Feiyu Technology International Company Ltd.
飛魚科技國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1022)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board of Feiyu Technology International Company Ltd. is pleased to announce the unaudited consolidated interim results (the "Interim Results") of the Group for the six months ended 30 June 2015 together with comparative figures for the corresponding period in 2014.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six Months Ended 30 June		
	2015 *(RMB'000)*	2014 *(RMB'000)*	**Change %**
Revenue (unaudited/audited)	**201,420**	129,230	55.9
Gross profit (unaudited/audited)	**177,851**	112,353	58.3
Profit before tax (unaudited/audited)	**97,908**	55,345	76.9
Profit for the period attributable to owners of the parent (unaudited/audited)	**63,970**	51,418	24.4
Non-IFRSs Measures			
– Adjusted net profit attributable to owners of the parent (unaudited)[1]	**113,366**	75,670	49.8
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic	**RMB0.04**	RMB0.05	
– Diluted	**RMB0.04**	RMB0.05	

Note:

(1) Please refer to the section headed "Non-IFRSs measures – Adjusted net profit attributable to owners of the parent" for definition of adjusted net profit attributable to owners of the parent.

MANAGEMENT DISCUSSION AND ANALYSIS
BUSINESS REVIEW AND OUTLOOK

Overview

In the first half of 2015, the global games industry remained highly competitive. China's mobile game sector continued to see rapid growth as online games have become increasingly popular among smartphone users while both opportunities and challenges exist in this industry. We focused on developing, marketing and operating our mobile games globally with the execution of our corporate strategy for 2015. We continued to improve our offerings, including frequently updating our games with new features and contents, creating new and innovative game play of existing games, releasing overseas versions and developing new games.

We are encouraged by the significant progress of our corporate strategy of focus on mobile games, which benefited from continued innovation and enhancement of our key games in the first half of 2015. Revenue from mobile games accounted for approximately 84.9% of total revenue for the six months ended 30 June 2015, compared to 69.6% for the corresponding period in 2014. Our hit game San Guo Zhi Ren (三國之刃) has enjoyed widespread popularity among players since its launch on Tencent platforms in the second half of 2014 which continued to be a smash hit in the first half of 2015. In terms of overseas market, we continued to enter new target markets through cooperating with selected overseas channels which continuously broaden the base of game player and strengthen our distribution networks. In the first quarter of 2015, we successfully released the traditional Chinese version of San Guo Zhi Ren (三國之刃) in Taiwan. We also launched two new mobile casual games titled Divas Hit the Road (花兒與少年) and Plump Fish (小魚飛飛) in the first half of 2015.

As a game development company, our business is based on creation, acquisition, exploitation and protection of intellectual property ("IP"). To seize the trend of cross-boundary integration in the pan-entertainment era taking full advantage of the great popularity and unique design of our self-developed games, we began to roll out cross-boundary activities based on our IPs. In the first half of 2015, we licensed China Children's Publishing House for publishing *Carrot Fantasy* books based on the cute cartoon characters, interesting tower-defense scenarios and lovely background graphics of our *Carrot Fantasy* series games. *Carrot Fantasy* books not only provided a new revenue generation source for us and facilitated marketing of the games, but also set a successful example of extending business line in the IP ecosystem. Thanks to the solid brand awareness of the games, the books received great response since their publication and were on the Jinghua Times bestseller list and ranked No.1 in the children's list. According to the website of Beijing Openbook Co., Ltd. (www.openbook.com.cn) *Carrot Fantasy* series took the 2nd to 7th positions in terms of sales volume among children's books in China during 2-8 February 2015.

In addition, to promote and enhance our IPs, we made an attempt to produce a self-made network drama for one of our existing games, Jiong Xi You (囧西遊), with the same title. Jiong Xi You (囧西遊) is a RPG mobile game based on a renowned Chinese novel "*Journey to the West*" and has adopted a visual cartoon, humorous and whimsical style. The network drama of Jiong Xi You (囧西遊) follows the theme of the mobile game and retells the main story line of *Journey to the West* in a humorous and whimsical style. The network drama was clicked for over 100 million times as of 30 June 2015. We believe the phenomenon of pan-entertainment not only broadens our business line but also increases the popularity of the games we introduced.

On 25 June 2015, Feiyu Technology Hong Kong Limited, a direct wholly-owned subsidiary of the Company ("Feiyu Hong Kong") and Fine Point Development Limited ("Fine Point") entered into an agreement pursuant to which Feiyu Hong Kong has conditionally agreed to purchase, and Fine Point has conditionally agreed to sell, 100% equity interest in Jiaxi Global Limited which indirectly holds 25% of the registered capital of each of Xiamen Yidou Internet Technology Co., Ltd. ("Xiamen Yidou") and Xiamen Zhangxin Interactive Technology Co., Ltd. ("Xiamen Zhangxin"). The acquisition consideration is HK$424.8 million, which shall be satisfied by allotting and issuing a maximum of 118,000,000 consideration shares, credited as fully paid, at the issue price of HK$3.6 per consideration share to Fine Point (or its nominee) subject to the approval of the independent shareholders of the Company. Please refer to the Company's announcement dated 25 June 2015 and circular dated 27 July 2015 for details. Upon completion of the acquisition, the Group will indirectly hold 100% equity interests in Xiamen Yidou and Xiamen Zhangxin which will enable us to enhance our profitability and gain complete control on Xiamen Yidou and Xiamen Zhangxin in the future.

Outlook for 2015

For existing games, we will make great efforts to extend their lifecycle and improve customer life time value through enhancing user experience and introducing more value-added features. At the same time, we will continue to explore cooperation with different game platforms to penetrate into new overseas markets. In the second half of 2015, we are planning to release more language versions of San Guo Zhi Ren (三國之刃) in selected Asian countries, such as South Korea, Thailand, Singapore, Malaysia and Vietnam in order to broaden the base of game players.

We will also continue to broaden our product portfolio by introducing new mobile games and web games. In the second half of 2015, we plan to launch 6 games (4 mobile RPG games and 2 mobile casual games) including Beauty Warriors (美人無雙), Battery Run (電池快跑), Carrot Fantasy III (保衛蘿蔔3), Shen Xian Dao II (神仙道2) and Jiong Xi You II (囧西遊2). In July 2015, we have commercially launched Beauty Warriors (美人無雙), a mobile RPG collectible card game. We believe our new games will act as our new growth drivers.

