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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)

Voluntary Announcement

**Disposal of Equity Interest in RaySns in Return for Consideration
Shares in Kemian**

The Board announces that the Share Purchase Agreement was entered into on 23 March 2015 between Kemian (as Purchaser), on the one hand, and Boyaa Shenzhen (an entity controlled by us through certain contractual arrangements) and the Other Vendors (as Vendors), on the other, pursuant to which Kemian agreed to purchase and Boyaa Shenzhen and the Other Vendors agreed to sell their 100% equity interest in RaySns for a total consideration of RMB880,000,000, subject to adjustment. As consideration for the disposal, Boyaa Shenzhen will receive the Consideration Shares, while Other Vendors will receive shares in Kemian and/or cash consideration.

As at the date of the Share Purchase Agreement, the total registered capital of RaySns is RMB10,000,000, of which 16% is held by Boyaa Shenzhen and the remaining 84% is held by the Other Vendors. The Other Vendors are independent third parties. The consideration for the Disposal payable by Kemian to Boyaa Shenzhen is RMB126,719,991.09, subject to adjustment, which shall be satisfied by the issue and allotment of the Consideration Shares, being 2,385,093 shares in Kemian with par value of RMB1.00 each, to Boyaa Shenzhen.

As at the date of the Share Purchase Agreement, the total issued share capital of Kemian is RMB222,928,707 divided into 222,928,707 shares of RMB1.00 each. In connection with and for the purpose of the transactions contemplated under the Share Purchase Agreement, Kemian proposes to issue and allot 12,422,360 shares with par value of RMB1.00 each as part of the consideration payable by Kemian to the Vendors, of which 2,385,093 shares, the Consideration Shares, shall be issued and allotted to Boyaa Shenzhen. Therefore, upon completion of the transactions contemplated under the Share Purchase Agreement, the total issued share capital of Kemian shall become RMB235,351,067 divided into 235,351,067 shares of RMB1.00 each, of which Boyaa Shenzhen shall hold 2,385,093 shares, representing approximately 1.01% of the enlarged issued share capital of Kemian.

The transactions contemplated under the Share Purchase Agreement involve, among others, at the same time (i) disposal of equity interest in RaySns by Boyaa Shenzhen to Kemian, and (ii) receiving Consideration Shares to be issued and allotted by Kemian to Boyaa Shenzhen, thus acquisition of equity interest in Kemian. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the Disposal and the acquisition of Consideration Shares under the Share Purchase Agreement is below 5%, neither the Disposal nor the acquisition of Consideration Shares constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

This announcement is made by the Company voluntarily.

Shareholders and potential investors of the Company should note that the Disposal and the acquisition of Consideration Shares are subject to the conditions precedents being satisfied and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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THE SHARE PURCHASE AGREEMENT

Date

23 March 2015

Parties

Purchaser:	Kemian
Vendors:	Boyaa Shenzhen Other Vendors

Consideration

As at the date of the Share Purchase Agreement, 16% equity interest in RaySns is held by Boyaa Shenzhen and the remaining 84% is held by the Other Vendors.

The total consideration for the 100% equity interest in RaySns is RMB880,000,000, subject to adjustment, which was determined after arm's length negotiation between the parties with reference to the financial and operational performance of RaySns for the ten-month period ended 31 October 2014. Boyaa Shenzhen will receive the Consideration Shares, while Other Vendors will receive shares in Kemian and/or cash consideration.

The consideration for the Disposal payable by Kemian to Boyaa Shenzhen is RMB126,719,991.09, subject to adjustment, which was determined after arm's length negotiation between Kemian and Boyaa Shenzhen and shall be satisfied by the issue and allotment of the Consideration Shares, being 2,385,093 shares in Kemian with par value of RMB1.00 each, to Boyaa Shenzhen. Thus, the price per each Consideration Share is RMB53.13, which represents the weighted average price of shares of Kemian for the 20 trading days immediately preceding the date of the announcement of the sixth meeting of the third session of the board of Kemian, that is 23 March 2015. The consideration of RMB126,719,991.09 represents approximately 10% discount to Boyaa Shenzhen's 16% share of the total consideration of RMB880,000,000. This is because the considerations received by certain Other Vendors are subject to downward adjustment if certain financial benchmarks of RaySns for the years 2015 to 2017 cannot be met, whereas consideration payable to Boyaa Shenzhen is not subject to such adjustment. The trading in shares of Kemian on Shenzhen Stock Exchange has been suspended since 31 October 2014 and remains suspended as at the date of the Share Purchase Agreement. The latest price of shares of Kemian as quoted in Shenzhen Stock Exchange before its suspension of trading is RMB57.50.

