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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2015, together with the comparative information for the year ended 31 December 2014, which have been prepared pursuant to IFRSs.

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Revenue	**322,147**	339,071	(5.0)
Gross profit	**267,665**	296,778	(9.8)
Profit before tax	**99,730**	148,501	(32.8)
Profit after tax	**94,988**	142,368	(33.3)
Profit for the year attributable to owners of the parent	**65,882**	117,885	(44.1)
Non-IFRSs Measures			
– Adjusted net profit (unaudited)[1]	**199,680**	210,079	(5.0)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic	**RMB0.04**	RMB0.11	
– Diluted	**RMB0.04**	RMB0.11	

Note:

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Shares of the Company were listed on the Main Board of the Stock Exchange on 5 December 2014. In 2015, we continued to have a stable growth in our mobile game business, which contributed 88.1% of total game operation revenue, compared with 83.4% in 2014. To further enhance our Research and Development ("R&D") capability, we have successfully launched our Chengdu R&D center in 2015 following the abundant supply of online game R&D talents and sound online game environment in Chengdu. As a mobile game developer with self-developed intellectual property ("IP"), we have set up a merchandise licensing operation team focusing on managing the Company's IPs through licensing them to top tier companies worldwide for their use on non-game products, which will include but not limited to books, toys, apparel, stationery, accessories, cartoons, films, TV dramas, online dramas and other visual products. In addition, we have established an overseas game publishing and operating team dedicated to exporting Chinese games to global market, in an effort to increase our exposure to international audience and drive the growth of our international business.

After the last few years' booming development of China's mobile game industry, players prefer to choose games with high quality and renowned IP, which provides the Company with both challenges and opportunities. Executing the Company's consistent corporate strategy, we have always been differentiating ourselves through developing quality and innovative games, as how the Company has been known for in the online game industry, gamer community and the market. With our captivating and original IPs, we are well positioned to enjoy the advantage of IPs through extending existing titles from personal computers to smartphones, introducing sequels, and licensing for use on non-game products.

In 2015, we successfully released the traditional Chinese version of San Guo Zhi Ren (三國之刃) in Taiwan in the first half of 2015 and its Korean version in late December 2015, respectively. We also launched three new mobile casual games titled Divas Hit the Road (花兒與少年), Plump Fish (小魚飛飛) and Battery Run (電池快跑) and an associated company of the Group launched a new mobile RPG game named Beauty Warriors (美人寶鑒, which previously had been titled as 美人無雙) during 2015. In 2015, we also received broad industry recognition, including our company being awarded "China's Top 10 Game Companies" (中國遊戲十強) for 2015, "China's Top 10 Game Developers" (2015年度中國十大遊戲研發商) and "China's Top 10 New Game Enterprises" (2015年度中國十大新銳遊戲企業). One of our hit games, San Guo Zhi Ren (三國之刃) received the award of "Top 10 Most Popular Mobile Games for 2015" (2015年度十大最受歡迎移動網路遊戲), and the newly launched mobile casual game titled Plump Fish (小魚飛飛) was awarded the "Top 10 Most Popular Single Player Mobile Games for 2015" (2015十大最受歡迎移動單機遊戲).

Considering the intense competitive landscape of online game market, we reemphasized our focus on developing games with superior quality and player-centric environment in 2015. As a reputable game developer, we now intend to spend more time on evaluating and choosing publishing and distribution partners based on their different user base, user traffic, marketing resources and capability so as to maximize the performance of our new games, which to some extent delayed the launch of three key new games, namely Carrot Fantasy III (保衛蘿蔔3) from late 2015 to the first half of 2016, as well as Shen Xian Dao II (神仙道2) and Jiong Xi You II (囧西遊2) to the second half of 2016, respectively.

As a game development company, we develop games based on our self-created IPs, which could be incredibly valuable for the company. Taking full advantage of the great popularity and unique design of our games, we began to roll out cross-boundary activities based on our IPs in 2015 in an effort to seize the trend of cross-boundary integration in the pan-entertainment era. We licensed China Children's Publishing House for publishing Carrot Fantasy (保衛蘿蔔) books based on the cute cartoon characters, interesting tower-defense scenarios and lovely background graphics of our Carrot Fantasy (保衛蘿蔔) game series. Thanks to the solid brand awareness of the games, the books received great popularity since their publication and were on the Jinghua Times bestseller list and ranked No.1 in the children's list. In 2015, we also worked with NICI, the Germany-based globally-active producer of high-quality brand name goods, to design, produce and sell the plush toy of Carrot Fantasy (保衛蘿蔔). In addition, we licensed the IP of Carrot Fantasy (保衛蘿蔔) to Maped, a world leader in school and office supplies based in France, for its application on stationery. We are pioneering a way in China to originate IP from games and cultivate an IP ecosystem exporting our IP to third parties and extending its application from online games to consumer products, which is building a non-linear growth model for the Group.

On 25 June 2015, Feiyu Technology Hong Kong Limited ("Feiyu Hong Kong"), a direct wholly-owned subsidiary of the Company, and Fine Point Development Limited ("Fine Point") entered into a share transfer agreement (the "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 ("Jiaxi Global") which indirectly held 25% of the registered capital of each of Xiamen Yidou and Xiamen Zhangxin (the "Acquisition"). The consideration of the Acquisition shall be satisfied by allotting and issuing a maximum of 118,000,000 consideration shares to Fine Point (or its nominee). The Acquisition was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 18 August 2015. Upon completion of the Acquisition on 26 August 2015, the Group indirectly holds 100% equity interests in both Xiamen Yidou and Xiamen Zhangxin. Please refer to the Company's announcements dated 25 June 2015, 18 August 2015 and 26 August 2015 and the circular dated 27 July 2015 for details.

Outlook for 2016

For existing games, we will continue to make great efforts to extend their life cycle and improve customer life time value through enhancing user experience and introducing more value-added features. At the same time, we will continue to penetrate into new overseas markets through our overseas game publishing team and top tier local game distribution platforms. In 2016, we are planning to release more language versions for each of San Guo Zhi Ren (三國之刃) and Beauty Warriors (美人寶鑒, which previously had been titled as 美人無雙) in selected Asian countries, as well as different language versions for Carrot Fantasy III (保衛蘿蔔3) globally. In order to further optimize our games and cooperate more closely with the publishers, we have rescheduled the release of our three key games, namely Carrot Fantasy III (保衛蘿蔔3) from late 2015 to the first half of 2016, and Shen Xian Dao II (神仙道2) and Jiong Xi You II (囧西遊2) to the second half of 2016, respectively. We believe that the rescheduling would be worth for the Group even which may effect the short-term performance of the Group in the 2016 as time invested in optimizing the new games would bring better game performance in the future.

