,204	60,268
Less: impairment provision	<u>(892)</u>	<u>(892)</u>
	<u><u>94,312</u></u>	<u><u>59,376</u></u>

- (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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
0-60 days	67,306	46,668
60-90 days	14,832	7,788
90-180 days	10,705	4,440
Over 180 days	<u>2,361</u>	<u>1,372</u>
	<u><u>95,204</u></u>	<u><u>60,268</u></u>

- (b) As at 31 December 2014, trade receivables of past due but not impaired were approximately RMB29,103,000 (2013: RMB4,831,000). 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:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Outstanding after due dates:		
0-60 days	21,507	3,366
60-90 days	2,750	1,111
Over 90 days	<u>4,846</u>	<u>354</u>
	<u>29,103</u>	<u>4,831</u>

As at the end of February 2015, the subsequent settlement of the above past due but not impaired trade receivables after 31 December 2014 was approximately RMB17,314,000.

6. Financial assets at fair value through profit or loss

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Included in non-current assets		
- Non-quoted investments (Note(i))	<u>22,085</u>	<u>—</u>
Included in current assets		
- Non-quoted investments	<u>—</u>	<u>107,000</u>

- (i) On 18 September 2014, the Group entered into a share purchase agreement to subscribe 2,373,964 Series B Preferred Shares issued by YaoYaoCity, which is mainly engaged in providing on-line entertainment services on long-distance buses, at a consideration of USD1,625,461 (equivalent to approximately RMB9,946,000). The above transaction had been completed as of 30 September 2014.

The directors of the Company appointed an independent valuer, Avista Valuation Advisory Limited, to estimate the fair value of the investment in YaoYaoCity as at 31 December 2014. The fair value of the investment was approximately RMB12,148,000, which was determined using the discounted cash flow method. The fair value measurement of the investment in YaoYaoCity is categorized within level 3 of the fair value hierarchy. The significant assumptions and inputs utilized in the valuation were as follows:

Discount rate: 24%

Terminal growth rate: 3%

Discount for lack of marketability: 25%

Discount for lack of control: 15%

In October and November 2014, the Group entered into partnership agreements with Tibet Source Code Equity Investment Partnership (“西藏源代碼股權投資合夥企業”) (“Tibet Source Code”) and Source Code Fund I L.P. (“Source Code Fund”) 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. As at 31 December 2014, the Group has subscribed the shares of Tibet Source Code and Source Code Fund at a consideration of RMB1,808,000 and USD1,329,000 (equivalent to approximately RMB8,129,000, respectively. The above transactions had been completed as of 31 December 2014. As at 31 December 2014, the fair values of these two investments approximated their respective carrying amounts.

7. Short-term investments

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Short-term investments	<u>370,000</u>	<u>223,000</u>

Short-term investments represented investments in certain wealth management products issued by certain commercial bank in the PRC. These wealth management products are principal protected and with guaranteed return, they are denominated in RMB and have a term ranging from 6 months to 1 year. The effective interest rate for these investments for the year ended 31 December 2014 was 6.2% (2013: 6.0%).

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

The total authorized share capital of the Company comprises 1,000,000,000 ordinary shares (2013: 1,000,000,000 ordinary shares) with par value of USD0.00005 per share (2013: USD0.00005 per share).

As at 31 December 2014, the total number of issued ordinary shares of the Company was 757,992,000 shares (2013: 737,559,000 shares) which included 105,423,190 shares (2013: 106,737,190 shares) held under the RSU Scheme (Note 9(c)). They have been fully paid up.

