Boyaa Interactive International Limited
博雅互動國際有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 0434

2015 年報

Annual Report

Table of Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Wei *(Chairman and Chief Executive Officer)*
Mr. Dai Zhikang

Independent Non-executive Directors

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

JOINT COMPANY SECRETARIES

Ms. Dai Meng[(Note)]
Ms. Lai Siu Kuen

AUTHORIZED REPRESENTATIVES

Mr. Zhang Wei
Ms. Lai Siu Kuen

AUDITOR

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

COMPANY'S WEBSITE

www.boyaa.com.hk

STOCK CODE

0434

HEADQUARTERS IN THE PRC

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

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

Note: Ms. Dai Meng was appointed as a joint company secretary of the Company with effect from 27 August 2015.

Corporate Information

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

The office of Maples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

PRINCIPAL BANKS

China Merchants Bank, Shenzhen Branch
The Hongkong and Shanghai Banking Corporation Limited, Hong Kong Branch

Chairman's Statement

Concentrating on card and board games

Focusing on user experience

Forging a century-old brand name

Zhang Wei
Chairman

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Boyaa Interactive International Limited (the "**Company**"), I am pleased to present the annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015.

In 2015, the Company advanced in a challenging environment. During the year, our revenue for the year decreased by a certain extent due to the impact on the industry attributable to the downward trend of the web-based games industry and the regulation and adjustment of SMS payment channels by domestic telecom operators in mainland China. However, due to the one-off gain from the disposal of our equity interest in RaySns Technology Co., Ltd. (雷尚(北京)科技有限公司), ("**RaySns**"), our unaudited non-IFRS adjusted net profit recorded significant growth year-on-year. For the year ended 31 December 2015, we recorded revenue of approximately RMB813.5 million, representing a decrease of 13.9% as compared to 2014, and we recorded unaudited non-IFRS adjusted net profit of approximately RMB379.7 million, representing an increase of 24.0% as compared to 2014.

In 2015, the regulation and adjustment of SMS payment channels by domestic telecom operators in mainland China had some impact on us but it prompted us to accelerate our pace in improvement with respect to payment channels. During the year, we accelerated the optimization of our payment channels and adopted a core development strategy for payment channels and obtained the best supporting policies from core channels. Meanwhile, we explored and worked towards creating a unified and integrated payment system more actively, and further improved our billing operational strategies such as the management of resources for billing and the monitoring of billing effects, in order to establish a more comprehensive and more effective payment channels and management system, so as to further strengthen the ability of our payment channels to counter risks.

Chairman's Statement

In 2015, we organized online and offline activities and competitions such as the Boyaa Poker Tournament, which greatly enhanced the awareness and loyalty of players towards our games and their confidence in us. At the same time, we continued to maintain and strengthen our close collaboration with large-scale social platforms such as Facebook and Google, and three large domestic telecom operators. In addition, with regard to the emerging TV games market, we provided high quality products and established close business ties with top domestic TV games manufacturers and have readily prepared ourselves for the proliferation of the TV games market.

We continued our long term strategy of focusing on online card and board games in 2015, constantly worked on product innovation, further enriched our card and board games portfolio and further refined our operation of domestic and overseas games. As at 31 December 2015, our online games product portfolio increased to 43 and our games are available in 17 different versions of languages, which further strengthened the leading position of our card and board games business and consolidated our global business of card and board games.

If 2014 is considered as our year of growth, then year 2015 would be our year of consolidation and optimization. Through consolidation in this year, we laid a more solid foundation for achieving our goal of becoming a leading brand in online card and board game and allowed us to conserve sufficient energy. In 2016, while adhering to our goal, we will focus on the research and development of card and board games and the continuous enhancement of users' experience so as to provide a relaxing and convenient multi-platform gaming experience for people of various age groups in the society, striving to achieve the goal of becoming the leading brand in the online card and board game industry.

The highlights of our strategies for 2016 are as follows:

- continuously enriching and expanding our card and board games portfolio, promoting product innovation and penetration into emerging markets
- further enhancing the refined operations for our products, improving the hosting of online and offline competitions and the interactive experience of players
- continuously improving the usage and the management system of payment channel, strengthening the conversion ability to provide for different payment methods and the capability to counter risks
- strengthening our technical base infrastructure to enhance its stability and seamlessness, providing our players with more premium services and game experience

Sharing a clear and common goal, the Board, the management and all staff, are fully confident in the future development of the Group. With our steadfast belief and strong team spirit, we will continue to move forward with our unremitting efforts, striving for maximum return for every stakeholder!

I would like to take this opportunity to express my sincere gratitude to the Board, the management and staff of the Group for their dedication in the past year in achieving the development of the Group, and to all shareholders of the Company (the "**Shareholders**") and business partners for their attention and confidence in the Group.

Zhang Wei
Chairman

Hong Kong, 23 March 2016

Financial Summary

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**813,480**	945,319	681,262	517,745	317,859
Gross profit	**427,944**	567,852	416,209	313,829	182,738
Profit before income tax	**420,110**	335,000	164,730	187,481	111,487
Profit for the year	**356,637**	279,587	135,507	142,791	88,059
Total comprehensive income for the year	**351,769**	336,290	126,637	142,802	88,300
Profit attributable to owners of the Company	**357,799**	280,065	135,507	142,791	88,059
Total comprehensive income attributable to owners of the Company	**352,931**	336,768	126,637	142,802	88,300

CONSOLIDATED BALANCE SHEETS

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets	**617,447**	187,037	33,481	29,973	28,143
Current assets	**1,462,353**	1,526,644	1,374,632	444,829	225,542
Total assets	**2,079,800**	1,713,681	1,408,113	474,802	253,685
Equity and liabilities					
Total equity	**1,806,304**	1,481,626	1,214,619	302,424	153,893
Non-current liabilities	**41,628**	14,234	591	43,883	35,373
Current liabilities	**231,868**	217,821	192,903	128,495	64,419
Total liabilities	**273,496**	232,055	193,494	172,378	99,792
Total equity and liabilities	**2,079,800**	1,713,681	1,408,113	474,802	253,685
Net current assets	**1,230,485**	1,308,823	1,181,729	316,334	161,123
Total assets less current liabilities	**1,847,932**	1,495,860	1,215,210	346,307	189,266

Management Discussion and Analysis

BUSINESS OVERVIEW AND OUTLOOK

Review of 2015

In 2015, the Company advanced in a challenging environment. Our revenue for the year ended 31 December 2015 decreased by a certain extent due to the impact on the industry attributable to the downward trend of the web-based games industry and the regulation and adjustment of SMS payment channels by domestic telecom operators in mainland China beginning in the first half of 2015. However, due to the one-off gain from the disposal of our equity interest in RaySns, our unaudited non-IFRS adjusted net profit recorded significant growth year-on-year. At the same time, we continued to persist in our dedication to online card and board games and further enriched our card and board games portfolio through relentless product innovation, and adjusted and optimized our marketing strategy, which in turn increased the effectiveness of marketing, further strengthened our software and hardware foundations to withstand risks and increase our competitiveness in the online card and board games market.

In the year of 2015, we recorded revenue of approximately RMB813.5 million, representing a decrease of 13.9% as compared to 2014, and we recorded unaudited non-IFRS adjusted net profit of approximately RMB379.7 million, representing an increase of 24.0% as compared to 2014.

As at 31 December 2015, the number of our paying players and number of our active players both dropped by a certain extent. The number of paying players decreased from 2.2 million in the fourth quarter of 2014 to 1.7 million in the same period in 2015. The numbers of DAUs and MAUs also decreased from 5.8 million and 27.9 million, respectively in the fourth quarter of 2014 to 5.6 million and 26.5 million, respectively in the fourth quarter of 2015. Despite the decrease in the number of players, there is a slight increase in the contribution from our paying players. The Average Revenue Per Paying Player ("**ARPPU**") of the mobile-based Fight the Landlord, one of our important games, decreased by 11.7% in the fourth quarter of 2015 as compared to the fourth quarter of 2014, but the rate of decrease had significantly slowed down (the decrease in the third quarter of 2015 was 50.3% as compared to the third quarter of 2014); while the ARPPU of the mobile-based Texas Hold'em increased by 57.4% in the fourth quarter of 2015 as compared to the fourth quarter of 2014, maintaining a steady growth.

As at 31 December 2015, our online games product portfolio increased to 43 and the newly-added online games were all overseas and domestic online card and board games, with refined operations being carried out. Meanwhile, we currently offer 17 language versions of our games, which further built our global online card and board games business and strengthened our leading position.

In 2015, we organized online and offline activities and competitions such as the Boyaa Poker Tournament, which enhanced the awareness and loyalty of players towards our games. With regard to the emerging TV games market, we provided high quality products and established close business ties with top domestic TV games manufacturers and have readily prepared ourselves for the proliferation of the TV games market. At the same time, we continued to maintain and strengthen our close collaboration with large-scale social platforms such as Facebook and Google, and three large domestic telecom operators.

Management Discussion and Analysis

In 2015, the unexpected regulation and adjustment of SMS payment channels by domestic operators in mainland China brought impact to the industry and prompted us to accelerate our pace in improvement with respect to payment channels. During the year, we adopted a core development strategy for payment channels and obtained the best supporting policies from core channels. Meanwhile, we actively worked towards creating a unified and integrated payment system, and constantly improved our billing operational strategies such as the management of resources for billing and the monitoring of billing effects, in order to enhance the improvement on the utilisation of our payment channels and management system, as well as to strengthen the ability of our payment channels to counter risks.

Outlook for 2016

In 2016, we will continue our efforts on becoming a leading global brand for online card and board games. We intend to place emphasis on developing the following:

- continuously enriching and expanding our card and board games portfolio, while increasing the penetration of our card and board games in different channels through continuous efforts to reinforce the development and operations of online TV games;
- enhancing refined operations for our products, proactively implementing product innovation and diversification, in order to provide our players with even more professional and premium game experiences and more attentive customer services;
- placing emphasis on and improving the hosting of online and offline competitions and the interactive experience of players, in order to reinforce players' confidence in us and increase the awareness of the Company's games and player base;
- continuously building and perfecting effective payment systems to align with the developing trend of recharge billing methods, strengthening the conversion ability to provide for different payment methods, enabling mobile SMS payment and changes to cater for third party payment methods such as Alipay and WeChat, in order to increase our ARPPU;
- continuously strengthening our technical base infrastructure to enhance its stability and seamlessness, and enabling our players to receive the best experience and services through enhancing timeliness and comprehensiveness by constant technological innovation and research and development efforts.

We believe that, through our dedication and accumulated experience in online card and board games, constant innovations and persistence in our player-oriented philosophy, we will certainly be able to achieve our goal of committing to become a global leading brand in online card and board games.

Management Discussion and Analysis

Year ended 31 December 2015 Compared to Year ended 31 December 2014

Revenue

Our revenue for the year ended 31 December 2015 amounted to approximately RMB813.5 million, representing a decrease of 13.9% from approximately RMB945.3 million recorded in 2014. The decrease in revenue was primarily due to the impact on the industry led by the regulation and adjustment of SMS payment channels by operators, and the declining trend in the web-based games industry.

In terms of revenue by game forms, our continued shift in our strategic focus from web-based games to mobile games has resulted in a continued expansion in the contribution of revenue generated from our mobile games to our total revenue. For the year ended 31 December 2015, revenue generated from our mobile games amounted to approximately RMB479.5 million as compared to approximately RMB535.8 million in 2014, representing a decline of approximately 10.5% and which accounted for approximately 58.9% of our total revenue in 2015 (2014: 56.7% of our total revenue).

In terms of revenue by language versions of games, during the year, revenue generated from language versions of simplified Chinese has decreased compared with 2014, due to the impact on the industry led by the regulation and adjustment of SMS payment channels by operators. For the year ended 31 December 2015, revenue generated from language versions of simplified Chinese declined 17.9% from approximately RMB426.2 million in 2014 to approximately RMB349.7 million in 2015, which accounted for approximately 43.0% and 45.1% of our total revenue in 2015 and 2014, respectively.

Cost of revenue

Our cost of revenue increased by 2.1% from approximately RMB377.5 million in 2014 to approximately RMB385.5 million in 2015 primarily due to an increase in employee benefit expenses resulting from the upward adjustment of staff salaries, and the increase in servers rental expenses.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by 24.6% from approximately RMB567.9 million for the year ended 31 December 2014 to approximately RMB427.9 million for the year ended 31 December 2015.

For the year ended 31 December 2015 and the same period in 2014, our gross profit margin were approximately 52.6% and 60.1%, respectively. The decline of gross profit margin was primarily due to the increase in the average commission fees charge rate, and the increase in employee benefit expenses and servers rental expenses.

Selling and marketing expenses

Our selling and marketing expenses decreased by 17.9% from approximately RMB178.7 million in 2014 to approximately RMB146.7 million in 2015, accounting for 18.0% of our revenue in 2015, decreased from 18.9% in 2014. The decrease in selling and marketing expenses was mainly attributable to the reduction in advertising and promotion expenses due to the optimization of our advertising strategy.

Management Discussion and Analysis

Administrative expenses

Our administrative expenses increased by 19.1% from approximately RMB117.4 million in 2014 to approximately RMB139.9 million in 2015, accounting for 17.2% of our revenue in 2015, increased from 12.4% in 2014. The increase in administrative expenses was mainly due to the increase in employee benefit expenses resulting from the increase in headcount and the upward adjustment of staff salaries.

Other gains – net

We recorded other gains – net of approximately RMB236.4 million for the year ended 31 December 2015, which primarily consisted of the one-off gain from the disposal of equity interest in RaySns, fair value gains on financial assets at fair value through profit or loss relating to the non-quoted investments in asset management plans, equity investment partnerships and certain wealth management products we purchased. For the year ended 31 December 2014, we recorded other gains – net of approximately RMB54.9 million.

Finance income – net

Our net finance income was approximately RMB34.9 million in 2015 and we recorded net finance income of approximately RMB2.1 million in 2014. The change was primarily due to increase in interest income as compared to the same period of 2014.

Share of profit of associates

We held investments in six associates, namely Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司), Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司, "**HuifuWorld**"), Shenzhen Gangyun Technology Co., Ltd. (深圳港雲科技有限公司, "**Gangyun**"), Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司, "**Easething**"), Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司, "**Jisiwei**") and Allin Interactive International Limited (傲英互動國際有限公司) and its subsidiaries (together, "**Allin Group**") as at 31 December 2015 (31 December 2014: five), all of which were online game or Internet technology companies. We recorded a share of profit of associates of approximately RMB7.5 million and RMB6.2 million for the years ended 31 December 2015 and 2014, respectively.

Income tax expense

Our income tax expense increased by 14.5% from approximately RMB55.4 million for the year ended 31 December 2014 to approximately RMB63.5 million for the year ended 31 December 2015, primarily due to the increase in profit before income tax from approximately RMB335.0 million in 2014 to approximately RMB420.1 million in 2015. The effective income tax rate decreased from approximately 16.5% in 2014 to approximately 15.1% in 2015 is primarily due to the increase in profits with lower effective tax rates which mainly represented the one-off gain from the disposal of equity interest in RaySns and the profits contributed by Function Technology Co., Ltd., which was newly acquired in 2015, and Boyaa Holdings Limited.

Management Discussion and Analysis

Profit for the year

As a result of the foregoing, our profit attributable to owners of the Company increased by 27.8% from approximately RMB280.1 million in 2014 to approximately RMB357.8 million in 2015.

Non-IFRS Measure – Adjusted net profit

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

Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2015 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB6.4 million, RMB5.1 million and RMB11.6 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively. Our unaudited non-IFRS adjusted net profit for the year ended 31 December 2014 was derived from our net profit for the same period excluding share-based compensation expenses of approximately RMB10.5 million, RMB4.0 million and RMB12.1 million included in cost of revenue, selling and marketing expenses and administrative expenses, respectively.

Liquidity and capital resources

In 2015, we financed our operations primarily through cash generated from our operating activities as well as the net proceeds we received from the global offering completed in November 2013. We intend to finance our expansion and business operations by internal resources and through organic and sustainable growth.

Term deposits

As at 31 December 2015, we had term deposits of approximately RMB65.5 million (31 December 2014: nil), which were mainly denominated in Renminbi (as to 50.4%) and US dollars (as to 49.6%). The original maturities of the term deposits are over 3 months and less than 1 year. The effective interest rate for the term deposits of the Group for the year ended 31 December 2015 was 2.29%.

Cash and cash equivalents

As at 31 December 2015, we had cash and cash equivalents of approximately RMB1,065.8 million (31 December 2014: approximately RMB1,029.3 million), which primarily consisted of cash at bank and in hand and short-term bank deposits, which were mainly denominated in Renminbi (as to 86.7%), US dollars (as to 7.8%) and other currencies (as to 5.5%). We currently do not hedge transactions undertaken in foreign currencies. Due to our persistent efforts in managing our exposure to foreign currencies through constant monitoring to limit as much as possible the amount of foreign currencies held by us, fluctuations in currency exchange rates do not have any material adverse impact on our financial results.

Net proceeds from our initial public offering, after deducting the underwriting commission and other estimated expenses in connection with the offering which the Company received amounted to approximately HK$837.9 million. Up to 31 December 2015, a total amount of RMB309.5 million from the net proceeds from our initial public offering had been utilized for the purposes and approximately in the amounts set out below:

(a) approximately RMB127.6 million was used for our marketing activities and business expansion;

(b) approximately RMB99.5 million was used for investments in technologies and complementary online games or businesses; and

(c) approximately RMB82.4 million was used for research and development activities, for working capital, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio and other general corporate purposes.

As at 31 December 2015, approximately RMB365.1 million raised from our initial public offering remains unused.

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

Short-term investments

As at 31 December 2015, all our short-term investments had matured (31 December 2014: RMB370.0 million). The short-term investments held during the year represent investments in certain money market instruments in the form of principal and return-guaranteed products denominated in Renminbi offered by a commercial bank in China and have a term of one year and which had all matured in April 2015. Since then, the Group has not purchased similar money market instruments during the year. The effective interest rate for these short-term investments for the year ended 31 December 2015 was 6.0% (for the year ended 31 December 2014: 6.2%), and the returns on such short-term investments amounted to approximately RMB4.2 million for the year ended 31 December 2015 (for the year ended 31 December 2014: RMB44.5 million).

Financial assets at fair value through profit or loss

As at 31 December 2015, we also recorded financial assets at fair value through profit or loss amounted to approximately RMB482.4 million (31 December 2014: approximately RMB22.1 million), which consisted of non-quoted investments in asset management plans, equity investment partnerships and preferred shares issued by a private company included in non- current assets and non-quoted investments in certain wealth management products included in current assets. As at 31 December 2015, the fair values of the investments in asset management plans were determined mainly with reference to the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values; and the fair value of preferred shares issued by a private company was assessed to be zero as the operating activities of this private company had been ceased and the investment cost was not expected to be recovered. These wealth management products have an initial term ranging from 88 days to 1 year. The fair values of these investments were based on the quotations provided by the counterparties. The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

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

Borrowings

During the year ended 31 December 2015, we did not have any short-term or long-term bank borrowings and we had no outstanding, utilized or unutilized banking facilities.

Capital expenditures

For the year ended 31 December 2015, our total capital expenditure amounted to approximately RMB22.0 million (2014: approximately RMB54.7 million), mainly including payment for equity investments of RMB5.6 million (2014: RMB13.0 million), which was funded by using the net proceeds from our initial public offering; and purchasing of buildings, additional furniture and equipment, motor vehicles, leasehold improvements and computer software of RMB16.4 million (2014: approximately RMB41.7 million), which was funded by using our cash flow generated from our operations.

Contingent liabilities and guarantees

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

Acquisition and future plans for major investment

During the year ended 31 December 2015, the Group has completed three equity investments. In the first quarter of 2015, we acquired the entire equity interests of four companies, namely Shenzhen Coalaa Network Technology Co., Ltd. (深圳市卡拉網絡科技有限公司), Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司), Shenzhen Guanhai Technology Co., Ltd. (深圳市觀海科技有限公司) and Function Technology Co., Ltd. (collectively referred to as "**Coalaa**"), through a series of agreements and at a total consideration of RMB5 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version) and 9k Poker as its two most important games. We envisage that through such acquisitions, we can further complement our game portfolio and we will be able to further expand our market share in overseas markets, and in particular, the Thai market.

Management Discussion and Analysis

In the first half of 2015, we completed the investment of 10% equity interest in Easething at a consideration of approximately RMB1 million. Easething is a company principally engaged in the research and development of intelligence hardware and artificial intelligence system and ancillary operations.

In addition, we also completed the investment of 12% equity interest in Jisiwei at a consideration of approximately RMB3.6 million in the first half of 2015. Jisiwei is mainly engaged in development and sales of electronic products and development of intelligence applications.

In the coming future, we will continue to identify new opportunities for business development. It is envisaged that future investments will be funded using our internal resources.

Disposal of available-for-sale financial assets

On 23 March 2015, the Group entered into a share purchase agreement ("**SPA**") with Dalian Zeus Entertainment Co., Ltd (大連天神娛樂股份有限公司) ("**Zeus Entertainment**") (formerly known as Dalian Kemian Wood Industry Co., Ltd. (大連科冕木業股份有限公司)) which is an A-share listed company, to dispose of its entire 16% equity interest in RaySns, an associate of the Group. The consideration for the disposal payable by Zeus Entertainment to the Group is RMB126,720,000, subject to adjustment, which shall be satisfied by the issue and allotment of the consideration shares, being 2,385,093 shares (representing approximately 0.83% of the share capital of Zeus Entertainment as enlarged by the issue of the consideration shares) in Zeus Entertainment with par value of RMB1.00 each, to the Group.

The above transaction was completed on 22 October 2015 (the "**Disposal Date**") and the carrying amount of the Group's interest in RaySns as of the Disposal Date was RMB20,564,000. The consideration shares of Zeus Entertainment was recognised as available-for-sale financial assets. The initial fair value of the available-for-sale financial assets was determined based on the closing price of the shares of Zeus Entertainment and amounted to approximately RMB233,501,000, and the difference of approximately RMB212,937,000 between the initial fair value of the available-for-sale financial assets and the carrying amount of the investment in the associate was recognised in profit or loss with 'other gains – net'.

Proposed disposal of available-for-sale financial assets

On 13 February 2015, our subsidiary, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**"), Mr. Dai Zhikang and other shareholders of Blingstorm Entertainment Ltd. (晶合思動(北京)科技有限公司, "**Blingstorm**") (as vendors) entered into a share purchase agreement ("**Share Purchase Agreement**") with OurPalm Co., Ltd (北京掌趣科技股份有限公司, "**OurPalm**") (as purchaser), pursuant to which Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm agreed to dispose of 100% equity interests in Blingstorm to OurPalm. The completion of the proposed disposal is subject to certain conditions. The preliminary consideration for the disposal of Boyaa Shenzhen's 9.36% equity interest in Blingstorm is RMB80,145,000, which is subject to adjustment. If agreement on the adjustment cannot be reached by the parties to the Share Purchase Agreement, the Share Purchase Agreement will be terminated and therefore the proposed disposal may or may not be completed. For details, please refer to the announcement of the Company dated 15 February 2015. The investment cost of the Group for its 9.36% equity interest in Blingstorm was RMB4,600,000 and due to the significant loss reported by Blingstorm in 2012 and 2013, full impairment had been made against the investment cost as at 31 December 2012 and 2013. In light of the proposed disposal and the possible recovery of the value of the investment, an independent valuer was appointed to estimate the fair value of the investment in Blingstorm as at 31 December 2015. The fair value of the investment was approximately RMB49,693,000. As at 31 December 2015, the agreed conditions of the proposed disposal have not been satisfied and the definitive timetable of the completion or termination of the disposal cannot be confirmed at present.

Management Discussion and Analysis

Pledge of assets

As at 31 December 2015, none of the Group's assets was pledged.

Employees and staff cost

As at 31 December 2015, we had a total of 812 full time employees, who are mainly based in China. In particular, 605 employees are responsible for our game development and operation functions, 69 for game support, 47 for business development and 91 for administration and senior management functions.

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

For the year ended 31 December 2015, the total staff cost of the Group (including salaries, bonuses, social insurances, provident funds and share incentive schemes) amounted to RMB175.0 million, representing approximately 26.0% of the total expenses of the Group. Pursuant to the pre-IPO share option scheme adopted by the Company in January 2011 and amended in September 2013 (the "**Pre-IPO Share Option Scheme**"), the post-IPO share option scheme adopted by the Company in October 2013 (the "**Post-IPO Share Option Scheme**") as well as the RSU scheme adopted by the Company in September 2013 (the "**RSU Scheme**"), there were a total of 25,563,721 share options and 47,383,431 shares underlying the RSUs outstanding and/or granted to a total of 333 directors, senior management members and employees of the Group as at 31 December 2015. There were also 42,915,072 shares underlying the RSUs allowed to be granted under the RSU Scheme which were held by The Core Admin Boyaa RSU Limited as nominee for the benefit of eligible participants pursuant to the RSU Scheme. Further details of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the RSU Scheme, together with details of the options and RSUs granted under such schemes, are set out in the section headed "Directors' Report – Share Option Schemes and Restricted Share Unit Scheme" of this Annual Report.