In the first quarter of 2016, we entered into an exclusive license agreement with Tencent for distributing and publishing Plump Fish (小魚飛飛) in Mainland China on Tencent platforms for single-player games, including but not limited to Weixin and mobile QQ. In March 2016, we established the cooperation with Qihoo 360 to distribute and publish Shen Xian Dao II (神仙道2) in Mainland China. In addition, we successfully launched the Vietnamese version of San Guo Zhi Ren (三國之刃) in Vietnam in March 2016.

We will also continue to broaden our product portfolio by introducing new mobile games. Including the aforementioned three key games, we plan to launch six new games in 2016, which comprise five mobile RPG games and one mobile casual game.

As a game development company, the Group will continue to focus on developing, marketing and operating the Group's mobile and web games globally. In order to reduce the investment risk of the Group in design, production and distribution of visual products such as cartoons, films, TV dramas and online dramas etc., the Group will roll out cross-boundary activities in the pan-entertainment era based on the Group's IPs effectively through licensing arrangements. The licensing arrangements will not only bring royalties as a new source of revenue for the Group, but also assist in promoting and enhancing the value of the Group's IPs.

The Board and management of the Company are confident about the Group's development in 2016.

FINANCIAL REVIEW

Operating Information

Our Games

Given the growing prevalence of smartphones and other mobile devices, mobile game market has experienced rapid growth in recent years. And as one of the few game development and operation companies based in the PRC that offer mobile and web games of both RPG and casual categories, we have shifted our focus from web game to mobile game to seize the significant opportunity for the mobile game market. We have also been committed to creating a player-centric game environment that offers users a superior game-playing experience in order to retain longer-term players.

The table below presents a breakdown of our revenue from game operation in absolute amounts and as a percentage of our total revenue for the years indicated:

	For the year ended 31 December			
	2015		2014	
	(RMB'000)	***(% of Total Revenue)***	*(RMB'000)*	*(% of Total Revenue)*
Game Operation				
Web games	**36,008**	**11.2**	52,659	15.5
Mobile games				
RPGs	**245,061**	**76.1**	215,444	63.5
Casual	**21,209**	**6.6**	48,789	14.4
Total	**302,278**	**93.9**	316,892	93.4

The contribution to total revenue of the Group from mobile games increased from approximately 77.9% for 2014 to approximately 82.7% for 2015, as a result of the Group's continuous focus on mobile games in 2015.

Our Players

As at 31 December 2015, (i) our RPG mobile games and web games, had approximately 205.5 million cumulative registered users, with approximately 165.6 million users for web games and approximately 39.9 million users for mobile games; and (ii) our casual games had approximately 300.4 million cumulative activated downloads. For the month of December 2015, (i) our RPG mobile games and web games had 1.5 million MAUs in aggregate, with approximately 0.9 million MAUs for mobile games and approximately 0.6 million MAUs for web games; and (ii) our casual games had approximately 10.6 million MAUs.

The following table sets forth certain operational statistics relating to our business for the years indicated:

	For the year ended 31 December		
	2015	2014	**Change %**
Average MPUs			
Web games (RPGs) (000's)	**32**	57	(43.9)
Mobile games (RPGs) (000's)	**208**	176	18.2
Casual (000's)	**388**	808	(52.0)
ARPPU			
Web games (RPGs) (RMB)	**92.7**	76.9	20.5
Mobile games (RPGs) (RMB)	**97.9**	102.2	(4.2)
Casual (RMB)	**4.6**	5.0	(8.0)

Note:

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

Our average MPUs for mobile RPG games has increased from approximately 176,000 in 2014 to approximately 208,000 in 2015. 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 2015 and (ii) the launch of the traditional Chinese version of San Guo Zhi Ren (三國之刃) titled Quan Min Kuai Da (全民快打) in Taiwan in the first half of 2015. Our average MPUs for mobile casual games decreased from approximately 808,000 for the year ended 31 December 2014 to approximately 388,000 for the year ended 31 December 2015, primarily due to the decrease in the number of average MPUs for Carrot Fantasy (保衛蘿蔔) and Carrot Fantasy II (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 decreased from approximately 57,000 for the year ended 31 December 2014 to approximately 32,000 for the year ended 31 December 2015 as our web games were in the late stage of their expected life cycle in 2015, and the decrease was also due to our focus shifted from web game to mobile game.

Our ARPPU of RPG mobile games decreased slightly from approximately RMB102.2 in 2014 to approximately RMB97.9 in 2015. The decrease was primarily due to the launch of San Guo Zhi Ren (三國之刃) on Tencent platforms in the second half of 2014, which offered a revenue sharing percentage lower than that of the games operated by ourselves in the first half of 2014. Our ARPPU of web games has increased from approximately RMB76.9 in 2014 to approximately RMB92.7 in 2015. The increase was primarily due to the increase in ARPPU of the web version of Shen Xian Dao (神仙道), a game in its mature stage when loyal players are willing to spend more. Our ARPPU for casual games decreased slightly from RMB5.0 in 2014 to RMB4.6 in 2015. The decrease was primarily due to the decline in ARPPU of our single-player games, Carrot Fantasy (保衛蘿蔔) and Carrot Fantasy II (保衛蘿蔔2), which began to reach the late stage of their expected life cycle in 2015.

As part of our mobile game business strategy and to enhance the monetization of our mobile games, we shall continue to increase our efforts in promoting players' in-game purchases, rolling out upgrades frequently to enhance the features of our games and maintain users' interest, and launching various in-game promotions and activities. Our dedicated customer service team will continue to provide timely customer services via our in-game customer service system. We believe these measures will play a significant role in retaining our players and the expansion of our player base.

The year ended 31 December 2015 compared to the year ended 31 December 2014

The following table sets forth the income statement of our Group for the year ended 31 December 2015 as compared to the year ended 31 December 2014.