The total consideration under the Share Purchase Agreement for the 100% equity interest in RaySns is subject to adjustment. The parties to the Share Purchase Agreement agreed that a licensed accounting firm with requisite securities business qualification shall be engaged to carry out completion audit on RaySns and prepare an audit report (the "**Audit Report**") for the period commencing from 1 November 2014 to the last calendar day of the month in which the transactions under the Share Purchase Agreement are completed and as of this date. If the net assets value of RaySns as shown in the Audit Report is lower than that as of 31 October 2014, the Vendors shall pay such shortfall to Kemian in cash proportionate to their respective shareholdings in RaySns as at the date of the Share Purchase Agreement. Separately, Mr. Wang Meng, one of the Other Vendors, has undertaken to Boyaa Shenzhen that he, in place of Boyaa Shenzhen, will pay Kemian the shortfall amount that Boyaa Shenzhen is responsible for under the Share Purchase Agreement.

Conditions Precedents and Completion

The completion of the transactions contemplated under the Share Purchase Agreement is condition upon:

- (1) the execution of the Share Purchase Agreement (which was executed on 23 March 2015 and hence this condition has been fulfilled);

- (2) the transactions contemplated under the Share Purchase Agreement being approved by the board of directors and shareholders' meeting of Kemian (the approval by the board of directors of Kemian has been obtained on 23 March 2015);
- (3) the changes to the registered capital of and the shareholding of foreign investors in Kemian, as a foreign-invested enterprise, arising from the transactions contemplated under the Share Purchase Agreement being approved by relevant commission of commerce; and
- (4) the transactions contemplated under the Share Purchase Agreement being approved by the China Securities Regulatory Commission.

If any of the conditions precedents is not fulfilled within twelve months after the date of the Share Purchase Agreement, the parties to the Share Purchase Agreement shall negotiate in good faith for an extension. If no agreement is reached after such negotiation, each Vendor is entitled to terminate the Share Purchase Agreement without being held liable for breach of the Share Purchase Agreement.

Upon fulfillment of the conditions precedents above, the Share Purchase Agreement shall become effective, and the parties thereto shall, within 30 days upon the effective date of the Share Purchase Agreement, proceed to the changes of registration (the “**Registration**”) with relevant administration for industry and commerce regulators in respect of the equity transfer of their equity interests in RaySns. The completion date (the “**Completion Date**”) of the transactions under the Share Purchase Agreement shall be the date on which the Registration is completed. Upon completion, Boyaa Shenzhen will not hold any equity interest in RaySns.

The Consideration Shares shall be issued and allotted by Kemian to Boyaa Shenzhen by way of private placement within one month after the Registration.

As at the date of the Share Purchase Agreement, the total issued share capital of Kemian is RMB222,928,707 divided into 222,928,707 shares of RMB1.00 each. In connection with and for the purpose of the transactions contemplated under the Share Purchase Agreement, Kemian proposes to issue and allot 12,422,360 shares with par value of RMB1.00 each as part of the consideration payable by Kemian to the Vendors, of which 2,385,093 shares, the Consideration Shares, shall be issued and allotted to Boyaa Shenzhen. Therefore, upon completion of the transactions contemplated under the Share Purchase Agreement, the total issued share capital of Kemian shall become RMB235,351,067 divided into 235,351,067 shares of RMB1.00 each, of which Boyaa Shenzhen shall hold 2,385,093 shares, representing approximately 1.01% of the enlarged issued share capital of Kemian.

