

• **MANAGEMENT DISCUSSION SECTION**

Operator

Ladies and gentlemen thank you for standing by and welcome to the YY Inc fourth quarter and full year 2012 earnings conference call. At this time all participants are in a listen only mode. There will be a presentation followed by a question and answer session at which time if you wish to ask a question you will need to press *1 on your telephone. I must advise you that this conference is being recorded today Friday 8th of March 2013. I would now like to hand the conference over to Anna Yu, YY's investor relations manager. Thank you ma'am, please go ahead.

Anna Yu: YY's IR Manager

Thank you operator, welcome to YY's fourth quarter and full year 2012 earnings conference call. With us today are Mr. David Xueling Li, CEO of YY and Mr. Eric He, CFO. Following the management's prepared remarks we will conduct the Q&A. Before we begin, I refer you to the safe harbour statement in our earnings release, which also applies to our conference call today as we will make forward looking statements. At this time I'd like to turn the conference call over to Mr. David Li, YY's CEO.

David Li: YY's CEO

Thank you Anna, good morning and good evening. Welcome to YY's first earnings call as US publicly listed company. Before I begin I would like to thank the investor community, bankers, auditors, lawyers and others who are involve in our IPO process, which was successfully completed on November 21st 2012. And all those who helped us achieve this important milestone. Today I would like to share with you three highlights as we discuss our results and the business outlook during this call.

- First, our solid growth and our established leadership position as the largest real time social platform in China;
- Second our unique social engagement platform and scalable and viral ecosystem that we have created around the YY platform; and
- Lastly YY's strategic focus going forward.

To begin with, in our first quarter as a publicly listed company, we delivered solid financial and operational results. Just to provide you with some clear examples, we grew our registered user accounts by 14% quarter over quarter or 72% year over year to over 457 million. We hosted over 133 billion voice minutes in the first quarter of 2012, helping us maintain our dominant market share for group online communication in China. More importantly, monthly active users on our YY platform, grew by over 34% year over year to more than 70 million. In addition our YY mobile app was downloaded over 9.8 million times during this quarter. A quarter over quarter increase of over 54%, bringing the total downloads to almost 28 million in 2012.

These powerful numbers demonstrated the tremendous scale that we have created on YY's robust technology platform. This momentum enabled us to realise strong financial results, which exceeded consensus for both fourth quarter and the full year 2012. For the first quarter we grow revenues by over 136% year over year and for the full year 2012 we more than doubled our revenues and more than tripled non GAAP net income to record levels. We believe that those accomplishments demonstrate the increasing user engagement and the entertainment appeal on our platform, highlighting the uniqueness of our real time scalable and the sticky ecosystem that we have created around our YY platform.

This leads me to my second point as to what YY is and why it's unique. Since the launch of our core product, YY client in 2008, we have executed upon a new and revolutionary rich communication social platform that is very different from those of other online social media and the social networking companies. Conventional social media models such as macro blog, social network services, instant message or other similar mode only focus on enabling user connections. The difference with our model is that we set out to enable engagement amongst our audience. We can engage people in real time online group activities through these powerful communications platform, including live voice, video and text. Beginning from this original vision, we have successfully proven over the past few years that there is significant demand for online engagement amongst China's 560 million internet users. Our service has quickly gained popularity as a result of our platform's ability to address the diversified user demand and the interest associated with live online group activities. In particular:

- YY's voice tool has been widely utilised among China's online gamers for cross game communications and the collaboration.

- YY Music provides an online stage for live performance for grass roots musicians and celebrities, empowering self-expression and achievement from both performers and their fans.
- YY's online education platform provides seasoned teachers a platform to share their knowledge with their students and make a good living.

Aided by these real time rich media offerings of multi-purpose activities, we have built a large and vibrant ecosystem that is extremely viral in nature. We believe that as our robust technology platform continues to scale and expend, it sparks the creation of new and more innovative channels, content and social interactions and even new business models. This proliferation in activities increased our user engagement and stickiness, which in turn delivers ever-improving monetisation opportunities for our platform, a strong network effect for us.