		Number of	Nominal	Equivalent		
		ordinary	value of	nominal		
		shares (in	ordinary	value of	Shares held	
		thousands)	shares	ordinary	Share	for RSU
	Note			shares	premium	Scheme
			USD'000	RMB'000	RMB'000	RMB'000
At 1 January 2013		360,000	18	123	—	—
Issuance of new shares	(a)	177,014	9	54	742,184	—
Issuance of shares held for RSU Scheme	9(c)	70,968	4	22	—	—
Shares transferred to RSU Scheme	9(c)	—	—	—	—	(33)
Share issuance costs	(b)	—	—	—	(62,617)	—
Conversion of Series A Preferred Shares	(c)	<u>129,577</u>	<u>6</u>	<u>40</u>	<u>58,503</u>	<u>—</u>
At 31 December 2013/ 1 January 2014		737,559	37	239	738,070	(33)
Buy-back of shares	(d)	(90)	—	—	(587)	—
Employee share option and RSU schemes						
- proceeds from shares issued	(e)	20,523	1	6	7,288	—
- vesting of shares held for RSU Scheme	9(c)	—	—	—	(14)	14
Dividends	16	<u>—</u>	<u>—</u>	<u>—</u>	<u>(112,428)</u>	<u>—</u>
At 31 December 2014		<u>757,992</u>	<u>38</u>	<u>245</u>	<u>632,329</u>	<u>(19)</u>

- (a) On 12 November 2013, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, the Company issued 177,014,000 new ordinary shares at par value of USD0.00005 per share for cash consideration of HKD5.35 each, and raised gross proceeds of approximately HKD947,025,000 (equivalent to RMB742,238,000). The respective paid up capital amount was approximately RMB54,000 and share premium arising from the issuance was approximately RMB742,184,000.
- (b) Share issuance costs mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs associated with the Listing. Incremental costs that are directly attributable to the issue of the new shares amounting RMB62,617,000 was treated as a deduction against the share premium arising from the issuance.

- (c) On 12 November 2013, upon its Listing on the Main Board of the Stock Exchange of Hong Kong Limited, all the 129,577,460 Series A Preferred Shares were automatically converted into ordinary shares, on a one-for-one basis. As a result, the liability component of the Series A Preferred Shares was derecognized and transferred to share capital and share premium. The equity component of the Series A Preferred Shares was transferred to retained earnings.
- (d) The Group repurchased 90,000 of its own shares from the market in June 2014. The total amount paid to acquire the shares was RMB587,000 and has been deducted from the shareholders' equity. These treasury shares were subsequently cancelled in July 2014. The related weighted average price at the time of buy-back was HKD8.16 per share.
- (e) Share options exercised during the year ended 31 December 2014 resulted in 20,523,187 shares being issued (2013: nil), with exercise proceeds of RMB7,294,000. As at 31 December 2014, an amount of RMB106,000 was due from The Core Admin Boyaa Option Limited, being the nominee of the Group's share option scheme.

9. 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.

(i) *Grant of share options*

On 1 February 2011, 2 March 2012, 1 July 2012 and 1 November 2012, the Group granted 50,415,000 ("Tranche I"), 775,000 ("Tranche II"), 1,180,000 ("Tranche III") and 6,760,563 ("Tranche IV") share options to its employees and directors, respectively. The numbers of the above share options have been adjusted to reflect the effects of the share splits in prior years.

The vesting period of the share options granted is 4 years and the vesting schedules is 25% after 12 months from the grant date, 12.5% after 18 months from the grant date, 12.5% after 24 months from the grant date, and 2.083% from each month of 25 to 48 months from the grant date.

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

The Group has no legal or constructive obligations to repurchase or settle the options in cash.

(ii) *Replacement of certain share options with RSUs*

On 4 March 2013, the Group modified the then existing share option scheme such that 25,195,000, 362,500, 590,000 and 3,380,282 of share options granted under Tranche I, Tranche II, Tranche III and Tranche IV of the scheme, respectively, were replaced by the same number of RSUs under the RSU Scheme (see Note (b) below). The major changes are that there is no consideration payable by the grantees for the RSUs, while there were assigned exercise prices for the options exchanged. Such changes represent a modification of the instruments granted for share based payments and resulted in an aggregate incremental fair value of approximately RMB9,700,000.

(iii) *Outstanding share options*

Movements in the number of share options outstanding:

	Number of share options	
	2014	2013
At 1 January	29,527,781	59,130,563
Exercised	(20,523,187)	—
Lapsed	(177,088)	(75,000)
Transferred to the RSU Scheme	—	(29,527,782)
At 31 December	<u>8,827,506</u>	<u>29,527,781</u>

Out of the 8,827,506 outstanding options, 6,418,783 options were exercisable as at 31 December 2014. Options exercised in 2014 resulted in 20,523,187 shares being issued at a weighted average price of USD0.06 each. The related weighted average share price at the time of exercise was HKD8.54 per share.