We have established a merchandise licensing operation team, which will cover a diverse range of product categories, such as books, toys, apparel, stationery and accessories etc.. The Company licenses characters from its games for use on third-party products in these categories and earns royalties, which are usually based on a fixed percentage of the wholesale or retail selling price of the products. In the second half of 2015, we will strive to expand this business line which will not only become a new source of revenue of the Company, but it will also help to promote and enhance the value of our IPs.

Alongside the economic growth in China, the consumption level amongst the population in China on entertainment and cultural activities is increasing. China has become the second largest movie market in the world in terms of box office where animations and self-made network dramas have also become more popular in the PRC. We witnessed the synergies among games, network dramas, movies and animations which gained a good reputation and considerable economic benefits. By leveraging the Company's reputable IPs and tremendous player bases, we can effectively integrate our proprietary game characters into different "pan-entertainment" business segments and use them as the major theme characters in order to generate synergies among the businesses. In the second half of 2015, one of our key corporate strategies is to proactively proceed with the layout of our "pan-entertainment" and IP ecological system. This may involve cooperation or acquisition of multimedia entertainment businesses in the target markets of the Group through different means and strategic alliances. Following the high click rate of our first self-made network drama, Jiong Xi You (囧西遊), we will launch its sequel in the second half of 2015.

Leveraging our strong research and development capability as well as implementing strategic cooperation, our product content and value will be enhanced which will in turn bolster the Group's overall competitiveness in the pan-entertainment business across different media.

The Group's business plans and principles have been carefully evaluated and are expected to promote its business. The Directors are therefore very positive on the business prospects of the Group.

Interim/Special Dividend

The Board declared an interim dividend of HK2.0 cents per ordinary Share (equivalent to approximately RMB1.6 cents per ordinary Share) and a special dividend of HK3.0 cents per ordinary Share (equivalent to approximately RMB2.4 cents per ordinary Share), amounting to a total of approximately RMB59.9 million for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

The register of members of the Company will be closed on Wednesday, 2 September 2015, for the purpose of determining shareholders' entitlements to the proposed interim/special dividend. The record date for entitlement to the proposed interim/special dividend is on Wednesday, 2 September 2015. In order to qualify for the interim/special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 September 2015. The payment date of the interim/special dividend is expected to be on Friday, 11 September 2015.

FINANCIAL REVIEW

As a reputable game development and operation company based in the PRC, we offer mobile and web games of both RPG and casual categories to Chinese and international gamers. We have been striving for developing classical games with superior user experience, remarkable customer base and longer-than-average life cycle.

We are one of the limited number of game companies that shifted strategic focus to mobile games early in 2011 and realized a successful transition afterwards, which can be proven by an 84.9% of total revenue coming from mobile games for the first half of 2015. We will continue to enhance our R&D capabilities through deploying new R&D centers in other cities with large number of technology talents, in an effort to introduce quality new games, especially mobile games, to our existing gamer community as well as new target audience going forward.

Operating Information

As of 30 June 2015, we had 2 web games and 7 mobile games in operation where (i) our RPG mobile games and web games had approximately 201.6 million cumulative registered users, with approximately 164.2 million users for web games and approximately 37.4 million users for mobile games; and (ii) our casual games had approximately 269.3 million cumulative activated downloads. For the month of June 2015, (i) our RPG mobile games and web games had 2.7 million MAUs in aggregate, with approximately 1.9 million MAUs for mobile games and approximately 0.8 million MAUs for web games; and (ii) our casual games had approximately 14.3 million MAUs.

The following table set forth certain operating statistics relating to our businesses at the dates and in the periods presented:

	Six Months Ended 30 June		
	2015	2014	**Change%**
Average MPUs			
Web games (RPGs) (000's)	**36**	62	(41.7)
Mobile games (RPGs) (000's)	**308**	40	669.3
Casual (000's)	**506**	1,019	(50.4)
ARPPU			
Web games (RPGs) (RMB)	**95.6**	78.5	21.8
Mobile games (RPGs) (RMB)	**85.3**	242.0	(64.8)
Casual (RMB)	**4.5**	5.2	(14.1)

Note:

(1) Duplicated paying users of our games published on our own platforms were not eliminated during calculation.

The number of our average MPUs for mobile RPG games surged to approximately 308,000 for the six months ended 30 June 2015 from approximately 40,000 for the six months ended 30 June 2014. This was mainly driven by (i) the launch of San Guo Zhi Ren (三國之刃) on Tencent platforms in the second half of 2014, which continued to be a smash hit in the first half of 2015 and (ii) the launch of Quan Min Kuai Da (全民快打), the traditional Chinese version of San Guo Zhi Ren (三國之刃), in Taiwan in the first half of 2015. Our average MPUs for mobile casual games were approximately 506,000 for the six months ended 30 June 2015, decreasing from approximately 1.0 million for the corresponding period of 2014, primarily due to the decrease in the number of average MPUs for Carrot Fantasy (保衛蘿蔔) and Carrot Fantasy 2 (保衛蘿蔔2), which were launched in July 2012 and November 2013 respectively and began to step into the late stage of their expected life cycle in 2015. Our MPUs for web games were 36,000 for the six months ended 30 June 2015 as compared to approximately 62,000 for the corresponding period of 2014. The decrease was not only because our web games were in the late stage of their expected life cycle in 2015, but also due to our focus on mobile games.

Our ARPPU of RPG mobile games was approximately RMB85.3 for the six months ended 30 June 2015, compared to approximately RMB242.0 for the corresponding period of 2014. The decrease was primarily due to the change of revenue recognition for San Guo Zhi Ren (三國之刃) since its launch on Tencent platforms in the second half of 2014. The revenue generated by the game was recognized on a net basis under the cooperation with Tencent, while on a gross basis in the first half of 2014 when we operated the game by ourselves. Our ARPPU of web games was approximately RMB95.6 for the six months ended 30 June 2015, representing an increase of 21.8% from approximately RMB78.5 for the corresponding period of 2014. The increase was primarily driven by an increase in ARPPU of the web version of Shen Xian Dao (神仙道), which is in its mature stage when loyal players are willing to spend more. Our ARPPU for casual games was relatively stable, a slight decrease from RMB5.2 for the six months ended 30 June 2014 to RMB4.5 for the six months ened 30 June 2015.