Move on to my third highlight, looking forward we aim to build upon the strong foundation we have already established. We believe we will be able to execute and maintain our growth momentum by further leveraging our strong technology, massive user base as well as additional liquidity from our IPO. Our strategic focus for 2013 includes:

- First, continue penetrating the music and entertainment arenas. Since YY Music's monetisation in 2011, it only took 21 months to generate over RMB 339 million in revenue, accounting for almost 35% of our total revenue in 2013. We believe that YY Music will become an increasingly important driver for both our revenue growth and user expansion.
- Second, further developing new verticals such as education and conference calls to expand our user base, while enhancing our monetisation opportunities, creating additional scalable services similar to YY Music.
- Third, expand our gaming platform by increasing the number of games and games genres as well as creating innovative new gaming environments, and,
- Lastly, building upon our mobile footprint by further developing and expanding the use of YY Mobile through games and other entertainment options as we see more users connect to our platform from mobile devices.

With those initiatives in place, we expect to further solidify our overall market leadership position in 2013, while staying at the forefront of the growing trend towards real time online social engagement in China. I will now turn the call over to our CFO for our detailed financial results.

Eric He: YY's CFO

Thank you David and good morning everyone. Before I get started, I would like to clarify that all financial numbers we are presenting today are in RMB amounts, unless otherwise noted. Moving on to our quarterly financial highlights,

Net revenues from the fourth quarter 2012 increased by 136.3% year over year, to 266.8 million. This increase was primarily driven by an increase in IVAS revenues and to a lesser degree, an increase in our online advertising revenue from 61 advertisers. IVAS revenues which consist of revenues from online games, YY Music, as well as other sources, includes our membership program, increased by 169.1% year over year, to RMB233 million. The overall increase primarily reflects an increase in average revenue per user or ARPU or an increase in the number of paying users.

Revenue from online games increased by 86.3% year over year to 98 million. This increase primarily reflects an increase in ARPU of 79.7% to RMB266 from 268,000 total paying users and an increase in a number of total online games to 73 during the quarter.

Revenues from YY Music, which was officially launched in March 2011, increased by 317.7% year over year to 106 million from RMB25.4 million. This increase primarily reflect an increase in ARPU of 161.1% to 312 and 51.1% increase in number of paying users to 340,000.

Revenue from others, which primarily consist of YY VIP membership program increased by 234.9% year over year to 28.8 million. Revenue from the membership program, which was launched in October 2011 increased by 426.5% year over year to 25.8 million. This increase primarily reflects a 319% increase in ARPU to RMB88 from 294,000 total paying users. As of December 31st, 2012, we had approximately 508,000 members in our membership program, an increase of 221.5% from 158,000 members as of December 31st, 2011.

Online advertising revenues increased by 28% year over year to 33.8 million from 26.4 million. This increase reflects a 36.6% increase in average revenue per advertiser or ARPA to approximately RMB554,000.

Cost of revenue for the fourth quarter of 2012 increased to RMB138.9 million. This increase was primarily attributable to the increase in YY Music activity cost and bandwidth cost. YY Music activity cost increased to 45.3 million from 3.5 million in the corresponding period of 2011 reflecting our consistent efforts to incentivise performers and channel owners through the increased commission, resulting in improved musical content while increasing user engagement and spending. Bandwidth cost increased to 42.4 million from 25.4 million in the corresponding period of 2011, reflecting increased amount of bandwidth necessary to support YY Music as well as audio and video functionality offer on an increased number of YY channels as well as expansion of our overall user base.

Gross profit increased by 124.8% year over year to 127.9 million. Gross margin was 47.9% in the fourth quarter 2012 as compared to 50.4% in the corresponding period of 2011. The slight decrease was mainly due to aforementioned increase in YY Music activity costs, associated with our efforts to improve music content and increase user engagement and spending. We anticipate growth margin will recover next quarter, be in line with those in the first quarter of 2012, which was 49.5%.

Operating expenses for the fourth quarter 2012 increased by 44.5% year over year to 93.8 million. This increase was primarily attributable to an increase in R&D expenses resulted from an increased headcount in R&D to accommodate overall growth of our business.

Operating income increased to RMB35.2 million compared to an operating loss of 6 million in the corresponding period 2011. Operating margin was 13.2% compared to an operating loss margin of 5.3% in the corresponding period of 2011. This increase in operating margin was primarily due to a slower increase in R&D, sales and marketing and general and administrative expenses associated with our expansion, as compared to the net revenue growth.

Net income attributable to YY increased significantly to 33.2 million in the fourth quarter 2012 from 4 million in the corresponding period of 2011. Diluted net income per ADS in the fourth quarter of 2012 increased to 63 cents or US\$10 cents, compared to diluted net loss per ADS, RMB74 cents in the corresponding period of 2011.