	For the year ended 31 December		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Revenue	**322,147**	339,071	(5.0)
Cost of sales	**(54,482)**	(42,293)	28.8
Gross profit	**267,665**	296,778	(9.8)
Other income and gains	**44,459**	6,273	608.7
Selling and distribution expenses	**(43,657)**	(35,278)	23.8
Administrative expenses	**(51,881)**	(60,717)	(14.6)
Research and development costs	**(114,820)**	(57,783)	98.7
Finance costs	**(523)**	–	N/A
Other expenses	**(214)**	(266)	(19.5)
Share of losses of associates	**(1,299)**	(506)	156.7
PROFIT BEFORE TAX	**99,730**	148,501	(32.8)
Income tax expense	**(4,742)**	(6,133)	(22.7)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**94,988**	142,368	(33.3)
Attributable to:			
Owners of the parent	**65,882**	117,885	(44.1)
Non-controlling interests	**29,106**	24,483	18.9

Revenue

The following table sets forth a breakdown of our revenue for the years ended 31 December 2015 and 31 December 2014:

	For the year ended 31 December			
	2015		2014	
	(RMB'000)	***(% of Total Revenue)***	*(RMB'000)*	*(% of Total Revenue)*
Game Operation	**302,278**	**93.9**	316,892	93.4
Online game distribution	**1,442**	**0.4**	2,246	0.7
Licensing income	**5,156**	**1.6**	2,697	0.8
Advertising revenue	**12,873**	**4.0**	16,802	5.0
Technical service income	**398**	**0.1**	434	0.1
Total	**322,147**	**100.0**	339,071	100.0

Total revenue decreased by approximately 5.0% to approximately RMB322.1 million for the year ended 31 December 2015 from the year ended 31 December 2014. Revenue generated from game operation decreased slightly by approximately 4.6% to approximately RMB302.3 million for the year ended 31 December 2015 from the year ended 31 December 2014. The decrease was primarily due to Shen Xian Dao (神仙道) and Jiong Xi You (囧西游) reaching late stage of their life cycle for the year ended 31 December 2015. Revenue from online game distribution decreased by 35.8% to RMB1.4 million for the year ended 31 December 2015 from the year ended 31 December 2014. Such decrease was primarily due to the online games on 737 Platform reaching the late stage of their life cycle and our strategic focus on our self-developed games. Licensing income increased by approximately 91.2% to approximately RMB5.2 million for the year ended 31 December 2015 from the year ended 31 December 2014, primarily due to the new contract of Quan Min Kuai Da (全民快打) with licensing fee clauses entered in the first quarter of 2015 and the revenue derived from the sale of Carrot Fantasy (保衛蘿蔔) book series, which were published in late January 2015. Revenue from advertising decreased by approximately 23.4% to approximately RMB12.9 million for the year ended 31 December 2015 from the year ended 31 December 2014. The decrease was primarily due to Carrot Fantasy (保衛蘿蔔) and Carrot Fantasy II (保衛蘿蔔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 28.8% from approximately RMB42.3 million for the year ended 31 December 2014 to approximately RMB54.5 million for the year ended 31 December 2015, primarily due to an increase in the cost related to the share options granted in November 2014 from approximately RMB1.1 million for the year ended 31 December 2014 to approximately RMB8.0 million for the year ended 31 December 2015 and an increase in salaries and welfare from approximately RMB16.7 million for the year ended 31 December 2014 to approximately RMB21.7 million for the year ended 31 December 2015, as a result of the increase in the number of operation employees and their salaries and welfare.

Gross profit and gross profit margin

Based on the foregoing, our gross profit decreased by 9.8% from approximately RMB296.8 million for the year ended 31 December 2014 to approximately RMB267.7 million for the year ended 31 December 2015. Our gross profit margin for 2015 was 83.1%, as compared with 87.5% for 2014.

Other income and gains

Our other income and gains increased by approximately 608.7% from approximately RMB6.3 million for the year ended 31 December 2014 to approximately RMB44.5 million for the year ended 31 December 2015, primarily due to the increase in interest income from approximately RMB0.3 million for the year ended 31 December 2014 to approximately RMB16.7 million for the year ended 31 December 2015 and an increase in investment income from approximately RMB2.0 million for the year ended 31 December 2014 to approximately RMB7.7 million for the year ended 31 December 2015. The increase in interest income and investment income was due to the rise in cash generated from the net proceeds received from the IPO which was completed in December 2014 and the cash generated from our game operation. Besides, the growth in other income and gains was also partly due to an increase in government grants from approximately RMB1.5 million for the year ended 31 December 2014 to approximately RMB11.7 million for the year ended 31 December 2015 and the recognition of gain on fair value change of contingent consideration amounted to RMB7.4 million in 2015. The government grants received in 2015 were granted by the local government of Xiamen to foster the development of the information technology sector, for tax reimbursement and as the reward of innovation etc., which prove the recognition of the Group by the local government. The gain on fair value change of contingent consideration represented the gain on fair value change of the remaining balance of 88,500,000 consideration shares regarding the Acquisition of 100% equity interest in Jiaxi Global which are expected to be allotted and issued in 2016, 2017 and 2018 as disclosed in the Company's circular dated 27 July 2015. On the completion date of the Acquisition (i.e. 26 August 2015), we recognized the remaining balance of the aforesaid consideration shares as a financial liability based on the closing price of our shares on that day, HKD1.97, and the estimated number of shares to be allotted and issued. However, the closing price of our share on 31 December 2015 was HKD1.87, which resulted in a decrease of the fair value of the financial liability we recognized and a gain on fair value change.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately 23.8% from approximately RMB35.3 million for the year ended 31 December 2014 to approximately RMB43.7 million for the year ended 31 December 2015, primarily due to the share-based payment of RMB20.3 million recognized in 2015 while there was no such expense in 2014. The share-based payment was related to the transfer of 13 million Shares of the Company from a major shareholder to a member of senior management who was responsible for the Group's operation, product marketing and promotion in respect of her contribution to the Group. The increase was also due to the cost related the share options and RSU granted in the second half of 2014, which increased from approximately RMB1.0 million for the year ended 31 December 2014 to approximately RMB4.4 million for the year ended 31 December 2015. The increase was partially offset by the decrease in App Store channel fees and advertising cost from approximately RMB14.9 million and RMB13.3 million for the year ended 31 December 2014 to approximately RMB4.7 million and RMB8.9 million for the year ended 31 December 2015, respectively. The decrease in App Store channel fees was mainly due to the launch of San Guo Zhi Ren (三國之刃) on Tencent platforms in the second half of 2014, since when 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 the decreased number of promotion activities of our mature games and the promotion cost of San Guo Zhi Ren (三國之刃) being borned by Tencent since its launch on Tencent platforms in the second half of 2014.