Details of the exercise prices and the respective numbers of share options which remained outstanding as at 31 December 2014 and 2013 are as follows:

Expiry Date	price	Number of share options	
		2014	2013
Tranche I	USD0.05	6,307,675	25,195,000
Tranche II	USD0.10	197,500	362,500
Tranche III	USD0.15	209,655	590,000
Tranche IV	USD0.15	<u>2,112,676</u>	<u>3,380,281</u>
		<u>8,827,506</u>	<u>29,527,781</u>

The expiry dates of the share options and RSUs transferred from share options under Tranche I, Tranche II, Tranche III and Tranche IV are 31 January 2019, 1 March 2020, 30 June 2020 and 31 October 2020, respectively.

(b) **RSUs**

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

RSUs held by a participant that are vested may be exercised (in whole or in part) by the participant serving an exercise notice in writing on the 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.

Apart from the RSUs granted for replacement of certain then existing share options as described in Note (a) above, on 4 March 2013, the Group granted 50,516,783 additional RSUs to its employees and directors. The vesting period of the RSUs granted is 4 years and the vesting schedule is 25% after 12 months from the grant date, 12.5% after 18 months from the grant date, 12.5% after 24 months from the grant date, and 2.083% from each month of 25 to 48 months from the grant date. The expiry date of the above newly granted RSUs is 3 March 2021.

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2014	2013
At 1 January	79,654,565	—
Transferred from the Pre IPO Share Option Scheme	—	29,527,782
Granted	—	50,516,783
Lapsed	(4,124,633)	(390,000)
Vested and transferred	<u>(1,314,000)</u>	<u>—</u>
At 31 December	<u>74,215,932</u>	<u>79,654,565</u>
Vested but not transferred during the year	<u>44,748,853</u>	<u>—</u>

The related weighted average share price at the time of vested and transferred was HKD7.68 per share.

(c) *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 Core Admin Boyaa RSU Limited (the “RSU Nominee”), pursuant to which the RSU Trustee shall act as the administrator of the RSU Scheme and the RSU Nominee shall hold the shares underlying the RSU Scheme.

On 23 October 2013, Boyaa Global transferred 35,769,526 of the Company’s ordinary shares held by it to the RSU Nominee at nil consideration. On 23 October 2013, the Company also issued 70,967,664 ordinary shares to the RSU Nominee at a par value of US\$0.00005 each, with the consideration amounting to approximately RMB22,000 being funded by the Founder. Accordingly, 106,737,190 ordinary shares of the Company underlying the RSUs as at 31 December 2013 were held by the RSU Nominee for the benefit of eligible participants pursuant to the RSU Scheme. During the year, 1,314,000 of RSUs were vested and transferred (Note (b) above), and as a result, 105,423,190 ordinary shares of the Company underlying the RSUs were held by the RSU Nominee as at 31 December 2014.

The above shares held for RSU Scheme were regarded as treasury shares and had been deducted from shareholders’ equity; the costs of these shares totaling approximately RMB33,000 as at 31 December 2013 were credited to “other reserves” as deemed contribution from shareholders (Note 8). As a result of the vesting of 46,062,853 of RSUs during the year ended 31 December 2014 (see Note (b) above), approximately RMB14,000 of other reserves was transferred to share premium upon vesting of these RSUs under the RSU Scheme.

10. Trade and other payables

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	670	635
Other taxes payable	45,189	43,671
Accrued expenses	31,274	19,368
Guarantee deposit from a third party (Note (i))	19,887	—
Salary and staff welfare payables	9,769	16,453
Advance received from sales of prepaid game cards	2,718	3,395
Returns on investments received in advance	2,500	8,937
Others	<u>3,162</u>	<u>5,192</u>
	<u>115,169</u>	<u>97,651</u>

- (i) 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.