Biographies of the Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhang Wei (張偉), aged 39, is the Chairman and Chief Executive Officer of the Company and was appointed as an executive director on 14 June 2010. Mr. Zhang is the founder of our Group. Mr. Zhang received an associate's degree in computer application from Zhengzhou University of Technology (鄭州工業大學), now known as Henan University of Technology (河南工業大學) in July 1996. Prior to founding our Group, Mr. Zhang served as an engineer at two companies, including Kingsoft Corporation Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 3888). In 2001, Mr. Zhang began to venture into the Internet industry by commencing research and feasibility study on the online game business, exploring the various options and opportunities available within the Internet industry and investment planning. In 2004, Mr. Zhang established our PRC operating entity, Shenzhen Dong Fang Bo Ya Technology Co., Ltd. ("**Boyaa Shenzhen**"). Mr. Zhang is responsible for the overall strategic planning and general management of our Group and is instrumental to our growth and business expansion since the establishment of Boyaa Shenzhen.

Mr. Dai Zhikang (戴志康), aged 34, joined the Board as an executive director on 19 August 2013. Mr. Dai serves as a director of Boyaa Shenzhen since January 2008. Mr. Dai has served as the general manager of Beijing Comsenz Innovation Technology Co., LLC (北京康盛新創科技有限責任公司) from October 2010 to March 2014 and was responsible for the overall strategic planning and general management. Mr. Dai founded Beijing Comsenz Century Technology Co., Ltd. (北京康盛世紀科技有限公司) in 2004 and has served as its chairman since inception to 2006. Mr. Dai has also served as one of the persons-in-charge of Comsenz (Beijing) Networking Corporation Limited (康盛創想（北京）科技有限公司) from 2006 to 2010. Mr. Dai received his bachelor's degree in communications engineering from Harbin Engineering University (哈爾濱工程大學) in June 2004.

Biographies of the Directors and Senior Management

Independent Non-executive Directors

Mr. Cheung Ngai Lam (張毅林), aged 46, joined the Board as an independent non-executive director on 25 October 2013. Mr. Cheung currently is the Chief Financial Officer of China Zenix Auto International Ltd. (NYSE: ZX) and he joined Co-Prosperity Holdings Limited (Stock Code: 707) as its independent non-executive director since 25 January 2016. From June 2008 to May 2014, Mr. Cheung acted as an independent director of Ninetowns Internet Technology Group Co., Ltd., a company previously listed on the NASDAQ Stock Market (until it was delisted on 29 May 2014). Mr. Cheung is a member of the American Institute of Certified Public Accountants and is a Certified Practicing Accountant of Australia. Mr. Cheung obtained a bachelor's degree in social sciences from the University of Hong Kong in November 1991 and a master of science (investment management) degree in finance from the Hong Kong University of Science and Technology in November 2002.

Mr. Choi Hon Keung Simon (蔡漢強), aged 55, joined the Board as an independent non-executive director on 25 October 2013. Mr. Choi currently serves as an independent non-executive director of Kenford Group Holdings Limited, a company listed on the Stock Exchange (Stock Code: 464) and also serves as a member of each of its audit committee, remuneration committee and nomination committee. From June 2010 to December 2013, Mr. Choi served as an independent director of China BCT Pharmacy Group, Inc., a company previously listed on the OTC Electronic Bulletin Board (until it was delisted on 28 May 2013). Mr. Choi is also an active PRC legal advisor to the Hong Kong Electrical Appliances Industries Associations. Mr. Choi joined TCL Multimedia Technology Holdings Limited, a global TV manufacturer and a company listed on the Stock Exchange (Stock Code: 1070) in 2005 and served as its deputy general counsel from 2011 to 2014. Mr. Choi obtained a bachelor degree in laws from Peking University in July 1991, a master degree in laws from London University in November 1992 and a Common Profession Examination Certificate in laws from Hong Kong University in June 1994. Mr. Choi was admitted as a Solicitor of the Supreme Court of England and Wales in 1998, a Solicitor of the High Court of Hong Kong in 1997 and a member of the Institute of Linguists in 1996.

Mr. Gao Shaofei (郜韶飛), aged 31, joined the Board as an independent non-executive director on 25 October 2013. Mr. Gao founded Shanghai Niwo Information Service Co., Ltd. (上海你我信息服務有限公司) in 2007 after his graduation from university by utilizing the funds received from the Shanghai Technology Entrepreneurship Foundation for Graduates (上海市大學生創業基金). Shanghai Niwo Information Service Co., Ltd. is a Chinese social online game development which engaged in online game business and Mr. Gao served as its chief executive officer from July 2007 to December 2009. From January 2010 and December 2012, Mr. Gao served as the chief executive officer of Shanghai Five Minutes Network Technology Co., Ltd. (上海五分鐘網絡科技有限公司), also an online game development company. Mr. Gao graduated from the School of Information Science and Engineering of East China University of Science and Technology (華東理工大學資訊科學與工程學院) in July 2006.

SENIOR MANAGEMENT

Mr. Suo Hongbin (索紅彬), aged 34, is a Vice President of our Group. Mr. Suo joined our Group in March 2004 and is responsible for product development and sales and marketing of our Texas Hold'em game. Mr. Suo is also a director of Boyaa Interactive (Thailand) Limited since its incorporation in June 2012. Mr. Suo obtained an associate's degree in computer science and technology from Pingyuan University (平原大學), now known as Xinxiang University (新鄉學院), in July 2003.

Ms. Dai Meng (代夢), aged 32, is the financial controller of the Group and one of our joint company secretaries. She joined the Group in June 2015 as the financial controller of the Group. Ms. Dai has substantial involvement in the financial, corporate governance, company secretarial and legal compliance related matters of the Group. Ms. Dai has approximately five years of experience in finance and capital markets related work. Prior to joining the Group, Ms. Dai worked at the Shenzhen Branch of China Construction Bank from July 2010 to December 2013 and was primarily responsible for customer and product management, capital markets work and management of the bank's corporate businesses. From December 2013 to May 2015, Ms. Dai served as the president of the Houhai Gongguan Sub-branch of the Shenzhen Branch of China Construction Bank and was primarily responsible for overall management and co-ordination in the sub-branch. Ms. Dai obtained her bachelor of arts degree from Huazhong University of Science and Technology and her bachelor of science degree from Central China Normal University in June 2007. Ms. Dai graduated as a research student and further obtained her master degree from the Faculty of Media and Communication of Sichuan University in June 2010.

Mr. Yu Tong (于彤), aged 33, is a Vice President of our Group. Mr. Yu joined our Group in March 2011 and was appointed as a Vice President of our Group in October 2014, and is responsible for local card and board games' matters. Prior to joining our Group, Mr. Yu served as an engineer at ZTE Corporation, a company listed both on the Shenzhen Stock Exchange and the Stock Exchange (Shenzhen: 000063, Stock Exchange: 763) from September 2005 to May 2007, and a senior engineer at Tencent Holdings Limited, a company listed on the Stock Exchange (Stock Code: 700) from May 2007 to March 2010. Mr. Yu obtained a bachelor's degree in management from Jilin University in July 2005.

Ms. Zhang Shuang (張爽), aged 35, is a Vice President of our Group. Ms. Zhang jointed our Group in March 2012 and was appointed as a Vice President of our Group in October 2014, and is responsible for administration and public relation matters. Prior to joining our Group, Ms. Zhang served as an administrative officer of Kingdee International Software Group Company Limited, a company listed on the Stock Exchange (Stock Code: 268) from February 2003 to September 2005, and a supervisor of market department of Xunlei Ltd, a company listed on the NASDAQ Stock Market (NASDAQ: XNET) from September 2006 to March 2012. Ms. Zhang obtained a bachelor's degree in public relation from South China Normal University in June 2005 and a master degree in project management from University of Greenwich in United Kingdom in June 2012.

Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group, for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activity of the Group is the development and operation of online card and board games.

BUSINESS REVIEW

A fair review of the Group's business and the Group's likely future developments are set out in the section headed "Management Discussion and Analysis – Business Overview and Outlook" of this Annual Report. There is no important event affecting the Company that has occurred since the end of 2015.

A detailed analysis of the financial performance of the Group for 2015 is set out in the section headed "Management Discussion and Analysis" and the key performance indicators of the Group are set out in the table below:

	For the three months ended		Year-
	31 December 2015 (unaudited)	31 December 2014 (unaudited)	on-Year Change* %
Paying Players (in thousands)	**1,749**	2,157	(18.9)
• Web-based games	**76**	160	(52.5)
• Mobile games	**1,673**	1,997	(16.2)
Daily Active Players ("**DAUs**") (in thousands)**	**5,639**	5,828	(3.2)
• Web-based games	**838**	1,580	(47.0)
• Mobile games	**4,801**	4,248	13.0
Monthly Active Players ("**MAUs**") (in thousands)**	**26,491**	27,909	(5.1)
• Web-based games	**5,753**	8,084	(28.8)
• Mobile games	**20,738**	19,825	4.6
ARPPU of Texas Hold'em (in RMB)			
• Web-based games	**351.6**	407.6	(13.7)
• Mobile games	**89.7**	57.0	57.4
ARPPU of Fight the Landlord (in RMB)			
• Web-based games	**55.8**	48.3	15.5
• Mobile games	**15.8**	17.9	(11.7)
ARPPU of Other Games (in RMB)			
• Web-based games	**81.4**	10.8	653.7
• Mobile games	**9.3**	7.2	29.2

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

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

The review and discussions included in the section headed "Management Discussion and Analysis" form part of this Directors' Report.

Principal Risks and Uncertainties

The Group faces the following principal risks and uncertainties in its operations:

(a) the major products of the Group, Texas Hold'em Series and Fight the Landlord, accounted for over 85% of the revenue in the past, and any failure to maintain or enhance the performance of these games or other adverse development affecting these two games could adversely affect the business and results of operations of the Group;

(b) the Group may not be able to continuously enhance its existing games and player experience and launch high-quality new games and services, which will materially and adversely affect its ability to continue to retain existing players and attract new players;

(c) the Group utilizes major social networking websites, online application stores and third-party payment vendors to generate a substantial portion of revenues and if the Group is unable to maintain a good relationship with these distribution and payment channels or if the use of these distribution or payment channels is adversely affected by any factor such as new measures imposed or intervention by any regulators or third parties, the business and results of operations of the Group will be adversely affected;

(d) the Group relies on the Contractual Arrangements to control and obtain the economic benefits from Boyaa Shenzhen which may not be as effective in providing operational control as direct ownership;

(e) if the PRC government finds the Contractual Arrangements established for operating the online game businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interest in the variable interest entity, being Boyaa Shenzhen;

(f) there are uncertainties in the interpretation of PRC laws and regulations relating to the Contractual Arrangements, in particular, based on the consultation draft of the new PRC Foreign Investment Law published by the Ministry of Commerce in 19 January 2015 and assuming that the draft of the new PRC Foreign Investment Law is enacted as proposed, substantial uncertainties exist in connection with the legality and validity of the Contractual Arrangements to hold interests in PRC businesses that are subject to foreign ownership restrictions. If an entity established in a Foreign Jurisdiction is identified as controlled by Chinese investors, the foreign entity could still be recognised as a Chinese investor by the Ministry of Commerce and is therefore not subject to foreign ownership restrictions; and the Company may have to incur significant compliance costs in the future;

(g) challenges presented by the extensive law and regulation of various aspects of online game business in the PRC and overseas markets and there is no assurance that such laws and regulations would not apply to the Group or be interpreted in ways that could affect the Group's business.

For further details of the risks associated with our business and our industry and the uncertainties which we face, please refer to the section headed "Risk Factors" in the prospectus of the Company dated 31 October 2013. In particular, for further details of the risks associated with our Contractual Arrangements, please refer to the section headed "Risks associated with the Contractual Arrangements and the actions taken by the Company to mitigate the risks" below.

Environmental Protection Initiatives

The Group is principally engaged in the development and operation of online card and board games. Due to the nature of the Group's business, the Group does not have any significant environmental issues (such as issues surrounding emission of pollutants, discharges into water and land, and generation of hazardous and non-hazardous waste, which are more often seen in certain particular industries, such as construction, restaurants and manufacturing etc.) in its operations. In addition, as advised by its PRC legal advisers, there are no relevant environmental laws and regulations that are applicable to the Group's businesses and operations which would have a significant impact on the Group. The management of the Company considers that the Group's businesses and operations would not cause a significant negative impact on the environment and natural resources. Accordingly, the Group has not formulated any environmental policy in writing since its inception.

Nevertheless, the Group always implements environmentally-friendly practices to operate and administer its businesses. For instance, the Group has implemented water-saving, electricity-saving, stationery-saving, paper-saving and energy-saving initiatives, etc. within the Group by enforcing good practices in the use of water, electricity, stationery and paper and in the maintenance of lighting and electric equipment to ensure that they are kept in good and proper condition to maximize efficiency. Furthermore, the Company also actively addresses and encourages employees to participate in social environmental protection activities. In 2015, we have participated in the "Wahaha Rainbow Race" event, which event was for the promotion of green and environmental awareness through engaging in running in the event.

Legal Compliance

During the year ended 31 December 2015, the Group had complied with relevant PRC laws and regulations in all material respects and have obtained all material licenses, approvals and permits from relevant regulatory authorities for the operations of the Group in China. In particular, during the year ended 31 December 2015, the Group has complied with and completed all relevant filing requirements within the required time limit for the online games that the Group offered within the PRC with the Ministry of Culture pursuant to the Interim Measures on Administration of Online Games promulgated by the Ministry of Culture of the PRC on 3 June 2010 (the "**Online Game Measures**").

In addition, as advised by its PRC legal advisers about the important updates in laws and regulations, the Group has fully complied with the Notice of the Ministry of Culture on the Strengthening of the Regulation on Promotional Activities of Online Games issued by the Ministry of Culture (the "**Strengthening of Regulation Notice**") on 19 March 2015, and its online games do not constitute gambling activities prohibited under, the Notice on Regulating Operation Order of Online Games and Inspection of Gambling via Online Games jointly issued by the Ministry of Public Security, the Ministry of Culture, the Ministry of Industry and Information Technology and the General Administration of Press and Publication of the PRC on 25 January 2007 (the "**Anti-gambling Notice**") and the Notice on Strengthening the Administration of Online Game Virtual Currency jointly issued by the Ministry of Culture and the Ministry of Commerce of the PRC on 4 June 2009 (the "**Virtual Currency Notice**"), and the Group has not conducted any of the prohibited acts thereunder in its operation of online games and has not offered or promoted its online games as a tool for gambling.

Relationship with Employees, Customers and Suppliers

Employees

As at 31 December 2015, the Group had a total of 812 full time employees, who are mainly based in China. In particular, 605 employees are responsible for game development and operation functions, 69 for game support, 47 for business development and 91 for administration and senior management functions. The Group provides its employees with ample career development choices and opportunities of advancement. The Group also organizes and launches various training programs on a regular basis for its employees to enhance their knowledge of online game development and operation, improve time management and internal communications and strengthen team building. The Group also provides various incentives, including without limitation, providing performance-based bonuses and share-based awards, to better motivate its employees. For further details regarding employees and staff costs and the emolument policy of the Group, please refer to the sections headed "Management Discussion and Analysis – Employees and staff cost" and "Directors' Report – Emolument Policy".

Customers

The Group utilizes game distribution platforms, such as Facebook, Apple Inc.'s App Store, Sina Weibo, Tencent QQ, 51.com, renren.com and Google play, etc., to reach the Group's ultimate customers, being individual online game players, by providing games on the websites or online application stores operated by the game distribution platforms. Game players may access the web-based games by entering the relevant websites or the mobile games by downloading the relevant games onto their mobile devices. The Group maintained a close relationship with most of these distribution platforms. The Group has also established strong cooperative relationships with the three major wireless telecommunications operators in China, namely China Mobile, China Unicom and China Telecom and made its mobile games available in their online application stores.

Directors' Report

The Group collects payments from the sales of its in-game virtual items directly from the payment collection channels of the Group. The Group established business relationship with an increasing number of payment collection channels as its business expands. As at 31 December 2015, the Group used 416 payment collection channels.

For further details regarding our major customers, please refer to the sections headed "Directors' Report – Major Customers and Suppliers".

Suppliers

The major suppliers of the Group mainly comprise data centres that provide server hosting and leasing services. The Group has established server and other equipment procurement policies to manage and monitor its procurement procedures and costs. To ensure the quality and safety of the Group's network infrastructure, the Group usually purchases servers and procures services from qualified and reliable suppliers. The Group selects server rental service providers based on the historical business relationships with the Group, the compatibility of their products with the Group's requirements, prices, customer service and reputation. The Group would also evaluate its suppliers on a quarterly basis based on the performance of their products and services and will replace unqualified suppliers in a timely manner. The Group generally maintained a long-term relationship with these data centres. During the year ended 31 December 2015, there has been no termination of business relationship with the Group's major suppliers which may cause a significant adverse effect on the overall business operation of the Group. For further details regarding our major suppliers, please refer to the sections headed "Directors' Report – Major Customers and Suppliers".

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's financial affairs as at that date are set out in the financial statements on pages 67 to 144.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

RESERVES

Changes to the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statements of changes in equity. Changes to the reserves of the Company during the year ended 31 December 2015 are set out in Note 19 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group during the year are set out in Note 6 to the financial statements.

SHARE CAPITAL AND SHARE INCENTIVE SCHEMES

Details of the Company's share capital and share incentive schemes are set out in Note 20 to the consolidated financial statements and the paragraph headed "Share Option Schemes and Restricted Share Unit Scheme" below, respectively.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2015 are set out in Note 9 to the consolidated financial statements.

DONATIONS

Donations made by the Group during the year ended 31 December 2015 amounted to RMB12,000 (2014: RMB13,000).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 6 of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2015, the Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company.

SHARE OPTION SCHEMES AND RESTRICTED SHARE UNIT SCHEME

Post-IPO Share Option Scheme

On 23 October 2013, the Post-IPO Share Option Scheme of the Company was approved and adopted by the Shareholders.

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on 12 November 2013, being the date on which the trading of the shares of the Company (the "**Shares**") on the Stock Exchange commenced (the "**Listing Date**"). Accordingly, as at 31 December 2015, the remaining life of the Post-IPO Share Option Scheme is approximately seven years and ten months. After such period no further options will be granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto which are at that time or become thereafter capable of exercise under the Post-IPO Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Post-IPO Share Option Scheme.

The purpose of the Post-IPO Share Option Scheme is to incentivize and reward the employees (whether full time or part-time) or directors of members of the Group or associated companies of the Company (the "**Eligible Persons**") for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company. Pursuant to the Post-IPO Share Option Scheme, the Board (including any committee or delegate of the Board appointed by the Board to perform any of its functions pursuant to the rules of the Post-IPO Share Option Scheme) may, at its absolute discretion, offer to grant an option to subscribe for such number of Shares as the Board may determine to an Eligible Person.

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes (including but not limited to the Pre-IPO Share Option Scheme, as defined below, the "**Other Schemes**") of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") (being 73,755,912 Shares). Therefore, as at 31 December 2015, the total number of Shares which may be issued on the exercise of options granted and to be granted under the Post-IPO Share Option Scheme and any Other Schemes is 46,157,788, representing approximately 6.03% of the issued share capital of the Company as at the date of this annual report. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme and any Other Schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

At any time, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the Post-IPO Share Option Scheme and any Other Schemes of the Company to Eligible Persons must not exceed 30% of the total number of Shares in issue from time to time. Unless approved by the Shareholders in a general meeting, the total number of Shares issued and to be issued upon the exercise of the options granted to each Eligible Person (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

An offer of options shall be open for acceptance for such period (not exceeding 30 days inclusive of, and from, the date of offer) as the Board may determine and notify to the Eligible Person concerned provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO Share Option Scheme. An offer of options not accepted within this period shall lapse. An amount of HK$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price.

Any option shall be vested on an option-holder immediately upon his acceptance of the offer of options provided that if any terms and conditions are specified in the offer of the option, such option shall only be vested on an option-holder according to such terms and conditions. Such terms and conditions may include any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised. Any vested option which has not lapsed and which conditions have been satisfied or waived by the Board in its sole discretion may, unless the Board determines otherwise in its absolute discretion, be exercised at any time from the next business day after the offer of options has been accepted. Any option which remain unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

The exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and

(iii) the nominal value of the Shares.

On 7 September 2015, the Company granted 158 employees an aggregate of 26,360,000 options under the Post-IPO Share Option Scheme. Each option shall entitle the holder of the option to subscribe for one Share upon exercise of such option at an exercise price of HK$3.108 per share. The validity period of the options shall be ten years from the date of grant and the options shall lapse at the expiry of the validity period. None of the grantees is a director, chief executive or substantial shareholder of the Company, or any of their respective associates. No grantee has been granted options exceeding the maximum entitlement for each Eligible Person under the rules of the Post-IPO Share Option Scheme.

As at 31 December 2015, a total of 25,300,000 options have been granted and remained outstanding under the Post-IPO Share Option Scheme, representing approximately 3.31% of the Shares in issue as at the date of this annual report.

Further details of the options granted under the Post-IPO Share Option Scheme and details of the vesting period, exercise period, the exercise price and the movements in options during the year ended 31 December 2015 are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 31 December 2015" below. Details of movements in the options and the value of the options granted under the Post-IPO Share Option Scheme are set out in Note 20 to the consolidated financial statements.

Save as aforementioned, during the year ended 31 December 2015, no options has been granted or agreed to be granted under the Post-IPO Share Option Scheme, nor has any options been cancelled.

Pre-IPO Share Option Scheme

On 7 January 2011, the Pre-IPO Share Option Scheme of the Company was approved and adopted by the Board, which was subsequently amended on 17 September 2013.

The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant pre-IPO options to employees, officers and directors of or consultant to any member of the Group (the "**Eligible Participants**") as recognition and acknowledgement of the contributions that such Eligible Participants have made or may make to the Group or any affiliates. An Eligible Participant whom an option is granted in accordance with the terms of the Pre-IPO Share Option Scheme (the "**Grantee**") is not required to pay for the grant of any option under the Pre-IPO Share Option Scheme.

No Grantee shall be entitled to any rights, interest or benefits attached to the underlying Shares of the options granted under the Pre-IPO Share Option Scheme unless and until the option in respect of such Shares has been vested on him and exercised in accordance with the terms of the Pre-IPO Share Option Scheme. There is no maximum entitlement for each Eligible Participant under the rules of the Pre-IPO Share Option Scheme although no Eligible Participant under the Pre-IPO Share Option Scheme has been granted options exceeding 1.0% of the issued share capital of the Company.

An option shall not be exercisable on any date unless such terms and conditions (including, without limitation, any performance target(s) or condition(s) upon which the exercise of the option shall be conditional), if any, are satisfied and to the extent that the option has vested.

The exercise price in respect of any option granted under the Pre-IPO Share Option Scheme shall be fixed with reference to the fair market value of the underlying Share on the date upon which the option is granted, and subject to any adjustments, shall be:

(i) the latest valuation price per Share certified by an independent valuer engaged by the Company for such purpose prior to the date of grant of the relevant option; or

(ii) the latest price per Share at which the Company has issued any Shares prior to the date of grant of the relevant option,

unless the Company otherwise determines and so notifies the Grantee in writing.

Notwithstanding any other provision of the rules of the Pre-IPO Share Option Scheme or any notice of grant or the terms on which any option is granted or vested, any Shares allotted upon the exercise of the option in accordance with the Pre-IPO Share Option Scheme will, in all cases, be held by a nominee as designated by the Company (the "**Nominee**") for the Grantees. The Company has appointed The Core Trust Company Limited as the trustee to assist with the administration and vesting of the options granted pursuant to the Pre-IPO Share Option Scheme and The Core Admin Boyaa Option Limited, a company wholly-owned by the Trustee, as the Nominee to hold the Shares to be allotted to the Grantees upon the exercise of the option in accordance with the Pre-IPO Share Option Scheme.

An option, whether vested or unvested, shall automatically lapse and expire with no rights and benefits on the day falling on the eighth anniversary of the date of vesting of the relevant option or such earlier date as the Board may have determined prior to the grant of the relevant option.

All of the options granted under the Pre-IPO Share Option Scheme were granted in four batches in 2011 and 2012. As at 31 December 2015, options to subscribe for an aggregate of 263,721 Shares (representing approximately 0.03% of the total issued share capital of the Company as at the date of this annual report) have been granted by the Company and remained outstanding under the Pre-IPO Share Option Scheme. There were altogether 25 option holders including 2 members of senior management of the Group and 23 other employees of the Group. Details of movements in the options under the Pre-IPO Share Option Scheme are set out in Note 20 to the consolidated financial statements.

Details of the options granted under the Pre-IPO Share Option Scheme and details of the vesting period, exercise period, the exercise price and the movements in options during the year ended 31 December 2015 are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 31 December 2015" below.