Lock-up Arrangements for the Consideration Shares

The Consideration Shares shall be listed on Shenzhen Stock Exchange. However, Boyaa Shenzhen has undertaken to Kemian pursuant to the Share Purchase Agreement that:

- (1) 20% of the Consideration Shares shall be locked up and not transferable by Boyaa Shenzhen until the expiry of twelve months commencing from the date on which the Consideration Shares are registered under Boyaa Shenzhen's name;
- (2) 60% of the Consideration Shares shall be locked up and not transferable by Boyaa Shenzhen until the expiry of twenty-four months commencing from the date on which the Consideration Shares are registered under Boyaa Shenzhen's name; and
- (3) the remaining 20% of the Consideration Shares shall be locked up and not transferable by Boyaa Shenzhen until the expiry of thirty-six months commencing from the date on which the Consideration Shares are registered under Boyaa Shenzhen's name.

INFORMATION ON RAYSNS

RaySns is primarily engaged in Internet and online games development in the PRC. As at the date of the Share Purchase Agreement, the total registered capital of RaySns is RMB10,000,000, of which 16% is held by Boyaa Shenzhen and the remaining 84% is held by the Other Vendors. The Other Vendors are independent third parties.

Boyaa Shenzhen invested a total amount of RMB2,000,000 in RaySns and became a 30% equity holder of RaySns in April 2011. In November 2012, the registered capital of RaySns was increased and as a result, the equity interest in RaySns held by Boyaa Shenzhen was diluted from 30% to 24%, which resulted in a dilution gain of approximately RMB941,000 recognized for the year ended 31 December 2012. In February 2013, 8% equity interest held by the Boyaa Shenzhen in RaySns was repurchased by RaySns at a consideration of RMB2,000,000, which resulted in a gain of approximately RMB854,000 for the year ended 31 December 2013. As a result, the equity interest in RaySns held by Boyaa Shenzhen was reduced from 24% to 16%.

According to the unaudited management accounts of RaySns as at 31 December 2014, the net assets value of RaySns was RMB40,235,868.49. According to the unaudited management accounts of RaySns for the two years ended 31 December 2013 and 2014, the net profits before and after taxation are as follows:

	For the year ended 31 December	
	2013	2014
Net profit before taxation	RMB671,977.37	RMB58,103,254.05
Net profit after taxation	RMB502,354.63	RMB49,022,512.68

INFORMATION ON KEMIAN

Kemian is mainly engaged in research and development and publication of web-based games and mobile games. The issued shares of Kemian are listed on Shenzhen Stock Exchange (Stock Code: 002354). As at the date of the Share Purchase Agreement, the Group does not hold any shares in Kemian.

According to the audited financial statements of Kemian in its 2014 annual report, which was prepared using PRC Accounting Standards for Business Enterprises, the net assets value of Kemian as at 31 December 2014 was RMB663,016,824.98, and the net profits before and after taxation for the two years ended 31 December 2013 and 2014 are as follows:

	For the year ended 31 December	
	2013	2014
Net profit before taxation	RMB151,398,432.79	RMB255,530,651.34
Net profit after taxation	RMB135,830,632.00	RMB234,044,906.06

In July 2014, Kemian completed a major assets restructuring and subsequently the business of Kemian changed from processing, manufacturing and sale of wooden floor and other wood products to its current business, being research and development and publication of web-based games and mobile games. Therefore, the above financial information of Kemian for the year ended 31 December 2013 only reflects the performance of Kemian's discontinued business, while the financial information of Kemian for the year ended 31 December 2014 reflects partially the performance of Kemian's discontinued business and partially its current business.