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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
0-30 days	448	468
31-60 days	—	22
61-90 days	—	11
Over 90 days	<u>222</u>	<u>134</u>
	<u><u>670</u></u>	<u><u>635</u></u>

11. Revenue and segment information

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Development and operations of online games		
- Web-based games	409,544	406,197
- Mobile games	<u>535,775</u>	<u>275,065</u>
	<u><u>945,319</u></u>	<u><u>681,262</u></u>

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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Simplified Chinese	426,153	216,979
Other languages	<u>519,166</u>	<u>464,283</u>
	<u><u>945,319</u></u>	<u><u>681,262</u></u>

The Group has a large number of game players, none of whom contributed 5% or more of the Group's revenue for the years ended 31 December 2014 and 2013.

The Group's non-current assets other than property, plant and equipment, deferred income tax assets, financial assets at fair value through profit or loss and available-for-sale financial assets were located in the PRC as at 31 December 2014 and 2013.

12. Expenses by nature

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Commission charges by platforms and third party payment vendors	310,812	189,450
Advertising expenses	152,620	122,339
Employee benefit expenses (excluding share-based compensation expenses)	110,601	83,709
Share-based compensation expenses	26,590	47,372
Servers rental expenses	17,458	12,900
Other professional service fees	10,860	3,406
Office rental expenses	7,766	5,151
Travelling and entertainment expenses	7,173	4,700
Auditor's remuneration	7,099	2,101
Business tax and related surcharges (Note (a))	5,322	21,381
Depreciation of property, plant and equipment	5,211	3,624
Amortization of intangible assets	766	232
Listing-related expenses	—	18,875
Other expenses	<u>11,269</u>	<u>8,913</u>
	<u><u>673,547</u></u>	<u><u>524,153</u></u>

(a) Business tax and related surcharges that are applicable to the Group are as follows:

Category	Tax rate	Basis of levies
Business tax ("BT")	3% prior to 1 June 2014	Revenue from provision of on-line game services
	5% prior to 15 May 2013	Revenue from provision of on-line game related advisory services
City construction tax	7%	Actual BT and VAT payment
Educational surcharges	3%	Actual BT and VAT payment

- (b) Research and development expenses during the years ended 31 December 2014 and 2013 were analyzed as below:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses	44,901	30,163
Depreciation of property, plant and equipment	1,129	522
Rental expenses	<u>2,864</u>	<u>1,322</u>
	<u>48,894</u>	<u>32,007</u>

No development expenses were capitalized for the years ended 31 December 2014 and 2013.

13. Other gains - net

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Realized/unrealized fair value gains on financial assets at fair value through profit or loss	3,476	9,296
Government subsidies and tax rebates	8,733	5,339
Return on short-term investments	44,541	4,837
Gain arising from partial disposal of an associate	—	854
Foreign exchange losses, net	(1,929)	(303)
Losses on disposals of property, plant and equipment	(30)	(9)
Others	<u>86</u>	<u>(932)</u>
	<u>54,877</u>	<u>19,082</u>

14. Income tax expense

The income tax expense of the Group for the years ended 31 December 2014 and 2013 is analyzed as follows:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax	52,791	31,074
Deferred tax	<u>2,622</u>	<u>(1,851)</u>
	<u>55,413</u>	<u>29,223</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 2014 and 2013.

(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 2014 and 2013, based on the existing legislation, interpretations and practices in respect thereof.

According to relevant tax regulations, 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. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the year ended 31 December 2014 (2013: 12.5%).

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 year ended 31 December 2014 (2013: 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 has claimed such Super Deduction in ascertaining its tax assessable profits for the years ended 31 December 2014 and 2013.

(d) **PRC withholding tax (“WHT”)**

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

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

	2014	2013
	<i>RMB’000</i>	<i>RMB’000</i>
Profit before income tax	335,000	164,730
Less: Share of profit of associates	<u>(6,222)</u>	<u>(177)</u>
	<u>328,778</u>	<u>164,553</u>
Tax calculated at a tax rate of 25% (2013: 25%)	82,195	41,138
Tax effects of:		
- Effect of tax holiday on assessable profits of subsidiaries	(10,145)	(13,705)
- Effect of different tax rates available to different subsidiaries of the Group	(19,126)	(8,459)
- Re-measurement of deferred tax as a result of change in tax rate	—	(390)
- Expenses not deductible for tax purposes	4,345	11,699
- Effect of Super Deduction	<u>(1,856)</u>	<u>(1,060)</u>
Income tax expense	<u>55,413</u>	<u>29,223</u>

