



- **MANAGEMENT DISCUSSION SECTION**

**Operator:**

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Good day everyone and welcome to YY's fourth quarter 2014 earnings conference call. At this time all participants are in a listen only mode. We will be facilitating a question and answer session towards the end of this conference call.

At this point, I would now like to turn the call to Lili Huang, YY's Investor Relations Director. Thank you and please go ahead.

**Lili Huang, IR Director - Opening Remarks and Safe Harbor Statement**

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Thank you Chloe. Welcome to YY's fourth quarter 2014 earnings conference call. With us today are Mr. David Xueling Li, CEO of YY and our CFO, Mr. Eric He. Following management's prepared remarks, we will conduct a Q&A session.

Before we begin, I refer you to the safe harbor statement in our earnings release, which also applies to our conference call today as we will make forward looking statements.

At this time I would like to turn the conference call to our CEO, Mr. David Li.

**David Li, CEO – Overview and Strategic Highlights**

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Thank you Lili, hi everyone and thanks for joining us today. We had another strong quarter, which capped the end to a great year. We saw our community grow in both size and engagement. We are delighted that this has led to the continued growth of our business.

It has been quite remarkable that since our inception in 2005, we have been able to more than double our revenue every single year for nine straight years. I am very proud of our company and of this major achievement.

Looking back at 2014, overall it was a great year for YY, marked by numerous milestones. There are now over 117 million monthly active users of YY's platform. We focus on serving the needs of our users by improving existing products such as our music and entertainment business while also introducing new products such as online dating and education.

As a result, we witnessed deeper user engagement and our online social community continues to get stronger. The music and entertainment business continues to be the main driver of our growth, accounting for almost 58% of our total revenues and growing by just over 100% year over year.

We also recognize that there is a global shift towards mobile entertainment which is why we are constantly updating and improving our mobile YY platform. We are delighted to see our hard work pay off, as mobile YY monthly active users increased by over 80% year-over-year to over 30 million.

Furthermore, sequential revenues for mobile YY also doubled, while paying users for mobile YY have increased by 81% quarter-over-quarter and almost 324% year-over-year accounting for nearly 40% of music and entertainment paying users.

This strong growth clearly demonstrates the incredible potential and suitability of our platform in this mobile area. In addition, we continue to see exceptional returns from our online dating business, as the revenue grew by 46%, quarter-over-quarter.

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**March 5, 2015**



We were also able to launch a mobile version of this business in January, which enables our users to join and participate more easily and conventionally and has been performing quite well.

For those of you that have not experienced our online dating business, I want to point out that YY's online dating business is similar to the format of the popular Chinese TV dating show, Fei Cheng Wu Rao, or If You Are the One. It is not actually a dating service.

By participating in an interactive dating show, users can feel and sense a contribution and belonging with their peers. As the user base of our online dating business continues to ramp up, we continue to have high hopes for online dating this year, believing it has the potential to mirror music and entertainment in terms of growth.

I want to finish by saying that 2014 has been a year filled with lots of progress and change. I'm very proud of the way the company has embraced and fulfilled these changes. I would also like to thank the YY community, our colleagues and our investors for their continued support and am excited moving forward to a strong 2015 and beyond.

With that I will hand it over to Eric.

**Eric He, CFO – Financial Results**

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Thank you David, good morning everyone. Before I begin discussing our financial performance I would like to first talk about our online game broadcasting business, which was rebranded Huya in November in slightly more detail.

In the fourth quarter online game broadcasting revenue grew to RMB53 million, up from RMB21 million a year ago. This represents over 157% growth year over year and continues to show strong interest by our Chinese audience for this new genre of video content.

As I mentioned last quarter, this is an emerging market that has drawn additional capital inflow and competition. However, we will not sit by idly and give away our market-leading position. We plan to fight this head on as we try to grow and acquire more users.

This past quarter we signed sponsorship deals with multiple top professional gaming teams and commentators and we will continue to elevate other similar opportunities throughout 2015.

In addition, our bandwidth costs have grown, as we provided better quality streaming broadcasts with higher resolutions for our viewers. With a planned budget of RMB700 million in costs and spending in this business this year, we realize that the short-term impact will certainly affect our margins.

We believe our aggressive strategy will help us acquire more users and ensure our leading position in the coming years.