Administrative expenses

Our administrative expenses decreased by approximately 14.6% from approximately RMB60.7 million for the year ended 31 December 2014 to approximately RMB51.9 million for the year ended 31 December 2015. The decrease was primarily attributable to the listing expense relating to the IPO of approximately RMB33.1 million incurred for the year ended 31 December 2014 while there were no such expenses incurred for the year ended 31 December 2015. The decrease was partially offset by an increase in cost related to share options and RSU granted in November 2014 from approximately RMB2.5 million for the year ended 31 December 2014 to approximately RMB12.2 million for the year ended 31 December 2015 and an increase in salaries, pension schemes contribution and welfare increased from approximately RMB12.8 million for the year ended 31 December 2014 to approximately RMB21.3 million for the year ended 31 December 2015, which was mainly attributable to the increased number of administrative employees to support our rapidly growing business and the increased number of employees for the entertainment section.

Research and development costs

Our research and development costs increased by approximately 98.7% from RMB57.8 million for the year ended 31 December 2014 to approximately RMB114.8 million for the year ended 31 December 2015. This increase was primarily due to an increase in the cost related to share options and RSU granted in November 2014 from approximately RMB9.5 million for the year ended 31 December 2014 to approximately RMB39.3 million for the year ended 31 December 2015. The increase was also due to an increase in salaries, pension schemes contribution and welfare from approximately RMB38.0 million for the year ended 31 December 2014 to approximately RMB60.3 million for the year ended 31 December 2015 as a result of the increased number of R&D employees to further enhance our R&D capabilities and enrich our game portfolio.

Finance costs

Our finance costs of approximately RMB523,000 for the year ended 31 December 2015 represented the interest expenses of the time loan borrowed by the Company as a financial lever for the life insurance policies while there was no such expense for the year ended 31 December 2014.

Other expenses

Our other expenses decreased by approximately 19.5% from approximately RMB266,000 for the year ended 31 December 2014 to RMB214,000 for the year ended 31 December 2015, primarily due to the loss of approximately of RMB156,000 on disposal of a subsidiary in 2014, while there was no such expense for the year ended 31 December 2015.

Income tax expenses

Our income tax expense decreased by approximately 22.7% from approximately RMB6.1 million for the year ended 31 December 2014 to approximately RMB4.7 million for the year ended 31 December 2015. Our effective income tax rate increased from 4.1% for the year ended 31 December 2014 to 4.8% for the year ended 31 December 2015. The decrease of the income tax expenses was primarily attributable to the decrease of profit before tax from approximately RMB149 million for the year ended 31 December 2014 to approximately RMB100 million for the year ended 31 December 2015. On the other hand, the decrease was partially offset by the increase of the applicable income tax rate of certain PRC subsidiaries in 2015 due to the change of applicable preferential tax policy.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 33.3% from approximately RMB142.4 million for the year ended 31 December 2014 to approximately RMB95.0 million for the year ended 31 December 2015. And our profit attributable to owners of the parent decreased by 44.1% from approximately RMB117.9 million for the year ended 31 December 2014 to approximately RMB65.9 million for the year ended 31 December 2015.

Non-IFRSs measures – Adjusted net profit

In addition to our consolidated financial statements which are presented in accordance with IFRSs, we also provide further information based on the adjusted net profit 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 to 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 as net income or loss excluding share-based compensation, listing fees in connection with the IPO completed in 2014 and amortization of intangible assets recognized for acquisitions. The term of adjusted net profit attributable is not defined under IFRSs. The use of adjusted net profit has material limitations as an analytical tool as it does not include all items that would impact our net income or loss for the accounting period.

	For the year ended 31 December		
	2015	2014	**Change%**
	(RMB'000)	*(RMB'000)*	
Profit for the year	**94,988**	142,368	(33.3)
Add:			
Share-based compensation	**84,208**	14,168	494.4
Listing fees in connection with the IPO	**–**	33,058	N/A
Amortization of intangible assets recognized for acquisitions	**20,484**	20,485	–
Total	**199,680**	210,079	(5.0)

Financial Position

As at 31 December 2015, total equity of the Group amounted to approximately RMB1,070.4 million, as compared to RMB1,150.1 million as of 31 December 2014. The decrease was mainly due to the distribution of an interim and a special dividend on 11 September 2015 amounted to RMB63.6 million, the dividends paid by our subsidiary in the first half of 2015 amounted to RMB28.3 million, and the equity impact regarding the Acquisition of 100% equity interest in Jiaxi Global, as disclosed in the above section headed "Overview" of this announcement, amounted to RMB144.1 million. The decrease was partially offset by the net profit generated in 2015 and the increase in the equity-settled share-based payment expenses recognized in 2015.

The Group's net current assets amounted to approximately RMB314.5 million as at 31 December 2015, as compared with approximately RMB679.0 million as at 31 December 2014. This decrease was primarily due to the increase in the other payables related to the fair value of the consideration shares which will be allotted and issued to the Seller in 2016, 2017 and 2018 pursuant to the Agreement regarding the acquisition of 100% equity interest in Jiaxi Global amounted to RMB136.6 million recognized as a financial liability and the increase in non-current available-for-sale investments. The decrease was also attributable to the dividend paid in 2015 as described in the foregoing paragraphs. Also, the decrease was partially offset by the increase in cash generated from our operating activities.

Liquidity and Capital Resources

The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	2015 *(RMB'000)*	2014 *(RMB'000)*	**Change %**
Net cash flows from operating activities	**228,392**	149,350	52.9
Net cash flows used in investing activities	**(248,412)**	(112,176)	121.4
Net cash flows (used in)/from financing activities	**(62,522)**	386,608	(116.2)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(82,542)**	423,782	(119.5)
Cash and cash equivalents at beginning of year	**545,511**	123,426	342.0
Effect of foreign exchange rate changes, net	**928**	(1,697)	(154.7)
Cash and cash equivalents at end of year	**463,897**	545,511	(15.0)

Our total cash and cash equivalent amounted to approximately RMB463.9 million as at 31 December 2015, as compared with approximately RMB545.5 million as at 31 December 2014. The decrease was primarily due to the utilization of our current financial resources for investments and the payment of dividends in 2015 which was partially offset by the cash generated from operating activities.

As at 31 December 2015, approximately RMB31.3 million of our financial resources (31 December 2014: RMB473.9 million) were 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 cost 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.

As at 31 December 2015, we had time loan of approximately US$7.9 million (31 December 2014: Nil) with an interest rate of 1.6510% which was secured by certain life insurance policies as detailed below which was borrowed by the Company as a financial lever of the life insurance policies.