As part of our mobile game business strategy and to enhance growth in ARPPU of our mobile games, we shall continue to increase our effort in promoting players' in-game purchases, rolling out upgrades frequently to enhance the features of our games and maintain user interest, and launching various in-game promotions and activities. Our dedicated customer service team continued to provide timely customer services via our in-game customer service system. We believe this played a significant role in retaining our players and expanding our player base.

First Half of 2015 Compared to First Half of 2014

The following table sets forth the income statement for the six months ended 30 June 2015 as compared to the six months ended 30 June 2014.

	Six Months Ended 30 June		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Revenue	**201,420**	129,230	55.9
Cost of sales	**(23,569)**	(16,877)	39.7
Gross profit	**177,851**	112,353	58.3
Other income and gains	**11,269**	1,586	610.5
Selling and distribution expenses	**(11,973)**	(19,858)	(39.7)
Administrative expenses	**(19,175)**	(19,483)	(1.6)
Research and development costs	**(59,779)**	(19,243)	210.7
Other expenses	**(63)**	(10)	530.0
Share of losses of an associate	**(222)**	–	N/A
PROFIT BEFORE TAX	**97,908**	55,345	76.9
Income tax expense	**(5,643)**	(2,729)	106.8
PROFIT FOR THE PERIOD	**92,265**	52,616	75.4
Attributable to:			
Owners of the parent	**63,970**	51,418	24.4
Non-controlling interests	**28,295**	1,198	2,261.9

Revenue

The following table sets forth a breakdown of our revenue for the six months ended 30 June 2015 and 2014:

	Six Months Ended 30 June			
	2015		2014	
	(RMB'000)	***(% of Total Revenue)***	*(RMB'000)*	*(% of Total Revenue)*
Game operation	**191,857**	**95.3**	119,329	92.3
Online game distribution	**560**	**0.3**	1,844	1.4
Licensing income	**2,467**	**1.2**	625	0.5
Advertising revenue	**6,140**	**3.0**	7,432	5.8
Technical service income	**396**	**0.2**	–	0.0
Total	**201,420**	**100.0**	129,230	100.0

Total revenue increased by approximately 55.9% to approximately RMB201.4 million for the six months ended 30 June, 2015 from the corresponding period of 2014. Revenue from game operation increased by approximately 60.8% to approximately RMB191.9 million for the six months ended 30 June 2015 from the corresponding period of 2014. The increase was primarily driven by the outstanding performance of San Guo Zhi Ren (三國之刃) since its launch on Tencent platforms in the second half of 2014 which continued to be a smash hit in the first half of 2015, and the launch of the traditional Chinese version of San Guo Zhi Ren (三國之刃) in Taiwan in the first half of 2015. Revenue from online game distribution decreased by 69.6% to approximately RMB0.6 million for the six months ended 30 June 2015 from the corresponding period of 2014, which was primarily because less games were distributed during the six months ended 30 June 2015. Licensing income increased by approximately 294.7% to approximately RMB2.5 million for the six months ended 30 June 2015 from the corresponding period of 2014, primarily due to a new contract with licensing fee clause being entered into in the second half of 2014 and the revenue derived from the sale of the *Carrot Fantasy* series books, which were published in late January 2015. Revenue from advertising decreased by approximately 17.4% to approximately RMB6.1 million for the six months ended 30 June 2015 from the corresponding period of 2014. The decrease was primarily due to Carrot Fantasy and Carrot Fantasy 2 reaching late stage of their expected life cycle with the number of active users declining.

Cost of sales

Our cost of sales increased by approximately 39.7% from approximately RMB16.9 million for the six months ended 30 June 2014 to approximately RMB23.6 million for the six months ended 30 June 2015, primarily due to a RMB3.9 million cost related to share options and RSU granted in the second half of 2014 and an increase in salaries and welfare from approximately RMB5.6 million for the six months ended 30 June 2014 to approximately RMB7.2 million for the six months ended 30 June 2015. The increase in salaries and welfare was primarily due to the increase in number of operation employees and their salary increase in the first half of 2015.

Gross profit and gross profit margin

Based on the foregoing, our gross profit increased by 58.3% from approximately RMB112.4 million for the six months ended 30 June 2014 to approximately RMB177.9 million for the six months ended 30 June 2015. Our gross profit margin for the six months ended 30 June 2015 was 88.3%, as compared to 86.9% for the six months ended 30 June 2014.

Other income and gains

Our other income and gains increased by approximately 610.5% from approximately RMB1.6 million for the six months ended 30 June 2014 to approximately RMB11.3 million for the six months ended 30 June 2015, primarily due to an increase in interest income from approximately RMB102,000 for the six months ended 30 June 2014 to approximately RMB6.0 million for the six months ended 30 June 2015 and an increase in investment income from approximately RMB678,000 for the six months ended 30 June 2014 to approximately RMB1.6 million for the six months ended 30 June 2015. The increase in interest income and investment income was primarily due to the rise in cash generated from the net proceeds received from the Global Offering which was completed in December 2014. The growth of other income and gains was also due to an increase in government subsidies granted by the Xiamen Municipal Government to develop local information technology sector and the tax reimbursement of approximately RMB3.6 million for the six months ended 30 June 2015, compared to approximately RMB806,000 for the six months ended 30 June 2014.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately 39.7% from approximately RMB19.9 million for the six months ended 30 June 2014 to approximately RMB12.0 million for the six months ended 30 June 2015, primarily due to the decrease in app store channel fees and advertising cost from approximately RMB9.7 million and RMB6.6 million for the six months ended 30 June 2014 to approximately RMB2.6 million and RMB3.8 million for the six months ended 30 June 2015, respectively. The decrease in app store channel fees was primarily attributable to the launch of San Guo Zhi Ren (三國之刃) on Tencent platforms in the second half of 2014, since the launch of the game on Tencent platforms, the revenue generated by the game was recognized on a net basis and all the channel costs were borned by Tencent. The decline in advertising cost was primarily resulted from less promotion activities for mature games and San Guo Zhi Ren (三國之刃)'s promotion cost being borned by Tencent since its launch on Tencent platforms in the second half of 2014. The decrease was partially offset by a cost of RMB2.7 million related to share options and RSU granted in the second half of 2014.