Even with additional investment in the game broadcasting business and our new line of education business, we feel comfortable with current market expectations for 2015 full-year revenue and net income.

I also want to briefly mention that on October 30, 2014, the Company entered into an agreement to inject its free voice-over IP service, Weihui, into Bigo Technology Limited in a related party transaction. Following two independent third-party valuation assessments from China Renaissance and American Appraisal and a capital injection from other Bigo's investors, including the Company's CEO, David Xueling Li, the Company will retain a 27.8% ownership stake in Bigo.

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



One last item I want to point out was that so far this year the Company has repurchased approximately \$50 million worth of shares at an average price of \$54.87. In addition, our Board of Directors approved a new share repurchase program. The authorized amount will add an additional \$100 million to our buyback program for a period of a year, effective immediately.

Now I will move on to our quarterly financial details. Before I get started presenting our financial numbers, I would like to clarify that all the financial numbers we are presenting today are in RMB amounts and percentage changes are year-over-year comparison unless otherwise noted.

Net revenues for the fourth quarter 2014 increased by 91% to RMB1.17 billion. This increase was primarily driven by an impressive doubling in IVAS revenues.

IVAS revenues increased by 100% to RMB1.14 billion. The overall increase primarily reflected an increase in the number of paid users expanding paying ratios and increasing ARPU.

Let's look at each of our IVAS business lines more specifically. Revenue for online music and entertainment increased by 101% to RMB676 million. This increase primarily reflected a 66% increase in the number of paid users to 1.5 million and a 21% increase in ARPU to RMB453 during the fourth quarter 2014.

Revenue for online games increased by 41% to RMB229 million. This increase primarily reflected a 16% increase the number of paying users to 504,000 and an increase in ARPU of 21% to RMB455.

Also, the number of online games increased to 210 as of December 31, 2014 from 126 a year ago.

Revenue from others increased by 238% to RMB235 million. This includes revenue from online dating, which increased by 46% quarter over quarter to RMB93 million, revenue from online game broadcasting, which increased by 157% to RMB53 million and revenue from membership programs which increased to 33% to RMB59 million.

The revenue increase from membership programs primarily reflected a 26% increase in the members to 1,051,000 as of December 31, 2014.

Online advertising revenue was RMB30 million in the fourth quarter 2014, compared to RMB43 million in the corresponding period of 2013. The decrease was primarily due to the ending of our contractual agreements with NetEase.

Cost of revenues increased to RMB624 million. This was primarily attributable to an increase in revenue-sharing fee and accounting costs, which increased to RMB398 million this quarter from RMB165 million last year.

The increase included revenue sharing fees and content costs to performers, channel owners and accounting providers and was primarily due to higher levels of user engagement and spending increasing categories of emerging new business lines.

In addition, bandwidth costs increased to RMB118 million, representing 10% of revenue. As mentioned earlier, this was due to providing better quality broadcasting streams to our online game broadcasting users and utilizing higher resolution videos.

Gross profit increased by 73% to RMB546 million. Gross margin was 47%, compared with 52% in the corresponding period 2013. The decrease in gross margin was mainly attributable to a change in our business mix to more user-generated content business lines, which includes our music, entertainment

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



and online dating business and increased the bandwidth costs and sponsor fees related to online game broadcasting.

Our non-GAAP operating income increased 66% to RMB364 million. Non-GAAP operating margin decreased to 31% as compared to 36% in the corresponding period last year, primarily driven by the decrease in gross margin for the reasons listed above.

GAAP net income attributable to YY increased by 94% to RMB373 million from RMB192 million. GAAP net margin increased to 32% from 31% in the same quarter last year. Non-GAAP net income attributable to YY increased by 89% to RMB411 million and our non-GAAP net margin stayed flat at 35% from the same period last year.

Diluted net income per ADS increased to RMB6.15 or \$0.94 from RMB3.21 in the same quarter last year. Non-GAAP diluted net income per ADS increased to RMB6.74 or \$1.04 from RMB3.63 in the corresponding period 2013.

For the first quarter 2015, we currently expect our net revenue to be between RMB1.06 billion to RMB1.08 billion representing year over year growth of approximately 59% to 62%.

This concludes our prepared remarks for today. Operator, we are now ready to take some questions.