As at 31 December 2015, we had a short-term investment and available-for-sale investments of approximately RMB314.9 million (31 December 2014: RMB28.2 million). The short term investment represents a structured financial product issued by an asset management company with a fixed interest rate of 4.5% per annum and a maturity period of 90 days. The principal is protected. The current available-for-sale investment represents a structured financial product issued by another asset management company with an expected interest rate of 5.0% per annum and a maturity period of 191 days. The principal is not protected. The non-current available-for-sale investments represent the straight bonds, convertible bonds and convertible preferred shares issued by banks or reputable companies, with Standard & Poor ("S&P") rating above BB and coupon rates ranged from 4.5% to 6.875% per annum which were invested by the Company, and the investment in life insurance policies by the Company. In August 2015, the Group entered into life insurance policies with an insurance company to insure certain members of the key management of the Group. The Company can terminate the policy at any time and received back based on the cash value of the contract at the date of withdrawal, which is determined by the insurance premium of each insurance policy plus the accumulated interest earned and minus the insurance costs ("Cash Value"). In addition, if the withdrawal is made between the first and tenth policy years, there is a special amount of surrender charge by the insurance company. The insurance company will declare a guaranteed interest of 3.9% per annum plus a premium determined by the insurance company on the outstanding Cash Value of the contract for the first three years. Commencing from the fourth year, the guaranteed interest will be reduced to 2% per annum.

The principal of the RMB20.0 million short term investment is protected while the principal of the rest available-for-sale investments are not protected. The fair value of the current available-for-sale financial investment approximately equals to their cost plus expected interest. The fair values of available-for-sale investments in straight bonds, 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. The fair values of the life insurance policies represent the cash value of such insurance policies which is detailed in the above paragraph. According to our current internal investment management policies, no less than 60% of our total investment is invested in risk-free or principal protected investments while the remaining of up to 40% 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 liabilities divided by total assets, the Group's gearing ratio was 19.3% as at 31 December 2015 and 6.3% as at 31 December 2014.

Capital expenditures

The following table sets forth our capital expenditures for the years ended 31 December 2015 and 31 December 2014:

	For the year ended 31 December		
	2015	2014	**Change %**
	(RMB'000)	*(RMB'000)*	
Property, plant and equipment	**10,101**	11,019	(8.3)
Intangible assets	**2,019**	1,713	17.9
Total	**12,120**	12,732	(4.8)

Our capital expenditures comprised property, plant and equipment, including company vehicles for employees' use, and intangible assets, such as software and platform. The total capital expenditures for the year ended 31 December 2015 were approximately RMB12.1 million, compared to approximately RMB12.7 million for the year ended 31 December 2014. The decrease was primarily due to a decrease of approximately RMB3.3 million in leasehold improvements for the offices leased in 2014. The decrease in total capital expenditures was partially offset by the increase in purchase of intangible assets, especially the purchase of a platform amounted to approximately RMB2.0 million and increase in purchase of property and equipment, including company vehicles for employees' use.

Significant investments, acquisitions and disposals of subsidiaries, associates and joint ventures and future plans for material investments or capital assets

Save as the Acquisition of 100% equity interest in Jiaxi Global as disclosed in the above section headed "Overview" of this announcement, there were no significant investments held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2015.

Save as disclosed in this announcement, there was no plan authorized by the Board for other material investments or additions of capital assets as at the date of this announcement. However, the Group will continue to identify new opportunities for business development.

Pledge of Assets

As at 31 December 2015, the bank loan of the Group amounted to US$7.9 million which was used as a lever of our investment in life insurance policies was secured by the life insurance policies with a fair value amounted to US$12.8 million.

Contingent liabilities and guarantees

As at 31 December 2015, the Group did not have any unrecorded significant contingent liabilities, guarantees or any litigation with claims made against us.

Use of Net Proceeds from Global Offering

The net proceeds from the Global Offering were approximately HK$585.0 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.

Employees and Remuneration Policy

As at 31 December 2015, we had 541 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 31 December 2015:

	Number of Employees	**% of Total**
Development	346	64.0
Operations	111	20.5
Administration	70	12.9
Sales and marketing	14	2.6
Total	541	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 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 schemes 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.

Foreign currency risk

In the year ended 31 December 2015, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

Interest rate risk

Other than interest-bearing bank deposits and the short-term bank loan, the Group has no other significant interest-bearing assets or liabilities. The Directors do not anticipate any significant impact on the interest-bearing bank deposits resulting from changes in interest rates, because the interest rates of bank deposits are not expected to change significantly. And the Directors also do not anticipate any significant impact on the short-term bank loan resulting from changes in interest rates, because the bank loan was a financial lever of the life insurance policies. Therefore, the Group has not adopted any hedging policy to mitigate interest rate risk.

Environmental Policies and Performance

Our Group has sought to operate in a responsible, transparent and sustainable way. We commit to protect the environment continuously by promoting green office practices such as double-sided printing and copying, setting up recycling bins, lighting with energy efficient LED lighting, growing plants in office and working to provide good air quality on the company premises. Our Group also improves employees' awareness of environmental protection and encourages them to bring their own plants for making the office green.

Our Group has adopted the 3Rs strategy in our waste management: Reduce, Reuse and Recycle, such as installing energy efficient hand dryers in the restrooms to reduce the consumption of paper towels.

Our Group is determined to review and improve its policies and practices of environmental protection from time to time to continuously contribute to making the earth a better planet.

Compliance with the Relevant Laws and Regulations

To the best of the Directors' knowledge, information and belief on the date of this announcement, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

Event After the year ended 31 December 2015

There was no material subsequent event during the period from 1 January 2016 to the date of this announcement.

OTHER INFORMATION

Annual General Meeting

The 2016 annual general meeting (the "AGM") of the Company is scheduled to be held on Friday, 20 May 2016. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules in due course.

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

During the year ended 31 December 2015, the Company repurchased a total of 12,696,000 Shares on the Stock Exchange at an aggregate price paid of HK$23,781,491.33 before expenses pursuant to the share repurchase mandate approved by the Shareholders at the annual general meeting of the Company held on 4 June 2015.

Details of the share repurchase are as follows:

Date of repurchase	**Number of shares purchased**	**Highest price paid**	**Lowest price paid**	**Aggregate price paid**
		HK$	*HK$*	*HK$*
August 2015	3,354,000	2.08	1.66	6,473,695.15
September 2015	556,500	2.02	1.81	1,062,225.12
October 2015	594,000	1.75	1.65	1,018,695.06
November 2015	4,993,500	1.95	1.76	9,175,350.77
December 2015	3,198,000	1.92	1.80	6,051,525.23

All the repurchased Shares have been cancelled prior to 13 January 2016 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.

Save 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 2015.