Administrative expenses

Our administrative expenses decreased by approximately 1.6% from approximately RMB19.5 million for the six months ended 30 June 2014 to approximately RMB19.2 million for the six months ended 30 June 2015. This decrease was primarily attributable to a listing expense relating to the Global Offering of approximately RMB14.0 million incurred in the six months ended 30 June 2014 while there were no such expenses for the six months ended 30 June 2015. The decrease was partially offset by an RMB6.7 million charge related to share options and RSU granted in the second half of 2014, and an increase in salaries, pension schemes contribution and welfare increased from approximately RMB2.7 million for the six months ended 30 June 2014 to approximately RMB5.9 million for the six months ended 30 June 2015, which was mainly attributable to the increased number of administrative employees to support our rapidly growing business.

Research and development costs

Our research and development costs increased by approximately 210.7% from RMB19.2 million for the six months ended 30 June 2014 to approximately RMB59.8 million for the six months ended 30 June 2015. This increase was primarily due to the increase in salaries, Pension Schemes contribution and welfare from approximately RMB14.2 million for the six months ended 30 June 2014 to approximately RMB25.7 million for the six months ended 30 June 2015 as a result of the increased number of game development employees in line with our corporate strategy of offering more new games with world class quality. The increase was also due to an approximate RMB25.8 million charge related to share options and RSU granted in the second half of 2014.

Income tax expense

Our income tax expense increased by approximately 106.8% from approximately RMB2.7 million for the six months ended 30 June 2014 to approximately RMB5.6 million for the six months ended 30 June 2015. Our effective income tax rate increased from 4.9% for the six months ended 30 June 2014 to 5.8% for the six months ended 30 June 2015. Xiamen Guanghuan, a subsidiary of the Company which operated our major web games and mobile games for the first half of 2014 including Shen Xian Dao (神仙道) and Da Hua Shen Xian (大話神仙), was taxed at 12.5% in the first half of 2014. In December 2014, the operation of Shen Xian Dao (神仙道) and Da Hua Shen Xian (大話神仙) were transferred from Xiamen Guanghuan to Xiamen Guangyu which was set up in late 2014 and was taxed at 25% for the first half of 2015. In addition, Xiamen Youli, a subsidiary of the Company which operated two of our mobile games, Jiong Xi You (囧西遊) and Luan Shi Zhi Ren 2 (亂世之刃2) (now retitled as San Guo Zhi Ren (三國之刃)), and Kailuo Tianxia, a subsidiary of the Company which operated our major casual games Carrot Fantasy (保衛蘿蔔) and Carrot Fantasy 2 (保衛蘿蔔2), were both certified as Software Enterprises and were exempted from income tax for 2014, and were taxed at 12.5% in the first half of 2015. The increase in tax rate in the first half of 2015 compared to the first half of 2014 contributed to the increase in related income tax expense.

Non-IFRSs measures – Adjusted net profit attributable to owners of the parent

In addition to our interim condensed consolidated financial statements which are presented in accordance with IFRSs, we also provide further information based on the adjusted net profit attributable to owners of the parent as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of our business performance. We also believe that these non-IFRSs measures provide additional information to investors and others, helping them understand and evaluate our consolidated results of operations in the same manner as our management and to compare financial results across accounting periods and with those of our peer companies.

We define adjusted net profit attributable to owners of the parent as net income or loss attributable to owners of the parent excluding share-based compensation, amortization of intangible assets recognized for acquisitions and listing fees in connection with the Global Offering completed in 2014. The term of adjusted net profit attributable to owners of the parent is not defined under IFRSs. The use of adjusted net profit attributable to owners of the parent has material limitations as an analytical tool as it does not include all items that would impact our net loss or income attributable to owners of parent for the accounting period.

	Six Months Ended 30 June		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Profit for the period attributable to owners of the parent	**63,970**	51,418	24.4
Add:			
Share-based compensation	**39,154**	–	N/A
Listing fees in connection with the Global Offering	**–**	14,010	(100.0)
Amortization of intangible assets recognized for acquisitions	**10,242**	10,242	0.0
Total	**113,366**	75,670	49.8

Financial Position

As of 30 June 2015, total equity of the Group amounted to RMB1,252.0 million, as compared to RMB1,150.1 million as of 31 December 2014. The increase was mainly due to the increase in reserves for the six months ended 30 June 2015 which was primarily driven by the net profit generated during the six months ended 30 June 2015.

The Group's net current assets amounted to approximately RMB611.0 million as at 30 June 2015, as compared to approximately RMB679.0 million as at 31 December 2014. Such decrease was primarily due to the increase in non-current available-for-sale investments, which was partially offset by the rise in cash generated from our operating activities.

Liquidity and Financial Resources

	30 June 2015	31 December 2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Cash at bank and on hand	**209,686**	545,511	(61.6)
Cash at other financial institutions	**–**	43,729	(100)
Time deposits	**218,022**	–	N/A
Total	**427,708**	589,240	(27.4)

Our total cash and cash equivalent and time deposits amounted to approximately RMB427.7 million as at 30 June 2015, as compared to approximately RMB589.2 million as at 31 December 2014. The decrease was primarily due to the utilization of our current financial resources for investments in the six months ended 30 June 2015 which was partially offset by the increase in cash generated from operating activities.

As of 30 June 2015, approximately RMB48.1 million of our financial resources (RMB473.9 million as of 31 December 2014) was held in deposits denominated in non-RMB currencies. We currently do not hedge transactions undertaken in foreign currencies but manage our foreign exchange exposure through limiting our foreign currency exposure and constant monitoring. The Group adopts a prudent cash and financial management policy. In order to better control costs and minimize costs of funds, the Group's treasury activities are centralized and cash is generally deposited at banks and denominated mostly in Renminbi, Hong Kong dollars and United States dollars.

The Group did not have any outstanding loan capital, bank overdrafts and liabilities as at 30 June 2015 and 31 December 2014.

As of 30 June 2015, we had available-for-sale investments of approximately RMB298.6 million (RMB28.2 million as of 31 December 2014). The current available-for-sale investments represent the structured financial products issued by bank and asset management companies with an expected interest rate ranged from 5% to 7.0% per annum and a maturity period of 35 to 230 days which were invested by the PRC subsidiaries. The non-current available-for-sale investments represent the straight bonds, convertible bonds and convertible preferred shares issued by banks or reputable companies, with S&P above BB and a coupon ranged from 4.5%-6.875% per annum which were invested by the Company.