Non GAAP net income attributable to YY, which excludes share based compensation expenses, increased by 80.9% year over year to RMB58.8 million from 32.5 million in the corresponding period of 2011. Non GAAP net income per ADS was RMB1.12 or US\$18 cents compared to RMB19 cents in the corresponding period of 2011. As of December 31st 2012 we had cash and cash equivalent of 504.7 million in RMB and short term deposit of RMB 897.7 million. For the fourth 2012 we generated net cash from operating activities of 128.6 million.

For the full year 2012 our net revenue increased by 156.5% to RMB820 million from the prior year, primarily driven by the increased contribution of IVAS revenues and to a lesser extent an increase in our online advertising revenue. Gross profit for the full year 2012 increased by 194.8% to 403.9 million. Gross margin increased to 49.3% in 2012 from 42.9%. Non GAAP net income attributable to YY for the full year 2012 increased by 265.8% to 189.5 million or US\$30.4 million from 51.8 million in RMB in prior year. Non GAAP net income per ADS was RMB\$3.82 or US\$61 cents compared to a net loss per ADS of RMB\$7.07 in the prior year.

Now our business outlook for the first quarter 2013, we expect our net revenue to be between RMB280 million to RMB290 million, representing a year over year growth of approximately 104.4% to 111.7%. These forecasts reflect our current and preliminary view on the markets and operational conditions which are subject to change. This concludes our prepared remarks for today. Operator we are now ready to get the questions.

• **QUESTION AND ANSWER SECTION**

Timothy Chan, Morgan Stanley:

Congratulations on very strong first quarter results and thanks for taking my questions. My first question would be can you maybe talk more about your strategy in the music business this year? Given the success of the noble system last year, are there similar plans for the new services in music? And I will have a second question.

Anna Yu:

There will be a lot of improvements in future and the fundamentals for the music business will not change a lot. We will insist on and going forward we will improve the music performance quality and to ensure better user experience.

Eric He:

I would like to add something, in fact in our music business we do have a version of a product which will be associated with our music users. It's not like the noble system we launched last year, but our music package, the user experience will be totally changed or enhanced. We expect the new music product package will be launched somewhere in the first part of the second quarter, beginning of second quarter in the month of April or so.

Timothy Chan, Morgan Stanley:

My second question will be among your new verticals such as education, conference calls and game broadcasting, how should we think of the monetisation opportunities this year?

Anna Yu:

To address your question, right now currently we don't have plans for a monetisation on these items. We will insist on first improving user experience and then we will move on to the next step.

Eric He:

I would like to add that for game broadcasting, this is a business that we already started to monetise, so we do expect that for 2013 we are going to generate some revenues from game broadcasting. But I don't expect this part of the revenue will be significant enough to be itemised separately.

Alex Yao, Deutsche Bank:

My first question is on the music side, compared to the third quarter operating metrics, the ARPU of music business increased pretty substantially, while the active paying user base actually declined slightly. Can you guys talk about why these core metrics work this direction and how do you think about the trend in 2013?

Eric He:

Alex, I think your observation was correct, but I have to remind you that if you look at the long term growth of our music business, you have found that our paying users for our music business in the third quarter last year actually has jumped from the second quarter's number by 50%, five zero, 50%. So in third quarter our paying user for music was close to 355,000. In the fourth quarter you see a little dip; we believe that is a very healthy and normal process, because as you know it will be almost impossible for us to grow our paying users by a very very strong cliff. Sometimes because of the product shift, product design changes a little bit, so that will cause some fluctuation in our paying users, so the ARPU increased a little bit and paying users actually dipped a little. However we are very pleased to see the trend is continuing to grow. In this quarter 2013, the first quarter of 2013 traditionally is a weak season for our business and we actually are very pleased to see that during the Chinese New Year period our music business and other business have been performing pretty well. So I do expect that the trend that the paying users will continue to grow in our music business in the future.

Alex Yao, Deutsche Bank:

So in terms of active users on your music platform, can you comment on the metrics in third quarter versus fourth quarter and the trend in first quarter this year?

Eric He:

In terms of MAU, monthly active users for music, from the first quarter of last year we have the increase quarter by quarter. So I think the trend is still very healthy. We do see that active users for music will continue to move on and continue to increase.

Alex Yao, Deutsche Bank:

And regarding your mobile strategy, can management elaborate a little more on your mobile strategy and how do you think the competition from other mobile apps, which are focusing on music as well, something like Changba, how do you see the competition on the mobile side?