No further options have been granted under the Pre-IPO Share Option Scheme after the Listing Date. However, all options granted under the Pre-IPO Share Option Scheme are exercisable over an eight-year period from the date of vesting. Therefore, given that the last batch of options under the Pre-IPO Share Option Scheme were granted on 1 November 2012 and the options so granted shall vest over a period of four years after the date of grant, as at 31 December 2015, the remaining life of the Pre-IPO Share Option Scheme in respect of outstanding options is eight years and ten months.

No options have been cancelled during the year ended 31 December 2015.

Restricted Share Unit Scheme

On 17 September 2013, the RSU Scheme of the Company was approved and adopted by the Board.

The purpose of the RSU Scheme is to incentivize Directors, senior management and employees for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Persons eligible to receive RSUs under the RSU Scheme are existing employees, directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of the Company or any of its subsidiaries (“**RSU Eligible Persons**”). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion. There is no maximum entitlement for each RSU Eligible Person under the rules of the RSU Scheme although no RSU Eligible Person has been granted RSUs exceeding 1.5% of the issued share capital of the Company.

The RSU Scheme will be valid and effective for a period of eight years, commencing from the date of the first grant of the RSUs, being 4 March 2013 (unless it is terminated earlier in accordance with its terms) (the “**RSU Scheme Period**”). As at 31 December 2015, the remaining life of the RSU Scheme is approximately five years and two months.

The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the RSU Trustee (as defined below) for the purpose of the RSU Scheme from time to time.

The Board may not grant any RSUs to any RSU Eligible Person in any of the following circumstances:

(i) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the RSUs or in respect of the RSU Scheme, unless the Board determines otherwise;

(ii) where granting the RSUs would result in a breach by the Company, its subsidiaries or any of their directors of any applicable securities laws, rules or regulations; or

(iii) where such grant of RSUs would result in breach of the limit set out in the rules of the RSU Scheme. Under such rules, the maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules) shall be such number of shares held by the trustee for the purpose of the RSU Scheme from time to time.

The Board can determine the vesting criteria, conditions and the time schedule when the RSUs will vest and such criteria, conditions and time schedule shall be stated in the letter granting such RSUs. Within a reasonable time after the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, our Board will send a vesting notice (“**Vesting Notice**”) to each of the relevant participant in the RSU Scheme (the “**RSU Participants**”). The Vesting Notice will confirm the extent to which the vesting criteria, conditions and time schedule have been reached, fulfilled, satisfied or waived, and the number of Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) involved. The RSUs that have been granted are subject to vesting as described in the section headed “Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 31 December 2015 – (c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the RSU Scheme” below and once the RSUs vest and the corresponding shares transferred to the RSU Participants, the RSU Participants are not restricted from dealing in the shares under the rules of the RSU Scheme.

The Company has appointed The Core Trust Company Limited (the "**RSU Trustee**") as the trustee to assist with the administration and vesting of RSUs granted pursuant to the RSU Scheme. The Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the RSUs upon exercise. The shares underlying the RSU Scheme are held by a nominee company, The Core Admin Boyaa RSU Limited (the "**RSU Nominee**"). Dividends that are attributable to the underlying shares of the RSU Scheme will be paid to the RSU Nominee as the registered shareholder of such shares. The dividends attributable to the underlying shares of RSUs already granted will be held by the RSU Nominee for the benefit of the RSU Participants which will be distributed to them in accordance with the corresponding number of underlying shares that each RSU Participant is entitled based on RSUs already granted to such RSU Participant at the time of distribution of the dividends. The remaining dividends represent dividends attributable to shares in the reserve pool of underlying shares where RSUs have not yet been granted (the "**RSU Pool**"). The dividends in respect of shares in the RSU Pool will first be used to settle any outstanding fees and expenses of the RSU Scheme payable by the Company to the trustee of the RSU Scheme and the remaining portion of such dividends will be transferred to the shareholders immediately prior to the adoption of the RSU Scheme, namely Boyaa Global Limited, Emily Technology Limited, Comsenz Holdings Limited and Sequoia Capital and its affiliates, in the proportion of their then respective shareholding interests in the Company. Similarly, any bonus shares distributed will be treated in the same manner as dividends save that the bonus shares will not be used to pay any outstanding fees and expenses of the RSU Scheme.

The Company has put in place the following mechanism for the exercise of the voting rights attached to the shares held by the RSU Nominee at the Company's general meetings:

(i) In respect of each general meeting of the Company, the Company will send a voting instruction form to each of the RSU Participants to solicit votes from such RSU Participants. The voting instruction form will be very similar to the proxy form for the relevant general meeting and will set out a general description of the resolutions proposed at the general meeting and will allow the RSU Participants to select whether to vote for or against each of the resolutions. A copy of the relevant corporate communication concerning matters to be proposed at such general meeting (such as shareholders' circular and annual report) will also be made available to each of the RSU Participants so that the RSU Participants will have all relevant information for considering the relevant resolutions as if they were shareholders of the Company. Each RSU Participant shall be entitled to one vote for each of the shares underlying the RSUs granted to him or her, whether vested or unvested. The RSU Participants will be required to return the signed and completed voting instruction form with the administrator of the RSU Scheme (the "**Administrator**") (currently being Mr. Zhang Wei) by the deadline stated in the voting instruction form, which deadline shall be no less than 7 days before the time for holding the relevant general meeting and the RSU Participants will be given at least 7 days to consider how they would like to cast their votes. In so far as the duly signed and completed voting instructions from the RSU Participants have been received by the Administrator prior to the proposed deadline, the Administrator will calculate the total of votes for and against each proposed resolution and will instruct the RSU Nominee accordingly, and the RSU Nominee shall vote only in accordance with the instructions of the Administrator which reflect the instructions of the RSU Participants.

(ii) For those RSU Participants who fail to return a duly signed and completed voting instructions form to the Administrator prior to the proposed deadline as set out in the voting instruction form, the Administrator will not give any instruction to the RSU Nominee so that no votes will be cast for such shares underlying the RSUs granted and the RSU Nominee shall abstain from voting with respect to such shares underlying the RSUs granted.

(iii) For the shares in the RSU Pool in respect of which no RSUs have been granted, the Administrator will not give any instruction to the RSU Nominee so that no votes will be cast for those shares and the RSU Nominee shall also abstain from voting with respect to such shares.

RSUs held by a RSU Participant that are vested as evidenced by the Vesting Notice may be exercised (in whole or in part) by the RSU Participant serving an exercise notice in writing on the RSU Trustee and copied to the Company. Upon receipt of an exercise notice, the Board may decide at its absolute discretion to:

(a) direct and procure the RSU Trustee to, within a reasonable time, transfer the Shares underlying the RSUs exercised (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the RSU Participant which the Company has allotted and issued to the RSU Trustee as fully paid up Shares or which the RSU Trustee has either acquired by purchasing existing Shares or by receiving existing Shares from any Shareholder, subject to the RSU Participant paying the exercise price (where applicable) and all tax, stamp duty, levies and charges applicable to such transfer to the RSU Trustee or as the RSU Trustee directs; or

(b) pay, or direct and procure the RSU Trustee to, within a reasonable time, pay, to the RSU Participant in cash an amount which represents the value of the Shares underlying the RSUs exercised on or about the date of exercise (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) less any exercise price (where applicable) and after deduction of any tax, levies, stamp duty and other charges applicable to the sale of any Shares to fund such payment and in relation thereto.

On 12 March 2015, 81 employees of the Group were granted RSUs in respect of an aggregate of 4,955,000 shares. The grantees of the RSUs are not required to pay for the grant of any RSUs under the RSU Scheme or for the exercise of the RSUs.

As at 31 December 2015, an aggregate of 90,298,503 Shares were held by the RSU Trustee, representing approximately 11.8% of the Shares in issue as at the date of this annual report. As at 31 December 2015, RSUs in respect of an aggregate of 47,383,431 Shares, representing approximately 6.19% of the Shares in issue as at the date of this annual report, had been granted to 317 RSU Participants pursuant to the RSU Scheme, of which one of the RSU Participants is a director of our subsidiary and five are members of the senior management. Details of the movements in the RSUs under the RSU Scheme are set out in Note 20 to the consolidated financial statements.

Details of the RSUs granted under the RSU Scheme and details of the vesting period and the movements in RSUs during the year ended on 31 December 2015 are set out in the section headed "Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 31 December 2015" below.

Save as aforementioned, during the year ended 31 December 2015, no RSU has been granted or agreed to be granted under the RSU Scheme, nor has any RSU been cancelled.

Details of the options granted and outstanding under the Post-IPO Share Option Scheme and the Pre-IPO Share Option Scheme and the RSUs granted and outstanding under the RSU Scheme as at 31 December 2015

Name of option holder/ grantees of RSU	Position held with the Group	Nature	Number of shares represented by options or RSUs at 1 January 2015	Date of grant	Granted during the year	Exercise price	Exercised during the year	Weighted average closing price of shares immediately before the dates on which the options were exercised[4]	Lapsed during the year	Number of shares represented by options or RSUs at 31 December 2015
Ex-director of the Company										
Gao Junfeng[1]	Ex-Executive Director	Options	2,112,676	1 November 2012	–	US$0.15	985,911	HK$4.56	1,126,765	**–**
	and Ex-Chief Financial	RSUs	3,380,282	1 November 2012	–	–	2,253,516	–	1,126,766	**–**
	Officer		5,633,803	4 March 2013	–	–	2,171,357	–	3,462,446	**–**
		Sub-total	11,126,761		–		5,410,784		5,715,977	**–**
Director of our subsidiary										
Suo Hongbin	Director and Vice	Options	937,518	1 February 2011	–	US$0.05	937,518	HK$5.41	–	**–**
	President of Boyaa	RSUs	7,500,000	1 February 2011	–	–	1,800,000	–	–	**5,700,000**
	Thailand									
		Sub-total	8,437,518		–		2,737,518		–	**5,700,000**
329 employees and previous employees of the Group		Options	5,370,157	1 February 2011	–	US$0.05	4,933,743	HK$6.00	316,182	**120,232**
			197,500	2 March 2012	–	US$0.10	126,220	HK$6.24	6,031	**65,249**
			209,655	1 July 2012	–	US$0.15	91,545	HK$6.32	39,870	**78,240**
			–	7 September 2015	26,360,000	HK$3.108[2]	–	–	1,060,000	**25,300,000**
		RSUs	17,536,302	1 February 2011	–	–	4,071,994	–	2,125,106	**11,339,202**
			317,027	2 March 2012	–	–	56,970	–	101,470	**158,587**
			415,401	1 July 2012	–	–	125,171	–	165,258	**124,972**
			39,433,117	4 March 2013	–	–	4,645,679	–	8,996,768	**25,790,670**
			–	12 March 2015	4,955,000[3]	–	–	–	685,000	**4,270,000**
		Sub-total	63,479,159		31,315,000		14,051,322		13,495,685	**67,247,152**
Total		Options	6,307,675	1 February 2011	–	US$0.05	5,871,261	HK$5.91	316,182	**120,232**
			197,500	2 March 2012	–	US$0.10	126,220	HK$6.24	6,031	**65,249**
			209,655	1 July 2012	–	US$0.15	91,545	HK$6.32	39,870	**78,240**
			2,112,676	1 November 2012	–	US$0.15	985,911	HK$4.56	1,126,765	**–**
			–	7 September 2015	26,360,000	HK$3.108[2]	–	–	1,060,000	**25,300,000**
		RSUs	25,036,302	1 February 2011	–	–	5,871,994	–	2,125,106	**17,039,202**
			317,027	2 March 2012	–	–	56,970	–	101,470	**158,587**
			415,401	1 July 2012	–	–	125,171	–	165,258	**124,972**
			3,380,282	1 November 2012	–	–	2,253,516	–	1,126,766	**–**
			45,066,920	4 March 2013	–	–	6,817,036	–	12,459,214	**25,790,670**
			–	12 March 2015	4,955,000[3]	–	–	–	685,000	**4,270,000**
			83,043,438		31,315,000		22,199,624		19,211,662	**72,947,152**

Notes:

(1) *Mr. Gao Junfeng has resigned as an executive director of the Company with effect from 1 July 2015.*

(2) *The closing price of the Shares on 4 September 2015, being the trading day immediately preceding the date on which the 26,360,000 options were granted pursuant to the Post-IPO Share Option Scheme, was HK$2.95. In addition, the closing price of the Shares on 7 September 2015, being the date on which the 26,360,000 options were granted, were HK$2.95 per Share. The average of the closing prices of the Shares for the five trading days immediately preceding the date on which the 26,360,000 options were granted was HK$3.108 per Share.*

(3) *The closing price of the Shares on 11 March 2015, being the trading day immediately preceding that date on which the 4,955,000 RSUs were granted, was HK$6.08 per Share.*

(4) *As a result of the exercise of the options under the Pre-IPO Share Option Scheme during the year ended 31 December 2015, a total of 7,074,937 Shares had been issued in 2015 and the total funds received by the Company with respect to the exercise of such options amounted to HK$3,626,645.34 (equivalent to approximately US$467,803.45).*

(a) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Post-IPO Share Option Scheme

Each holder of the options granted under the Post-IPO Share Option Scheme as referred to in the table above are required to pay an amount of HK$1.00 for the grant of option under the Post-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with the vesting schedule as follows:

(i) as to 25% of the options granted on the date ending 12 months after the date of grant;

(ii) as to 25% of the options granted on the date ending 24 months after the date of grant; and

(iii) as to the remaining 50% of the options granted, on a monthly basis starting from the 25th month after the date of grant in 24 monthly equal lots.

Each option granted under the Post-IPO Share Option Scheme has a ten-year exercise period commencing from the date of grant.

(b) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme

The holders of the options granted under the Pre-IPO Share Option Scheme as referred to in the table above are not required to pay for the grant of any option under the Pre-IPO Share Option Scheme.

Subject to the satisfactory performance of the option holders, the options granted to each of the option holders shall be vested in accordance with vesting schedule as follows:

(i) as to 25% of the aggregate number of Shares underlying the option on the date ending 12 months after the date of grant of such option;

(ii) as to 12.5% of the aggregate number of Shares underlying the option on the date ending 18 months after the date of grant of such option;

(iii) as to 12.5% of the aggregate number of Shares underlying the option on the date ending 24 months after the date of grant of such option; and

(iv) as to the remaining 50% of the aggregate number of Shares underlying the option, on a monthly basis starting from the 25th month after the date of grant of such option in 24 monthly equal lots.

Each option granted under the Pre-IPO Share Option Scheme has an eight-year exercise period.

(c) Consideration paid for the grant of RSUs and the vesting period of the RSUs granted under the RSU Scheme

The grantees of the RSUs granted under the RSU Scheme as referred to in the table above are not required to pay for the grant of any RSU under the RSU Scheme.

RSUs that were granted before 4 March 2013 were granted to replace certain options granted under the Pre-IPO Share Option Scheme and have the same vesting period as the options granted under the Pre-IPO Share Option Scheme. See the preceding sub-paragraph "(b) Consideration paid for the grant of options, the vesting period and the exercise period of the options granted under the Pre-IPO Share Option Scheme" above.

For the RSUs granted on 4 March 2013 to the named individual grantee of RSUs set out in the table above, they shall (unless the Company shall otherwise determine and so notify the RSU Participant in writing) vest as follows:

(i) as to 25% of the RSUs on the date ending 12 months after the date of grant of the RSUs;

(ii) as to 12.5% of the RSUs on the date ending 18 months after the date of grant of the RSUs;

(iii) as to 12.5% of the RSUs ending 24 months after the date of grant of the RSUs; and

(iv) as to the remaining 50% of the RSUs, on a monthly basis starting from the 25th month after the date of grant in 24 monthly equal lots.

For the remaining RSUs granted on 4 March 2013, they shall (unless the Company shall otherwise determine and so notify the RSU Participant in writing) vest as follows:

(i) 25% of the RSUs on the date ending 12 months after 30 September 2013;

(ii) 12.5% of the RSUs on the date ending 18 months after 30 September 2013;

(iii) 12.5% of the RSUs ending 24 months after 30 September 2013; and

(iv) as to the remaining 50% of the RSUs, on a monthly basis starting from the 25th month after 30 September 2013 in 24 monthly equal lots.

For the RSUs granted on 12 March 2015, they shall vest as follows:

(i) as to 25% of the RSUs on the date ending 12 months after the date of grant of the RSUs;

(ii) as to 25% of the RSUs on the date ending 24 months after the date of grant of the RSUs;

(iii) as to 12.5% of the RSUs on the date ending 30 months after the date of grant of the RSUs;

(iv) as to 12.5% of the RSUs on the date ending 36 months after the date of grant of the RSUs; and

(v) as to the remaining 25% of the RSUs, on a monthly basis starting from the 37th month after the date of grant in 12 monthly equal lots,

and shall be subject to the Company and the relevant grantee meeting or satisfying the annual and half-yearly performance target or review immediately preceding such vesting.

DIRECTORS

The Directors during the year were:

Directors

Name	Position
Mr. Zhang Wei	Chairman of the Board, Chief Executive Officer and Executive Director
Mr. Dai Zhikang	Executive Director
Mr. Gao Junfeng (resigned on 1 July 2015)	Executive Director and Chief Financial Officer
Mr. Zhou Kui (resigned on 14 May 2015)	Non-executive Director
Mr. Cheung Ngai Lam	Independent Non-executive Director
Mr. Choi Hon Keung Simon	Independent Non-executive Director
Mr. Gao Shaofei	Independent Non-executive Director

In 2015, Mr. Zhou Kui has tendered his resignation as a non-executive Director of the Company with effect from 14 May 2015 due to his intention to devote more time pursuing other business opportunities as a result of changes in his work arrangements. Separately, Mr. Gao Junfeng has tendered his resignation as an executive Director and the Chief Financial Officer of the Company with effect from 1 July 2015 due to his intention to pursue further education abroad. Both Mr. Zhou Kui and Mr. Gao Junfeng have confirmed that there are no disagreement with the Board and there is no matter relating to their respective resignation that needs to be brought to the attention of the Shareholders of the Company.

In accordance with article 16.18 of the Company's articles of association, Mr. Zhang Wei and Mr. Gao Shaofei shall retire by rotation at the AGM and they being eligible, offer themselves for re-election.

None of Mr. Zhang Wei and Mr. Gao Shaofei has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than under normal statutory obligations.

The biographical details of the Directors and senior management of the Company are set out in "Biographies of the Directors and Senior Management" in this annual report.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this annual report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company and/or any of its connected entity had a material interest, whether directly or indirectly, and no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and the Company's controlling shareholder or any of its subsidiaries, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors or the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") were as follows:

(a) Interests of Directors and Chief Executive of the Company

Name of Director/ Chief Executive	Name of company	Capacity/ Nature of interest	Number of underlying Shares[1]	Approximate percentage of shareholding[4]
Mr. Zhang Wei[2]	The Company	Founder of a discretionary trust	246,237,474 (L)	32.19%
Mr. Dai Zhikang[3]	The Company	Founder of a discretionary trust	36,500,000 (L)	4.77%

Notes:

(1) *The letter "L" denotes the person's long position in such Shares.*

(2) *Chunlei Investment Limited ("**Chunlei Investment**"), a company wholly-owned by a trust named the Chunlei Trust (the "**Zhang Family Trust**"), directly holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, Mr. Zhang Wei is deemed to be interested in the 176,572,474 Shares and 69,665,000 Shares held by each of Boyaa Global Limited and Emily Technology Limited, respectively.*

(3) *Visioncode Holdings Limited, a company wholly-owned by a trust named the Visioncode Trust (the "**Dai Family Trust**"), directly holds the entire issued share capital of Comsenz Holdings Limited. The Dai Family Trust is a discretionary trust established by Mr. Dai Zhikang (as the settlor) and the discretionary beneficiaries of which include Mr. Dai Zhikang and his children. Accordingly, Mr. Dai Zhikang is deemed to be interested in the 36,500,000 Shares held by Comsenz Holdings Limited.*

(4) *As at 31 December 2015, the Company had 765,067,248 issued Shares.*

(b) Interests in other members of the Group

So far as the Directors are aware, as at 31 December 2015, the following person (excluding the Company) is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of Shareholder	Registered capital	Approximate percentage of interest
Boyaa Shenzhen	Mr. Zhang Wei	RMB9,800,000	98%

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2015, the following persons (other than the Directors or the chief executive of the Company) have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Name of company	Nature of interest	Number of Shares or securities held[1]	Approximate percentage of interest[4]
Cantrust (Far East) Limited[2]	The Company	Trustee of a trust	282,737,474 (L)	36.96%
Rustem Limited[2]	The Company	Nominee for another person	282,737,474 (L)	36.96%
Chunlei Investment[2]	The Company	Interest in a controlled corporation	246,237,474 (L)	32.19%
Boyaa Global Limited[2]	The Company	Beneficial owner	176,572,474 (L)	23.08%
Emily Technology Limited[2][5]	The Company	Beneficial owner	69,665,000 (L)	9.11%
The Core Trust Company Limited[3]	The Company	Trustee of a trust	103,721,665 (L)	13.56%
The Core Admin Boyaa RSU Limited[3][5]	The Company	Nominee for another person	90,298,503 (L)	11.80%

Notes:

(1) *The letter "L" denotes the person's long position in such Shares.*

(2) *Cantrust (Far East) Limited, the trustee of the Zhang Family Trust, holds the entire issued share capital of Chunlei Investment through Rustem Limited (as nominee for Cantrust (Far East) Limited). Chunlei Investment in turn holds the entire issued share capital of each of Boyaa Global Limited and Emily Technology Limited. The Zhang Family Trust is a discretionary trust established by Mr. Zhang Wei (as the settlor) and the discretionary beneficiaries of which include Mr. Zhang Wei and his children. Accordingly, each of Mr. Zhang Wei, Cantrust (Far East) Limited and Chunlei Investment are deemed to be interested in the Shares held by each of Boyaa Global Limited and Emily Technology Limited, respectively.*

(3) *The Core Trust Company Limited, being the RSU Trustee, directly holds the entire issued share capital of The Core Admin Boyaa RSU Limited as the RSU nominee, which holds 90,907,666 Shares underlying the RSUs granted and to be granted under the RSU Scheme for the benefit of eligible participants pursuant to the RSU Scheme.*

(4) *As at 31 December 2015, the Company had 765,067,248 issued Shares.*

(5) *Pursuant to Section 336 of the SFO, the Shareholders are required to file a disclosure of interests form when certain criteria are fulfilled. When a shareholding in the Company changes, it is not necessary for the Shareholder to notify the Company and the Stock Exchange unless several criteria have been fulfilled, therefore a Shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.*

Save as disclosed above, as at 31 December 2015, no persons (other than the directors or the chief executive of the Company) have any interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The game players make payments through various payment collection channels. Therefore, the ultimate customers of the Group are individual game players. The Group collects payments from the sales of its in-game virtual items directly from the payment collection channels of the Group and not directly from individual game players. For the year ended 31 December 2015, the five largest payment collection channels contributed a total of 37.7% of the Group’s total revenue. Alipay, the current largest payment collection channel, contributed 9.3% of the Group’s total revenue, for the same period. The average length of business relationship with the five largest payment collection channels is approximately 4 years. In particular, the length of business relationship with Alipay, the largest payment collection channel, is approximately 4 years.

None of our Directors, any of their close associates or any Shareholders that, to the knowledge of our Directors, own more than 5% of the issued share capital of the Company had any interest in any of the five largest payment collection channels during the year ended 31 December 2015.

Data centres that provide server hosting and leasing services are the major suppliers of the Group. During the year ended 31 December 2015, the purchases from the Group’s five largest suppliers accounted for less than 30% of the Group’s total purchases from all of the suppliers for the same period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed the accounting principles and policies adopted by the Group and discussed the Group’s risk management, internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company, although there are no restrictions against such rights under the laws in the Cayman Islands.

EMOLUMENT POLICY

The Directors believe that maintaining a stable and motivated employee force is critical to the success of the Group’s business. As a fast growing company, the Company is able to provide its employees with ample career development choices and opportunities of advancement. The Company organizes various training programs on a regular basis for its employees to enhance their knowledge of online game development and operation, improve time management and internal communications and strengthen team building. The Company also provides various incentives to better motivate its employees. In addition to providing performance-based bonuses and share-based awards, the Company offers unsecured, interest-free housing loans to employees with good performance.

EMPLOYEE RETIREMENT BENEFITS

Particulars of the employee retirement benefits of the Group are set out in Note 24 to the financial statements.

PERMITTED INDEMNITIES

Pursuant to the Articles of Association of the Company, the Directors and other officers of the Company are entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

PUBLIC FLOAT

As at the date of this annual report and based on the information that is publicly available to the Company and to the knowledge of the Directors, the Company has maintained the minimum public float of 25% as required under the Listing Rules.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who shall retire at the AGM and, being eligible, offer themselves for reappointment.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's distributable reserves calculated under the Companies Law of the Cayman Islands comprise the share premium, other reserves and retained earnings totaling approximately RMB547,519,000 (2014: RMB593,053,000).

BANK AND OTHER LOANS

The Group did not have any short-term or long-term bank borrowings or other loans as at 31 December 2015.