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.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit attributable to owners of the Company	280,065	135,507
Weighted average number of ordinary shares in issue (thousand shares)	<u>665,739</u>	<u>311,226</u>
Basic earnings per share (expressed in RMB cents per share)	<u>42.07</u>	<u>43.54</u>

As a closing condition to the share purchase agreement (“SPA”), on 7 January 2011, the Founder, Sequoia Capital and the Company, entered into a share restriction agreement (“Share Restriction Agreement”). Pursuant to the Share Restriction Agreement, certain ordinary shares (“Restricted Shares”) of the Company held by the Founder were subject to vesting conditions and repurchase right of the Company until the Restricted Shares become vested. The Restricted Shares should automatically vest on the Founder and be released from the restrictions over a period of 48 months after the closing of the SPA in 48 monthly equal lots provided that the Founder remains as an employee of the Group at the time of vesting. Vesting of all Restricted Shares would be accelerated upon the Listing.

As these Restricted Shares were contingently returnable prior to the Listing, they were not treated as outstanding and were excluded from the calculation of basic earnings per share. Had these shares not been put on escrow with the Company as Restricted Shares, the weighted average number of ordinary shares in issue for the year ended 31 December 2013 for purpose of computing the basic earnings per share would be 397,714,000, and the basic earnings per share would be RMB34.07 cents per share for the year ended 31 December 2013.

(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 2013, the Company had four categories of dilutive potential ordinary shares, share options, RSUs, the Restricted Shares and Series A Preferred Shares. For the 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. Restricted Shares were assumed to have been fully vested from the beginning of the reporting period to the date of Listing and released from restrictions with no impact on earnings. The Series A Preferred Shares are assumed to have been converted into ordinary shares from the beginning of the reporting period to the conversion date, and the net profit is adjusted to eliminate the fair value change in the liability component.

For the year ended 31 December 2014, 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.

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit attributable to owners of the Company	280,065	135,507
Fair value change in the liability component of the Series A Preferred Shares	<u>—</u>	<u>16,922</u>
Profit used to determine diluted earnings per share	<u>280,065</u>	<u>152,429</u>
Weighted average number of ordinary shares in issue (thousand shares)	665,739	311,226
Adjustment for RSUs (thousand shares)	50,501	64,065
Adjustment for share options (thousand shares)	19,362	27,420
Adjustment for the Restricted Shares (thousand shares)	—	83,913
Adjustment for conversion of Series A Preferred Shares (thousand shares)	<u>—</u>	<u>111,827</u>
Weighted average number of ordinary shares for calculating diluted earnings per share (thousand shares)	<u>735,602</u>	<u>598,451</u>
Diluted earnings per share (expressed in RMB cents per share)	<u><u>38.07</u></u>	<u><u>25.47</u></u>

16. Dividends

A final dividend in respect of the year ended 31 December 2014 of RMB0.059 per share (equivalent to HKD0.075 per share), amounting to a total dividend of approximately RMB45,015,000, was proposed pursuant to a resolution passed by the Board on 11 March 2015 and subject to the approval of the shareholders at the forthcoming annual general meeting. The consolidated financial statements do not reflect this dividend payable.

On 12 August 2014, the Board resolved to declare an interim dividend of RMB0.062 per share, which was payable on 11 September 2014 to shareholders who were on the register at 2 September 2014. Such dividend, amounted to HKD59,012,498 (equivalent to approximately RMB46,838,000), was paid in September 2014.

A final dividend in respect of the year ended 31 December 2013 of RMB0.089 per share (equivalent to HKD0.112 per share) was proposed pursuant to a resolution passed by the Board on 27 February 2014 and approved by the shareholders at the annual general meeting held on 8 May 2014. Such dividend, amounted to HKD82,607,000 (equivalent to approximately RMB65,590,000), was paid in May 2014.