Eric He:

I would like to actually translate a little bit of what David just said. I think there are three major points. The number one point is that YY has been and will be driven by our users, so we want to actually provide the best user experience and service to our user. Doesn't matter that's a PC user or mobile users, but we actually take some company like Taobao or Alibaba, they actually have provided tremendous great service to their user on PC front and automatically day by day those users will actually migrate a little bit on their mobile applications. I think that is going to happen on YY service as well. So our focus, the first important point is to provide the best services to our users, regardless that PC users or mobile users and gradually those users will actually migrate from one end to the other one and mobile will become a very good extension of our PC platform.

Number two is we haven't launched our video functionalities onto our mobile devices yet, but we do expect that this video functionality will be launched some time in 2013, which we believe will help us to gain market share significantly when we launched it. So that's something that we are planning right now. Thirdly I think you asked about the competition, yes there are a lot of mobile apps these days, mobile becomes very popular. We do see that the services you mentioned is Changba and also we do see some Weixin application in audio communications, but we do think that those applications has a very different elements in their services, because YY's service or YY's situation is different from Changba or Weixin communication functionality. In the sense that YY is a concert, people come and go easily whereas the other services they are SNS societies, so they need to actually communicate with those people who are familiar with each other. So I think the market position and product positions for those two products are different, so we expect that if we continue to provide good service to our users with the new video functionality, we think that we are confident that our mobile strategy will be very successful in 2013 and continue to gain the market shares.

And I do want to actually provide some numbers for you to understand a little bit more. On a monthly basis there are more than three million activations on our mobile YY services. Our monthly active user for our mobile applications is over eight million already, thank you.

Ravi Sarathy, Citi:

I've got a couple of questions if I may. The first one is wanted to chat a little bit about the developments of still very embryonic education services, wanted to see if you've got any KPIs or qualitative data in terms of the user uptake as well as the service provider uptake in terms of using your platform and the different types of billing or payment or ARPU dynamics that you have on your platform right now for that. Second question is focused around the music business. What we saw in Q4 was a very creative proliferation of virtual goods, so you introduced virtual Lamborghinis and you broadened beyond the flouts and the basic gift recognition. I'd love to hear a little bit more about how that's progressing, what kind of success you've had with some of those new products and on the basis of that where you see either penetration, paying user penetration or ARPU going on the music business. Thank you very much.

Eric He:

Ravi thank you very much for your questions. I think for the education business it's going to be very important for us in this year. As David just mentioned, we do not have a concrete plan to monetise our education business, however our focus at this moment will be a user experience, will be how to gain more students onto YY platforms. So currently I think what we can say is our MAU for education users around 2.3 million (Company corrected) and we have roughly 20,000 teachers on YY platforms. All those numbers are very encouraging. Obviously we are trying our best to expand the members; we will actually put in more resources to develop our education products down the road for 2013. As for the music business, we have seen that the music business is growing very healthily. As I mentioned that despite the fact that in the fourth quarter the paying user actually stalled a little bit, however if you look at the whole year 2012, the whole year actually had a significant growth in terms of paying users. On a year over year basis we actually grow about 50% in our paying user for our music business in 2012 as the whole year and we think that trend continue in 2013. So in terms of user growth it's very healthy and we expect it will continue. And in terms of new products as mentioned that for the music package we are actually expected to launch in the beginning of next quarter second quarter of 2013, we believe that with that new facelift on our music interface and that will help us to gain even more users down the road in the future.

Yu-Heng Fan, China Renaissance:

My first question is related to your online game business. Can management elaborate a little bit about our strategy for this year, how many new games you plan to launch this year? Do you have any plans to launch a mobile game? Then I have a follow up for your gross margin, thank you.

Eric He:

For online game business as you can see the growth rate was very good. In terms of paying users in the fourth quarter actually has very good growth from the third quarter level. We are expecting this trend to continue. So for online game business our strategy is that we will continue to provide the best games or best genre to our users. On average we are increasing our portfolio, game portfolio by five to 10 games every quarter, sometimes more, sometimes a little bit slow. So we do expect that we will offer wider selection of the web games to our users. This year or 2012 we have seen that there is a significant popularity among all the mobile games; yes we do actually, planning on our mobile game strategy, we are formulating our mobile game teams in 2013. And so I think mobile game is definitely upcoming and it will be a very important strategy for our online game business overall. So mobile game is going to be important for 2013. We expect that we should be able to have some very decent products in 2013.