The principal of RMB113.0 million structured financial products is protected while of principal of the rest are not protected. The fair value of the structured financial products approximately equals to their cost plus expected interest. The fair values of available-for-sale investments in straight bonds, the convertible bonds and convertible preferred shares have been estimated using a discounted cash flow valuation model based on assumptions that are supported by observable market inputs. According to our current internal investment management policies, no less than 70% of our total investment is invested in risk-free or principal protected investments while the remaining of up to 30% of the total investment is invested in low risk products. We have a diversified investment portfolio to mitigate risks. Besides, the above investments were made in line with our effective capital and investment management policies and strategies.

Gearing ratio

On the basis of total assets divided by total liabilities, the Group's gearing ratio was 1,941.2% as at 30 June 2015 and 1,589.5% as at 31 December 2014.

Capital expenditures

The following table sets forth our capital expenditures for the six months ended 30 June 2015 and 2014:

	Six Months Ended 30 June		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Property, plant and equipment	**3,478**	3,565	(2.4)
Intangible assets	**2,019**	430	369.5
Total	**5,497**	3,995	37.6

Our capital expenditures comprised property, plant and equipment, such as company vehicles for employees' use, and intangible assets, such as software and platform. The total capital expenditures were approximately RMB5.5 million and RMB4.0 million for the six months ended 30 June 2015 and 2014 respectively. The increase of approximately RMB1.5 million in total capital expenditures for the six months ended 30 June 2015 from the corresponding period of 2014 was primarily due to the increase in purchase of intangible assets, especially the purchase of a platform amounting to approximately RMB2.0 million and increase in purchase of property and equipment, such as, company vehicles for employees' use in the first half of 2015. The increase in the total capital expenditures was partially offset by the decrease of approximately RMB1.4 million in leasehold improvement which was incurred for the newly leased offices in the first half of 2014.

Significant investments held/future plans for material investments or capital assets

Save as the acquisition of Fine Point as disclosed above in this announcement, the Group currently has no specific plan for significant investment or acquisition of major capital assets or other businesses in the second half of 2015. However, the Group will continue to identify new opportunities for business development.

Significant acquisitions and disposals of subsidiaries and associates

Save as the acquisition of Fine Point as disclosed above in this announcement, the Group had no significant acquisitions and disposals of subsidiaries and associates during the six months ended 30 June 2015.

Pledge of Assets

As of 30 June 2015, we did not have any pledged assets.

Contingent liabilities and guarantees

As of 30 June 2015, we did not have any unrecorded significant contingent liabilities, guarantees or any litigation with claims made against us.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, we had 404 full-time employees, the majority of whom are based in Xiamen, the PRC. The following table sets forth the number of our employees segregated by their functions as at 30 June 2015:

	Number of Employees	% of Total
Development	301	74.5
Operations	47	11.6
Administration	41	10.2
Sales and marketing	15	3.7
Total	404	100.0

The remuneration of the Group's employees is determined based on their performance, experience, competence and market comparables. Their remuneration package includes salaries, bonus related to the Group's performance, allowances, equity settled share-based payment and state-managed retirement benefit schemes for employees in the PRC. The Company also provides customised training to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of the senior management is determined on the basis of each individual's responsibilities, qualification, position, experience, performance, seniority and time devoted to the Group's business. They receive compensation in the form of salaries, bonuses, share options, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension scheme on their behalf. The remuneration policy of the Directors and the senior management is reviewed by the Remuneration Committee and approved by the Board.

In addition, the Group has adopted the Pre-IPO Share Option Scheme, Post-IPO Share Option Scheme, Pre-IPO RSU Plan and Post-IPO RSU Plan as its long-term incentive schemes.

Use of Net Proceeds from Listing

The net proceeds from the Global Offering were approximately HK$610.2 million, after deducting the underwriting fees and commission, and related total expenses paid and payable by us in connection with the Listing, we have, and will continue to utilize the net proceeds from the Global Offering for the purposes consistent with those set out in the section headed"Future Plans and Use of Proceeds" in the Prospectus.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June **2015** *RMB'000* **(Unaudited)**	2014 *RMB'000* (Audited)
REVENUE	*4*	**201,420**	129,230
Cost of sales		**(23,569)**	(16,877)
Gross profit		**177,851**	112,353
Other income and gains	*4*	**11,269**	1,586
Selling and distribution expenses		**(11,973)**	(19,858)
Administrative expenses		**(19,175)**	(19,483)
Research and development costs		**(59,779)**	(19,243)
Other expenses		**(63)**	(10)
Share of losses of an associate		**(222)**	–
PROFIT BEFORE TAX	*5*	**97,908**	55,345
Income tax expense	*6*	**(5,643)**	(2,729)
PROFIT FOR THE PERIOD		**92,265**	52,616
Attributable to:			
Owners of the parent		**63,970**	51,418
Non-controlling interests		**28,295**	1,198
		92,265	52,616
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
– Basic		**RMB0.04**	RMB0.05
– Diluted		**RMB0.04**	RMB0.05

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**For the six months ended 30 June 2015** *RMB'000* **(Unaudited)**	2014 *RMB'000* (Audited)
PROFIT FOR THE PERIOD		**92,265**	52,616
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**2,362**	835
Reclassification adjustments for gains included in the consolidated statement of profit or loss	*4*	**(1,553)**	(678)
Exchange differences on translation of foreign operations		**(166)**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		**643**	157
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**643**	157
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**92,908**	52,773
Attributable to:			
Owners of the parent		**64,613**	51,575
Non-controlling interests		**28,295**	1,198
		92,908	52,773

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**15,140**	14,448
Goodwill		**409,557**	408,619
Other intangible assets		**47,197**	55,798
Long term receivables		**823**	399
Investment in an associate		**9,778**	–
Available-for-sale investments	*10*	**164,705**	–
Deferred tax assets		**2,804**	1,402
Total non-current assets		**650,004**	480,666
CURRENT ASSETS			
Accounts receivable	*8*	**2,549**	3,062
Receivables due from third-party game distribution platforms and payment channels	*8*	**95,213**	118,370
Prepayments, deposits and other receivables	*9*	**10,600**	51,475
Available-for-sale investments	*10*	**133,882**	28,235
Time deposits with original maturity of over three months		**116,279**	–
Cash and cash equivalents		**311,429**	545,511
Total current assets		**669,952**	746,653
CURRENT LIABILITIES			
Other payables and accruals		**28,863**	50,055
Tax payable		**9,557**	2,719
Deferred revenue		**20,486**	14,836
Total current liabilities		**58,906**	67,610

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NET CURRENT ASSETS		**611,046**	679,043
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,261,050**	1,159,709
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,261,050**	1,159,709
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**5,489**	6,769
Deferred revenue		**3,602**	2,834
Total non-current liabilities		**9,091**	9,603
Net assets		**1,251,959**	1,150,106
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1**	1
Share premium		**519,202**	498,034
Reserves		**650,982**	627,702
Proposed dividends		**59,946**	–
		1,230,131	1,125,737
Non-controlling interests		**21,828**	24,369
Total equity		**1,251,959**	1,150,106

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 6 March 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is located at the offices of Codan Trust Company (Cayman) Ltd. at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (The "Group") is principally engaged in the operation and development of web and mobile games in Mainland China. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") on 5 December 2014.