17. Operating lease commitments

The Group leases servers and office buildings under non-cancellable operating lease agreements. The lease terms are between 2 months 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:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Not later than 1 year	9,508	7,392
Later than 1 year and not later than 5 years	<u>14,698</u>	<u>10,385</u>
	<u>24,206</u>	<u>17,777</u>

18. Business combination

On 8 November 2014, the Group acquired 51% equity interest in Allin Group at a consideration of RMB10,000,000 and obtained the control of Allin Group which is mainly engaged in the business of IPTV platform and poker games. As a result of the acquisition, the Group is expected to increase its presence in those markets.

The following table summarizes the consideration paid for Allin Group, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

Consideration paid	8 November 2014 <i>RMB'000</i>
Cash consideration	<u>10,000</u>
Less: cash and cash equivalents acquired	<u>(5,236)</u>
Net cash paid	<u>4,764</u>
 Recognized amounts of identifiable assets acquired and liabilities assumed	 8 November 2014 <i>RMB'000</i>
Cash and cash equivalents	5,236
Prepayments and other receivables	1,127
Property, plant and equipment	14
Trademarks and technical know-how (included in intangible assets)	18,083
Trade and other payables	(331)
Deferred tax liabilities	<u>(4,521)</u>
Total identifiable net assets	19,608
Non-controlling interest	<u>(9,608)</u>
	<u>10,000</u>

Acquisition-related costs of RMB75,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 December 2014.

The revenue included in the consolidated statement of comprehensive income since 8 November 2014 contributed by Allin Group was RMB60,000. Allin Group also incurred loss of RMB750,000 over the same period.

Had Allin Group been consolidated from 1 January 2014, the consolidated statement of comprehensive income would show pro-forma revenue of RMB945,319,000 and profit of RMB276,315,000.

19. Subsequent events

On 13 February 2015, the Group entered into a share purchase agreement (“SPA”) with OurPalm (the “Purchaser”) to dispose of the entire 9.36% equity interest in Blingstorm held by the Group. The preliminary cash consideration for the disposal payable by the Purchaser to the Group is RMB80,145,000, subject to adjustment.

The completion of the transactions contemplated under the SPA is conditional upon: (i) the execution of the SPA; (ii) the transactions contemplated under the SPA being approved by the shareholders of the Purchaser at a shareholders’ general meeting of the Purchaser; and (iii) the transactions contemplated under the Share Purchase Agreement being approved by the China Securities Regulatory Commission.

The transaction has not been completed as of the date of the approval of these consolidated financial statements by the Board.

**RECONCILIATION FROM NET PROFIT TO UNAUDITED NON-IFRS
ADJUSTED NET PROFIT
FOR THE YEAR AND THREE MONTHS ENDED 31 DECEMBER 2014**

	For the year ended 31 December		
	2014	2013	Year-on-Year
	<i>RMB' 000</i>	<i>RMB' 000</i>	Change*
	(audited)	(audited)	%
Revenue	945,319	681,262	38.8
Cost of revenue	<u>(377,467)</u>	<u>(265,053)</u>	42.4
Gross profit	567,852	416,209	36.4
Selling and marketing expenses	(178,682)	(147,685)	21.0
Administrative expenses	(117,398)	(111,415)	5.4
Other gains — net	<u>54,877</u>	<u>19,082</u>	187.6
Operating profit	326,649	176,191	85.4
Finance income/(costs) — net	2,129	(11,638)	(118.3)
Share of profit of associates	6,222	177	3,415.3
Profit before income tax	<u>335,000</u>	<u>164,730</u>	103.4
Income tax expenses	<u>(55,413)</u>	<u>(29,223)</u>	89.6
Profit for the year	<u><u>279,587</u></u>	<u><u>135,507</u></u>	106.3
Non-IFRS Adjustment (unaudited)			
Share-based compensation expense included			
in cost of revenue	10,519	18,741	(43.9)
Share-based compensation expense included			
in selling and marketing expenses	3,995	7,116	(43.9)
Share-based compensation expense included			
in administrative expenses	12,076	21,515	(43.9)
Fair value change of liability component of			
Series A Preferred Shares included in			
finance cost	—	16,922	(100.0)
Listing-related exepnses included in			
administrative expenses	<u>—</u>	<u>18,875</u>	(100.0)
Non-IFRS adjusted net profit (unaudited)	<u><u>306,177</u></u>	<u><u>218,676</u></u>	40.0