• **QUESTION AND ANSWER SECTION**

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**Operator**

Certainly, thank you sir. Ladies and gentlemen, we will now begin the question and answer session. (Operator instructions).

Alex Yao, JP Morgan.

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**Alex Yao - JP Morgan - Analyst**

Good morning everyone, thank you for taking my question and congrats on a solid quarter. The first question is about the long term outlook of game broadcasting business.

In the next three to five years, do you expect this business to become as sizeable as the music? Then a related question is, how do you see the synergy between game broadcasting and the rest of the business? Why are you so committed to this business? Thank you.

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**Eric He - YY Inc - CFO**

Okay. With regard to the game broadcasting business, I think it's important on YY platform. We have seen that -- the game broadcasting business increase over the course of last year, as you may know, that some increase in the sponsor fees. We think this is a very temporary phenomenon, because of a lot of capital has been injected into this field.

We believe, over time, game broadcasting business will be normalized in terms of the cost and expenses. However, in this year, the Company has decided that we are going to invest roughly RMB700 million to beef up this business and to maintain our market-leading positions.

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



In the future years, we think this is an important market, it's an integral part of the YY platform. We believe that our users like this kind of contents, and we've decided that we are going to grow our users and acquire even more users on our platforms to satisfy our users' needs.

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**Alex Yao - JP Morgan - Analyst**

Got it. The second question is about mobile gaming. Can you guys give us an update on the latest scores and a strategy on mobile gaming? Thank you.

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**Eric He - YY Inc - CFO**

Yes. Alex, this is a great question. In fact, our online gaming revenue has very little percentage of mobile games contribution so far. I believe in 2015, we will actually introduce more mobile games as our mobile monthly active users, as David mentioned, continue to increase handsomely. So we believe we are going to aggregate all of those mobile traffics and start and launch mobile games in 2015. I think that maybe toward the second half of 2015, we may be able to report better, more noticeable or bigger numbers in terms of mobile game revenue. So far, mobile game revenue contribution in our online gaming revenue is very small.

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**Alex Yao - JP Morgan - Analyst**

Well what is your mobile MAU including the mobile YY and other affiliate mobile apps?

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**Eric He - YY Inc - CFO**

We have a lot of mobile apps. As we mentioned it, mobile YY is a major one. Mobile YY MAU was 30 million in the fourth quarter. On a year over year basis, it was up 80%. On a Q-over-Q basis, that mobile YY MAU number was up 32%, and in fact our mobile revenue from music actually, on a Q-over-Q basis, was up 96%. So I think those numbers have demonstrated that the suitability of YY content onto the mobile devices in this mobile era in the future.

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**Alex Yao - JP Morgan - Analyst**

Got it. Thank you very much.

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**Operator**

Vivian Hao, Deutsche Bank.

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**Vivian Hao - Deutsche Bank - Analyst**

Hi David, Eric. Thank you for taking my question. I've got two questions here. First of all, can you provide us some more colour on the first quarter guidance respectively for music and gaming segments. My second question is regarding your dating business. So given the stellar debut last year, what is the outlook into FY15, and more specifically, do you anticipate that this business model could potentially play out well on mobile? Thank you.

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**Eric He - YY Inc - CFO**

Okay, the first question is regarding the first quarter guidance. As we said very clearly, our first quarter guidance is RMB1.06 billion to RMB1.08 billion. As all you know that the first quarter is usually the

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



weakest quarters for our business. If you look back the last two years, you will see a very similar pattern, meaning that the first quarter is the lowest quarter. Then we will start to grow into the second quarter, third quarter and fourth quarter. I think this pattern will continue. So the 2015 first quarter will be the weakest quarter, and the rest of the year will be higher and higher. I think, as I mentioned it, that we are very comfortable with 2015's top line and bottom line consensus at this moment.

Specifically for music and game. I think music and game business will be affected by the fact that in the first quarter of 2015, we have seen a very peculiar situation, that is, Valentine's Day is very close to Chinese New Year. Valentine's Day happens on February 14. Chinese New Year actually started February 19, but usually people stop being on the net starting from February 18, one day, the eve of the Chinese New Year. So with such close a proximity, those two big days, because we all know that in -- during the Chinese New Year period, the traffic actually will die down. So the first quarter's revenue will be affected by this very particular situation. So I think that these two businesses will experience a little bit of the softness in the first quarter, but that actually has been taken into consideration in our first quarter guidance, that is, RMB1.06 billion to RMB1.08 billion.