Yu-Heng Fan, China Renaissance:

And you mentioned in your prepared remarks that you expect first quarter gross margin to improve to 49.5% from 48% in fourth quarter. Can you help us understand what will drive the improvement thank you?

Eric He:

Well the driver for improvement will be on several fronts. I think the most important part will be we continue to streamline our operations and secondly I think our bandwidth cost as a percentage of revenue will continue to be optimised. So those fronts will be the savings for us on a gross margin front. Of course one of the big items is music share costs and that in terms of percentage will also help us to create gross margin a little bit, meaning that in the first quarter that music share costs as a percentage of revenue will be moderate a little bit. So all of those will help us to improve our gross margin in the first quarter.

Gene Munster, Piper Jaffray:

I have a follow up question regarding the gaming side. Can you talk a little bit about top one, two, three games contributing games and what percentage of revenue come from those games and maybe specifically is there any commentary that you have on the DDTank game, how that's been progressing and life expectancy of that being a material game?

Eric He:

Sure our web game operation business has been growing very healthily as I said. The paying user continue to grow and we have seen that we had a good growth in the fourth quarter of 2012. And I think during the Chinese New Year period that business performed well too. Over the course of last year our top five games actually has reduced their percentage in terms of total game revenues. The top five games accounts for roughly 50% of our total game revenue and top 10 games accounts for about 75% of the total game revenue. So in the past those two percentage actually was a little bit higher. As to DDT, this game has been performing amazingly. Over the course of last two three years this game continues to be one of the top performing games in our platform. So we have seen the trend has been very stable, over the course of last year and so this game is still within our top five performing games in the platform.

Gene Munster, Piper Jaffray:

Is it safe to say it's the top performing game?

Eric He:

Well not every month. Sometimes it will actually become number two or number three, but overall if you take a long period of time, say the whole year, I think DDT is still top performing game.

Gene Munster, Piper Jaffray:

And you said that's been relatively stable and continues to be stable?

Eric He:

Yes, DDT game revenue user traction continues to be very stable.

Alicia Ya, Barclays:

So I just wanted to get a quick sense of the seasonality of your business, so except Chinese New Year what would be the typical quarter looks like for your YY business especially?

Eric He:

In fact our seasonality is pretty light, it's not as significant as others. I think as you mentioned it, traditionally the first quarter is a weak quarter because of Chinese New Year and I just mentioned that we are lucky that Chinese New Year in 2013 our business has been performing quite stable. I think so the first quarter is somewhat weaker than the others, then the second quarter will be a little better than the first quarter in terms of seasonality and the third quarter we will see some small seasonality on the weaker side. So third quarter usually it should be a little weaker and the fourth quarter again will come back to become a strong quarter. So I think the pattern for our business it's pretty much like that.

Alicia Ya, Barclays:

Is that for the 3Q is a softer seasonality, is that because of the summer holidays, people are going out and not in front of the computer?

Eric He:

Well obviously that could be a reason and there's another reason is because of the summer vacation for students and things like that. As to the exact reasons we will never know them that clearly, but our experience tells us that third quarter will be a little soft end. But as I said it's not significant, it's not going to impact too much. I think as to our growth trajectory, we do expect that in the whole year our growth trajectory should be positive, so we do not expect the seasonality to be very strong.

Alicia Ya, Barclays:

And is that the same for the gaming business as well or is it slightly different?

Eric He:

From my experience, gaming business really depends, because if you are asking a generically the game industries, every company will be different, because some game company's product is more geared towards younger students, some it's for more adults and for us I think we see the third quarter being a little soft is because of the vacation, it's because of our ad revenue, usually third quarter is usually a little softer than the other quarters.

Alicia Ya, Barclays:

My second question is regarding the increase in the commissions for the performers and the channels, so can you give us a sense on the commission trend for the past few quarters and should we expect that is a further increase in commission going forward?

Eric He:

I think for music share costs as I mentioned in the fourth quarter you will see that the percentage actually rose a little bit. That actually does not represent we are paying more to the performers. I think our commission policy has not changed that much. I think the music share cost as a percentage of revenue increased mainly due to our, there is a lot of marketing activities for our music business at the end of the year, however because according to the US GAAP regulation, for some of those services we do not provide until the beginning of 2013, the first quarter of 2013. So for some part of the revenue won't be able to recognise in 2012, although that our commission or our music share cost already paid to all those singers and channel owners. However that part of the revenue will not be able to be recognised in 2012, we will have to recognise in the first quarter of 2013. That's why we create the impression that the percentage actually has gone up a little bit and I think that is because of the revenue recognition policy, because the service is not being completely rendered, so we will have to recognise some of the revenues or defer some of those activities into the first quarter of 2013.