RIGHTS TO ACQUIRE THE COMPANY'S SECURITIES AND EQUITY-LINKED AGREEMENTS

Save as disclosed under the section "Share Option Schemes and Restricted Share Unit Scheme" in this annual report, at no time during the year was the Company, or any of its holding companies or subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined under the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, nor did the Company enter into any equity-linked agreement.

Directors' Report

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Zhang Wei is (i) one of the five directors of Gangyun (a company in which Boyaa Shenzhen holds 12% interest), which is mainly engaged in the development and operation of camera and video beautification systems with domestic and international mobile phones manufacturers as their major customers; and (ii) one of the three directors of HuifuWorld (a company in which Boyaa Shenzhen holds approximately 14.7% interest), which is mainly engaged in the development and operation of Internet Protocol television and Android Set-Top-Box related channels and platforms and lottery. Mr. Dai Zhikang holds approximately 4.32% equity interest in and is also one of the three directors of Blingstorm (a company in which Boyaa Shenzhen holds approximately 9.36% equity interest), which is mainly engaged in provision of mobile games (other than online card and board games) in the PRC. On 13 February 2015, Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm (as vendors) entered into the Share Purchase Agreement with OurPalm (as purchaser), pursuant to which Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm agreed to dispose of 100% equity interests in Blingstorm to OurPalm. The completion of the proposed disposal is subject to certain conditions. The preliminary consideration for the disposal of Boyaa Shenzhen's 9.36% interest in Blingstorm is RMB80,145,000, which is subject to adjustment. If agreement on the adjustment cannot be reached by parties to the Share Purchase Agreement, the Share Purchase Agreement will be terminated and therefore the proposed disposal may or may not be completed. For details, please refer to the announcement of the Company dated 15 February 2015. As at 31 December 2015, the agreed conditions of the proposed disposal have not been satisfied and the definitive timetable of the completion or termination of the disposal cannot be confirmed at present.

Save as above, as at the date of this annual report, none of the Directors and directors of the Company's subsidiaries, or their respective close associates had interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules.

Further, Mr. Zhang Wei, Boyaa Global Limited and Emily Technology Limited, each a controlling Shareholder, being the covenantors (the "**Covenantors**"), has entered into a deed of non-competition (the "**Deed of Non-Competition**") in favour of the Company on 25 October 2013, pursuant to which each of the Covenantors has jointly and severally, unconditionally and irrevocably undertaken with the Company that he/it will not (except through the Group and any investment or interests held through the Group), and will procure his/its close associates (other than any member of the Group) not to, directly or indirectly (including through nominees), carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in competition with or similar to or is likely to be in competition with the business of the Group. For details of the Deed of Non-Competition, please refer to the prospectus of the Company dated 31 October 2013.

The independent non-executive Directors have reviewed the compliance with the non-competition undertaking by the Covenantors under the Deed of Non-Competition and are of the view that such non-competition undertaking has been complied with during the year ended 31 December 2015. Each of the Covenantors has provided to the Company a written confirmation in respect of his/its compliance with the Deed of Non-Competition.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On 12 November 2013, the Company's Shares were listed on the Main Board of the Stock Exchange. A total of 177,014,000 ordinary Shares with nominal value of US$0.00005 each of the Company were issued at HK$5.35 per share for a total of approximately HK$947.0 million. The net proceeds raised by the Company from the abovementioned global offering are approximately HK$837.9 million.

Up to 31 December 2015, a total amount of RMB309.5 million from the net proceeds from the abovementioned global offering had been utilized for the purposes and approximately in the amount set out below:

(a) approximately RMB127.6 million was used for marketing activities and business expansion;

(b) approximately RMB99.5 million was used for investments in technologies and complementary online games or businesses; and

(c) approximately RMB82.4 million was used for research and development activities, for working capital, including but not limited to the investment in our technology infrastructure and enhancement of our game portfolio and other general corporate purposes.

As at 31 December 2015, approximately RMB365.1 million raised from the abovementioned global offering remains unused.

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

The Company will continue to utilize the net proceeds from the global offering for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 31 October 2013.

CONNECTED TRANSACTIONS

Connected transaction

During the year ended 31 December 2015, the Group entered into the following transaction, which constituted connected transaction under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules.

Proposed disposal of available-for-sale financial assets

On 13 February 2015, our subsidiary, Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm, a company primarily engaged in the provision of mobile games (other than online card and board games) in the PRC) (as vendors) entered into the Share Purchase Agreement with OurPalm (as purchaser), pursuant to which Boyaa Shenzhen, Mr. Dai Zhikang and other shareholders of Blingstorm agreed to dispose of 100% equity interests in Blingstorm to OurPalm. The completion of the proposed disposal is subject to certain conditions. The preliminary consideration for the disposal of Boyaa Shenzhen's 9.36% equity interest in Blingstorm is RMB80,145,000, which is subject to adjustment. If agreement on the adjustment cannot be reached by the parties to the Share Purchase Agreement, the Share Purchase Agreement will be terminated and therefore the proposed disposal may or may not be completed. As at 31 December 2015, the agreed conditions of the proposed disposal have not been satisfied and the definitive timetable of the completion or termination of the disposal cannot be confirmed at present.

The investment cost of the Group for its 9.36% equity interest in Blingstorm was RMB4,600,000 and due to the significant loss reported by Blingstorm in 2012 and 2013, full impairment had been made against the investment cost as at 31 December 2012 and 2013. In light of the proposed disposal and the possible recovery of the value of the investment, an independent valuer was appointed to estimate the fair value of the investment in Blingstorm as at 31 December 2014, and which amounted to approximately RMB61,325,000. The transactions contemplated under the Share Purchase Agreement were initiated and negotiated by Blingstorm's major shareholders and OurPalm was interested in purchasing the entire equity interest of Blingstorm. Having considered that Blingstorm has not been making profit nor making any distribution to its shareholders, and that the consideration is attractive, it is desirable for the Company to dispose of its equity interest in Blingstorm, which in the opinion of the Directors is in the interests of the Company and the Company's shareholders as a whole. For details, please refer to the announcement of the Company dated 15 February 2015.

Mr. Dai Zhikang is an executive Director of the Company and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. In addition, at the time of the transaction and pursuant to the Listing Rules, Mr. Zhou Kui, previously a non-executive Director of the Company and who resigned on 14 May 2015, held 40% equity interest in Sequoia Capital Equity Investment Management (Tianjin) Co., Ltd. (紅杉資本股權投資管理(天津)有限公司), which is the general partner of Beijing Sequoia Xin Yuan Equity Investment Center (北京紅杉信遠股權投資中心, "**Beijing Sequoia**"), a limited liability partnership established in the PRC mainly engaged in investment and assets management businesses and which held 11.02% equity interest in Blingstorm as at the date of the Share Purchase Agreement. Therefore, Beijing Sequoia is a connected person of the Company under Rule 14A.13(3) of the Listing Rules. As the transactions contemplated under the Share Purchase Agreement involve sale of equity interest in Blingstorm by, among others, Boyaa Shenzhen, Mr. Dai Zhikang and Beijing Sequoia, to OurPalm, OurPalm is a deemed connected person of the Company under Rule 14A.20 of the Listing Rules. Accordingly, the sale of 9.36% equity interest in Blingstorm by Boyaa Shenzhen to OurPalm constitutes a connected transaction for the Company under Rule 14A.25 of the Listing Rules.

Continuing Connected Transactions

Reference is made to the section headed "History, Reorganization and Corporate Structure – Contractual Arrangements" in the prospectus of the Company dated 31 October 2013. The Company, as a foreign investor, is prohibited from holding equity interest in Boyaa Shenzhen, the PRC operating entity of the Company, which conducts the online games business and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of our websites. As a result, the Group, through a wholly-owned subsidiary of the Company, Boyaa On-line Game Development (Shenzhen) Co., Ltd. ("**Boyaa PRC**"), has entered into a series of contractual arrangements (the "**Contractual Arrangements**") with Boyaa Shenzhen such that the Group can conduct its business operations indirectly in the PRC through Boyaa Shenzhen while complying with applicable PRC law and regulations. The Contractual Arrangements are designed to provide the Group with effective control over the financial and operational policies of Boyaa Shenzhen and, to the extent permitted by PRC law and regulations, the right to acquire the equity interests in and/or the assets of Boyaa Shenzhen through Boyaa PRC. As the Group operates its online games business through Boyaa Shenzhen, which is controlled by Mr. Zhang Wei and the Group does not hold any direct equity interest in Boyaa Shenzhen, the Contractual Arrangements were entered into on 15 May 2013 pursuant to which all material business activities of Boyaa Shenzhen are instructed and supervised by the Group, through Boyaa PRC, and all economic benefits and risks arising from the business of Boyaa Shenzhen are transferred to the Group. Further details of the reasons for using the Contractual Arrangements are set out in the sub-section headed "Contractual Arrangements – Reasons for Contractual Arrangements" below.

The Contractual Arrangements currently in effect comprise of six agreements, namely (a) the Exclusive Business Consulting and Service Agreement, (b) the Business Operating Agreement, (c) the Exclusive Option Agreement, (d) the Equity Pledge Agreement, (e) the Intellectual Properties License Agreement and (f) the Loan Agreement, which were entered into between or amongst Boyaa Shenzhen, Boyaa PRC, Mr. Zhang Wei and/or Mr. Dai Zhikang (as the case may be).

Mr. Zhang Wei is a substantial Shareholder and an executive Director. He is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Boyaa Shenzhen is owned as to 98% by Mr. Zhang Wei and hence an associate of Mr. Zhang Wei. Boyaa Shenzhen is therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. In addition, Mr. Dai Zhikang is an executive Director and therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules.

Contractual Arrangements

Reasons for Contractual Arrangements

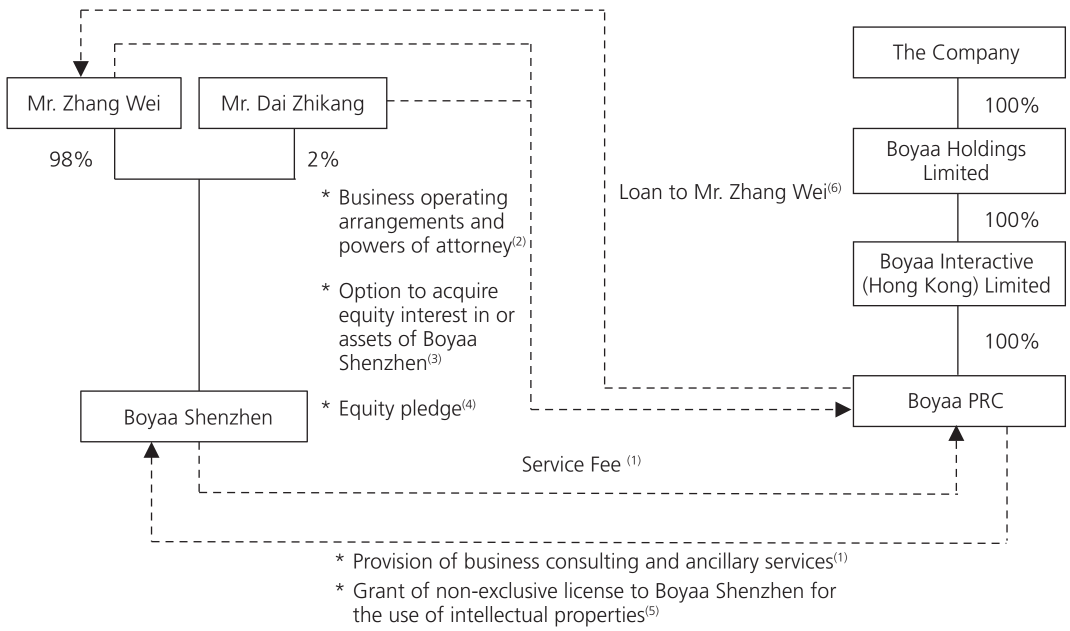
The Group is primarily engaged in the development and operation of online card and board games business and is considered to be engaged in the provision of value-added telecommunications services as a result of the operations of the websites of the Group. The Group conducts online games business through a PRC operating entity, Boyaa Shenzhen. According to the Administrative Rules for Foreign Investments in Telecommunications Enterprises (外商投資電信企業管理規定) issued by the State Council on 11 December 2001 and amended on 10 September 2008, foreign investors are prohibited to hold more than 50% of the equity interest in an entity conducting online games business and are restricted to conduct value-added telecommunications services, including internet content provision services. Internet content provisions services are classified as value-added telecommunications businesses, and a commercial operator of such services must obtain an ICP license from the appropriate telecommunications authorities in order to carry on any commercial internet content provision operations in China. Boyaa Shenzhen has obtained the requisite ICP license for the operations of the Group. Therefore, in order for the Group to be able to carry on its online games business in China in compliance with the applicable PRC laws and regulations, the Group entered into the Contractual Arrangements with Boyaa Shenzhen through an indirect wholly-owned subsidiary, Boyaa PRC, pursuant to which the Group will be able to assert management control over the operations of, and enjoy all economic benefits of, Boyaa Shenzhen. In addition, the Group will be able to consolidate Boyaa Shenzhen's financial results in the results of the Company under IFRS as if it was a wholly-owned subsidiary of the Company.

In addition, foreign investor wishing to acquire any equity interest in a value-added telecommunications business in the PRC must demonstrate (i) a good track record and (ii) experience in providing value-added telecommunications services overseas (the "**Qualification Requirement**"). As advised by the Company's PRC legal advisers, as of 31 December 2015, there were no applicable PRC laws, regulations or rules that provide clear guidance or interpretation on the Qualification Requirement, and there was no update to the Qualification Requirement. Therefore, in order for the Company to be able to carry on its business in China, the Group has taken steps to build up its track record of overseas telecommunications business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interest of Boyaa Shenzhen when the restrictions on the percentage of foreign ownership in telecommunications services and on foreign ownership in online culture products and business are lifted. In particular, the Company has offered casual games, such as Ant Wars (蟲蟲特攻隊) and Happy Babies (開心寶貝), on the Company's overseas website, boyaa.com.hk, with a view to build up its track record of overseas telecommunications business operations. Moreover, in the first half of 2015, the Group has completed equity investments in Coalaa, through a series of agreements and at a total consideration of RMB5 million. Coalaa is an online card and board game developer and operator, with Texas Poker (Professional Version), which is offered as both a web-based game and a mobile game and in 12 language versions, including Arabian, Indonesian and Thai, and 9k Poker, which is offered as a mobile game and in Thai language only, as its two most important games. The Group envisages that through such acquisition, the Group can further complement its game portfolio and it will be able to further expand its market share in overseas market, and in particular, the Thai market.

Boyaa Shenzhen is significant to the Group as it holds certain licenses and permits that are essential to the operation of the business of the Group, including ICP License and Internet Culture Business License. In addition, Boyaa Shenzhen also holds certain intellectual property rights, including software copyrights, trademarks, patents and domain names. The revenue and the total asset value of Boyaa Shenzhen subject to the Contractual Arrangements amounted to approximately RMB342.1 million for the year ended 31 December 2015 and approximately RMB1,646.6 million as at 31 December 2015, respectively.

Illustrative diagram of, and agreements underlying, the Contractual Arrangements

The following simplified diagram illustrates the flow of economic benefits from Boyaa Shenzhen to the Group stipulated under the Contractual Arrangements:



Notes:

(1) Please refer to the paragraph headed "Exclusive Business Consulting and Service Agreement" below for details.

(2) Please refer to the paragraph headed "Business Operating Agreement" below for details.

(3) Please refer to the paragraph headed "Exclusive Option Agreement" below for details.

(4) *Please refer to the paragraph headed "Equity Pledge Agreement" below for details.*

(5) *Please refer to the paragraph headed "Intellectual Properties License Agreement" below for details.*

(6) *Please refer to the paragraph headed "Loan Agreement" below for details.*

(a) *Exclusive Business Consulting and Service Agreement*

Boyaa PRC and Boyaa Shenzhen entered into the Exclusive Business Consulting and Service Agreement (as restated and amended) on 15 May 2013, pursuant to which Boyaa Shenzhen agreed to engage Boyaa PRC as its exclusive consultant and service provider. Accordingly, Boyaa PRC shall provide advice and recommendations to Boyaa Shenzhen in respect of (i) consulting services in respect of the management and operations of Boyaa Shenzhen, (ii) consulting services in respect of the standardization of the operating system of Boyaa Shenzhen, (iii) consulting services in respect of market research and sales and marketing strategies, (iv) technical consulting services in respect of hardware, database and server operations, (v) the maintenance and upgrade of the online games operated by Boyaa Shenzhen, (vi) research and development of online game software and maintenance of the system, (vii) renting of certain office equipment (such as computers) and other operating equipment (save for relevant servers for the operations of the online games), (viii) branding, marketing and other promotion, (ix) training in respect of online game technology and operations related matters, (x) the grant of the use of all intellectual properties owned by Boyaa PRC pursuant to the terms of the Intellectual Properties License Agreement, (xi) human resources support, including but not limited, staff secondment arrangement and (xii) other service areas as agreed between the parties.

In addition, pursuant to the Exclusive Business Consulting and Service Agreement, without the prior written approval from Boyaa PRC, Boyaa Shenzhen shall not enter into any transactions (save as those transactions entered into in the ordinary course of business) that may affect its assets, obligations, rights or operation, including but not limited to (i) the disposal, transfer or acquisition of any assets, (ii) the provision of any guarantee or create any encumbrances relating to its assets, (iii) the entering into of any material contracts and (iv) any merger, acquisition or restructuring of Boyaa PRC.

Pursuant to the Exclusive Business Consulting and Service Agreement, Boyaa Shenzhen shall pay to Boyaa PRC a service fee that equals to the profit before taxation of Boyaa Shenzhen, after off-setting the prior-year loss (if any), working capital requirements, expenses and tax of Boyaa Shenzhen in any given year, and Boyaa PRC shall have the right to adjust the level of the service fee based on the actual service scope and with reference to the operating conditions and expansion needs of Boyaa Shenzhen. Boyaa Shenzhen has agreed to pay the service fee within one month after each quarter end for the services provided in the preceding quarter.

The Exclusive Business Consulting and Service Agreement is for a term of ten years commencing from 15 May 2013, the date of the agreement, with the payment of the service fees for the first quarter of 2013 by Boyaa Shenzhen to Boyaa PRC taking retrospective effect from January 2013, and may be automatically extended for another ten years at the discretion of Boyaa PRC. The Exclusive Business Consulting and Service Agreement may be terminated by Boyaa PRC by giving Boyaa Shenzhen a 30 days' prior written notice of termination and shall be terminated upon

the transfer of the entire equity interests in and/or the transfer of all assets of Boyaa Shenzhen to Boyaa PRC or its designated person pursuant to the Exclusive Option Agreement. Boyaa Shenzhen is not contractually entitled to terminate the Exclusive Business Consulting and Service Agreement with Boyaa PRC.

(b) Business Operating Agreement

Boyaa PRC, Mr. Zhang Wei, Mr. Dai Zhikang and Boyaa Shenzhen entered into the Business Operating Agreement (as restated and amended) on 15 May 2013, and as further amended and supplemented by the supplemental agreement dated 22 October 2013, pursuant to which Mr. Zhang Wei and Mr. Dai Zhikang agreed to enter into powers of attorney to unconditionally and irrevocably authorize any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen. Each of the individuals appointed by Boyaa PRC must be one of the directors of Boyaa Interactive (Hong Kong) Limited ("**Boyaa HK**"), Boyaa Holdings Limited ("**Boyaa BVI**") or the Company who is a PRC citizen, and cannot be Mr. Zhang Wei, Mr. Dai Zhikang or any of their associates. Such individuals act on Mr. Zhang Wei's and Mr. Dai Zhikang's behalf on all matters pertaining to Boyaa Shenzhen and, to the extent permissible under applicable PRC laws, exercise all of their respective rights as a shareholder thereof, including (i) rights to attend shareholders' meeting, (ii) rights to exercise voting rights in a shareholders' meeting, (iii) rights to sign minutes of the meetings, (iv) rights to file documents with relevant governmental authorities or regulatory bodies, (v) rights to appoint directors, supervisors and senior management, (vi) right to decide on any acquisition or disposal of the equity interest of Mr. Zhang Wei and Mr. Dai Zhikang in Boyaa Shenzhen or the winding-up or dissolution of Boyaa Shenzhen, (vii) right to instruct directors and senior management of Boyaa Shenzhen to act in accordance with all instructions of Boyaa PRC or its designated person and (viii) such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of Boyaa Shenzhen. In addition, it is also agreed that Boyaa PRC or its designee shall have the right to obtain and review the operating statistics, business data, financial information, employee information and other information relevant to the operations and business of Boyaa Shenzhen. Pursuant to the Business Operating Agreement, in the event that Boyaa PRC or its designee decided to voluntarily wind-up or dissolve Boyaa Shenzhen, each of Mr. Zhang Wei and Mr. Dai Zhikang undertakes that he will ensure and procure the execution of all related documents and completion of all relevant procedures required for completing the liquidation and winding-up process and that Boyaa PRC shall be transferred, at nil consideration, all remaining assets of Boyaa Shenzhen upon liquidation.

The Business Operating Agreement is for an indefinite term commencing from 15 May 2013, the date of the agreement, until it is terminated (i) by Boyaa PRC by giving Boyaa Shenzhen a 30 days' prior written notice of termination, or (ii) upon the transfer of the entire equity interests held by either Mr. Zhang Wei and/or Mr. Dai Zhikang in, and/or the transfer of all assets of, Boyaa Shenzhen to Boyaa PRC or its designated person pursuant to the Exclusive Option Agreement. Boyaa Shenzhen is not contractually entitled to terminate the Business Operating Agreement

with Boyaa PRC. Under the Business Operating Agreement, each of Mr. Zhang Wei and Mr. Dai Zhikang warranted to Boyaa PRC that appropriate arrangements have been made to protect Boyaa PRC's interests in the event of his death, bankruptcy or divorce to avoid any practical difficulties in enforcing the Business Operating Agreement.

Power of attorney

On 15 May 2013, each of Mr. Zhang Wei and Mr. Dai Zhikang has executed a power of attorney, as amended and supplemented by the clarification to the power of attorney on 22 October 2013, pursuant to the terms of the Business Operating Agreement. Under each of the powers of attorney, each of Mr. Zhang Wei and Mr. Dai Zhikang irrevocably confirmed that the power of attorney shall remain in full force and effect within the term of the Business Operating Agreement unless Boyaa PRC requests to replace the appointed designee of Boyaa PRC under the power of attorney. Pursuant to the powers of attorney, each of the shareholders of Boyaa Shenzhen agrees to authorize any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen. Each of the individuals appointed by Boyaa PRC must be one of the directors of Boyaa HK, Boyaa BVI or the Company who is a PRC citizen and cannot be Mr. Zhang Wei, Mr. Dai Zhikang or any of their associates. These include the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management, (iii) decide on any acquisition or disposal of the equity interest of Mr. Zhang Wei and Mr. Dai Zhikang in Boyaa Shenzhen or the winding-up or dissolution of Boyaa Shenzhen, (iv) file documents with relevant governmental authorities or regulatory bodies, to (v) instruct directors and senior management of Boyaa Shenzhen to act in accordance with all instructions of Boyaa PRC or its designated person, and (vi) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of association of Boyaa Shenzhen.

(c) Exclusive Option Agreement

Boyaa PRC, Mr. Zhang Wei, Mr. Dai Zhikang and Boyaa Shenzhen entered into the Exclusive Option Agreement on 15 May 2013, and as further amended and supplemented by the supplemental agreement dated 22 October 2013, pursuant to which Mr. Zhang Wei and Mr. Dai Zhikang jointly and severally granted to Boyaa PRC or a subsidiary of the Company or an authorized director (being a PRC citizen) of any company within our Group irrevocable options to purchase, to the extent permitted by PRC laws and regulations, their equity interests in Boyaa Shenzhen, entirely or partially, at the minimum purchase price permitted under PRC laws and regulations. In addition, pursuant to the Exclusive Option Agreement, Boyaa Shenzhen granted to Boyaa PRC, a subsidiary of the Company or an authorized director (being a PRC citizen) of any company within our Group an irrevocable option to acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Boyaa Shenzhen at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Boyaa PRC, such subsidiary or authorized director may exercise such options at any time until it has acquired all equity interests and/or assets of

Boyaa Shenzhen, subject to applicable PRC laws and regulations. It is also agreed that when the relevant PRC law permits the equity interests of Boyaa Shenzhen to be directly held by Boyaa PRC while it continues to operate its online games business, the parties will carry out all necessary actions to implement the transfer of all the shares of Boyaa Shenzhen to Boyaa PRC pursuant to the exercise of the option granted under the Exclusive Option Agreement.