FINANCIAL IMPACT

Upon completion of the transactions contemplated under the Share Purchase Agreement, Boyaa Shenzhen will receive as consideration 2,385,093 shares in Kemian and the Group's investment in RaySns will need to be remeasured at fair value and be transferred to available-for-sale financial assets (representing the 2,385,093 shares in Kemian that Boyaa Shenzhen shall hold then). Assuming that the fair value of the Group's investment in RaySns on the Completion Date would be equal to the current consideration of RMB126,719,991.09, and with reference to the carrying value of the Group's investment in RaySns as at 31 December 2014 (the **"Carrying Value"**), there would be a pre-tax revaluation gain of RMB116,181,449.21, being the difference between the consideration of RMB126,719,991.09 and the Carrying Value of RMB10,538,541.88, to be recorded in profit or loss on the Completion Date.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The transactions contemplated under the Share Purchase Agreement were initiated and negotiated by RaySns's major shareholder and Kemian is interested in purchasing the entire equity interest of RaySns. Having considered the terms of the Share Purchase Agreement, the Directors are of the view that the consideration is acceptable and it is desirable for the Company to dispose of its equity interest in RaySns, which in the opinion of the Directors is in the interests of the Company and the Company's shareholders as a whole.

LISTING RULES IMPLICATIONS

The transactions contemplated under the Share Purchase Agreement involve, among others, at the same time (i) disposal of equity interest in RaySns by Boyaa Shenzhen to Kemian, and (ii) receiving Consideration Shares to be issued and allotted by Kemian to Boyaa Shenzhen, thus acquisition of equity interest in Kemian. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the Disposal and the acquisition of Consideration Shares under the Share Purchase Agreement is below 5%, neither the Disposal nor the acquisition of Consideration Shares constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

The Directors (including independent non-executive Directors) are of the view that the Disposal and the acquisition of Consideration Shares are in the interests of the Company and the Company's shareholders as a whole, and that the Share Purchase Agreement was entered into after arm's length negotiation among the Company and Kemian, and that the terms of the Disposal and acquisition of Consideration Shares are fair and reasonable.

GENERAL INFORMATION

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

Boyaa Shenzhen is the operating company of the Group. The financial results of Boyaa Shenzhen are consolidated into our Group as a wholly-owned subsidiary under International Financial Reporting Standards by virtue of it being controlled by our Group through certain contractual arrangements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Kemian and the Other Vendors and his/its ultimate beneficial owner are a third parties independent of the Company and connected person of the Company.

This announcement is made by the Company voluntarily.

Shareholders and potential investors of the Company should note that the Disposal and the acquisition of Consideration Shares are subject to the conditions precedents being satisfied and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Boyaa Shenzhen”	Shenzhen Dong Fang Bo Ya Technology Co., Ltd. (深圳東方博雅科技有限公司), a company established in the PRC with limited liability, and the financial results of which are consolidated into our Group as a wholly-owned subsidiary by virtue of it being controlled by our Group through certain contractual arrangements
“Company”	Boyaa Interactive International Limited (博雅互動國際有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange

“Consideration Shares”	2,385,093 shares in Kemian with par value of RMB1.00 each in Kemian to be issued and allotted by Kemian to Boyaa Shenzhen as consideration for the Disposal under the Share Purchase Agreement, each a Consideration Share
“Directors”	the directors of the Company
“Disposal”	the sale of 16% equity interest in RaySns by Boyaa Shenzhen to Kemian pursuant to the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kemian” or “Purchaser”	Dalian Kemian Wood Industry Co., Ltd. (大連科冕木業股份有限公司), a company incorporated in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002354)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Other Vendors”	Wang Meng, Pi Dinghai, Shenzhen Qingsong Private Equity Investment LLP (深圳市青松股權投資企業), She Jianliang, Chen Zhongwei, Dong Lei
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RaySns”	RaySns Technology Co., Ltd. (雷尚(北京)科技有限公司), a company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Share Purchase Agreement”	the assets purchase agreement by way of issuing shares and payment of cash dated 23 March 2015 and entered into among Kemian and the Vendors
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendors”

Boyaa Shenzhen and Other Vendors

“%”

per cent.

By Order of the Board

Boyaa Interactive International Limited

ZHANG Wei

Chairman and Executive Director

Hong Kong, 23 March 2015

As at the date of this announcement, the executive Directors are Mr. ZHANG Wei, Mr. DAI Zhikang and Mr. GAO Junfeng; the non-executive Director is Mr. ZHOU Kui; the independent non-executive Directors are Mr. CHEUNG Ngai Lam, Mr. CHOI Hon Keung Simon and Mr. GAO Shaofei.