Second question, regarding our dating questions. I think that everybody is very happy and surprised positively by the strong performance of our dating business in 2014. That was the first year of operation. For the entire year, dating business generated RMB193 million in revenue, and that is unprecedented. Even the first year of revenue for our music business in 2011, it was only RMB15 million. So as David mentioned that we believe that we have a very high hopes for the dating business. We think that the growth rate of our dating business would definitely mirror our music business. I think within 2015, the dating business will perform very strongly and very well. Next question please?

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**Operator**

Alicia Yap, Barclays. Please ask your question.

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**Alicia Yap - Barclays - Analyst**

Hi, good morning David and Eric. Congratulations on the strong quarter. I have a couple of follow up questions related to the guidance. First of all then I'll start with 1Q guidance including the education revenue that you acquire, and then related to education, how should we expect that revenue trend for this year to grow? Then second question is relating to your investment in the game broadcasting. So Eric, you mentioned that we are committed to spend RMB700 million in this game broadcasting business. Can you give us a little bit breakdown of how much of that should be going into let's say the sponsorship, and how much for the bandwidth and brand promotions? Since your revenue run rate for 2014 is only at about RMB153 million, so when do you think this game broadcasting business will break even? Thank you.

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**Eric He - YY Inc - CFO**

Okay, regarding to the guidance, yes, our guidance, RMB1.06 billion to RMB1.08 billion includes everything. Education is included, absolutely. I think this business's seasonality is a little bit different from our ordinary business. Q1 is the lowest season for the rest of the business. I think Q1 also, it's a low point for education. But education usually will peak in third quarter. I think because this is the beginning of the first year of our education with the inclusion of our two new subsidiaries, so we will have to observe what kind of pattern that is. But I think for this years, they're going to generate a decent amount of revenue in a range of RMB150 million to RMB200 million, entire year. For entire years.

For game broadcasting business, yes, we are committed to spend RMB700 million to -- into this market. That includes bandwidth. We actually have a budget for bandwidth of RMB260 million. Sponsorship will be roughly RMB200 million, and our marketing will be somewhere around RMB100 million. Then I don't want to go through it line by line, but definitely this is -- the marketing campaign, we're going to spend our

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



resources actually to defend our market-leading positions. But we believe over the long term, the game broadcasting business will turn into profits, because as we mentioned, this sponsorship, at this moment, is temporary. It's not going to last for long. So we think all these cost expenses will come down to some point. So the business will go back to normal, and the competition will decrease. So we are willing to spend the resources, and to win over the final victory, and that is our strategy and plan.

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**Alicia Yap - Barclays - Analyst**

I see. So Eric, can I just follow up for your full-year guidance that I think you mentioned that the current consensus estimates are well on track. Is that also including you factor in the education revenue as well as the cost expectation for the education line as well that you already factor in, that you think you're still on track for the consensus estimate?

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**Eric He - YY Inc - CFO**

Yes. When we said that we're going to spend RMB700 million, we plan to spend all this money, yes. We include everything. So after we have taken into the spending in game broadcasting business, which may actually cost some losses for us, and our education business, we still feel that we are comfortable with the current market expectations.

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**Alicia Yap - Barclays - Analyst**

I see. Great. Thank you. I go back to the queue.

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**Operator**

Natalie Wu, CICC.

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**Natalie Wu - CICC - Analyst**

Hi, good morning management, thank you for taking my question, and congratulations on a strong quarter. I have two questions. The first is can you update us your latest total MAU numbers? Wondering if still 40% of them comes from YY music. Can you give us some colour on MAU of maybe online dating, game broadcasting, or education. That's my first question, and I will have a very quick following up.

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**Eric He - YY Inc - CFO**

Yes, so far for the fourth quarter, 2014, our platform MAU is 117 million. That includes client MAU, web MAU and mobile MAU. As we mentioned, mobile MAU is about 30 million. Our client MAU is about 53 million. Our web MAU is about 44 million, but you have to take out also the redundant ones, so that is 117 million on our platform. Out of this, it's very difficult to pinpoint what's the percentage of the music MAU, but normally, based on our database roughly 40% to 45% are being categorized as new music users and 50% is about so-called gamers. Then the rest, it's all the others. So that percentage has been staying like that unchanged over the course of the last couple of quarters.