2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs

The adoption of the above revised standards and new interpretation has had no significant financial effect on these financial statements.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. OPERATING SEGMENT INFORMATION

Information about geographical areas

Since over 90% of the Group's revenue and operating profit were generated from the provision of online game services in Mainland China and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

Information about major customers

No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue during the period.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the services rendered after allowances for chargebacks, and the royalties derived from licensing agreements.

An analysis of revenue and other income is as follows:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue		
Online web and mobile games	**178,245**	87,404
Single-player mobile games	**13,612**	31,925
Game operation	**191,857**	119,329
– Gross basis	**9,667**	48,045
– Net basis	**182,190**	71,284
Online game distribution	**560**	1,844
Licensing income	**2,467**	625
Advertising revenue	**6,140**	7,432
Technical service income	**396**	–
	201,420	129,230

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Other income		
Government grants	**3,639**	806
Interest income	**6,003**	102
	9,642	908
Gains		
Fair value gains, net:		
Available-for-sale investments (transfer from equity on disposal)	**1,553**	678
Gain on disposal of items of property, plant and equipment	**72**	–
Other gains	**2**	–
	11,269	1,586

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Research and development costs	**59,779**	19,243
Channel costs	**2,797**	9,719
Depreciation	**2,597**	1,853
Amortisation	**10,620**	10,831
Advertising expenses	**3,785**	6,583
Employee benefit expenses (excluding directors' and chief executive's remuneration)		
Salaries and wages	**28,154**	20,411
Pension scheme contributions	**4,103**	2,470
Share-based payment expenses	**39,154**	–
	71,411	22,881
Interest income	**(6,003)**	(102)
Government grants	**(3,639)**	(806)
IPO expense	**–**	12,899

6. INCOME TAX

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

Under the relevant income tax law, the PRC subsidiaries are subject to income tax at a statutory rate of 25% for the year on their respective taxable income, except for Xiamen Guanghuan Information Technology Co., Ltd. ("Xiamen Guanghuan"), Xiamen Youli Information Technology Co., Ltd. ("Xiamen Youli"), Xiamen Yidou Internet Technology Co., Ltd. ("Xiamen Yidou") and Beijing Kailuo Tianxia Technology Co., Ltd. ("Kailuo Tianxia"), which were certified as Software Enterprises and are exempted from income tax for two years starting from the first year in which it generates taxable profit, followed by a 50% reduction for the next three years. 2011, 2013, 2013 and 2014 are the first profitable years for Xiamen Guanghuan, Xiamen Youli, Kailuo Tianxia and Xiamen Yidou, respectively.

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax	**8,325**	2,717
Deferred tax	**(2,682)**	12
Total tax charge for the period	**5,643**	2,729

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

For the purpose of calculating earnings per share, the numbers of ordinary shares outstanding during the six months ended 30 June 2015 and 2014 have been adjusted retroactively as a result of the shares subdivision on 17 November 2014. Pursuant to the written resolutions of the shareholders passed on 17 November 2014, the Company's shareholders approved the subdivision of each issued ordinary share of US$0.001 in the capital of the Company to 10,000 shares of US$0.0000001 each.

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,513,426,760 (for the six months ended 30 June 2014:1,000,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**63,970**	51,418
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,513,426,760**	1,000,000,000
Effect of dilution – weighted average number of ordinary shares:		
Share options	**52,533,627**	–
	1,565,960,387	1,000,000,000

8. ACCOUNTS RECEIVABLE AND RECEIVABLES DUE FROM THIRD-PARTY GAME DISTRIBUTION PLATFORMS AND PAYMENT CHANNELS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Accounts receivable from advertising customers	**2,549**	3,062
Receivables due from third-party game distribution platforms and payment channels	**95,213**	118,370
	97,762	121,432

The Group's credit terms with its advertising customers are generally two months. The Group's credit terms with the third-party game distribution platforms and payment channels generally range from one month to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its receivable balances. These receivables are non-interest-bearing.

An aged analysis of the receivables as at the end of the reporting period based on the invoice date, is as follows:

Accounts receivable from advertising customers

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**2,549**	3,062

Receivables due from third-party game distribution platforms and payment channels

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**95,213**	118,370

The aged analysis of the receivables that are not considered to be impaired is as follows:

Accounts receivable from advertising customers

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Neither past due nor impaired	**2,549**	3,062

Receivables due from third-party game distribution platforms and payment channels

	30 June 2015 *RMB'000* (Unaudited)	31 December 2014 *RMB'000* (Audited)
Neither past due nor impaired	**95,213**	118,370

All of the receivables that were neither past due or impaired mainly relate to a large number of diversified customers for whom there was no recent history of default.

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2015 *RMB'000* (Unaudited)	31 December 2014 *RMB'000* (Audited)
Deposit in an account in a domestic securities company	**–**	43,729
Prepayments	**3,374**	1,809
Deposits	**1,196**	1,047
Other receivables	**6,030**	4,890
	10,600	51,475

10. AVAILABLE-FOR-SALE INVESTMENTS

		30 June 2015 *RMB'000* (Unaudited)	31 December 2014 *RMB'000* (Audited)
Structured financial products	*(1)*	**133,882**	28,235
Total Current Available-for-sale investment		**133,882**	28,235
Straight bonds	*(2)*	**71,117**	–
Convertible bonds	*(3)*	**61,892**	–
Convertible preferred shares	*(4)*	**31,696**	–
Total Non-Current Available-for-sale investment		**164,705**	–

(1) The current available-for-sale investments were structured financial products issued by banks and asset management companies with an expected interest rate ranged from 5% to 7% per annum and a maturity period of 35 to 230 days in the PRC.