Alicia Ya, Barclays:

And then lastly is there any statistics or metrics that you can disclose with your paying user engagement? How much of those actually perform on the mobile devices versus on the desk top?

Eric He:

We have not actually monetised on our mobile devices yet and I don't think we have a plan for monetisation on the mobile devices, so all of our monetisation for the game business, for the music business are on PC end and we have not monetised on education either. So currently our monetisation actually are all derived from our PC end business.

Alicia Ya, Barclays:

So to follow up on that, is there any plans on monetising on mobile and what has been stopping you?

Eric He:

Well I do think we will monetise on mobile devices one day, but I cannot tell you when that is going to happen. Just like David our CEO said, our focus right now is to improve the user experience, to improve our product qualities. When we have good user tractions, we will start to think to monetise on mobile devices. But one thing I do want to point out, because our model is virtual item selling to earn our revenue, for this portion of the business it's relatively easy to monetise on our mobile devices. We do think that if we want to turn monetisation on our mobile devices, it should be relatively easy as compared to some other advertising model. So we are confident that one day we will be able to monetise on our mobile devices, but it's just a product strategy, it's a business strategy; we just want to wait until we have good tractions on our mobile users and mobile products already.

Tian Hou, TH Capital:

I have two questions, one is regarding your user basis, for the game business and also for the music business, so are there any overlapping in the user basis? So I give you follow up question after this.

Eric He:

I think while the game business and music business, they are very complimentary to each other, so our users will come and visit our web game platforms all the time and our music users will play games sometimes. So yes there are some overlapping, but the overlapping is very very small in the sense that we would like to see the overlapping in terms of paying users. Our paying users are the person who pay for the game and the person who pay for the music. The overlapping is less than 5%. However our VIP membership paying users and music users, the overlapping is between 5% to 10%, it's about roughly 8%. So I would say overall the overlapping among our users in terms of paying behaviours are very small, not that much.

Tian Hou, TH Capital:

That's clear and also for education, I see the company is entering into education area, try to become platform in online education, I think that's a great area to go. And I just wonder what innovation, the potential user could be? Is that possibly going to overlap with our existing users or we have to go out to recruit new users?

Eric He:

Yeah education as David just mentioned, it will experience a strategic direction for us in 2013. But I have to point out that YY platform has been known for its audio communication capability, has been known for its web games, has been known for fantastic concert music type of activities. I have to admit that our education definitely is not our strong hand in the past. So I would say that there will be some users coming from our existing gamers or music lovers, I would say significant or big portion of our education users in the future will come from other sources. We will try to attract new sources of users that can use our education service down the road, but that's our plan.

Tian Hou, TH Capital:

Last question regarding the competition, so there are lots of vendors like 9158, 6.CN, 6Rooms, as well as some other second tier video guys who are competing in this area. So I wonder what's the view in this area?

Eric He:

I think I just translate a little bit, first of all David has not seen too much of the threats from our so called competitor 9158 or 6Rooms, we do see that because of the technology our video functionality has very little latency, has very clear imagine which has given us a very strong competitive edge and we believe that with this competitive edge we'll continue to gain our market share. Secondly I think it's very important to know that in this year we are going to even reinforce to bring more so called very high quality contents. We think that those high quality contents, fascinating attractive contents will continue to help us to gain users. So with that we do expect that our market share will continue to expand.

Jialong Shi, CLSA:

I have a very simple question, I know you guys just launched a new web game called Haishen, so just wondering how the performance of this new game so far? Do you think whether or not it can become as popular as DDT?

Eric He:



Well thank you for the question, 7 Road has been very good partners with us, their first game DDT has been with us for a couple of years, their second game Shenqu was launched on YY platform. I think Haishen the third game of theirs has chosen YY as one of the debut platforms as well. So our business with them has been very cordial and very successful. In terms of the performance of particular games, we are not in a position to comment too much, all I can say is what we have seen for 7 Road's games, they have been performing quite well, quite stable and we are very pleased to see that our partners have been doing very very well. So I think we have been working with their games and their teams in a very seamless fashion. So their performance has been quite stable and very good.

Speaker:

That does conclude the Q&A session for today and I will hand back to YY's CFO Mr. Eric He for closing remarks.

Eric He:

Thank you everyone for dialling in our conference, now we conclude our conference call, thank you very much.