Final Dividend

The Board recommends the payment of a final dividend of HK3.0 cents per Share (equivalent to approximately RMB2.5 cents per Share) for the year ended 31 December 2015, subject to approval by the Shareholders at the AGM (the year ended 31 December 2014: Nil). The proposed final dividend, if approved by the Shareholders at the AGM, will be payable on 6 June 2016 to the Shareholders whose names appear on the register of members of the Company on 26 May 2016.

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 18 May 2016 to Friday, 20 May 2016, both days inclusive, during which period no transfer of Shares will be effected, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM to be held on Friday, 20 May 2016. All transfers of Shares accompanied by the relevant Share certificates and transfer forms 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 no later than 4:30 p.m. on Tuesday, 17 May 2016.

Subject to Shareholders' approval of the proposed final dividend at the AGM, the proposed final dividends will be payable on Monday, 6 June 2016, to shareholders whose names appear on the register of members of the Company after close of business at 4:30 p.m. on Thursday, 26 May 2016. The register of members of the Company will be closed on Thursday, 26 May 2016 in order to qualify for the proposed final dividend. All transfers of Shares accompanied by the relevant Share certificates and transfer forms 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 no later than 4:30 p.m. on Wednesday, 25 May 2016.

Audit Committee

The Board established the Audit Committee on 17 November 2014 with written terms of reference adopted in compliance with the CG Code and the terms of reference was amended on 28 December 2015. 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 has reviewed together with the Board the accounting standards and practices adopted by the Group and the consolidated financial statements of the Company for the year ended 31 December 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 herein below, the Company has complied with all applicable code provisions under the CG Code for the year ended 31 December 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.

According to code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the view of the Shareholders. Ms. LIU Qianli and Mr. MA Suen Yee Andrew, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 4 June 2015 due to other business commitments. Ms. LIU Qianli and Mr. Ma Suen Yee Andrew, the independent non-executive Directors, were unable to attend the extraordinary general meeting of the Company held on 18 August 2015 due to other business commitments.

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 as its own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry with all Directors, the Company confirmed that all members of the Board complied with the Model Code during the year ended 31 December 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 provision of 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 year ended 31 December 2015.

Publication of the Annual Results and 2015 Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.feiyuhk.com), and the 2015 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company 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 support and contribution to the Group.

FINANCIAL INFORMATION

Consolidated statement of profit or loss

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	4	**322,147**	339,071
Cost of sales		**(54,482)**	(42,293)
Gross profit		**267,665**	296,778
Other income and gains	4	**44,459**	6,273
Selling and distribution expenses		**(43,657)**	(35,278)
Administrative expenses		**(51,881)**	(60,717)
Research and development costs		**(114,820)**	(57,783)
Finance costs		**(523)**	–
Other expenses		**(214)**	(266)
Share of losses of associates		**(1,299)**	(506)
PROFIT BEFORE TAX	5	**99,730**	148,501
Income tax expense	6	**(4,742)**	(6,133)
PROFIT FOR THE YEAR		**94,988**	142,368
Attributable to:			
Owners of the parent	8	**65,882**	117,885
Non-controlling interests		**29,106**	24,483
		94,988	142,368
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– Basic		**RMB0.04**	RMB0.11
– Diluted		**RMB0.04**	RMB0.11

	Notes	**2015**	2014
		RMB'000	*RMB'000*
PROFIT FOR THE YEAR		**94,988**	142,368
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Available-for-sale investments:			
Changes in fair value		**(10,906)**	2,142
Reclassification adjustments for gains included in the consolidated statement of profit or loss		**(7,748)**	(1,961)
Exchange differences on translation of foreign operations		**16,540**	(1,697)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**(2,114)**	(1,516)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(2,114)**	(1,516)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**92,874**	140,852
Attributable to:			
Owners of the parent		**63,768**	116,369
Non-controlling interests		**29,106**	24,483
		92,874	140,852

Consolidated statement of financial position

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**18,480**	14,448
Goodwill		**409,557**	408,619
Other intangible assets		**36,517**	55,798
Long term receivables		**2,210**	399
Available-for-sale investments	*11*	**274,758**	–
Investment in associates		**16,701**	–
Deferred tax assets		**3,244**	1,402
Total non-current assets		**761,467**	480,666
CURRENT ASSETS			
Accounts receivable	*9*	**3,280**	3,062
Receivables due from third-party game distribution platforms and payment channels	*9*	**50,197**	118,370
Prepayments, deposits and other receivables	*10*	**6,771**	51,475
Short term investment	*11*	**20,108**	–
Available-for-sale investment	*11*	**20,070**	28,235
Cash and cash equivalents		**463,897**	545,511
Total current assets		**564,323**	746,653
CURRENT LIABILITIES			
Interest-bearing bank borrowing		**51,129**	–
Other payables and accruals		**187,875**	50,055
Tax payable		**3,100**	2,719
Deferred revenue		**7,716**	14,836
Total current liabilities		**249,820**	67,610
NET CURRENT ASSETS		**314,503**	679,043
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,075,970**	1,159,709

	Notes	**31 December 2015** *RMB'000*	31 December 2014 *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,075,970**	1,159,709
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**4,208**	6,769
Deferred revenue		**1,319**	2,834
Total non-current liabilities		**5,527**	9,603
Net assets		**1,070,443**	1,150,106
EQUITY			
Equity attributable to owners of the parent			
Share capital		**1**	1
Share premium		**490,051**	498,034
Treasury shares		**(5,090)**	–
Reserves		**587,951**	627,702
		1,072,913	1,125,737
Non-controlling interests		**(2,470)**	24,369
Total equity		**1,070,443**	1,150,106

NOTES TO FINANCIAL STATEMENT

1. CORPORATE AND GROUP 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 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.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Date of incorporation	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Feiyu Technology Hong Kong Ltd.	Hong Kong	HK$1	25 March 2014	100%	–	Investment holding
Xiamen Guanghuan Information Technology Co., Ltd. ("Xiamen Guanghuan")	PRC/Mainland China	RMB10,000,000	12 January 2009	–	100%	Game development and distribution
Xiamen Youli Information Technology Co., Ltd. ("Xiamen Youli")	PRC/Mainland China	RMB10,000,000	19 September 2011	–	100%	Game development and distribution
Xiamen Yidou Internet Technology Co., Ltd. ("Xiamen Yidou")	PRC/Mainland China	RMB1,000,000	11 June 2012	–	100%	Game development and distribution
Beijing Kailuo Tianxia Technology Co., Ltd. ("Kailuo Tianxia")	PRC/Mainland China	RMB10,000,000	3 May 2012	–	100%	Game development and distribution
Xiamen Feiyou Information Technology Co., Ltd.	PRC/Mainland China	US$1,000,000	24 June 2015	–	100%	Investment holding
Xiamen Zhangxin Interactive Technology Co., Ltd. ("Xiamen Zhangxin")	PRC/Mainland China	RMB100,000	27 October 2014	–	100%	Game development and distribution
Xiamen Guangyu Investment Management Co., Ltd.	PRC/Mainland China	RMB100,000	10 November 2014	–	100%	Game development and distribution

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

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

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

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[3]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to IFRS 10, IFRS 12 and IAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[5]
IFRS 15	*Revenue from Contracts with Customers*[3]
IFRS 16	*Leases*[4]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 7	*Disclosure Initiative*[2]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[2]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2017
3 Effective for annual periods beginning on or after 1 January 2018
4 Effective for annual periods beginning on or after 1 January 2019
5 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

So far, the Group considered that these issued but not yet effective IFRSs may result in changes in accounting policies and the Group is in the process of assessing the impact of the above new standards on the Group's results and financial position.