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**Natalie Wu - CICC - Analyst**

Thank you Eric. We noticed a very great performance has been achieved on the mobile and in the last quarter. Wondering if -- is there any marketing -- I mean, additional sales and marketing that's adopted to promote mobile usage in the last quarter? As we know, Lei Jun is one of your board of directors and large shareholders as well. Will there be any possibility that YY will collaborate with Xiaomi in the future? Any color on this aspect will be appreciated.



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**Eric He - YY Inc - CFO**

Let me translate the questions to our CEO. I think I will ask our CEO to answer the questions.

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**Natalie Wu - CICC - Analyst**

Thank you.

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**Eric He - YY Inc - CFO**

Okay. David now understands the questions and would like to answer your questions.

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**David Xueling Li - YY Inc - CEO**

(interpreted) Okay. First of all, I think over the course of the last two or three years we have recognized that the whole internet trend is moving from PC to mobile and we have been trying to change our products -- our technology - into mobile platform. As you all know that, PC and mobile has existence -- has some existing differences in terms of technology between those two platforms. But I think we are successfully seeing that the transformation or the transition has borne some fruit, starting in 2014 already.

As you all know that, YY has established its names on so-called synchronized or the real-time contents. But if you really look into this genre, the real-time content or synchronized content is difficult to disseminate. So in 2014, especially after the third quarter, we have actually incorporated some asynchronous contents which is the recorded content. This content has been edited into the micro features or small clips. Those kind of clips are very easy to distribute and easy to disseminate. So when we have that and the people start to realize wow, YY has so much and so many talented performers and content which is very interesting -- so with that kind of understandings , we have acquired many users on our mobile platforms.

(Spoken in English) Yes. That is the answer.

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**Natalie Wu - CICC - Analyst**

Okay. Thank you. Thank you very much David and Eric. There is just one further question about the future potential collaboration with Xiaomi on the mobile end. Is there any possibility on that?

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**David Xueling Li - YY Inc - CEO**

(interpreted) We actually have a lot of collaborations and cooperation with Xiaomi. But we rarely talk about it. But I think we would like to dig out all the collaboration and cooperation in the future. Maybe in the future we will actually reveal and announce more. But I think the collaboration and cooperation is underway has been in that way for a long time already.

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**Natalie Wu - CICC - Analyst**

Thank you very much. That's very helpful.

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**David Xueling Li - YY Inc - CEO**

Thank you.



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**Operator**

Thank you. George Meng, Morgan Stanley.

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**George Meng - Morgan Stanley - Analyst**

Good morning everyone. Thank you very much for taking my question. Congratulations on a very strong quarter. I have two questions. The first one is related to your mobile YY. Can you give us more color on the -- for example, the paying music users? You mentioned already about 40% but how much revenue does that contribute to the overall music business?

Also, if you look at the incremental mobile paying users, how much of that is actually mobile-exclusive and how much is actually already paying on PC? Do you see the aggregate expanding, meaning PC plus mobile is also increasing or they are just shifting some of their spending from PC to mobile because of your promotions. Then going forward, do you see this level of mobile engagement to sustain after your fourth quarter promotions. That's my first question. Thank you.

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**Eric He - YY Inc - CFO**

Okay. Good. Well, let me answer your questions this way. Yes, our mobile paying user already accounts for roughly 40% of the entire paying users of our -- entire paying user in the music business. In terms of revenue itself, in the fourth quarter the revenue from mobile YY accounting for 14%, which was up by 9%. That's a big jump. I think in 2015 our goal is somewhere around 30%, meaning that 30% of the entire music revenue will come from mobile in 2015. That's our goal, okay. So we think that our mobile end has performed very, very strongly.

In terms of mobile paying users exclusive from mobile are actually up -- oh, hold on. I'm looking at the metrics. Lili, can you answer that question? The exclusive mobile user numbers -- a percentage -- okay.

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**Lili Huang - YY Inc - IR Director**

Sorry George. The exclusive pure mobile paying users is around 290,000. So actually that number is increased by 125% in the last quarter.

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**George Meng - Morgan Stanley - Analyst**

Okay. Got it. Then did you look at, for example, the pay users that pays both on PC and mobile? If you look at their aggregate spending, do you see that also increase because you promote more mobile and they actually use more mobile?