Pursuant to the Exclusive Option Agreement, Boyaa Shenzhen has undertaken to perform certain acts or refrain from performing certain other acts unless it has obtained prior approval from Boyaa PRC, including but not limited to the following matters:

(i) Boyaa Shenzhen shall not alter its constitutional documents or its registered capital;

(ii) Boyaa Shenzhen shall prudently and effectively operate its business and transactions in accordance with good financial and business standards;

(iii) Boyaa Shenzhen shall not sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest of its income or allow any guarantee or security to be created on its assets;

(iv) Boyaa Shenzhen shall not incur, take up, guarantee or allow any indebtedness other than those in the ordinary course of business and having been disclosed to and consented by Boyaa PRC in writing;

(v) Boyaa Shenzhen shall not enter into any material contracts with an amount of over RMB1 million other than in the ordinary course of business;

(vi) Boyaa Shenzhen shall operate its business in order to maintain its asset value or not allow any acts or omission which adversely affects its business or assets value;

(vii) Boyaa Shenzhen shall not engage in any mergers or acquisitions or make investment in any entities;

(viii) Boyaa Shenzhen shall immediately inform Boyaa PRC if its assets or business are involved in any disputes, litigations, arbitrations or administrative proceedings; and

(ix) Boyaa Shenzhen shall not distribute any dividend to Mr. Zhang Wei or Mr. Dai Zhikang. Each of Mr. Zhang Wei and Mr. Dai Zhikang shall transfer all distributable dividends, capital dividend and other assets receivable by him at nil consideration to Boyaa PRC as soon as practicable but in any event no later than three days upon receipt of the same by any of them.

The Exclusive Option Agreement is for an indefinite term commencing on 15 May 2013, being the date of the agreement, until it is terminated (i) by Boyaa PRC by giving Boyaa Shenzhen a 30 days' prior written notice of

termination, or (ii) upon the transfer of the entire equity interests held by either Mr. Zhang Wei and/or Mr. Dai Zhikang in Boyaa Shenzhen and/or the transfer of all the assets of Boyaa Shenzhen to Boyaa PRC or its designated person. Boyaa Shenzhen is not contractually entitled to terminate the Exclusive Option Agreement with Boyaa PRC.

(d) Equity Pledge Agreement

Boyaa PRC, Mr. Zhang Wei and Mr. Dai Zhikang entered into the Equity Pledge Agreement (as restated and amended) on 15 May 2013, pursuant to which each of Mr. Zhang Wei and Mr. Dai Zhikang agreed to pledge all of their respective equity interests in Boyaa Shenzhen to Boyaa PRC to secure performance of all their obligations and the obligations of Boyaa Shenzhen under the Exclusive Business Consulting and Service Agreement, the Business Operating Agreement, the Exclusive Option Agreement, the Intellectual Properties License Agreement and the Loan Agreement underlying the Contractual Arrangements.

Under the Equity Pledge Agreement, Mr. Zhang Wei and Mr. Dai Zhikang represent and warrant to Boyaa PRC that appropriate arrangements have been made to protect Boyaa PRC's interests in the event of death, bankruptcy or divorce of the Shareholders to avoid any practical difficulties in enforcing the Equity Pledge Agreement. If Boyaa Shenzhen declares any dividend during the term of the pledge, Boyaa PRC is entitled to receive all such dividends, bonus issue or other income arising from the pledged equity interests, if any. If any of Mr. Zhang Wei and Mr. Dai Zhikang breaches or fails to fulfill the obligations under any of the aforementioned agreements, Boyaa PRC, as the pledgee, will be entitled to dispose of the pledged equity interests, entirely or partially. In addition, pursuant to the Equity Pledge Agreement, each of Mr. Zhang Wei and Mr. Dai Zhikang has undertaken to Boyaa PRC, among other things, not to transfer the interest in his equity interests in Boyaa Shenzhen and not to create or allow any pledge thereon that may affect the rights and interest of Boyaa PRC without its prior written consent.

The Equity Pledge Agreement is for an indefinite term commencing on 15 May 2013, being the date of the agreement, until (i) all the agreements (other than this Equity Pledge Agreement) underlying the Contractual Arrangements have been terminated, or (ii) all the obligations under the Equity Pledge Agreement have been fulfilled.

(e) Intellectual Properties License Agreement

Boyaa PRC and Boyaa Shenzhen entered into the Intellectual Properties License Agreement on 15 May 2013, pursuant to which Boyaa PRC agrees to grant a non-exclusive license to Boyaa Shenzhen for the use of all its existing and future intellectual properties, including but not limited to trademarks, patents and copyright and whether registered or non-registered. Pursuant to the Intellectual Properties License Agreement, Boyaa Shenzhen is licensed to use such intellectual properties strictly in the operation of its telecommunication value-added services and Internet cultural services and Boyaa Shenzhen cannot sub-license such intellectual properties to any third parties or use such intellectual properties for any other purpose. Such license is only effective onshore in the PRC and does not apply to any direct or indirect use of such intellectual properties in any other territories or jurisdictions. Pursuant to the terms of the Intellectual Properties License Agreement, the license fee and royalty to be charged by Boyaa PRC for the use of such intellectual properties by Boyaa Shenzhen are included as part of the service fee under the Exclusive Business Consulting and Service Agreement.

The Intellectual Properties License Agreement is for a term of ten years commencing from 15 May 2013, being the date of the agreement, and may be automatically extended for another ten years at the discretion of Boyaa PRC, until it is terminated by Boyaa PRC by giving Boyaa Shenzhen a 30 days' prior written notice of termination.

(f) Loan Agreement

In order to satisfy the funding needs of Boyaa Shenzhen, Mr. Zhang Wei borrowed a sum of RMB8,000,000 from a third party in 2012. On 15 May 2013, Boyaa PRC and Mr. Zhang Wei entered into the Loan Agreement, and as amended and supplemented by the supplemental agreement dated 22 October 2013, pursuant to which Boyaa PRC agreed to lend RMB8,000,000 to Mr. Zhang Wei to allow him to repay the RMB8,000,000 loan which he had borrowed for the purpose of his additional capital contributions in Boyaa Shenzhen in May 2012. Pursuant to the Loan Agreement, the parties agreed to enter into the Exclusive Option Agreement where Boyaa PRC has the right to exercise a call option granted by Mr. Zhang Wei to acquire all or part of the equity interest in Boyaa Shenzhen held by Mr. Zhang Wei at the minimum consideration that is permissible under law. In addition, to secure the performance of all obligations of Mr. Zhang Wei under the Loan Agreement and all other agreements (other than the Equity Pledge Agreement) underlying the Contractual Arrangements, the parties shall enter into the restated and amended Equity Pledge Agreement where, among others, Mr. Zhang Wei pledges all of his equity interests in Boyaa Shenzhen to Boyaa PRC.

The Loan Agreement is for a term of ten years commencing from 15 May 2013, being the date of the agreement, and may be automatically extended for another ten years. The loan will become due and payable upon Boyaa PRC's demand under any of the following circumstances: (i) Mr. Zhang Wei resigns or is being removed from the various positions held by him in the Group, (ii) the death or incapacity of Mr. Zhang Wei, (iii) Mr. Zhang Wei being engaged or involved in criminal activities, (iv) Mr. Zhang Wei becoming insolvent or incurring any other significant personal debt which may affect Mr. Zhang Wei's ability to repay the loan under the Loan Agreement, or (v) Boyaa PRC exercising its option to purchase all equity interests in Boyaa Shenzhen held by Mr. Zhang Wei to the extent permitted by PRC laws and regulations as soon as the PRC foreign ownership restrictions applicable to the Group's online games business have been lifted. The Loan Agreement provides that the loan can only be repaid by Mr. Zhang Wei using proceeds he will receive upon Boyaa PRC's exercise of its irrevocable option to purchase Boyaa Shenzhen's equity interests or assets pursuant to the Exclusive Option Agreement.

Apart from the above, there are no new Contractual Arrangements entered into, renewed or reproduced between the Group and Boyaa Shenzhen during the year ended 31 December 2015. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the year ended 31 December 2015.

During the year ended 31 December 2015, none of the agreements underlying the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of the Contractual Arrangements has been removed.

The related party transactions included in Note 31 to the consolidated financial statements do not constitute connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

Risks associated with the Contractual Arrangements	**Mitigation actions taken by the Company**
i. If the PRC government finds that the agreements that establish the structure for operating the Group's online game businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of the Group's interest in its variable interest entity ("**VIE**"), i.e. Boyaa Shenzhen.	Pursuant to each of the agreements underlying the Contractual Arrangements, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change on such laws, regulations or rules leading to any provision in any of the agreements underlying the Contractual Arrangements is held to be or becomes illegal, invalid or unenforceable in any respect under the law of the applicable jurisdiction: (a) so far as it is illegal, invalid and unenforceable, it shall be given no effect and shall be deemed not to be included in the relevant agreement and shall not affect or impair the legality, validity or enforceability in that jurisdiction of the other provisions of the agreement, or of that or any provisions of the relevant agreement in any other jurisdictions; and (b) the parties shall use all reasonable endeavors to replace it with a valid and enforceable substitute provision or provisions but differing from the replaced provision as little as possible and the effect of which is as close to the intended effect of the illegal, invalid or unenforceable provision. In addition, pursuant to the agreements underlying the Contractual Arrangements, the parties agreed and will ensure that they will unwind the Contractual Arrangements as soon as the law allows the business to be operated without them.

Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
ii. The Group relies on the Contractual Arrangements to control and obtain the economic benefits from Boyaa Shenzhen which may not be as effective in providing operational control as direct ownership.	Each of Mr. Zhang Wei (the Chairman of the Board, Chief Executive Officer and executive Director) and Mr. Dai Zhikang (executive Director), being the registered shareholders of Boyaa Shenzhen, has executed a power of attorney pursuant to the terms of the Business Operating Agreement. Pursuant to the power of attorney, each of the shareholders of Boyaa Shenzhen agrees to authorize any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen. These include the rights to (i) attend shareholders' meetings, (ii) exercise voting rights in shareholders' meetings to appoint directors, supervisors and senior management, (iii) decide on any acquisition or disposal of the equity interest of Mr. Zhang Wei and Mr. Dai Zhikang in Boyaa Shenzhen or the winding-up or dissolution of Boyaa Shenzhen, (iv) file documents with relevant governmental authorities or regulatory bodies, (v) to instruct directors and senior management of Boyaa Shenzhen to act in accordance with all instructions of Boyaa PRC or its designated person, and (vi) exercise such other shareholders' rights as stipulated under applicable PRC laws, rules and regulations and the articles of Boyaa Shenzhen.
iii. The shareholders of Boyaa Shenzhen may have conflicts of interest with the Group, which may materially and adversely affect the Group's business.	Pursuant to the Exclusive Option Agreement, the Company has the option to (i) purchase or to designate a third party to purchase the equity interests of the existing shareholders of Boyaa Shenzhen when and to the extent permitted by law and (ii) acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of Boyaa Shenzhen at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Each of Boyaa Shenzhen's shareholders has executed a power of attorney to authorize any individual(s) appointed by Boyaa PRC to exercise all of their rights and powers as shareholders of Boyaa Shenzhen.

Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
	In addition, to ensure that Mr. Zhang Wei, Mr. Dai Zhikang and Boyaa Shenzhen will comply with the Contractual Arrangements, the Company has further introduced the following measures: i. the three independent non-executive Directors will review the effective implementation of the procedures and controls and compliance of the Contractual Arrangements; ii. each of Mr. Zhang Wei and Mr. Dai Zhikang shall abstain from voting on any resolutions of Boyaa Shenzhen in which he may have conflict of interest, and all resolutions shall be passed unanimously or by the affirmative vote of a simple majority of the board of Boyaa Shenzhen (as the case may be), and if any resolution could not be passed by the board of Boyaa Shenzhen unanimously or by a simple majority of votes (as the case may be), such resolution would be considered as disapproved; and iii. the Group has implemented corporate governance measures to manage any conflict of interest between the Group and the directors.
iv. The Group may lose the ability to use and enjoy assets held by the VIE that are important to the operation of its business if the VIE declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.	Pursuant to the Business Operating Agreement, in the event that Boyaa PRC or its designee decided to voluntary wind-up or dissolve Boyaa Shenzhen, each of Mr. Zhang Wei and Mr. Dai Zhikang undertakes that he will ensure and procure the execution of all related documents and completion of all relevant procedures required for completing the liquidation and winding-up process and that Boyaa PRC shall be transferred, at nil consideration, all remaining assets of Boyaa Shenzhen upon liquidation. In addition, under the Business Operating Agreement and the Equity Pledge Agreement, Mr. Zhang Wei and Mr. Dai Zhikang warrant to Boyaa PRC that appropriate arrangements have been made to protect Boyaa PRC's interests in the event of his death, bankruptcy or divorce to avoid any practical difficulties in enforcing the agreements underlying the Contractual Arrangements.

Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
v. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may subject the Group to increase income tax due to the different income tax rates applicable to Boyaa PRC and Boyaa Shenzhen, which may adversely affect the Group's results of operations.	Boyaa Shenzhen qualified as a "High and New Technology Enterprise" ("**HNTE**") under the PRC Corporate Income Tax Law in 2012 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2012 to 31 December 2014. Boyaa Shenzhen has applied for the renewal of the HNTE qualification for the next three years ending 31 December 2017. The application has been approved by the relevant government authorities as at the date of this annual report. Therefore, the expected income tax rate for Boyaa Shenzhen was 15% for the year ended 31 December 2015 (2014: 15%). See Note 27 to the consolidated financial statements in this annual report. Boyaa PRC qualified as a HNTE under the PRC Corporate Income Tax Law in 2013 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. Therefore, the actual income tax rate for Boyaa PRC was 15% for the year ended 31 December 2015 (2014: 15%). Also see Note 27 to the consolidated financial statements in this annual report. As a result, as both Boyaa PRC and Boyaa Shenzhen enjoys the reduced income tax rate of 15%, the transfer of its before-tax profits by Boyaa Shenzhen to Boyaa PRC during the reporting period or any future period will not result in increased income tax expenses for the Group on a consolidated basis and hence will not materially and adversely affect the Group's results of operations, particularly, its net profit and net profit margin.
vi. The Contractual Arrangements between Boyaa PRC and Boyaa Shenzhen may be subject to scrutiny by the PRC tax authorities and any finding that the Group or Boyaa Shenzhen owe additional taxes could substantially reduce the Group's consolidated net income and the value of the investment of investors.	The Group will work closely with its tax advisers to ensure that all tax filings are made promptly and then any questions raised by PRC tax authorities are addressed in a timely and satisfactory manner.

Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
vii. Based on the consultation draft of the new PRC Foreign Investment Law published by the Ministry of Commerce in January 2015 and assuming that the draft of the new PRC Foreign Investment Law is enacted as proposed, substantial uncertainties exist in connection with the legality and validity of the Contractual Arrangements to hold interests in PRC businesses that are subject to foreign ownership restrictions and the Company may have to incur compliance costs in the future.	As of the date of this annual report, the consultation draft of the new PRC Foreign Investment Law has not yet been passed by the State Council and therefore does not constitute any law or regulation. Accordingly, the Company, as advised by its PRC legal advisers, is of the view that such consultation draft currently will not have any impact on the Company and the Contractual Arrangements. In any event, the Company will closely monitor the progress of the consultation and the promulgation of the new PRC Foreign Investment Law and will consult its PRC legal advisers promptly should there be any new legal development leading to any change to the Contractual Arrangements.

For details of the risks associated with the Contractual Arrangements, please refer to the section headed "Risk Factors – Risks relating to our corporate structure" in the prospectus of the Company dated 31 October 2013.

A waiver has been granted by the Stock Exchange regarding strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements, (ii) the requirement of setting an annual cap for the fees payable to Boyaa PRC under the Contractual Arrangements, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less, for so long as Shares are listed on the Stock Exchange, subject to certain conditions. In addition, the Stock Exchange has also granted a waiver from strict compliance with (i) the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under any new transactions, contracts, and agreements, or renewal of existing agreements to be entered into between Boyaa Shenzhen and any member of the Group (the "**New Intergroup Agreements**"), (ii) the requirement of setting an annual cap for the fees payable by/to any member of the Group to/from Boyaa Shenzhen under any New Intergroup Agreements, and (iii) the requirement of limiting the term of any New Intergroup Agreement to three years or less, for so long as Shares are listed on the Stock Exchange, subject to certain conditions.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the Group's legal structure and business operations, that such transactions are on normal commercial terms and are fair and reasonable, or advantageous, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The independent non-executive Directors reviewed the Contractual Arrangements and confirmed that (i) the transactions carried out during the year ended 31 December 2015 have been entered into in accordance with the relevant provisions of the Contractual Arrangements, have been operated so that the profit generated by Boyaa Shenzhen has been substantially retained by Boyaa PRC, (ii) no dividends or other distributions have been made by Boyaa Shenzhen to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, and (iii) no New Intergroup Agreements have been entered into between the Group and Boyaa Shenzhen during the year ended 31 December 2015.

Further, the Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

A copy of the auditor's letter on the continuing connected transactions of the Group for the year ended 31 December 2015 has been provided by the Company to the Stock Exchange.

By order of the Board

Zhang Wei
Chairman

Hong Kong, 23 March 2016

Corporate Governance Report

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors with reference to the Corporate Governance Code and Corporate Governance Report (the "**Code**") set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the year ended 31 December 2015, the Company has complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules, except for a deviation from the code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

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

BOARD OF DIRECTORS

The Board is charged with promoting the success of the Company by directing and supervising its affairs. The Board has general powers for the management and conduct of the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Company, who will implement the strategy and direction as determined by the Board.

The Board currently consists of five Directors, namely Mr. Zhang Wei (Chairman and Chief Executive Officer) and Mr. Dai Zhikang as executive Directors and Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Gao Shaofei as independent non-executive Directors. There is no relationship (including financial, family or other material or relevant relationship) between the Directors. The Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

The biographies of the Directors are set out on pages 17 to 18 of this annual report.

Each of the executive Directors has entered into a service contract with the Company on 25 October 2013 and the Company has issued letters of appointment to each of the independent non-executive Directors. The principal particulars of these service contracts and letters of appointment are (a) for a term of 3 years commencing from 25 October 2013 and (b) are subject to termination in accordance with their respective terms. The term of the service contracts and the letters of appointment may be renewed in accordance with our articles of association of the Company and the applicable Listing Rules.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors (including Directors who have resigned during the year) for the year ended 31 December 2015 was approximately RMB3.7 million.

The remuneration of the Directors is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors and senior management for 2015 are set out in Note 37 to the consolidated financial statements.

During the year ended 31 December 2015, the Company has three independent non-executive Directors, which meets the requirement of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

Directors have access to the company secretary(ies) to ensure that the Board procedures are followed. The current joint company secretaries of the Company are Ms. Dai Meng and Ms. Lai Siu Kuen. In compliance with Rule 3.29 of the Listing Rules, each of Ms. Dai Meng and Ms. Lai Siu Kuen has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2015. During the year ended 31 December 2015, one of our previous joint company secretaries, Ms. Huang Haiyan has resigned as a joint company secretary of the Company with effect from 27 March 2015 due to personal reason for pursuing other opportunities. Following the resignation of Ms. Huang Haiyan, Ms. Lai Siu Kuen remains as the company secretary of the Company and acts as the sole company secretary of the Company. On 27 August 2015, Ms. Dai Meng was appointed as a joint company secretary of the Company, while Ms. Lai Siu Kuen acts as the other joint company secretary of the Company. Ms. Lai Siu Kuen is a senior manager of the Listing Services Department of KCS Hong Kong Limited and possesses the requisite qualification and experience as required under Rule 3.28 and Rule 8.17 of the Listing Rules and her primary corporate contact person at the Company was Ms. Dai Meng.

Each of the Directors attended various trainings in 2015, including the trainings for the amendment of the Listing Rules, for Directors' responsibilities and continuous obligations and for enforcement of the Listing Rules, etc. The Company will arrange suitable training for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

During the year ended 31 December 2015, the Board held 11 meetings. A total of 44 proposals were considered at these Board meetings, including proposals for the consideration of the Company's 2014 annual report, 2014 annual results announcement, 2015 first quarterly results announcement, 2015 interim report, 2015 interim results announcement, 2015 third quarterly results announcement, the grant of RSUs and share options and the appointment of the new joint company secretary.

In relation to corporate governance matters, during the year ended 31 December 2015, the Company had further reviewed and improved its work on corporate governance and internal control. For instance, it had completed the formulation and updating of its "Information Disclosure Policy" and "Preparation of Financial Reports and Reporting Process Manual", etc.

In 2015, the Board adopted an updated terms of reference of the Audit Committee, which contained enhanced duties on the review of the Company's risk management systems. In the same year, the Company has further refined the scope of work of its internal audit department on risk management and internal control, and the review and reporting process of the department on internal audit matters.

The Company is committed to continuously review and improve its internal systems, including those in relation to internal supervision and control, and risk management.

The table below sets out the details of Board meetings attendance of each Director during the year ended 31 December 2015.

Director	Number of Board meetings requiring attendance	Number of Board meetings attended
Mr. Zhang Wei	11	11
Mr. Dai Zhikang	11	5
Mr. Gao Junfeng (resigned on 1 July 2015)	4	4
Mr. Zhou Kui (resigned on 14 May 2015)	4	4
Mr. Cheung Ngai Lam	11	11
Mr. Choi Hon Keung Simon	11	11
Mr. Gao Shaofei	11	11

In 2015, the Company convened and held one general meeting, being the 2014 annual general meeting held on 14 May 2015. Our Directors, namely Mr. Zhang Wei, Mr. Gao Junfeng and Mr. Cheung Ngai Lam attended the general meeting.

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company and that of the Stock Exchange.

Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Company has also updated the terms of reference of the Audit Committee reflecting the changes to the Code in respect of the Company's risk management and internal control systems, and which became effective on 1 January 2016. The Audit Committee consists of three members, namely Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Gao Shaofei, our independent non-executive Directors. Mr. Cheung Ngai Lam is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and providing an independent view of the effectiveness of, the financial reporting process and risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

During the year ended 31 December 2015, the Audit Committee held 4 meetings, at which a total of 20 proposals were considered, including proposals for the consideration of the Company's 2014 annual report, 2014 annual results announcement, 2015 first quarterly results, 2015 interim report, 2015 interim results announcement, 2015 third quarterly results, the updated terms of reference of the Audit Committee and the report on audit plan for the year of 2015 by PricewaterhouseCoopers, the external auditor of the Company. The Audit Committee also assessed the risk management and internal control measures of the Company.

The table below sets out the details of meetings attendance of each member of the Audit Committee during the year ended 31 December 2015.

Director	Number of meetings requiring attendance	Number of meetings attended
Mr. Cheung Ngai Lam	4	4
Mr. Choi Hon Keung Simon	4	4
Mr. Gao Shaofei	4	4

Nomination Committee

The Company established a Nomination Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Choi Hon Keung Simon and Mr. Gao Shaofei and one executive Director, being Mr. Zhang Wei. Mr. Zhang Wei is the chairman of the Nomination Committee.

In 2015, the Nomination Committee held one meeting, at which a total of three proposals were considered, including proposals for the review of the Board's composition, the independence of the independent non-executive Directors and the recommendation of re-election of the retiring directors.

The table below sets out the details of meetings attendance of each member of the Nomination Committee during the year ended 31 December 2015.

Director	Number of meeting requiring attendance	Number of meeting attended
Mr. Zhang Wei	1	1
Mr. Choi Hon Keung Simon	1	1
Mr. Gao Shaofei	1	1

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Remuneration Committee

The Company established a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has three members, comprising three independent non-executive Directors, namely Mr. Cheung Ngai Lam, Mr. Choi Hon Keung Simon and Mr. Gao Shaofei. Mr. Cheung Ngai Lam is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

The Remuneration Committee has adopted the model described in code provision B.1.2(c)(i) of the Code in its terms of reference.

In 2015, the Remuneration Committee held one meeting, at which a total of three proposals were considered, including proposals for the remuneration of the Directors and senior management, the policy and structure of the remuneration for the Directors and senior management, etc.

The table below sets out the details of meetings attendance of each member of the Remuneration Committee during the year ended 31 December 2015.

Director	Number of meeting requiring attendance	Number of meeting attended
Mr. Cheung Ngai Lam	1	1
Mr. Choi Hon Keung Simon	1	1
Mr. Gao Shaofei	1	1

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code during the year ended 31 December 2015.

EXTERNAL AUDITOR

PricewaterhouseCoopers is appointed as the external auditor of the Company.

For the year ended 31 December 2015, the fees paid/payable to PricewaterhouseCoopers for the audit and review of the financial statements of the Group are RMB7 million. PricewaterhouseCoopers did not provide non-audit services to the Group for the year ended 31 December 2015.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors are responsible for overseeing the preparation of the financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditor about its reporting responsibilities on the financial statements is set out on pages 65 to 66 of this report. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Company's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

During the year ended 31 December 2015, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. The review was made by discussions with the management of the Company, its external and internal auditors and the assessment conducted by the Audit Committee. The Board believes that the existing internal control system is adequate and effective, in particular, for financial reporting and Listing Rules compliance.

SHAREHOLDERS

The Company is incorporated in the Cayman Islands. Pursuant to the articles of association of the Company, general meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

To safeguard shareholder interests and rights, separate resolutions are and will be proposed at general meetings on each substantial issue, including the election of individual Directors. The procedures for shareholder to propose a person for election as director is available on the Company's website (www.boyaa.com.hk). Shareholders may lodge written proposal to the joint company secretaries of the Company at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, provided that the minimum length of the period, during which such written notice is given, shall be at least seven days and that the lodgement of such notice shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting.