(2) On 17 February 2015, the Group invested in a bond issued by Huarong Finance II Co., Ltd. with a nominal amount of USD 5,000,000 at a consideration of USD5,135,000. The bond has a coupon interest rate of 4.5% per annum with a maturity period of 5 years. The bond is traded on the Stock Exchange of Hong Kong Limited. On 10 April 2015, the Group invested in a bond issued by Sparkle Assets Limited with a nominal amount of USD 6,000,000 at a consideration of USD6,283,000. The bond has a coupon interest rate of 6.875% per annum with a maturity period of 7 years. The bond is traded on the Singapore Exchange Securities Trading Limited. The Group has no intention to sell them for trading purpose or hold them till maturity and therefore classified them as available for sales investments and stated at fair value.

(3) On 4 June 2015, the Group invested in a perpetual convertible bond issued by HSBC Holdings PLC with a nominal amount of USD 2,000,000 and coupon interest of 5.625% per annum, at a consideration of USD2,035,000. The convertible bond is traded on the Irish Stock Exchange. On 6 April 2015, the Group invested in a perpetual convertible bond issued by Standard Chartered PLC with a nominal amount of USD 8,000,000 and coupon interest of 6.5% per annum at a consideration of USD8,101,000. The convertible bond is traded on the Stock Exchange of Hong Kong Limited. The coupon interest can be cancelled any time at the issuers' sole discretion. The two convertible bonds shall be converted into ordinary shares of the issuers if the issuers failed to meet certain covenant. The Group has no intention to sell these bonds for the trading purpose and classified them as available for sales investments and stated at fair value.

(4) On 18 February 2015, the Group invested in a convertible preferred share issued by Industrial and Commercial Bank of China Limited with a nominal amount of USD 5,000,000 at a consideration of USD5,225,000. The convertible preferred share has a non-cumulative dividend of 6% per annum. The convertible preferred shares are traded on the Stock Exchange of Hong Kong Limited. The declaration of dividend is at the issuer's sole discretion. The convertible preferred share shall be converted into ordinary shares of the issuer if the issuer failed to meet certain covenant. The Group is not entitled to any voting right by holding such convertible preferred share unless the dividend has not been paid in full for the most recent two dividend periods or a total of three dividend payments have not been paid in full. The Group has no intention to sell the convertible preferred share for the trading purpose and classified them as available for sales investments and stated at fair value.

11. EQUITY-SETTLED SHARE-BASED PAYMENT

(1) SHARE OPTION SCHEME

The Company approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a post-IPO share option scheme (the "Post-IPO Share Option Scheme", together as the "Schemes") pursuant to shareholders' written resolutions and directors' written resolution passed on 17 November 2014. The purpose of the Schemes is to provide rewards to eligible participants for their service to the Group. Eligible participants include any full-time employees, consultants, executives or officers of the Company and any of its subsidiaries who have contributed or will contribute to the Group in the absolute discretion of the Board.

The total number of ordinary shares subject to the Pre-IPO Share Option Scheme is 105,570,000. On 17 November 2014, under the Pre-IPO Share Option Scheme, share options were granted to 2 members of the senior management and 120 other employees to subscribe for 105,570,000 shares at an exercise price of HK$0.55. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 31 December 2015, 2016, 2017 and 2018, respectively. Each option granted if not exercised subsequently will be expired on 5 December 2019.

The maximum number of shares to be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other scheme of the Company shall not in aggregate exceed 10% of the total number of shares in issue on Listing Date (assuming that the over-allotment is not exercised) and 30% of the shares of the Company in issue from time to time. On 10 June 2015, under the Post-IPO Share Option Scheme, share options were granted to one senior management to subscribe for 3,000,000 shares at an exercise price of HK$3.93. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 10 June 2016, 2017, 2018 and 2019, respectively. Each option granted if not exercised subsequently will be expired on 9 June 2025.

The following share options were outstanding during the period:

	For the six months ended 30 June 2015	
	Weighted average Exercise price	**Number of options**
	HK$ per share	***'000***
As at 1 January 2015	**0.55**	**104,520**
Grant during the year	**3.93**	**3,000**
Forfeited during the period	**0.55**	**(610)**
As at 30 June 2015 (unaudited)	**0.64**	**106,910**

No share options were exercised during the period ended 30 June 2015.

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The exercise prices and exercise period of the share options outstanding as at the end of the reporting period as follows:

Number of options	**Exercise price***	**Exercise period**
'000	*HK$ per share*	
103,910	0.55	31-12-2015 to 05-12-2019
3,000	3.93	10-06-2016 to 09-06-2025
106,910		

The fair value of the share options granted during the period was approximately RMB4,990,000 of which the Group recognised a share option expense of RMB150,000 during the period ended 30 June 2015.

The fair value of the share options granted during the period was estimated at the date of grant, 10 June 2015, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists out inputs used in the model:

Dividend yield (%)	–
Expected volatility (%)	52.6
Risk-free interest rate (%)	2.5
Expected life of options (year)	10
Share price (HK$ per share)	2.11

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

At the end of reporting period, the Company had 106,910,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 106,910,000 additional ordinary shares of the Company, an additional share capital of approximately RMB66.0 and a share premium of approximately RMB54,376,000 (before issue expenses).

The Group recognized a total share option compensation expenses of RMB25,042,000 during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

(2) Restricted Share Unit (“RSU”) Plan

The Company approved and adopted a pre-IPO restricted share unit plan (“Pre-IPO RSU Plan”) on 17 November 2014 for the purpose of rewarding eligible participants for their contribution to the Group. Eligible participants of the Pre-IPO RSU Plan include full-time employees, officers or suppliers, customers, consultants, agents or advisers of the Group, and any other person who, in the sole opinion of the Board, has contributed or will contribute to the Group. The total number of ordinary shares underlying awards made pursuant to the Pre-IPO RSU Plan is 13,850,000. On 17 November 2014, RSUs to subscribe for 13,850,000 shares were granted to 2 members of the senior management and 7 employees.

All of the 13,850,0000 RSUs granted were vested on 1 April 2015, resulted in the issue of 13,850,000 ordinary shares of the Company and share premium of RMB21,168,000.

The Group recognized a total RSU compensation expenses of RMB14,112,000 during the six months ended 30 June 2015 (six months ended 30 June 2014: nil).