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**Eric He - YY Inc - CFO**

Yes. I think because that -- our music business, it's pretty much transitioned from PC platform to mobile platform, as we have noticed that in 2015 the mobile revenue -- as I said, our goal is to have 30% of the revenue generated from mobile platform. But at this moment of time, ARPU for mobile user is smaller than the PC users. But that situation is improving. It's increasing. So when we entirely change that user behavior or habits, we think that we are going to see another accelerated growth rate into 2016 and the future years.

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**George Meng - Morgan Stanley - Analyst**

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



Got it. Very helpful. My second question is related to your longer term strategy for the music and entertainment platform. I mean, you mentioned it's going to be -- go mobile, that's a definite direction, but my question is more on the audience and also your content side. So for example on the audience side, do you see that you're going to maybe spend more towards -- to actually include more mainstream audience?

Currently some of the audience are more grassroots of course. You already have some very high-paying users but again, some of those users are not really mainstream. So are you going after those mainstream users in the longer run and also on the content side that will be similar? Do you see you actually maybe do more of this -- more professional content?

I think some of the (inaudible) they're already doing some of this more professional operations but do you see that as the overall trend going forward? In the end, do you have an ambition to become an influential media like some of these fellow ITV stations today? That's my question. Thanks.

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**Eric He - YY Inc - CFO**

Well, I think all the things that you mentioned are the things that we are doing right now. Yes, we would like to reach even broader user base. Just like David says, our mobile content including the asynchronous one, that becomes very easy to disseminate so we will be able to acquire even more users. As you know, we have this 1931 which is an example of professional trained content. I think that we have seen more and more talent agents come to YY to establish their own channels.

We believe that the mass media is going to recognize more and more YY's content. I think for this year we have lots of plans on our entertainment platforms, not just doing the ordinary programs and marketing events. We will try other forms of performance, just like you said. It could be a competition and could be real-time concerts and all those kind of things could happen. So we will become a very diversified integral part of entertainment platform starting from this year and transform into future years.

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**George Meng - Morgan Stanley - Analyst**

Got it. So just to follow up on that, if you have more professional or are becoming more professional with your content, do you see your take rate on those content will decrease over time because maybe those people are getting more bargaining power?

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**Eric He - YY Inc - CFO**

No, I don't think so because as you know, YY is a very powerful platform. The popular content or the performer who can make big money on YY, they may not be able to make money into other platforms. So YY actually is a fertile ground for them to make money. So we think that we have very strong bargaining powers on our YY platform. I think the take rate is not going to be an issue into the future. But we will still treat our performers very well and give them what they deserve and they can take. So that's our philosophy moving forward. I don't know if David has anything to add?

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**David Xueling Li - YY Inc - CEO**

(interpreted) Okay. I think David wants to reiterate what I just mentioned. He said that the so-called traditional entertainer -- more and more traditional entertainers, they feel the power of YY platform. They're willing to come -- to reside on YY platform and make their business even bigger. We have seen at least seven or eight talent agents who actually come to YY and put their talents -- put their stars and performers onto YY to establish channels. They are doing quite well. We will do our best to sponsor them, to help them, to make them successful. I think that is our future goals.

**YY Inc.**  
**4Q14 Earnings Conference Call Script**  
**March 5, 2015**



Another point is that a lot of what we do and a lot of people believe or doubt that if YY's performer can become a superstar in the mainstream entertainment markets. That is something that we are trying to do and we're trying to strategize. However, we think that is happening right now. That trend is happening. So the YY celebrities or YY stars are actually on their way to become a superstar in the real world -- in the mass media. That's unstoppable. That is happening right now.

David actually raised an example. There are male performers on YY who actually use a Canon Mark V camera to make a movie by spending only RMB150,000. That movie actually has a duration of 90 minutes and put onto one of the video platforms. It's called -- the micro movie is called [Linchen] Brothers. This micro media on David's last check was more than 1.6 million clicks. Every time when people click and look into that movie, they will be charged RMB5. For this kind of examples, we are seeing the trend is unstoppable. It's happening right now. David?