Enquiries about the Company may be put to the Board by contacting the Company or directly by raising the questions at an annual general meeting or extraordinary general meeting. The contact details of the Company are set out in the Company's website (www.boyaa.com.hk). Shareholders can also direct their enquiries about their shareholdings to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, whose address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015 and up to the date of this annual report, there has not been any change in the Company's memorandum and articles of association. The Company's memorandum and articles of association are available on the website of the Company (www.boyaa.com.hk) and that of the Stock Exchange.

Independent Auditor's Report

羅兵咸永道

To the Shareholders of Boyaa Interactive International Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Boyaa Interactive International Limited (the "**Company**") and its subsidiaries set out on pages 67 to 144, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

OTHER MATTERS

This report, including the opinion, has been prepared for and only for you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

Consolidated Balance Sheet

	Note	As at 31 December 2015 RMB'000	 2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**28,164**	15,176
Intangible assets	7	**5,473**	19,626
Investments in associates	10	**18,829**	21,839
Available-for-sale financial assets	11	**280,484**	63,975
Deferred income tax assets	12	**7,029**	1,685
Financial assets at fair value through profit or loss	15	**259,857**	22,085
Prepayments and other receivables	14	**17,611**	42,651
		617,447	187,037
Current assets			
Trade receivables	13	**77,858**	94,312
Prepayments and other receivables	14	**30,664**	33,001
Financial assets at fair value through profit or loss	15	**222,561**	–
Short-term investments		**–**	370,000
Term deposits	16	**65,468**	–
Cash and cash equivalents	17	**1,065,802**	1,029,331
		1,462,353	1,526,644
Total assets		**2,079,800**	1,713,681

Consolidated Balance Sheet

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	18	**248**	245
Share premium	18	**590,113**	632,329
Shares held for RSU Scheme	18	**(18)**	(19)
Reserves	19	**155,266**	137,045
Retained earnings		**1,060,695**	702,896
		1,806,304	1,472,496
Non-controlling interests		**–**	9,130
Total equity		**1,806,304**	1,481,626
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	12	**41,628**	14,234
Current liabilities			
Trade and other payables	21	**95,760**	115,169
Deferred revenue	22	**22,774**	24,238
Current income tax liabilities		**113,334**	78,414
		231,868	217,821
Total liabilities		**273,496**	232,055
Total equity and liabilities		**2,079,800**	1,713,681

The notes on pages 74 to 144 are integral parts of these consolidated financial statements.

The financial statements on pages 67 to 144 were approved for issue by the Board of Directors on 23 March 2016 and were signed on its behalf.

Zhang Wei
Director

Dai Zhikang
Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	5	**813,480**	945,319
Cost of revenue	23	**(385,536)**	(377,467)
Gross profit		**427,944**	567,852
Selling and marketing expenses	23	**(146,741)**	(178,682)
Administrative expenses	23	**(139,869)**	(117,398)
Other gains-net	25	**236,402**	54,877
Operating profit		**377,736**	326,649
Finance income	26	**41,543**	8,518
Finance costs	26	**(6,647)**	(6,389)
Finance income-net	26	**34,896**	2,129
Share of profit of associates	10	**7,478**	6,222
Profit before income tax		**420,110**	335,000
Income tax expense	27	**(63,473)**	(55,413)
Profit for the year		**356,637**	279,587
Other comprehensive income			
Items that may be reclassified to profit or loss:			
– Changes in value of available-for-sale financial assets, net of tax		**(13,671)**	52,182
– Less: reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal of available-for-sale financial assets, net of tax		**(258)**	–
– Currency translation differences		**9,061**	4,521
Other comprehensive (loss)/income for the year, net of tax		**(4,868)**	56,703
Total comprehensive income for the year		**351,769**	336,290

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Profit attributable to:			
– Owners of the Company		**357,799**	280,065
– Non-controlling interests		**(1,162)**	(478)
		356,637	279,587
Total comprehensive income attributable to:			
– Owners of the Company		**352,931**	336,768
– Non-controlling interests		**(1,162)**	(478)
		351,769	336,290
Earnings per share			
(expressed in RMB cents per share)			
– Basic	28	**50.81**	42.07
– Diluted	28	**49.25**	38.07

The notes on pages 74 to 144 are integral parts of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014		239	738,070	(33)	53,512	422,831	1,214,619	–	1,214,619
Comprehensive income									
Profit for the year		–	–	–	–	280,065	280,065	(478)	279,587
Other comprehensive income									
Change in value of available-for-sale financial assets, net of tax		–	–	–	52,182	–	52,182	–	52,182
Currency translation differences		–	–	–	4,521	–	4,521	–	4,521
Total comprehensive income for the year		–	–	–	56,703	280,065	336,768	(478)	336,290
Employee share option and RSU scheme									
– value of employee services	19	–	–	–	26,590	–	26,590	–	26,590
– proceeds from shares issued	18	6	7,288	–	–	–	7,294	–	7,294
– vesting of shares under RSU scheme	20	–	(14)	14	–	–	–	–	–
Share of change in reserves of an associate	10	–	–	–	240	–	240	–	240
Buy-back of shares	18	–	(587)	–	–	–	(587)	–	(587)
Dividends		–	(112,428)	–	–	–	(112,428)	–	(112,428)
Total contributions by and distributions to owners of the Company, recognized directly in equity		6	(105,741)	14	26,830	–	(78,891)	–	(78,891)
Non-controlling interests arising on business combination		–	–	–	–	–	–	9,608	9,608
Total transactions with owners, recognized directly in equity		6	(105,741)	14	26,830	–	(78,891)	9,608	(69,283)
Balance at 31 December 2014		245	632,329	(19)	137,045	702,896	1,472,496	9,130	1,481,626

Consolidated Statement of Changes in Equity

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015		**245**	**632,329**	**(19)**	**137,045**	**702,896**	**1,472,496**	**9,130**	**1,481,626**
Comprehensive income									
Profit for the year		–	–	–	–	357,799	357,799	(1,162)	356,637
Other comprehensive income									
Change in value of available-for-sale financial assets, net of tax		–	–	–	(13,671)	–	(13,671)	–	(13,671)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax		–	–	–	(258)	–	(258)	–	(258)
Currency translation differences		–	–	–	9,061	–	9,061	–	9,061
Total comprehensive income for the year		–	–	–	(4,868)	357,799	352,931	(1,162)	351,769
Employee share option and RSU scheme									
– value of employee services	19	–	–	–	23,089	–	23,089	–	23,089
– proceeds from shares issued	18	3	2,907	–	–	–	2,910	–	2,910
– vesting of shares under RSU scheme	20	–	(1)	1	–	–	–	–	–
Dividends	29	–	(45,122)	–	–	–	(45,122)	–	(45,122)
Total contributions by and distributions to owners of the Company, recognized directly in equity		3	(42,216)	1	23,089	–	(19,123)	–	(19,123)
Disposal of subsidiaries	34	–	–	–	–	–	–	(7,968)	(7,968)
Total transactions with owners, recognized directly in equity		3	(42,216)	1	23,089	–	(19,123)	(7,968)	(27,091)
Balance at 31 December 2015		**248**	**590,113**	**(18)**	**155,266**	**1,060,695**	**1,806,304**	**–**	**1,806,304**

The notes on pages 74 to 144 are integral parts of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	30	**163,232**	265,434
Income tax paid		**(91)**	(30,427)
Net cash generated from operating activities		**163,141**	235,007
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	33	**19**	(4,764)
Purchase of property, plant and equipment		**(16,104)**	(20,489)
Purchase of intangible assets		**(270)**	(1,277)
Purchase of financial assets at fair value through profit or loss		**(4,283,661)**	(169,883)
Purchase of available-for-sale financial assets	11	**(1,000)**	(2,608)
Purchase of short-term investments		**–**	(1,360,000)
Placement of term deposits with original maturities over three months		**(65,468)**	–
Refund of prepayment/(prepayment) for purchase of certain properties		**20,000**	(20,000)
Investments in associates	10	**(4,600)**	(8,200)
Net proceeds from disposal of subsidiaries	34	**4,666**	–
Proceeds from disposals of financial assets at fair value through profit or loss		**3,842,340**	258,274
Proceeds from disposals of short-term investments		**370,000**	1,213,000
Proceeds from disposal of available-for-sale financial assets		**1,927**	–
Proceeds on disposals of property, plant and equipment	30	**34**	17
Dividends received from an associate	10	**–**	800
Proceeds from partial disposal of investment in an associate	10	**28**	–
Return on short-term investments received		**1,894**	41,481
Interest received		**39,454**	8,450
Net cash used in investing activities		**(90,741)**	(65,199)
Cash flows from financing activities			
Buy-back of shares	18	**–**	(587)
Dividends	29	**(45,122)**	(112,428)
Proceeds from issuance of ordinary shares		**3,016**	7,188
Net cash used in financing activities		**(42,106)**	(105,827)
Net increase in cash and cash equivalents		**30,294**	63,981
Cash and cash equivalents at beginning of year		**1,029,331**	965,566
Exchange gains/(losses) on cash and cash equivalents		**6,177**	(216)
Cash and cash equivalents at end of the year		**1,065,802**	1,029,331

The notes on pages 74 to 144 are integral parts of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Boyaa Interactive International Limited (the "**Company**") was incorporated in the Cayman Islands. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") since 12 November 2013 (the "**Listing**").

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

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 23 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

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

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise their judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures

(a) New and revised standards and amendments to existing standards that are mandatory for the first time for the financial year beginning on 1 January 2015, are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

(b) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted

- Amendment to IFRS 11 on accounting for acquisitions of interests in joint operations. The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in IFRS 3, Business combinations. The amendment is applicable to both the acquisition of the initial interest and a further interest in a joint operation. The previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation with joint control maintained. This amendment will be effective for annual periods beginning on or after 1 January 2016 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 on the sale or contribution of assets between an investor and its associate or joint venture. The amendments address an inconsistency between IFRS 10 and IAS 28 in the sale and contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business. A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary. These amendments were originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- Amendment to IAS 27 on the equity method in separate financial statements. The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment will be effective for annual periods beginning on or after 1 January 2016 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted *(Continued)*

- Annual improvements 2014, which include changes from the 2012-2014 cycle of the annual improvements project that affect the following standards: IFRS 5, "Non-current assets held for sale and discontinued operations", IFRS 7, "Financial instruments: Disclosures", IAS 19, "Employee benefits" and IAS 34, "Interim financial reporting". These amendments will be effective for annual periods beginning on or after 1 January 2016 and the Group is yet to assess the impact of these amendments on the Group's consolidated financial statements.

- Amendments to IAS 1 "Disclosure initiative", which clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. This amendment will be effective for annual periods beginning on or after 1 January 2016 and the Group is yet to assess the impact of this amendment on the Group's consolidated financial statements.

- IFRS 15 "Revenue from contracts with customers". IFRS 15 establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract (3) Determine the transaction price (4) Allocate transaction price to performance obligations and (5) recognize revenue when performance obligation is satisfied. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an "earnings processes" to an "asset-liability" approach based on transfer of control. IFRS 15 provides specific guidance on capitalization of contract cost and license arrangements. IFRS 15 replaces the previous revenue standards: IAS 18 Revenue and IAS 11 Construction contracts, and the related interpretations on revenue recognition: IFRIC 13 Customer loyalty programmes, IFRIC 15 Agreements for the construction of real estate, IFRIC 18 Transfers of assets from customers and SIC-31 Revenue - barter transactions involving advertising services. This new standard will be effective for annual periods beginning on or after 1 January 2018 and the Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 *Basis of preparation* *(Continued)*

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted *(Continued)*

- IFRS 9 "Financial instruments". IFRS 9 (2014), "Financial instruments" replaces the whole of IAS 39. IFRS 9 has three financial asset classification categories for investments in debt instruments: amortized cost, fair value through other comprehensive income ("**OCI**") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortized cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognized in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognized in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss. IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses ("**ECL**") model, which constitutes a change from the incurred loss model in IAS 39. IFRS 9 contains a 'three stage' approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortized cost a day-1 loss equal to the 12-month ECL is recognized in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. IFRS 9 applies to all hedging relationships, with the exception of portfolio fair value hedges of interest rate risk. The new guidance better aligns hedge accounting with the risk management activities of an entity and provides relief from the more "rule-based" approach of IAS 39. This new standard will be effective for annual periods beginning on or after 1 January 2018 and the Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation ***(Continued)***

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and revised standards and amendments to existing standards that have been issued and are relevant to the Group, but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted *(Continued)*

- IFRS16 "Leases". IFRS 16 provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise lease liability reflecting future lease payments and a 'right-of-use-asset' for almost all lease contracts, with an exemption for certain short-term leases and leases of low-value assets. The lessors accounting stays almost the same as under IAS 17. However, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. This new standard will be effective for annual periods beginning on or after 1 January 2019 and the Group is yet to assess the impact of this new standard on the Group's consolidated financial statements.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Accounting subsidiary as a result of contractual arrangements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation ***(Continued)***

2.2.1 Consolidation (Continued)

(a) Accounting subsidiary as a result of contractual arrangements *(Continued)*

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

Boyaa PRC, Boyaa Shenzhen and its then owners entered into a series of contractual arrangements (the "**Contractual Arrangements**"), which enable Boyaa PRC and the Group to:

- exercise effective financial and operational control over Boyaa Shenzhen;
- exercise owners' voting rights of Boyaa Shenzhen;
- receive substantially all of the economic interest returns generated by Boyaa Shenzhen in consideration for the business support, technical and consulting services provided by Boyaa PRC;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in Boyaa Shenzhen from the respective owners at a minimum purchase price permitted under PRC laws and regulations, and all or part of the assets of Boyaa Shenzhen at the net book value of such assets or such minimum purchase price permitted under PRC laws and regulations. Boyaa PRC may exercise such options at any time until it has acquired all equity interests and/or all assets of Boyaa Shenzhen; and
- obtain a pledge over the entire equity interest of Boyaa Shenzhen from their respective owners as collateral security for all of Boyaa Shenzhen's payments due to Boyaa PRC and to secure performance of Boyaa Shenzhen's obligations under the Contractual Arrangements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation ***(Continued)***

2.2.1 Consolidation (Continued)

(b) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.2.1 Consolidation (Continued)

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.3 Associates (Continued)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit of investments accounted for using equity method' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 *Foreign currency translation*

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The functional currency of the Company is United States dollars ("**USD**"). The Company's primary subsidiaries were incorporated in the PRC and these subsidiaries considered Renminbi ("**RMB**") as their functional currency. As the game development and operation of the Group have been within the PRC, the Group determined to present the consolidated financial statements in RMB, unless otherwise stated.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within "finance income - net". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other gains - net".

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognized in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 Property, plant and equipment

Buildings comprise mainly offices. Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Estimated useful lives or remaining lease terms, whichever is shorter
Buildings	20 years
Motor vehicles	4 years
Furniture and office equipment	3-4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.-

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "other gains-net", in the consolidated statement of comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 *Intangible assets*

(a) Computer software

Computer software is initially recognized and measured at cost less amortization. Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software, and are amortized over their estimated useful lives of 5 years.

(b) Research and development expenditures

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalized as intangible assets when recognition criteria are fulfilled. These criteria includes: (1) it is technically feasible to complete the game product so that it will be available for use; (2) management intends to complete the game product and use or sell it; (3) there is an ability to use or sell the game product; (4) it can be demonstrated how the game product will generate probable future economic benefits; (5) adequate technical, financial and other resources to complete the development and to use or sell the game product are available; and (6) the expenditure attributable to the game product during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognized as expenses as incurred. During the year ended 31 December 2015, there were no development costs meeting these criteria and capitalized as intangible assets (2014: nil).

Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs are amortized from the point at which the assets are ready for use on a straight-line basis over their useful lives.

(c) Trademarks and technical know-how

Trademarks and technical know-how acquired in a business combination are initially recognized at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks and technical know-how over their estimated useful lives of 10 years.

(d) Contractual customer relationships

Contractual customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the customer relationship of 5 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by the directors of the Company. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables", "short-term investments", "term deposits" and "cash and cash equivalents" in the consolidated balance sheet.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Financial assets ***(Continued)***

2.9.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on the trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within "other gains-net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in profit or loss as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as "other gains-net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "**loss event**") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 Impairment of financial assets *(Continued)*

(b) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

2.11 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less allowance for impairment.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the considerations paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's owners until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Current and deferred income tax ***(Continued)***

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.16 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the balance sheet date.

Employee entitlements to sick and maternity leave are not recognized until the time of leave.

(b) Pension obligations

The Group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organized by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

2.17 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grant of the options and restricted shares units ("**RSUs**") is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining as an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Share-based payments *(Continued)*

(a) Equity-settled share-based payment transactions (Continued)

Non-market performance and service conditions are included in assumptions about the number of options and RSUs that are expected to vest. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement date and grant date.

Where there is modification of terms and conditions which increases the fair value of the equity instruments granted (for example, by reducing the exercise price of share options), the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

At the end of each reporting period, the Group revises its estimates of the number of options and RSUs that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options and RSUs are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(b) Share-based payment transactions among group entities

The grant by the Company of options and RSUs over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Revenue recognition

The Group's revenue is primarily derived from the sales of in-game virtual tokens ("**Game Tokens**") and other virtual items in its game development operations ("**Game Development**") through cooperation with various third-party game distribution platforms and payment vendors. These game distribution platforms include major social networking websites (such as Facebook), online application stores (such as Apple Inc.'s App Store and Google Play installed in mobile telecommunications devices), web-based and mobile game portals, telecommunication operators and pre-paid game card distributors in certain countries and regions (collectively referred to as "Platforms"). Revenue reported in the consolidated financial statements is measured at the fair value of the consideration received or receivable.

In cooperation with Platforms, the Group is responsible for hosting the games, providing on-going updates of new contents, technical support for the operations of the games, as well as preventing, detecting and resolving in-game cheating and hacking activities. Platforms are responsible for distribution, marketing, platform maintenance, payer authentication and payment collections related to the games.

The Group's games are free to play and players can purchase Game Tokens or other virtual items for better in-game experience. Players purchase the Group's Game Tokens or other virtual items ("**Paying Players**") through Platforms' own charging systems or their accounts maintained with third party payment vendors, or charging from the prepaid game cards they purchased. Platforms and third party payment vendors collect the payment from the Paying Players and remit the cash net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and Platforms or third party payment vendors.

Upon the sales of Game Tokens or other virtual items, the Group typically has an implied obligation to provide the services which enable the Game Tokens or other virtual items to be displayed or used in the games. As a result, the proceeds received from sales of Game Tokens or other virtual items are initially recorded as deferred revenue, while the proceeds received from sales of prepaid game cards are initially recorded as advance received from sales of prepaid game cards in trade and other payables. This advance is then transferred to deferred revenue when the game cards are activated by the players, i.e. the first time the players use the prepaid game cards to credit their game accounts. The attributable portion of the deferred revenue relating to values of the Game Tokens consumed and other virtual items purchased are immediately or ratably recognized as revenue only when the services are rendered to the respective Paying Players.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Revenue recognition (Continued)

For the purposes of determining when services have been provided to the respective Paying Players, the Group has determined the following:

- Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied on each round of games played. The Paying Players will not continue to benefit from the virtual items thereafter. Revenue is recognized (as a release from deferred revenue) when the items are consumed and the related services are rendered.

- Durable virtual items represent items that are accessible and beneficial to Paying Players over an extended period of time. Revenue is recognized ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be average playing period of Paying Players ("**Player Relationship Period**").

The Group estimates the Player Relationship Period on a game-by-game and platform-by-platform basis and re-assesses such periods semi-annually. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by the Group until the new game establishes its own patterns and history. The Group considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the Player Relationship Period.

The Group has evaluated the roles and responsibilities of the Group and Platforms or third party payment vendors in the delivery of game experience to the Paying Players and concluded the Group takes the primary responsibilities in rendering services. The Group is determined to be the primary obligor and accordingly, the Group records revenue on a gross basis, and commission charges by Platforms or third party payment vendors are recorded as cost of revenue.

2.19 Interest income

Interest income mainly represents interest income from bank deposits and is recognized using effective interest method.

2.20 Dividend income

Dividend income is recognized when the right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.21 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.22 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognized as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the board of directors of the Company (the "**Board**").

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB and USD. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. The Finance Department is responsible for monitoring and managing the net position in each foreign currency.

For the PRC subsidiaries whose functional currencies are RMB, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the post-tax profit for the year ended 31 December 2015 would have been approximately RMB1,561,000 higher/lower (2014: RMB1,531,000 higher/lower), mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in USD. For group companies outside of the PRC whose functional currencies are USD or Hong Kong dollars ("**HKD**"), if RMB had strengthened/weakened by 5% against USD and HKD with all other variables held constant, the post-tax profit for the year ended 31 December 2015 would have been approximately RMB2,358,000 higher/lower (2014: RMB6,074,000 higher/lower) mainly as a result of net foreign exchange gains/losses on translation of net monetary assets denominated in RMB.

(ii) Interest rate risk

Other than interest-bearing bank deposits and loans to employees, the Group has no other significant interest-bearing assets. Loans to employees were issued at fixed rates and expose the Group to fair value interest rate risk. The directors of the Company do not anticipate there is any significant impact to interest-bearing bank deposits resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Price risk

The Group is exposed to price risk because of investments held by the Group, which are classified as fair value through profit or loss and available-for-sale. The Group is not exposed to commodity price risk.

The sensitivity analysis is determined based on the exposure to price risk of financial assets at fair value through profit or loss and available-for-sale at the end of balance sheet date. If the fair values of the respective instruments held by the Group classified as fair value through profit or loss had been 5% higher/lower, the post-tax profit for the year ended 31 December 2015 would have been approximately RMB20,752,000 higher/lower (2014: RMB990,000 higher/lower). If the fair values of the respective instruments held by the Group classified as available-for-sale had been 5% higher/lower, the other components for equity for the year ended 31 December 2015 would have been approximately RMB11,927,000 higher/lower (2014: RMB2,739,000 higher/lower).

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and deposits, short-term investments as well as trade and other receivables.

The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk arising from cash and deposits and short-term investments, the Group only transacts with reputable financial institutions and commercial banks which are all high-credit-quality financial institutions in the PRC and Hong Kong. There has been no recent history of default in relation to these financial institutions.

Trade receivables at the end of each reporting period were due from the Platforms and third-party payment vendors in cooperation with the Group. If the strategic relationship with the Platforms and third-party payment vendors is terminated or scaled-back; or if the Platforms and third-party payment vendors alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's Game Development receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with the Platforms and third-party payment vendors to ensure effective credit control. In view of the history of cooperation with the Platforms and third-party payment vendors and the sound collection history of receivables due from them, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivable balances due from the Platforms and third-party payment vendors is low.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2015				
Trade and other payables (excluding advances, salary and staff welfare payables and other taxes payable)	34,748	–	–	34,748
At 31 December 2014				
Trade and other payables (excluding advances, salary and staff welfare payables and other taxes payable)	54,993	–	–	54,993

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 *Capital risk management*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

The Group monitors capital (including share capital and share premium) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 *Fair value estimation*

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 *Fair value estimation* *(Continued)*

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015 and 2014:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2015				
Assets				
Financial assets at fair value through profit or loss	–	–	482,418	482,418
Available-for-sale financial assets	229,791	–	50,693	280,484
Total assets	229,791	–	533,111	762,902
At 31 December 2014				
Assets				
Financial assets at fair value through profit or loss	–	–	22,085	22,085
Available-for-sale financial assets	2,650	–	61,325	63,975
Total assets	2,650	–	83,410	86,060

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is determined based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 *Fair value estimation* *(Continued)*

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2015.

	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Opening balance	22,085	61,325	83,410
Additions	4,283,661	1,000	4,284,661
Disposals	(3,842,340)	–	(3,842,340)
Gains recognized in profit or loss	17,310	–	17,310
Exchange differences	1,702	–	1,702
Fair value changes	–	(11,632)	(11,632)
Closing balance	482,418	50,693	533,111
Total gains for the year recognized in profit or loss under "other gains – net"	17,310	–	17,310

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Financial assets at fair value through profit or loss RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Opening balance	107,000	–	107,000
Additions	169,883	–	169,883
Disposals	(258,274)	–	(258,274)
Gains recognized in profit or loss	3,476	–	3,476
Fair value changes	–	61,325	61,325
Closing balance	22,085	61,325	83,410
Total gains for the year recognized in profit or loss under "other gains – net"	3,476	–	3,476

Details of the fair value measurement of available-for-sale financial assets and financial assets at fair value through profit or loss are set out in Note 11 and Note 15, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimates of the Player Relationship Period in the Group's Game Development

As described in Note 2.18, the Group recognizes revenue from durable virtual items ratably over the Player Relationship Period. The determination of Player Relationship Period in each game is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

(b) Recognition of share-based compensation expenses

The fair values of share options granted are measured on the respective grant dates based on the fair value of the underlying shares. In addition, the Group is required to estimate the expected percentage of grantees that will remain in employment with the Group or, where applicable, if the performance conditions for vesting will be met at the end of the vesting period. The Group only recognizes an expense for those share options and RSUs expected to vest over the vesting period during which the grantees become unconditionally entitled to these share-based awards. Changes in these estimates and assumptions could have a material effect on the determination of the fair value of the share options and RSUs and the amount of such share-based awards expected to become vested, which may in turn significantly impact the determination of the share-based compensation expenses.