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 in accordance with IFRS 8 Operating Segments is presented.

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 for the years ended 31 December 2015 and 31 December 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, represents the services rendered after allowances for chargebacks, and the royalties derived from licensing agreements.

An analysis of revenue, other income and gains is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Revenue		
Online web and mobile games	**281,069**	268,103
Single-player mobile games	**21,209**	48,789
Game operation	**302,278**	316,892
– Gross basis	**17,619**	60,679
– Net basis	**284,659**	256,213
Online game distribution	**1,442**	2,246
Licensing income	**5,156**	2,697
Advertising revenue	**12,873**	16,802
Technical service income	**398**	434
	322,147	339,071

	2015 *RMB'000*	2014 *RMB'000*
Other income		
Government grants	**11,697**	1,483
Interest income	**16,698**	298
	28,395	1,781

	2015	2014
	RMB'000	*RMB'000*
Gains		
Fair value gains, net:		
Available-for-sale investments		
(transfer from equity on disposal)	**7,748**	1,961
Gain on fair value change of contingent consideration	**7,415**	–
Disposal of 737 Platform	**–**	2,000
Gain on disposal of items of property, plant and equipment	**72**	25
Gain on disposal of an associate	**–**	506
Others	**829**	–
	16,064	4,492
	44,459	6,273

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Research and development costs	**114,820**	57,783
Channel costs	**4,963**	17,795
Rental fee (including servers)	**8,733**	6,515
Depreciation	**5,853**	4,487
Amortisation	**21,300**	21,625
Advertising expenses	**8,883**	13,308
Auditors' remuneration	**2,600**	1,900
Listing expense	**–**	33,058
Employee benefit expenses (excluding directors' and chief executive's remuneration)		
Salaries and wages	**77,620**	52,755
Pension scheme contributions	**9,745**	4,939
Share-based payment expenses	**84,208**	14,168
	171,573	71,862

6. INCOME TAX EXPENSE

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, Xiamen Youli, Xiamen Yidou, and Kailuo Tianxia, which were certified as Software Enterprises and are exempted from income tax for two years starting from the first year in which they generate 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.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB176,671,000 at 31 December 2015 (2014: RMB118,656,000).

	2015	2014
	RMB'000	*RMB'000*
Current tax	**9,145**	5,906
Deferred tax	**(4,403)**	227
Total tax charge for the year	**4,742**	6,133

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**99,730**	148,501
Tax at the applicable tax rate	**20,944**	37,125
Lower tax rates enacted by local authorities	**(45,450)**	(42,134)
Expenses not deductible for tax	**22,012**	11,199
Additional deduction for research and development expenses	**(4,189)**	(1,187)
Tax losses utilised from previous years	**(116)**	(541)
Deferred tax assets not recognised	**11,541**	1,671
Tax charge	**4,742**	6,133

7. DIVIDENDS

	2015
	RMB'000
Interim – HK2 cents (2014: Nil) per ordinary share	**25,436**
Special – HK3 cents (2014: Nil) per ordinary share	**38,155**
	63,591

The proposed final dividend for the year is HK3 cents per ordinary share for the register of members of the Company on 26 May 2016, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,524,984,723 (2014: 1,046,884,732) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year 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 year, 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.

The calculation of basic and diluted earnings per share are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:	**65,882**	117,885
Gain on fair value change of contingent consideration*	**(2,472)**	–
Profit attributable to ordinary equity holders of the parent used in the diluted earnings per share calculation:	**63,410**	117,885
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,524,984,723**	1,046,884,732
Effect of dilution – weighted average number of ordinary shares:		
Share options and RSU shares	**53,837,223**	2,832,743
Shares to be issued relating to acquisition of non-controlling interests in Xiamen Yidou and Xiamen Zhangxin*	**10,264,384**	–
	1,589,086,330	1,049,717,475

* According to the share transfer agreement with Fine Point, 29,500,000 shares are expected to be issued based on the financial results of Xiamen Yidou and Xiamen Zhangxin for the year ended 31 December 2015.

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

	2015 *RMB'000*	2014 *RMB'000*
Accounts receivable from advertising customers	**3,280**	3,062
Receivables due from third-party game distribution platforms and payment channels	**50,197**	118,370
	53,477	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 year based on the invoice date, is as follows:

Accounts receivable from advertising customers

	2015 *RMB'000*	2014 *RMB'000*
Within 3 months	**3,280**	3,062

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

	2015 *RMB'000*	2014 *RMB'000*
Within 3 months	**50,197**	118,370

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

Accounts receivable from advertising customers

	2015 *RMB'000*	2014 *RMB'000*
Neither past due nor impaired	**3,280**	3,062

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

	2015 *RMB'000*	2014 *RMB'000*
Neither past due nor impaired	**50,197**	118,370

All of the receivables that were neither past due nor impaired mainly relate to a large number of diversified customers for whom there was no recent history of default.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Deposit in an account in a domestic securities company*	**–**	43,729
Prepayments	**2,962**	1,809
Deposits	**1,738**	1,047
Other receivables	**2,071**	4,890
	6,771	51,475

* The deposit balance as at 31 December 2014 stood for the balance in the account of the Group in a domestic securities company, which can be further used to purchase financial products through the securities company upon the instructions of the Group. The deposit has no restriction and can be withdrawn at the discretion of the Group.