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**David Xueling Li - YY Inc - CEO**

(interpreted) Yes, I think first of all, we wanted to tell you that the music or entertainment field, YY has established very formidable, strong ecosystems. Why do we say that? That is because we have so many performers. They are actually performing very well and they can make multi-million dollars or tens of millions of dollars a year. So that kind of ecosystem is very strong, sturdy. It's difficult to break. I think few parties can break that kind of ecosystem. However, if you look at the game broadcasting business, we are establishing that ecosystem. So that ecosystem is still unfinished. So that ecosystem is being jeopardized a little bit because of the competition.

However if you look at the game broadcasting business, we have been very strong on PC-client game broadcasting business. We are very strong on mobile and apps game broadcasting business. One little thing that we did not pay too much attention, is web-based game broadcasting services. That is an area we didn't put too much emphasis so that was the place that we didn't serve our users very well in 2014. That's why you see some competitors or competition actually use that to come up. We already realized that. So this year we are going to fix that problem. Because we are glad to see that there are so many users outside of the YY platform, using web-based tools to watch game broadcasting services. That's something beyond our imagination.

Now we realize that's a good market and we believe with our technology, with our resources put in, we are going to recover that market. We are going to fix that problem. So I think that overall on the PC client base game broadcasting users, we have never lost anything. Our mobile end actually is gaining a market share. So in terms of game broadcasting user base we actually are gaining. But one area that we need to actually strengthen is on the web end. So when we fix that problem, we believe our game broadcasting business will actually grow very strongly and is going to be a very normal and profitable business in the future.

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**George Meng - Morgan Stanley - Analyst**

Got it. That's very helpful. Thank you very much David and Eric.

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**David Xueling Li - YY Inc - CEO**

Thank you.

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**Eric He - YY Inc - CFO**

This will be the last question. Please operator, take our last question now.



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**Operator**

Yu-Heng Fan, China Renaissance Securities Limited.

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**Yu-Heng Fan - China Renaissance Securities Limited - Analyst**

I saw that online dating and the game broadcasting both ramped up pretty quickly and become meaningful revenue contributors. This year with still very strong core music business and the fast-growing online game and the dating business -- I just wonder about the verticals and the content YY is experimenting with right now and like we could see a pretty meaningful result in the second half of this year. Any comment would be appreciated. Thank you.

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**Eric He - YY Inc - CFO**

Yes. You know that YY is very innovative. You know, the dating business for example, in 2014 nobody expected that we would have such a big revenue from dating service. Yes, we are trying many other verticals. We are trying many other types of services on YY platform but at this point of time I don't think we want to discuss or reveal too much of what we are experiencing. All I can say is as the years progress, you will see more and more service and revenue coming in to the YY platform.

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**Yu-Heng Fan - China Renaissance Securities Limited - Analyst**

Thank you. My second question is actually a follow up on the ecosystem for the online game broadcasting. You have provided a lot of color to the whole -- what I wanted to be covered on the web broadcasting sites for the online gaming. I wonder if YY wants to further strengthen the ecosystem for the online game broadcasting. Other than the broadcasting channel content and bandwidth, what are the key elements that are required to build a stronger ecosystem for online game broadcasting, like you have done for the music business? Thank you.

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**Eric He - YY Inc - CFO**

Well, there are a lot of things. I think the ecosystem -- to build ecosystems you need to have a lot of users. You need to have the commentator and professional game teams. They can make money. I think that's something we want to ensure. So for this year, 2015, as I mentioned, we intend to spend lots of money to match with our competition, to give out sponsorship and have the best professional teams, the best commentators come back to YY. I think that is one area.

The second area is that we are going to spend a lot of money on marketing. In 2014 we had a lot of great teams. We have a lot of commentators but nobody knows -- our users even don't know. So I think that's an area we are going to promote it in a smarter, more intelligent way so that the market will know. So all of those will help us to build a very strong ecosystem. I think after 2015, the ecosystem built, we are going to see this business become normal, become a profitable business.

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**Yu-Heng Fan - China Renaissance Securities Limited - Analyst**

Thanks very much. That's very helpful.

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**David Xueling Li - YY Inc - CEO**

Thank you.

**YY Inc.  
4Q14 Earnings Conference Call Script  
March 5, 2015**



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**Lili Huang - YY Inc - IR Director**

Thank you.

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**Eric He - YY Inc - CFO**

Thank you. I would like to thank you for attending this conference call. This will conclude our conference call. Thank you.