	For the three months ended 31 December		
	2014	2013	Year-on-
	RMB' 000	RMB' 000	Year Change*
	(unaudited)	(unaudited)	%
Revenue	243,906	199,441	22.3
Cost of revenue	<u>(105,591)</u>	<u>(80,531)</u>	31.1
Gross profit	138,315	118,910	16.3
Selling and marketing expenses	<u>(45,413)</u>	(43,108)	5.3
Administrative expenses	<u>(34,835)</u>	(42,827)	(18.7)
Other gains — net	<u>18,361</u>	<u>5,127</u>	258.1
Operating profit	76,428	38,102	100.6
Finance income — net	1,495	3,185	(53.1)
Share of profit of associates	762	54	1,311.1
Profit before income tax	78,685	<u>41,341</u>	90.3
Income tax expenses	<u>(13,184)</u>	<u>(7,342)</u>	79.6
Profit for the period	<u>65,501</u>	<u>33,999</u>	92.7
Non-IFRS Adjustment			
Share-based compensation expense included in cost of revenue	1,877	5,491	(65.8)
Share-based compensation expense included in selling and marketing expenses	713	2,085	(65.8)
Share-based compensation expense included in administrative expenses	2,155	6,304	(65.8)
Fair value change of liability component of Series A Preferred Shares included in finance cost	—	2,797	(100.0)
Listing-related expenses included in administrative expenses	<u>—</u>	<u>7,306</u>	(100.0)
Non-IFRS adjusted net profit	<u>70,246</u>	<u>57,982</u>	21.2

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

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2014, the Company repurchased 90,000 shares of the Company on the Stock Exchange at an aggregate consideration of HK\$736,750.00 pursuant to the share repurchase mandate approved by the Shareholders at the annual general meeting held on 8 May 2014. Details of the repurchases are summarised as follows:

Date of repurchase	Price per share		Number of ordinary shares of US\$0.00005 each	Total consideration HK\$
	Highest HK\$	Lowest HK\$		
25 June 2014	8.30	8.20	20,000	165,030.00
26 June 2014	8.28	8.23	20,000	165,400.00
27 June 2014	8.13	8.08	20,000	162,300.00
30 June 2014	8.20	8.06	<u>30,000</u>	<u>244,020.00</u>
Total:			<u>90,000</u>	<u>736,750.00</u>

All the repurchased shares of the Company have been cancelled on 8 July 2014 and the issued share capital of the Company has been reduced by the nominal value of the repurchased shares. The premium paid on repurchase was charged against the share premium of the Company. The repurchases were effected by the Board with a view to benefiting the Shareholders as a whole by enhancing the earnings per share of the Company.

Except as disclosed above, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2014.

FINAL DIVIDEND

The Board recommends the payment of the 2014 Final Dividend of RMB0.059 per share for the year ended 31 December 2014 and is subject to the approval of the Shareholders at the forthcoming AGM. Adopting an exchange rate of HK\$1=RMB0.7924, the 2014 Final Dividend is equivalent to HK\$0.075 per share. Further announcement containing the information in relation to the book closure period for receiving the 2014 Final Dividend and the expected payment date of the 2014 Final Dividend will be published by the Company in due course.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2014, 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 (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 our 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 our 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 three executive directors (including Mr. Zhang Wei), one non-executive director and three independent non-executive directors and therefore has a fairly strong independence element in its composition.

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2014.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with the Code. As at the date of this announcement, the Audit Committee comprises the three independent non-executive directors, 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 annual results for the year ended 31 December 2014.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on the results announcement.

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 website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://www.boyaa.com.hk>). The annual report will be despatched to the Shareholders and will be available on the websites of the Stock Exchange and that of the Company in due course.

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

Hong Kong, 11 March 2015

As the date of this announcement, the executive directors are Mr. ZHANG Wei, Mr. DAI Zhikang and Mr. GAO Junfeng; the non-executive director is Mr. ZHOU Kui; the independent non-executive directors are Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. GAO Shaofei.