11. AVAILABLE-FOR-SALE INVESTMENTS

		2015	2014
		RMB'000	*RMB'000*
Structured financial product	*(1)*	**20,108**	–
Total short term investment		**20,108**	–
Structured financial product	*(2)*	**20,070**	28,235
Total current available-for-sale investment		**20,070**	28,235
Straight bonds	*(3)*	**95,471**	–
Convertible bonds	*(4)*	**61,127**	–
Convertible preferred shares	*(5)*	**35,053**	–
Investment in life insurance policies	*(6)*	**83,107**	–
Total non-current available-for-sale investments		**274,758**	–

(1) The short term investment was a structured financial product issued by an asset management company with a fixed interest rate at 4.5% per annum and a maturity period of 90 days in the PRC. The principal is protected.

(2) The current available-for-sale investment was a structured financial product issued by an asset management company with an expected interest rate at 5% per annum and a maturity period of 191 days in the PRC. The principal is not protected.

(3) On 17 February 2015, the Group invested in a bond issued by Huarong Finance II Co., Ltd. with a nominal amount of US$5,000,000 at a consideration of US$5,135,000 (equivalent to approximately RMB31.5 million). 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. In April and July 2015, the Group invested in a bond issued by Sparkle Assets Limited with a nominal amount of US$9,200,000 at a consideration of US$9,679,000 (equivalent to approximately RMB59.3 million). 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 purposes or hold them till maturity and therefore classified them as available-for-sale investments and stated them at fair value.

(4) On 4 June 2015, the Group invested in a perpetual convertible bond issued by HSBC Holdings PLC with a nominal amount of US$2,000,000 and a coupon interest rate of 5.625% per annum, at a consideration of US$2,035,000 (equivalent to approximately RMB12.4 million). 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 US$8,000,000 and a coupon interest rate of 6.5% per annum at a consideration of US$8,101,000 (equivalent to approximately RMB49.7 million). 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 covenants. The Group has no intention to sell these bonds for trading purposes and classified them as available-for-sale investments and stated them at fair value.

(5) On 18 February 2015, the Group invested in convertible preferred shares issued by Industrial and Commercial Bank of China Limited with a nominal amount of US$5,000,000 at a consideration of US$5,225,000 (equivalent to approximately RMB32.0 million). The convertible preferred shares have 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 shares shall be converted into ordinary shares of the issuer if the issuer failed to meet certain covenants. The Group is not entitled to any voting right by holding such convertible preferred shares 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 shares for trading purposes and classified them as available-for-sale investments and stated them at fair value.

(6) In August 2015, the Group entered into life insurance policies with an insurance company to insure certain members of key management of the Group. Under these policies, the beneficiary and policy holder is the Company. The Company has paid out the total insurance premium with an aggregate amount of approximately US$14.5 million (equivalent to approximately RMB89.0 million) at the inception of the insurance. The Company can terminate the policy at any time and receive back based on the cash value of the contract at the date of withdrawal, which is determined by the insurance premium of each insurance policy plus the accumulated interest earned and minus the insurance costs ("Cash Value"). In addition, if the withdrawal is made between the first and tenth policy years, there is a special amount of surrender charge by the insurance company. The insurance company will declare a guaranteed interest of 3.9% per annum plus a premium determined by the insurance company on the outstanding Cash Value of the contract for the first three years. Commencing from the fourth year, the guaranteed interest will be reduced to 2% per annum.

As at 31 December 2015, the insurance premium was pledged to a bank to secure short term advance facility granted to the Group.

During the year, the net loss in respect of the Group's available-for-sale investments recognised in other comprehensive income amounted to RMB10,906,000 (2014: net gain RMB2,142,000). In the meantime, profit of RMB7,748,000 (2014: RMB1,961,000) was reclassified from other comprehensive income to the statement of profit or loss for the year.

12. EQUITY-SETTLED SHARE-BASED PAYMENT

(1) Share option schemes

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 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 expire 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 150,000,000 shares 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 member of senior management to subscribe for 3,000,000 shares at an exercise price of HK$3.93 per share. 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 under the Schemes during the year:

	2015		2014	
	Weighted average exercise price ***HK$ per share***	**Number of options** ***'000***	Weighted average exercise price *HK$ per share*	Number of options *'000*
At 1 January	**0.55**	**104,520**	–	–
Granted during the year	**3.93**	**3,000**	0.55	105,570
Forfeited during the year	**0.55**	**(4,550)**	0.55	(1,050)
Exercised during the year	**0.55**	**(717)**	–	–
At 31 December	**0.65**	**102,253**	0.55	104,520

The weighted average share price at the date of exercise for share options exercised during the year was HK$1.87 per share (2014: No share options were exercised).

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

2015

Number of options	**Exercise price***	**Exercise period**
'000	***HK$ per share***	
99,253	**0.55**	**31-12-2015 to 05-12-2019**
3,000	**3.93**	**10-06-2016 to 09-06-2025**
102,253		

2014

Number of options	Exercise price*	Exercise period
'000	*HK$ per share*	
104,520	0.55	31-12-2015 to 05-12-2019

* 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 fair value of the share options granted during the year was approximately RMB4,990,000 (2014: RMB104,980,000), of which the Group recognised a share option expense of RMB1,436,000 during the year ended 31 December 2015.

The fair value of the share options granted during the year 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:

	2015	2014
Dividend yield (%)	**–**	–
Expected volatility (%)	**52.6**	46
Risk-free interest rate (%)	**2.5**	1.65
Expected life of options (year)	**10**	5
Share price (HK$ per share)	**2.11**	1.93

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.

The 717,000 share options exercised during the year resulted in the issue of 717,000 ordinary shares of the Company and share premium of RMB1,133,000 (before issue expense).

At the end of the reporting period, the Company had 102,253,000 share options outstanding under the Schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 102,253,000 additional ordinary shares of the Company, an additional share capital of approximately RMB66 and a share premium of approximately RMB55,622,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 86,594,500 share options outstanding under the Schemes, which represented the 5.63% of the Company's shares in issue as at that date.

The Group recognised total share option expenses of RMB49,747,000 for the year ended 31 December 2015 (2014: RMB7,112,000).

(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 senior management and 7 employees.

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

The Group recognised total RSU expenses of RMB14,112,000 for the year ended 31 December 2015 (2014: RMB7,056,000).

(3) Award of ordinary shares

One shareholder transferred certain ordinary shares to a member of senior management in a subsidiary as a reward for the member's services to the Group. The reward cost was measured at the fair value of the shares amounted to RMB20,349,000 and expensed to the consolidated statement of profit or loss as senior management's remuneration.

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 to 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 announcement, "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
"Director(s)"	Director(s) of the Company
"Executive Director(s)"	the executive Director(s)
"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 People's Republic of China

"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)
"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
"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
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) in the share capital of our Company with nominal value of US$0.0000001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in the Listing Rules
"US$" or "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, 24 March 2016

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