The fair value of share options and RSUs at the time of grant is to be expensed over the vesting period of these share-based awards based on an accelerated graded attribution approach. Under the accelerated graded attribution approach, each vesting installment of a graded vesting award is treated as a separate share-based award, which means that each vesting installment will be separately measured and attributed to expense, resulting in accelerated recognition of share-based compensation expense. Based on the fair value of the share-based awards, the expected turnover rate of grantees and the probability that the performance conditions for vesting are met, the corresponding share-based compensation expense recognized by the Group in respect of their services rendered for the year ended 31 December 2015 was approximately RMB23,089,000 (2014: RMB26,590,000). Details of the fair value measurement of the newly granted share options and RSUs during the year are set out in Note 20.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(c) Fair values of the investments in Blingstorm

The directors of the Company have used the discounted cash flow method to determine the fair value of the investment in Blingstorm as at 31 December 2015. Key assumptions used to determine the fair value of the investment in Blingstorm are disclosed in Note 11.

The estimated fair value of the investment in Blingstorm as at 31 December 2015 would have been approximately RMB2,960,000 lower or higher should the discount rate used in the discounted cash flow analysis be higher/lower by 100 basis points from management's estimate.

4.2 Critical judgments in applying the Group's accounting policies

(a) Current and deferred income taxes

The Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

5. REVENUE AND SEGMENT INFORMATION

	2015 RMB'000	2014 RMB'000
Development and operations of online games		
– Web-based games	**333,941**	409,544
– Mobile games	**479,539**	535,775
	813,480	945,319

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

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

	2015 RMB'000	2014 RMB'000
Simplified Chinese	**349,746**	426,153
Other languages	**463,734**	519,166
	813,480	945,319

The Group has a large number of game players, none of which contributed 10% or more of the Group's revenue for the years ended 31 December 2015 and 2014.

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

	2015 RMB'000	2014 RMB'000
Mainland China	**61,626**	97,128
Other locations	**8,451**	2,164
	70,077	99,292

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2014					
Cost	–	8,555	2,610	6,704	17,869
Accumulated depreciation	–	(3,420)	(1,003)	(2,642)	(7,065)
Net book amount	–	5,135	1,607	4,062	10,804
Year ended 31 December 2014					
Opening net book amount	–	5,135	1,607	4,062	10,804
Acquisition of subsidiaries	–	14	–	–	14
Other additions	–	5,751	1,029	2,836	9,616
Other disposals	–	(47)	–	–	(47)
Depreciation	–	(2,574)	(352)	(2,285)	(5,211)
Closing net book amount	–	8,279	2,284	4,613	15,176
At 31 December 2014					
Cost	–	13,978	3,639	9,541	27,158
Accumulated depreciation	–	(5,699)	(1,355)	(4,928)	(11,982)
Net book amount	–	8,279	2,284	4,613	15,176
Year ended 31 December 2015					
Opening net book amount	**–**	**8,279**	**2,284**	**4,613**	**15,176**
Acquisition of subsidiaries (Note 33)	**–**	**181**	**–**	**–**	**181**
Other additions	**11,324**	**6,656**	**22**	**2,295**	**20,297**
Disposals of subsidiaries (Note 34)	**–**	**(55)**	**–**	**–**	**(55)**
Other disposals	**–**	**(73)**	**–**	**–**	**(73)**
Depreciation	**(134)**	**(4,288)**	**(592)**	**(2,348)**	**(7,362)**
Closing net book amount	**11,190**	**10,700**	**1,714**	**4,560**	**28,164**
At 31 December 2015					
Cost	**11,324**	**20,415**	**3,661**	**11,836**	**47,236**
Accumulated depreciation	**(134)**	**(9,715)**	**(1,947)**	**(7,276)**	**(19,072)**
Net book amount	**11,190**	**10,700**	**1,714**	**4,560**	**28,164**

Depreciation charges were expensed in the following categories in the consolidated statement of comprehensive income:

	2015 RMB'000	2014 RMB'000
Cost of revenue	**2,054**	1,167
Administrative expenses	**5,169**	3,901
Selling and marketing expenses	**139**	143
	7,362	5,211

7. INTANGIBLE ASSETS

	Computer software RMB'000	Trademarks RMB'000	Technical know-how RMB'000	Contractual Customer relationships RMB'000	Total RMB'000
At 1 January 2014					
Cost	1,324	–	–	–	1,324
Accumulated amortization	(292)	–	–	–	(292)
Net book amount	1,032	–	–	–	1,032
Year ended 31 December 2014					
Opening net book amount	1,032	–	–	–	1,032
Acquisition of subsidiaries	–	1,860	16,223	–	18,083
Other additions	1,277	–	–	–	1,277
Amortization	(464)	(32)	(270)	–	(766)
Closing net book amount	1,845	1,828	15,953	–	19,626
At 31 December 2014					
Cost	2,601	1,860	16,223	–	20,684
Accumulated amortization	(756)	(32)	(270)	–	(1,058)
Net book amount	1,845	1,828	15,953	–	19,626
Year ended 31 December 2015					
Opening net book amount	1,845	1,828	15,953	–	19,626
Acquisition of subsidiaries (Note 33)	–	–	–	4,823	4,823
Other additions	270	–	–	–	270
Disposals of subsidiaries (Note 34)	–	(1,752)	(15,276)	–	(17,028)
Amortization	(581)	(76)	(677)	(884)	(2,218)
Closing net book amount	1,534	–	–	3,939	5,473
At 31 December 2015					
Cost	2,871	–	–	4,823	7,694
Accumulated amortization	(1,337)	–	–	(884)	(2,221)
Net book amount	1,534	–	–	3,939	5,473

Amortization of RMB2,180,000 (2014: RMB735,000) is included in "cost of revenue" in the consolidated statement of comprehensive income; RMB15,000 (2014: RMB15,000) in "selling and marketing expenses"; and RMB23,000 (2014: RMB16,000) in "administrative expenses".

8. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables RMB'000	Assets at fair value through profit or loss RMB'000	Available-for-sale RMB'000	Total RMB'000
Assets as per balance sheet				
At 31 December 2015				
Trade and other receivables (excluding prepayments and undeducted input value-added tax ("**VAT**"))	**111,005**	**–**	**–**	**111,005**
Financial assets at fair value through profit or loss	**–**	**482,418**	**–**	**482,418**
Available-for-sale financial assets	**–**	**–**	**280,484**	**280,484**
Term deposits	**65,468**	**–**	**–**	**65,468**
Cash and cash equivalents	**1,065,802**	**–**	**–**	**1,065,802**
	1,242,275	**482,418**	**280,484**	**2,005,177**
At 31 December 2014				
Trade and other receivables (excluding prepayments and undeducted input VAT)	122,115	–	–	122,115
Financial assets at fair value through profit or loss	–	22,085	–	22,085
Available-for-sale financial assets	–	–	63,975	63,975
Short-term investments	370,000	–	–	370,000
Cash and cash equivalents	1,029,331	–	–	1,029,331
	1,521,446	22,085	63,975	1,607,506

	Liabilities at amortized cost RMB'000
Liabilities per balance sheet	
At 31 December 2015	
Trade and other payables (excluding advances, salary and staff welfare payables and other taxes payable)	34,748
At 31 December 2014	
Trade and other payables (excluding advances, salary and staff welfare payables and other taxes payable)	54,993

9. SUBSIDIARIES

The following is a list of the principal subsidiaries of the Group as at 31 December 2015:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/paid-in capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Boyaa Holdings Limited	BVI, Limited liability company	Investment holding,BVI	USD1	100%	100%	–
Boyaa Interactive (Hong Kong) Limited	Hong Kong, Limited liability company	Operation of online games, Hong Kong	HKD10,000	–	100%	–
Boyaa PRC	PRC, Limited liability company	Operation of online games and provision of advisory services, PRC	USD10,000,000	–	100%	–
Boyaa Shenzhen	PRC, Limited liability company	Development of online games, PRC	RMB10,000,000	–	100%	–
Boyaa Interactive (Thailand) Limited ("**Boyaa Thailand**")*	Thailand, Limited liability company	Provision of advisory services relating to online game applications, Thailand	Thailand Baht ("**THB**") 8,000,000	–	97.96%	2.04%
Shiyin Dongfang Technology Co., Ltd. (世寅東方科技有限公司)	Taiwan, Limited liability company	Promotion of online games, Taiwan	New Taiwan Dollar ("**TWD**") 500,000	–	100%	–
Shanghai Chunlei Interactive Network Technology Co., Ltd. (上海春雷互動網絡科技有限公司)	PRC, Limited liability company	Operation of online games and provision of advisory services, PRC	RMB30,000,000	–	100%	–

9. SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/paid-in capital	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
Hainan Chunlei Interactive Technology Co., Ltd. (海南春雷互動科技有限公司)	PRC, Limited liability company	Operation of online games and provision of advisory services, PRC	RMB10,000,000	–	100%	–
Function Technology Co., Ltd.	Republic of Seychelles, Limited liability company	Operation of online games, PRC	Nil	–	100%	–
Shenzhen Guanhai Technology Co., Ltd. (深圳市觀海科技有限公司)	Republic of Seychelles, Limited liability company	Operation of online games, PRC	Nil	–	100%	–
Shenzhen Fengxunsheng Technology Co., Ltd. (深圳市豐訊盛科技有限公司)	PRC, Limited liability company	Operation of online games, PRC	RMB6,248,000	–	100%	–
Shenzhen Coalaa Network Technology Co., Ltd. (深圳市卡拉網絡科技有限公司)	PRC, Limited liability company	Operation of online games, PRC	RMB8,100,000	–	100%	–

* The directors of the Company consider that the non-controlling interests of this subsidiary was insignificant to the Group and thus the summarised financial information of this subsidiary is not disclosed.

The English names of certain subsidiaries referred herein represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

10. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
At 1 January	**21,839**	7,977
Transfer from investments in subsidiaries as a result of disposal (Note 34)	**3,922**	–
Other additions (Notes (a) and (b))	**6,600**	8,200
Dilution gain (Note (c))	**1,407**	–
Other disposal (Note (a))	**(1,853)**	–
Disposal of investment in RaySns (Note (d))	**(20,564)**	–
Share of profit	**7,478**	6,222
Share of change in reserves of an associate	**–**	240
Dividends received from an associate	**–**	(800)
At 31 December	**18,829**	21,839

(a) On 22 January 2015, the Group acquired 30% equity interest in Shenzhen Easething Technology Co., Ltd. (深圳市易新科技有限公司, "**Easething**"), which is mainly engaged in development and operation of intelligent hardware and artificial intelligence system, from an independent third party, at a cash consideration of RMB3,000,000 of which RMB1,000,000 had been paid. On 12 May 2015, the Group disposed of 20% equity interest in Easething, amounting to RMB1,853,000, to an independent third party at a consideration of approximately RMB2,028,000, which resulted in a gain of RMB175,000. Since the Group still has the contractual right to appoint one director to the board of directors of Easething after the disposal, the directors of the Company consider that the Group has significant influence on Easething, and accordingly it is accounted for as an associate of the Group.

(b) On 18 June 2015, the Group acquired 12% equity interest in Shenzhen Jisiwei Intelligent Technology Co., Ltd. (深圳市極思維智能科技有限公司, "**Jisiwei**"), which is mainly engaged in development and sales of electronic products and development of intelligence applications, from an independent third party at a cash consideration of RMB3,600,000, which had been paid as at 31 December 2015. Since the Group has the contractual right to appoint a director to the board of directors of Jisiwei, the directors of the Company consider that the Group has significant influence on Jisiwei, and accordingly it is accounted for as an associate of the Group.

10. INVESTMENTS IN ASSOCIATES *(Continued)*

(c) In August 2015, a third-party investor invested RMB1,000,000 and obtained 2% equity interest in Shenzhen HuifuWorld Network Technology Co., Ltd. (深圳市匯富天下網絡科技有限公司, "**HuifuWorld**"). As a result, the Group's interest in HuifuWorld was diluted from 15% to 14.7% which resulted in a dilution gain of approximately RMB49,000 recognized in profit or loss within 'other gains-net' for the year ended 31 December 2015. The dilution gain represents the difference between the attributable carrying value of the investment deemed to be disposed of immediately prior to the third-party investor made the investment and the Group's share of the investment made by the third-party investor. Since the Group still retains the contractual right to appoint a director to the board of directors of HuifuWorld, the directors of the Company consider that the Group has significant influence on HuifuWorld, and it is continued to be accounted for as an associate of the Group accordingly.

In December 2015, a third-party investor invested RMB10,000,000 and obtained 12.5% equity interest in Allin Interactive International Limited and its subsidiaries (together, "**Allin Group**"). As a result, the Group's interest in Allin Group was diluted from 20% to 17.5% which resulted in a dilution gain of approximately RMB1,358,000 recognized in profit or loss within 'other gains-net' for the year ended 31 December 2015. Since the Group still retains the contractual right to appoint a director to the board of directors of Allin Group, the directors of the Company consider that the Group has significant influence on Allin Group, and it is continued to be accounted for as an associate of the Group accordingly.

(d) On 23 March 2015, the Group entered into a share purchase agreement ("**SPA**") with Dalian Zeus Entertainment Co., Ltd ("**Zeus Entertainment**") (formerly known as Dalian Kemian Wood Industry Co., Ltd.) which is an A-share listed company, to dispose of its entire 16% equity interest in RaySns Technology Co., Ltd. ("**RaySns**"), an associate of the Group. The consideration for the disposal payable by Zeus Entertainment to the Group is RMB126,720,000, subject to adjustment, which shall be satisfied by the issue and allotment of the consideration shares, being 2,385,093 shares (representing approximately 0.83% of the share capital of Zeus Entertainment as enlarged by the issue of the consideration shares) in Zeus Entertainment with par value of RMB1.00 each, to the Group.

The above transaction was completed on 22 October 2015 (the "**Disposal Date**") and the carrying amount of the Group's interest in RaySns as of the Disposal Date was RMB20,564,000. The consideration shares of Zeus Entertainment was recognised as available-for-sale financial assets. The initial fair value of the available-for-sale financial assets was determined based on the closing price of the shares of Zeus Entertainment and amounted to approximately RMB233,501,000, and the difference of approximately RMB212,937,000 between the initial fair value of the available-for-sale financial assets and the carrying amount of the investment in the associate was recognised in profit or loss with 'other gains - net'.

10. INVESTMENTS IN ASSOCIATES *(Continued)*

(e) As at 31 December 2015, the Group had the following associates:

Name	Principal activities/ Country of incorporation	%interest held
Shenzhen Fanhou Technology Co., Ltd. (深圳市飯後科技有限公司)	Game development/PRC	24%
HuifuWorld	Development and operation of Internet Protocol television ("**IPTV**") and Android Set-Top-Box related channels and platforms and lottery/PRC	14.7%
Shenzhen Gangyun Technology Co., Ltd. (深圳港雲科技有限公司)	Development and operation of camera and video beautification systems/PRC	12%
Easething	Development and operation of intelligent hardware and artificial intelligence system/PRC	10%
Jisiwei	Development and sales of electronic products and development of intelligence applications/PRC	12%
Allin Group	Development and operation of IPTV platform and porker games/Hong Kong or PRC	17.5%

The directors of the Company consider that all associates as at 31 December 2015 and 2014 were insignificant to the Group and thus the individual summarised financial information of these associates are not disclosed.

The summarised financial information of individually immaterial associates on an aggregate basis are as follows:

	As at/Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Carrying amounts in the consolidated financial statements	**18,829**	21,839
Share of profit for the year	**7,478**	6,222
Share of total comprehensive income	**7,478**	6,222

There were no contingent liabilities relating to the Group's interests in the associates as at 31 December 2015 (2014: nil).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 RMB'000	2014 RMB'000
At 1 January	**63,975**	–
Subscription for shares in Zeus Entertainment (Note 10(d))	**233,501**	–
Other additions	**1,000**	2,608
Net (losses)/gains from changes in fair value	**(16,101)**	61,380
Currency translation differences	**44**	(13)
Disposals	**(1,935)**	–
At 31 December	**280,484**	63,975

Available-for-sale financial assets include the following:

	2015 RMB'000	2014 RMB'000
Listed equity securities	**229,791**	2,650
Unlisted equity investments	**50,693**	61,325
	280,484	63,975

The listed equity securities mainly represented the Group's equity investment in Zeus Entertainment (Note 10), the fair value of the investment in Zeus Entertainment as at 31 December 2015 was RMB228,921,000.

The unlisted equity investment mainly represented the Group's equity investment in Blingstorm Entertainment Ltd. ("**Blingstorm**", 晶合思動(北京)科技有限公司). Blingstorm is mainly engaged in development and operation of mobile games in the PRC. The Group held 9.36% equity interest in Blingstorm as at 31 December 2015.

The directors of the Company appointed an independent valuer, Avista Valuation Advisory Limited, to estimate the fair value of the investment in Blingstorm as at 31 December 2015. The fair value of the investment was approximately RMB49,693,000 (2014: RMB61,325,000), which was determined using the discounted cash flow method. The fair value measurement of the investment in Blingstorm is categorized within level 3 of the fair value hierarchy. The significant assumptions and inputs utilized in the valuation were as follows:

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

12. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015 RMB'000	2014 RMB'000
Deferred tax assets:		
– to be recovered within 12 months	**7,029**	1,685
Deferred tax liabilities:		
– to be recovered after more than 12 months	**(41,339)**	(4,584)
– to be recovered within 12 months	**(289)**	(9,650)
	(41,628)	(14,234)
Deferred tax liabilities – net	**(34,599)**	(12,549)

The gross movement on the deferred income tax account is as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**(12,549)**	3,792
Acquisition of subsidiaries (Note 33)	**(275)**	(4,521)
Charged to profit or loss (Note 27)	**(28,462)**	(2,622)
Disposal of subsidiaries (Note 34)	**4,257**	–
Tax debited/(credited) relating to components of OCI	**2,430**	(9,198)
At 31 December	**(34,599)**	(12,549)

12. DEFERRED INCOME TAX *(Continued)*

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

The movement in deferred tax assets is as follows:

	Deferred revenue and prepaid commission charges RMB'000	Provision for impairment of trade receivables RMB'000	Tax losses RMB'000	Accrued advertising expense RMB'000	Total RMB'000
At 1 January 2014	4,249	134	–	–	4,383
(Charged)/credited to profit or loss	(2,847)	–	–	149	(2,698)
At 31 December 2014/1 January 2015	**1,402**	**134**	**–**	**149**	**1,685**
Credited/(charged) to profit or loss	**28**	**(134)**	**4,358**	**1,092**	**5,344**
At 31 December 2015	**1,430**	**–**	**4,358**	**1,241**	**7,029**

The movement in deferred tax liabilities is as follows:

	Intangible assets acquired in business combination at fair value RMB'000	Fair value changes of financial assets at fair value through profit or loss and available-for-sale financial assets RMB'000	Dilution gains on investment in an associate RMB'000	Total RMB'000
At 1 January 2014	–	–	591	591
Acquisition of subsidiaries	4,521	–	–	4,521
Debited to OCI	–	9,198	–	9,198
Credited to profit or loss	(76)	–	–	(76)
At 31 December 2014/1 January 2015	**4,445**	**9,198**	**591**	**14,234**
Acquisition of subsidiaries (Note 33)	**275**	**–**	**–**	**275**
Disposal of subsidiaries (Note 34)	**(4,257)**	**–**	**–**	**(4,257)**
Credited to OCI	**–**	**(2,430)**	**–**	**(2,430)**
(Credited)/charged to profit or loss	**(239)**	**34,045**	**–**	**33,806**
At 31 December 2015	**224**	**40,813**	**591**	**41,628**

12. DEFERRED INCOME TAX *(Continued)*

As at 31 December 2015, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside of the PRC, for which no deferred income tax liability had been provided, were approximately RMB700,401,000 (2014: RMB526,944,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

13. TRADE RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Trade receivables	**77,858**	95,204
Less: impairment provision	**–**	(892)
	77,858	94,312

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

	2015	2014
	RMB'000	RMB'000
0-60 days	**51,724**	67,306
60-90 days	**12,687**	14,832
90-180 days	**6,139**	10,705
Over 180 days	**7,308**	2,361
	77,858	95,204

13. TRADE RECEIVABLES *(Continued)*

(b) As at 31 December 2015, trade receivables of past due but not impaired were approximately RMB32,172,000 (2014: RMB29,103,000). These related to a number of independent Platforms and third party payment vendors which the Group has not encountered any credit defaults in the past and they are assessed to be financially trustworthy. As a result, the directors of the Company consider that these overdue amounts can be recovered. The ageing analysis of these trade receivables was as follows:

	2015 **RMB'000**	2014 RMB'000
Outstanding after due dates:		
0-60 days	**21,766**	21,507
60-90 days	**1,852**	2,750
Over 90 days	**8,554**	4,846
	32,172	29,103

(c) The carrying amount of the Group's trade receivables are denominated in the following currencies:

	2015 **RMB'000**	2014 RMB'000
RMB	**25,964**	44,996
USD	**23,888**	25,849
THB	**9,752**	2,121
Indonesian Rupiah	**7,565**	4,296
HKD	**3,335**	4,511
New Taiwan dollar	**3,212**	5,740
European dollar	**2,853**	6,087
Other currencies	**1,289**	712
	77,858	94,312

As at 31 December 2015 and 2014, the fair value of trade receivables approximated their carrying amounts.

14. PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Included in non-current assets		
Prepayments for purchase of certain properties and equipment (Note (a))	**6,680**	30,873
Loans to employees (Note (b))	**10,931**	11,778
	17,611	42,651
Included in current assets		
Loans to employees (Note (b))	**10,027**	7,581
Deposits	**5,150**	2,982
Prepayment for advertising costs	**4,196**	9,110
Prepaid commission charges	**2,748**	3,407
Prepayment for servers rental expenses	**1,175**	330
Interest receivable	**1,159**	68
Loan to an associate (Note 31)	**1,000**	–
Undeducted input VAT	**329**	4,129
Receivable on tax rebates	**–**	1,488
Accrued investment return	**–**	197
Others	**4,880**	3,709
	30,664	33,001
	48,275	75,652

(a) It represented the prepayments made to certain third parties for the purchases of certain office units for self-use in Hong Kong and certain equipment.

(b) Loans to employees mainly represented advances to employees for various expenses to be incurred in the ordinary course of business and housing or auto loans to certain employees. These loans are unsecured, interest-free and repayable on demand except that RMB10,931,000 are required to be repaid in 1 to 10 years as at 31 December 2015 (2014: RMB11,778,000). The initial fair values of the non-current loans to employees were based on cash flows discounted using interest rates based on the prevailing borrowing rates (ranging from 4.35% to 6.15%) promulgated by the People's Bank of China. The differences of RMB4,473,000 between the initial fair values and the principals of these loans were recorded in "finance costs" (Note 26).

As at 31 December 2015, the carrying amounts of other receivables approximated their fair values.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Included in non-current assets		
Non-quoted investments in (Note (a)):		
– asset management plans	**163,221**	–
– equity investment partnerships	**96,636**	9,937
– preferred shares issued by a private company	**–**	12,148
	259,857	22,085
Included in current assets		
Non-quoted investments in certain wealth management products (Note (b))	**222,561**	–
	482,418	22,085

(a) As at 31 December 2015, the fair values of the investments in asset management plans were determined mainly with reference to the estimated return; the fair values of the investments in equity investment partnerships were determined mainly with reference to the Group's share of their respective net asset values; and the fair value of the preferred shares issued by a private company was assessed to be zero as the operating activities of this private company had been ceased and the investment cost was not expected to be recovered.

(b) Investments in wealth management products are investments in trust schemes and private investment funds. They have an initial term ranging from 88 days to 1 year. The fair values of these investments were based on the quotations provided by the counterparties.

(c) The above financial assets were designated as financial assets at fair value through profit or loss upon their initial recognition as the performance of these financial assets is evaluated on a fair value basis pursuant to the Group's investment strategy.

(d) The Group invests in a number of unconsolidated structured entities which are sponsored and managed by other entities for investment return, and records gains or losses in profit or loss therefrom. The Group's maximum exposure to these unconsolidated structured entities is approximating their carrying amounts. The information of total size of the unconsolidated structured entities listed above is not readily available from the public domain.

16. TERM DEPOSITS

The Group's term deposits are denominated in RMB and USD and their original maturities are over 3 months and less than 1 year. They are analysed as below:

	2015 RMB'000	2014 RMB'000
Included in current assets:		
RMB term deposits	**33,000**	–
USD term deposits	**32,468**	–
	65,468	–

The effective interest rate for the term deposits of the Group for the year ended 31 December 2015 was 2.29%.

17. CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash at bank and in hand	**117,062**	994,331
Short-term bank deposits	**948,740**	35,000
	1,065,802	1,029,331

The short-term bank deposits have a term ranging from 7 days to 3 months. The effective interest rate of these deposits for the year ended 31 December 2015 was 4.90% (2014: 3.50%).

Cash and cash equivalents are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	**923,752**	954,052
HKD	**46,051**	19,040
USD	**83,371**	48,819
Others	**12,628**	7,420
	1,065,802	1,029,331

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

18. SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME

The total authorized share capital of the Company comprises 2,000,000,000 ordinary shares (2014: 2,000,000,000 ordinary shares) with par value of USD0.00005 per share (2014: USD0.00005 per share).

As at 31 December 2015, the total number of issued ordinary shares of the Company was 765,067,000 shares (2014: 757,992,000 shares) which included 90,298,503 shares (2014: 105,423,190 shares) held under the RSU Scheme (Note 20(d)). They have been fully paid up.

	Note	**Number of ordinary shares (in thousands)**	**Nominal value of ordinary shares** USD'000	**Equivalent nominal value of ordinary shares** RMB'000	**Share premium** RMB'000	**Shares held for RSU Scheme** RMB'000
At 1 January 2014		737,559	37	239	738,070	(33)
Buy-back of shares		(90)	–	–	(587)	–
Employee share option and RSU schemes						
– proceeds from shares issued	(a)	20,523	1	6	7,288	–
– vesting of shares held for RSU Scheme	20(d)	–	–	–	(14)	14
Dividends		–	–	–	(112,428)	–
At 31 December 2014/ 1 January 2015		757,992	38	245	632,329	(19)
Employee share option and RSU schemes						
– proceeds from shares issued	(a)	7,075	–	3	2,907	–
– vesting of shares held for RSU Scheme	20(d)	–	–	–	(1)	1
Dividends	29	–	–	–	(45,122)	–
At 31 December 2015		765,067	38	248	590,113	(18)

(a) Share options exercised during the year ended 31 December 2015 resulted in 7,074,937 shares being issued (2014: 20,523,187 shares), with a total exercise proceeds of RMB2,910,000. As at 31 December 2015, no amount was due from The Core Admin Boyaa Option Limited (31 December 2014: RMB106,000), being the nominee of the Group's share option scheme.

19. RESERVES

	Capital reserve	Currency translation differences	Statutory surplus reserve fund (Note (a))	Share-based compensation reserve (Note 20)	Other reserves	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014	2,000	(8,103)	21,000	56,481	(17,866)	53,512
Employee share option and RSU scheme						
– value of employee services	–	–	–	26,590	–	26,590
Share of change in reserves of an associate	–	–	–	–	240	240
Change in fair value of available-for-sale financial assets	–	–	–	–	52,182	52,182
Currency translation differences	–	4,521	–	–	–	4,521
At 31 December 2014	2,000	(3,582)	21,000	83,071	34,556	137,045
At 1 January 2015	2,000	(3,582)	21,000	83,071	34,556	137,045
Employee share option and RSU scheme						
– value of employee services	–	–	–	23,089	–	23,089
Change in fair value of available-for-sale financial assets	–	–	–	–	(13,671)	(13,671)
Reclassification of changes in fair value of available-for-sale financial assets to profit or loss upon disposal, net of tax	–	–	–	–	(258)	(258)
Currency translation differences	–	9,061	–	–	–	9,061
At 31 December 2015	2,000	5,479	21,000	106,160	20,627	155,266

(a) In accordance with the relevant laws and regulations in the PRC and the Articles of Association of Boyaa Shenzhen, it is required to appropriate 10% of the annual statutory net profits after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into capital, provided that the remaining balance of the statutory surplus reserve fund after such conversion is no less than 25% of the registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions in the Articles of Association of Boyaa PRC, appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by Boyaa PRC to its reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer needs not be made.

20. SHARE-BASED PAYMENTS

(a) Share options

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

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

(i) Grant of share options

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

The total fair value of the above newly granted share options on 7 September 2015 is HKD35,932,000, as determined using the Binomial model. The significant inputs used in the model were exercise price of HKD3.108 per share at the grant date, fair value of underlying stock of HKD 2.95 per share at the valuation date, volatility of 49.29%, dividend yield of 2% and an expected option life of 10 years. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices of comparable companies.

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

20. SHARE-BASED PAYMENTS *(Continued)*

(a) *Share options* *(Continued)*

(ii) *Outstanding share options*

Movements in the number of share options outstanding:

	Number of share options	
	2015	2014
At 1 January	**8,827,506**	29,527,781
Granted	**26,360,000**	–
Exercised	**(7,074,937)**	(20,523,187)
Lapsed	**(2,548,848)**	(177,088)
At 31 December	**25,563,721**	8,827,506

Out of the 25,563,721 outstanding options, 167,315 options were exercisable as at 31 December 2015. Options exercised in 2015 resulted in 7,074,937 shares being issued at a weighted average price of USD0.07 each. The related weighted-average share price at the time of exercise was HKD6.11 per share.

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

	Exercise price		Number of share options	
Expiry date	**Original currency**	**Equivalent to HKD**	**2015**	2014
31 January 2019	USD0.05	HKD0.388	**120,232**	6,307,675
1 March 2020	USD0.10	HKD0.775	**65,249**	197,500
30 June 2020	USD0.15	HKD1.163	**78,240**	209,655
31 October 2020	USD0.15	HKD1.163	**–**	2,112,676
6 September 2025	HKD3.108	HKD3.108	**25,300,000**	–
			25,563,721	8,827,506

20. SHARE-BASED PAYMENTS *(Continued)*

(b) RSUs

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

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

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

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

Movements in the number of RSUs outstanding:

	Number of RSUs	
	2015	2014
At 1 January	**74,215,932**	79,654,565
Granted	**4,955,000**	–
Lapsed	**(16,662,814)**	(4,124,633)
Vested and transferred	**(15,124,687)**	(1,314,000)
At 31 December	**47,383,431**	74,215,932
Vested but not transferred as at 31 December	**34,223,281**	44,748,853

The related weighted-average share price at the time when the RSUs were vested and transferred was HKD5.47 per share.

20. SHARE-BASED PAYMENTS *(Continued)*

(c) Expected retention rate of grantees

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the shares options (the "**Expected Retention Rate**") in order to determine the amount of share-based compensation expenses charged to the statement of comprehensive income. As at 31 December 2015, the Expected Retention Rate was assessed to be 80% (2014: 85%).

(d) Shares held for RSU Scheme

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

During the year, 15,124,687 of RSUs were vested and transferred (Note (b) above), and as a result, 90,298,503 ordinary shares of the Company underlying the RSUs were held by the The Core Admin Boyaa RSU Limited as at 31 December 2015 (2014: 105,423,190 shares).

Meanwhile as a result of the vesting of 4,599,115 of RSUs during the year ended 31 December 2015 (see Note (b) above) (2014: 46,062,853 RSUs), approximately RMB1,000 (2014: RMB14,000) of other reserves was transferred to share premium upon vesting of these RSUs under the RSU Scheme.

21. TRADE AND OTHER PAYABLES

	2015 **RMB'000**	2014 RMB'000
Trade payables	**727**	670
Other taxes payable	**44,967**	45,189
Accrued expenses	**25,640**	31,274
Guarantee deposit from a third party	**–**	19,887
Salary and staff welfare payables	**12,946**	9,769
Payables for the remaining considerations for the acquisitions of subsidiaries (Note 33)	**5,000**	–
Advance received from sales of prepaid game cards	**3,099**	2,718
Returns on investments received in advance	**–**	2,500
Others	**3,381**	3,162
	95,760	115,169

21. TRADE AND OTHER PAYABLES *(Continued)*

Trade payables were mainly arising from the leasing of servers. The credit terms of trade payables granted by the vendors are usually 30 to 90 days. The ageing analysis of trade payables based on recognition date is as follows:

	2015 **RMB'000**	2014 RMB'000
0-30 days	**420**	448
31-60 days	**39**	–
Over 90 days	**268**	222
	727	670

22. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the game players for the Group's online games in the forms of prepaid game cards, game tokens and other virtual items, for which the related services had not been rendered as at 31 December 2015 and 2014.

23. EXPENSES BY NATURE

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

	2015 **RMB'000**	2014 RMB'000
Commission charges by Platforms and third party payment vendors	**307,268**	311,391
Advertising expenses	**104,894**	152,620
Employee benefit expenses (excluding share-based compensation expenses) (Note 24)	**151,951**	110,601
Share-based compensation expenses	**23,089**	26,590
Servers rental expenses	**23,645**	17,458
Other professional service fees	**10,893**	10,860
Office rental expenses	**10,195**	7,766
Travelling and entertainment expenses	**9,468**	7,173
Auditor's remuneration	**7,000**	7,099
Depreciation of property, plant and equipment (Note 6)	**7,362**	5,211
Amortization of intangible assets (Note 7)	**2,218**	766
Other expenses	**14,163**	16,012
	672,146	673,547

24. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses

	2015	2014
	RMB'000	RMB'000
Wages, salaries and bonuses	**132,818**	93,390
Pension costs-defined contribution plans	**16,548**	15,852
Share-based compensation expenses	**23,089**	26,590
Others	**2,585**	1,359
	175,040	137,191

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of 14% of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

(b) Senior management's emoluments

Senior management includes directors, chief executive officer ("CEO") and other senior executives. The aggregate compensation paid/payable to senior management for employee services excluding the directors and the CEO whose details have been reflected in Note 38 below is as follows:

	2015	2014
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**1,935**	1,765
Bonuses	**128**	780
Contributions to pension plans	**55**	52
Share-based compensation expenses	**1,144**	1,961
	3,262	4,558

24. EMPLOYEE BENEFIT EXPENSES *(Continued)*

The emoluments of the senior management fell within the following bands:

	2015	2014
Emoluments bands		
Nil to HKD1,000,000	**6**	5
HKD1,000,001 to HKD1,500,000	**1**	1
HKD1,500,001 to HKD2,000,000	**–**	1
HKD2,000,001 to HKD2,500,000	**–**	–

In 2015, 3 senior executive resigned from the Group (2014: 1).

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group in 2015 include 2 directors (2014: 2) whose emoluments are reflected in the analysis presented below. The aggregate amounts of emoluments for the remaining 3 individuals in 2015 (2014: 3) are set out below:

	2015 RMB'000	2014 RMB'000
Wages and salaries	**1,215**	1,239
Bonuses	**105**	326
Pension cost - defined contribution plans	**29**	34
Share-based compensation expenses	**1,098**	1,834
Other employee benefits	**21**	15
	2,468	3,448

The emoluments payable to 3 individuals for the years ended 31 December 2015 and 2014 fell within the following bands:

	2015	2014
Emoluments bands		
Nil to HKD1,000,000	**2**	–
HKD1,000,001 to HKD1,500,000	**1**	2
HKD1,500,001 to HKD2,000,000	**–**	1
HKD2,000,001 to HKD2,500,000	**–**	–

25. OTHER GAINS – NET

	2015 RMB'000	2014 RMB'000
Gain on disposal of the investment in RaySns (Note 10)	**212,937**	–
Realized/unrealized fair value gains on financial assets at fair value through profit or loss	**17,310**	3,476
Return on short-term investments	**4,197**	44,541
Foreign exchange losses, net	**(3,988)**	(1,929)
Government subsidies and tax rebates	**2,282**	8,733
Gain on disposal of subsidiaries (Note 34)	**1,707**	–
Dilution gains arising from deemed disposal of investment in certain associates (Note 10)	**1,407**	–
Gain on disposal of available-for-sale financial assets	**250**	–
Gain arising from partial disposal of an associate (Note 10)	**175**	–
Loss on disposals of property, plant and equipment	**(39)**	(30)
Others	**164**	86
	236,402	54,877

26. FINANCE INCOME – NET

	2015 RMB'000	2014 RMB'000
Finance income		
Interest income	**40,545**	8,518
Interest income on non-current loans to employees	**998**	–
	41,543	8,518
Finance costs		
Discounting effects of non-current loans to employees (Note 14)	**(4,473)**	–
Foreign exchange losses, net	**(2,174)**	(6,389)
	(6,647)	(6,389)
Finance income – net	**34,896**	2,129

27. INCOME TAX EXPENSE

The income tax expense of the Group for the years ended 31 December 2015 and 2014 is analyzed as follows:

	2015	2014
	RMB'000	RMB'000
Current tax	**35,011**	52,791
Deferred tax (Note 12)	**28,462**	2,622
	63,473	55,413

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided for as there was business operation that is subject to Hong Kong profits tax. It has been provided for at the rate of 16.5% on the estimated assessable profits for the years ended 31 December 2015 and 2014.

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

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the years ended 31 December 2015 and 2014, based on the existing legislation, interpretations and practices in respect thereof.

Boyaa Shenzhen has successfully renewed its "High and New Technology Enterprise" ("**HNTE**") qualification in 2015 and as a result, Boyaa Shenzhen enjoys a preferential tax rate of 15% from 1 January 2015 to 31 December 2017. Therefore, the actual income tax rate for Boyaa Shenzhen was 15% for the year ended 31 December 2015 (2014: 15%).

Boyaa PRC qualified as a HNTE under the Corporate Income Tax Law in 2013 and as a result, Boyaa PRC enjoys a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. Therefore, the actual income tax rate for Boyaa PRC was 15% for the year ended 31 December 2015 (2014: 15%). Besides based on management's self-assessment, it is highly probable that Boyaa PRC will successfully renew the HNTE qualification for the next 3 years ending 31 December 2018 in 2016.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engage in research and development activities are entitled to claim 150% of the research and development expenses so incurred in a year as tax deductible expenses in determining its tax assessable profits for that year ("**Super Deduction**"). Boyaa Shenzhen and Boyaa PRC has claimed such Super Deduction in ascertaining its tax assessable profits for the years ended 31 December 2015 and 2014.

27. INCOME TAX EXPENSE *(Continued)*

(d) PRC withholding tax ("WHT")

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

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

	2015 **RMB'000**	2014 RMB'000
Profit before income tax	**420,110**	335,000
Less: Share of profit of associates	**(7,478)**	(6,222)
	412,632	328,778
Tax calculated at a tax rate of 25% (2014: 25%)	**103,158**	82,195
Tax effects of:		
– Tax holiday on assessable profits of Boyaa Shenzhen and Boyaa PRC	**(19,669)**	(10,145)
– Different tax rates available to different subsidiaries of the Group	**(23,908)**	(19,126)
– Expenses not deductible for tax purposes	**6,183**	4,345
– Tax losses for which no deferred income tax asset was recognised	**4,086**	–
– Income not subject to tax	**(427)**	–
– Effect of Super Deduction	**(5,950)**	(1,856)
Income tax expense	**63,473**	55,413

28. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share is calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares held for the RSU Scheme which are treated as treasury shares.

	2015 **RMB'000**	2014 RMB'000
Profit attributable to owners of the Company	**357,799**	280,065
Weighted average number of ordinary shares in issue (thousand shares)	**704,147**	665,739
Basic earnings per share (expressed in RMB cents per share)	**50.81**	42.07

(b) Diluted

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

For the year ended 31 December 2014 and 2015, the Company had two categories of dilutive potential ordinary shares, share options and RSUs. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options and RSUs. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and RSUs.

	2015 **RMB'000**	2014 RMB'000
Profit used to determine diluted earnings per share	**357,799**	280,065
Weighted average number of ordinary shares in issue (thousand shares)	**704,147**	665,739
Adjustment for RSUs (thousand shares)	**20,232**	50,501
Adjustment for share options (thousand shares)	**2,155**	19,362
Weighted average number of ordinary shares for calculating diluted earnings per share (thousand shares)	**726,534**	735,602
Diluted earnings per share (expressed in RMB cents per share)	**49.25**	38.07

29. DIVIDENDS

The Board did not declare final and interim dividends during 2015.

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

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

30. CASH GENERATED FROM OPERATIONS

	2015 RMB'000	2014 RMB'000
Profit before income tax	**420,110**	335,000
Adjustments for:		
– Depreciation of property, plant and equipment (Note 6)	**7,362**	5,211
– Amortization of intangible assets (Note 7)	**2,218**	766
– Losses on disposals of property, plant and equipment (Note 25)	**39**	30
– Share-based payments (Note 24)	**23,089**	26,590
– Gain on disposal of the investment in RaySns (Note 10)	**(212,937)**	–
– Realized and unrealized fair value gains on financial assets at fair value through profit or loss (Note 25)	**(17,310)**	(3,476)
– Return on short-term investments (Note 25)	**(4,197)**	(44,541)
– Gains arising from partial disposal of an associate (Note 10)	**(175)**	–
– Dilution gains arising from deemed disposal of investment in certain associate (Note 10)	**(1,407)**	–
– Gain on disposal of subsidiaries (Note 34)	**(1,707)**	–
– Gain on disposal of available-for-sale financial assets	**(250)**	–
– Share of profit of associates (Note 10)	**(7,478)**	(6,222)
– Interest income (Note 26)	**(40,545)**	(8,518)
– Foreign exchange (gains)/losses, net	**(6,177)**	216
	160,635	305,056
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):		
– Trade receivables	**16,497**	(34,936)
– Prepayments and other receivables	**1,780**	(15,856)
– Trade and other payables	**(14,216)**	26,134
– Deferred revenue	**(1,464)**	(14,964)
Cash generated from operations	**163,232**	265,434

30. CASH GENERATED FROM OPERATIONS *(Continued)*

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2015	2014
	RMB'000	RMB'000
Net book amount (Note 6)	**73**	47
Losses on disposals (Note 25)	**(39)**	(30)
Proceeds from disposals	**34**	17

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

Save as disclosed in other notes, the following significant transactions were carried out between the Group and its related parties for the years ended 31 December 2015 and 2014. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Transactions with related parties:

Advertising expenses paid/payable to an associate:

	2015	2014
	RMB'000	RMB'000
Shenzhen Gangyun Technology Co., Ltd. ("**Gangyun**")	**3,745**	614

Loan to an associate:

	2015	2014
	RMB'000	RMB'000
Easething	**1,000**	–

The above loan is unsecured and bears an interest rate of 4.35% per annum.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties:

Amount due from an associate included in "other receivables":

	2015 **RMB'000**	2014 RMB'000
Easething	**1,000**	–

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

	2015 **RMB'000**	2014 RMB'000
Gangyun	**2,292**	98

32. COMMITMENTS

(a) Capital commitments

Capital commitments as at 31 December 2015 are analysed as follows:

	2015 **RMB'000**	2014 RMB'000
Contracted:		
Purchase of buildings for office use	**11,332**	–

32. COMMITMENTS *(Continued)*

(b) Operating lease commitments

The Group leases servers and office buildings under non-cancellable operating lease agreements. The lease terms are between 3 months to 5 years, and majority of lease agreements are renewable at the end of the lease period at market rate.

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

	2015 **RMB'000**	2014 RMB'000
Not later than 1 year	**8,957**	9,508
Later than 1 year and not later than 5 years	**11,432**	14,698
	20,389	24,206

33. BUSINESS COMBINATIONS

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

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

Consideration

	On acquisition dates RMB'000
Consideration payable	5,000

33. BUSINESS COMBINATIONS *(Continued)*

Recognized amounts of identifiable assets acquired and liabilities assumed

	On acquisition dates
	RMB'000
Cash and cash equivalents	19
Trade receivables	143
Prepayments and other receivables	116
Property, plant and equipment	181
Contractual customer relationships (included in intangible assets)	4,823
Trade and other payables	(7)
Deferred tax liabilities	(275)
Total identifiable net assets	5,000

The revenue included in the consolidated statement of comprehensive income since acquisition dates contributed by the four acquired companies was RMB48,710,000. The four acquired companies also recorded profit of RMB26,767,000 during the same period.

Had the four companies been consolidated from 1 January 2015, the consolidated statement of comprehensive income of the Group for the year ended 31 December 2015 would have shown pro-forma revenue of RMB814,448,000 and profit of RMB352,826,000.

34. DISPOSAL OF SUBSIDIARIES

On 25 May 2015, the Group entered into an agreement with an independent third party to dispose of its 31% equity interest in Allin Group at a consideration of RMB6,078,000, the Group's remaining equity interest in Allin Group is 20%. The cash flows from the disposal were as follows:

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

34. DISPOSAL OF SUBSIDIARIES *(Continued)*

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

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

Since the Group still has the contractual right to appoint director to the board of directors of Allin Group, the directors of the Company consider that the Group has significant influence on Allin Group, and accordingly it is accounted for as an associate of the Group. The above transaction had been completed as of 31 December 2015.

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

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

35. CONTINGENCIES

The Group had no material contingent liabilities outstanding as at 31 December 2015 and 2014.

36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	**106,168**	83,079
Available-for-sale financial assets	**869**	2,649
	107,037	85,728
Current assets		
Amounts due from subsidiaries	**515,147**	493,902
Prepayments and other receivables	**4,655**	2,276
Term deposits	**33,000**	–
Cash and cash equivalents	**31,610**	97,825
	584,412	594,003
Total assets	**691,449**	679,731
EQUITY AND LIABILITIES		
Equity		
Share capital	**248**	245
Share premium	**590,113**	632,329
Shares held for RSU Scheme	**(18)**	(19)
Reserves (Note (a))	**121,789**	64,949
Accumulated losses (Note (a))	**(24,635)**	(21,465)
Total equity	**687,497**	676,039
Liabilities		
Current liabilities		
Amounts due to subsidiaries	**3,914**	3,685
Other payables	**38**	7
	3,952	3,692
Total liabilities	**3,952**	3,692
Total equity and liabilities	**691,449**	679,731

The balance sheet of the Company was approved by the Board of Directors on 23 March 2016 and was signed on its behalf.

Director

Director

36. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(a) Reserves and accumulated losses movement of the Company

	Currency Translation differences RMB'000	Share-based compensation reserve (Note 20) RMB'000	Other reserves RMB'000	Accumulated losses RMB'000
At 1 January 2014	(3,358)	56,481	(17,866)	(21,041)
Loss for the year	–	–	–	(424)
Employee share option and RSU scheme				
– value of employee services	–	26,590	–	–
Change in fair value of available-for-sale financial assets	–	–	55	–
Currency translation differences	3,047	–	–	–
At 31 December 2014	(311)	83,071	(17,811)	(21,465)
At 1 January 2015	**(311)**	**83,071**	**(17,811)**	**(21,465)**
Loss for the year	**–**	**–**	**–**	**(3,170)**
Employee share option and RSU scheme				
– value of employee services	**–**	**23,089**	**–**	**–**
Change in fair value of available-for-sale financial assets	**–**	**–**	**110**	**–**
Reclassification of changes in fair value				
of available-for-sale financial assets				
to profit or loss upon disposal, net of tax	**–**	**–**	**(258)**	**–**
Currency translation differences	**33,899**	**–**	**–**	**–**
At 31 December 2015	**33,588**	**106,160**	**(17,959)**	**(24,635)**

37. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of each director for the year ended 31 December 2015 is set out below:

Name of director		Fees RMB'000	Salaries, allowance and benefits RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Mr. Zhang Wei	(i)	–	1,410	118	11	–	1,539
Mr. Dai Zhikang	(ii)	–	–	–	–	–	–
Mr. Gao Junfeng	(iii)	–	673	–	6	863	1,542
Mr. Zhou Kui	(iv)	–	–	–	–	–	–
Mr. Gao Shaofei	(v)	162	–	–	–	–	162
Mr. Cheung Ngai Lam	(vi)	242	–	–	–	–	242
Mr. Choi Hon Keung Simon	(vii)	201	–	–	–	–	201

The remuneration of each director for the year ended 31 December 2014 is set out below:

Name of director		Fees RMB'000	Salaries, allowance and benefits RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Share-based compensation expenses RMB'000	Total RMB'000
Mr. Zhang Wei	(i)	–	1,396	468	11	–	1,875
Mr. Dai Zhikang	(ii)	–	–	–	–	–	–
Mr. Gao Junfeng	(iii)	–	1,396	234	11	3,317	4,958
Mr. Zhou Kui	(iv)	–	–	–	–	–	–
Mr. Gao Shaofei	(v)	159	–	–	–	–	159
Mr. Cheung Ngai Lam	(vi)	237	–	–	–	–	237
Mr. Choi Hon Keung Simon	(vii)	198	–	–	–	–	198

(i) Mr. Zhang Wei was appointed on 14 June 2010. He is also the chief executive officer of the Group.

(ii) Mr. Dai Zhikang was appointed on 19 August 2013.

(iii) Mr. Gao Junfeng was appointed on 23 October 2013 and resigned on 1 July 2015.

(iv) Mr. Zhou Kui was appointed on 7 January 2013 and resigned on 14 May 2015.

(v) Mr. Gao Shaofei was appointed on 25 October 2013.

(vi) Mr. Cheung Ngai Lam was appointed on 25 October 2013.

(vii) Mr. Choi Hon Keung Simon was appointed on 25 October 2013.