12. EVENTS AFTER THE REPORTING PERIOD

On 25 June 2015, one subsidiary of the Company, Feiyu Technology Hong Kong Ltd., reached an agreement to purchase 100% equity interest of Jiaxi Global Ltd. which indirectly holds 25% of the registered capital in Xiamen Yidou and Xiamen Zhangxin Interactive Technology Co., Ltd. from Fine Point Development Ltd. (“the Seller”). The Acquisition Consideration shall be satisfied by the Company allotting and issuing a maximum of 118,000,000 ordinary shares, credited as fully paid, to the Seller. The acquisition is subject to the approval of the independent shareholders at extraordinary general meeting.

OTHER INFORMATION AND CORPORATE GOVERNMENT HIGHLIGHTS

Purchase, Sale or Redemption of the Company’s Listed Securities

During the six months ended 30 June 2015, neither the Company, its subsidiaries nor any of the PRC Operational Entities has purchased, sold or redeemed any of the Company’s listed securities.

Interim/Special Dividend and Closure of Register of Members

The Board declared an interim dividend of HK2.0 cents per ordinary Share (equivalent to approximately RMB1.6 cents per ordinary Share) and a special dividend of HK3.0 cents per ordinary Share (equivalent to approximately RMB2.4 cents per ordinary Share), amounting to a total of approximately RMB59.9 million for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

The register of members of the Company will be closed on Wednesday, 2 September 2015, for the purpose of determining shareholders’ entitlements to the proposed interim/special dividend. The record date for entitlement to the proposed interim/special dividend is on Wednesday, 2 September 2015. In order to qualify for the interim/special dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 1 September 2015. The payment date of the interim/special dividend is expected to be on Friday, 11 September 2015.

Audit Committee

The Company established the Audit Committee on 17 November 2014 with written terms of reference adopted in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises all the independent non-executive Directors, namely Ms. LIU Qianli, Mr. LAI Xiaoling and Mr. MA Suen Yee Andrew.

The Audit Committee, together with the auditor, have reviewed the Group's unaudited interim financial information of the Group for the six months ended 30 June 2015.

Compliance with the CG Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Save as disclosed hereinbelow, the Company has complied with all applicable code provisions under the CG Code during six months ended 30 June 2015.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. YAO Jianjun serves as the Chairman and Chief Executive Officer of the Company. In view of Mr. YAO Jianjun's extensive experience in the industry, personal profile and role in the Group and its historical development, the Board believes that it is appropriate and beneficial to the business prospects of the Group that Mr. YAO Jianjun acts as both Chairman and Chief Executive Officer. Furthermore, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. YAO Jianjun would provide strong and consistent leadership, allowing the Company to more effectively plan and implement business decisions and strategies. Besides, all major decisions have been made in consultation with members of the Board, which comprises experienced and high caliber individuals, appropriate Board committees, as well as the senior management team. The Board is, therefore, of the view that there are adequate checks and balances in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and make necessary changes at an appropriate time.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain 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 the Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the six months ended 30 June 2015.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the six months ended 30 June 2015.

Publication of the Interim Results Announcement and 2015 Interim Report

This Interim Results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.feiyuhk.com), and the 2015 Interim Report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the same websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their continued support and contribution to the Group.

GLOSSARY

"ARPPU"	average revenue per paying user, calculated by dividing monthly average revenue from the sale of virtual items and premium features during a certain period by the number of average MPUs during the same period
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"Cayman Islands"	the Cayman Islands
"CG Code"	Corporate Governance Code as set out in Appendix 14 of the Listing Rules
"Chairman"	the Chairman of the Board
"Chief Executive Officer"	the chief executive officer of our Company
"China" or "PRC"	the People's Republic of China; for the purpose of this annual report, "PRC" does not include Taiwan, the Macau Special Administrative Region and Hong Kong

"Company", "we", "us" or "our"	Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014
"Directors"	directors of the Company
"Executive Director(s)"	the executive Directors of the Company
"Global Offering"	the offer of 30,000,000 Shares for subscription by the public in Hong Kong pursuant to the Hong Kong Public Offering and the offer of 270,000,000 Shares for subscription by institutional, professional, corporate and other investors pursuant to the International Offering (as respectively defined in the Prospectus)
"Group" or "the Group"	our Company, its subsidiaries and the PRC Operating Entities
"HK$" or "Hong Kong dollars"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IAS(s)"	International Accounting Standards
"IASB"	International Accounting Standard Board
"IFRS(s)"	International Financial Reporting Standards, amendments and interpretations issued by the IASB
"Independent Non-executive Director(s)"	the independent non-executive Director(s) of the Company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"MAU"	monthly active users, which is the number of players who logged into a particular game in the relevant calendar month. Under this metric, a player who logged into two different games in the same month is counted as two MAUs. Similarly, a player who plays the same game on two different publishing platforms in a month would be counted as two MAUs. Average MAUs for a particular period is the average of the MAUs in each month during that period

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
"MPUs"	monthly paying users, which is the number of paying players in the relevant calendar month. Average MPUs for a particular period is the average of the MPUs in each month during that period
"PRC Operating Entities"	Xiamen Guanghuan and its subsidiaries and "PRC Operating Entity" means any one of them
"Prospectus"	the prospectus dated 25 November 2014 issued by the Company
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency of the PRC
"RPG"	role-playing games, which involve a large number of players who interact with each other in an evolving fictional world. Each player adopts the role of one or more "characters" who develop specific skill sets (such as melee combat or casting magic spells) and control the character's actions. There are unlimited possible game scenarios where the evolution of the game world is determined by the actions of the players, and the storyline continuously evolves even while the players are offline and away from the games
"RSU(s)"	restricted share units or any one of them
"Shareholders"	holder(s) of Shares
"Shares"	ordinary share(s) in the share capital of our Company with nominal value of US$0.0000001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"United States Dollars"	United States dollars, the lawful currency of the United States of America

"Xiamen Guanghuan"	Xiamen Guanghuan Information Technology Co., Ltd. (廈門光環信息科技有限公司), a limited company incorporated under the laws of the PRC on 12 January 2009.

By Order of the Board
Feiyu Technology International Company Ltd.
YAO Jianjun
Chairman and Executive Director

Hong Kong, 18 August 2015

As at the date of this announcement, the executive Directors are Messrs. YAO Jianjun, CHEN Jianyu, BI Lin, SUN Zhiyan, LIN Zhibin and LIN Jiabin; and the independent non-executive Directors are Ms. LIU Qianli and Messrs. LAI Xiaoling and MA Suen Yee Andrew.