

YY Inc.

Form 424B5

August 16, 2017

TABLE OF CONTENTS

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-219961

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered(1)	Amount to be registered(1)(2)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee(3)
Class A common shares, par value US\$0.00001 per share	132,250,000	US\$ 3.50	US\$ 462,875,000	US\$ 53,647.21

(1)

These Class A common shares are represented by American depositary shares, each of which represents 20 Class A common shares. The ADSs issuable on deposit of the Class A common shares registered hereby have been registered under a separate registration statement on Form F-6 (333-184812).

(2)

Includes up to 132,250,000 shares to be offered by us. Pursuant to Rule 416(a) under the Securities Act of 1933, as amended, this registration statement shall be deemed to cover any additional number of Class A common shares that may be issued from time to time to prevent dilution as a result of a distribution, split, combination or similar transaction.

(3)

Has been previously paid.

TABLE OF CONTENTS

Prospectus Supplement
(to Prospectus dated August 14, 2017)

YY Inc.
5,750,000 American Depositary Shares
Representing 115,000,000 Class A Common Shares
(each representing 20 Class A common share, par value US\$0.00001 per share)

This prospectus supplement relates to an offering of an aggregate of 5,750,000 American depositary shares, or ADSs, each representing 20 Class A common share, par value US\$0.00001 per share, of YY Inc. Our ADSs are listed on the NASDAQ Global Select Market under the symbol “YY.” On August 14, 2017, the last reported sale price of the ADSs on the NASDAQ Global Select Market was US\$80.58 per ADS.

Investing in the ADSs involves a high degree of risk. See the “Risk Factors” beginning on page S-18 of this prospectus supplement.

PRICE US\$70.00 PER ADS

	Per ADS	Total
Public offering price	US\$ 70.00	US\$ 402,500,000
Underwriting discounts and commissions	US\$ 2.975	US\$ 17,106,250
Proceeds to us (before expenses)	US\$ 67.025	US\$ 385,393,750

The underwriters have an option to purchase up to an aggregate of 862,500 additional ADSs from us at the public offering price, less underwriting discounts and commissions, within 30 days of the date of this prospectus supplement solely to cover over-allotments.

Neither the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs against payment in New York, New York on or about August 21, 2017.

Credit Suisse Goldman Sachs (Asia) L.L.C. China Renaissance
Prospectus Supplement dated August 15, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

<u>ABOUT THIS PROSPECTUS SUPPLEMENT</u>	S-1
<u>SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS</u>	S-2
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-4
<u>THE OFFERING</u>	S-12
<u>SUMMARY CONSOLIDATED FINANCIAL DATA</u>	S-14
<u>RISK FACTORS</u>	S-18
<u>USE OF PROCEEDS</u>	S-66
<u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	S-67
<u>EXCHANGE RATE INFORMATION</u>	S-78
<u>CAPITALIZATION</u>	S-79
<u>SHARE OWNERSHIP OF DIRECTORS, OFFICERS AND PRINCIPAL SHAREHOLDERS</u>	S-80
<u>DIVIDEND POLICY</u>	S-82
<u>MARKET PRICE INFORMATION FOR OUR ADSS</u>	S-83
<u>UNDERWRITING</u>	S-84
<u>TAXATION</u>	S-90
<u>LEGAL MATTERS</u>	S-95
<u>EXPERTS</u>	S-95
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	S-95
<u>INCORPORATION OF DOCUMENTS BY REFERENCE</u>	S-96

TABLE OF CONTENTS

PROSPECTUS

Page

<u>ABOUT THIS PROSPECTUS</u>	1
<u>FORWARD-LOOKING STATEMENTS</u>	2
<u>OUR COMPANY</u>	3
<u>CORPORATION INFORMATION</u>	4
<u>RECENT DEVELOPMENTS</u>	5
<u>RISK FACTORS</u>	7
<u>USE OF PROCEEDS</u>	8
<u>DESCRIPTION OF SHARE CAPITAL</u>	9
<u>DESCRIPTION OF AMERICAN DEPOSITARY SHARES</u>	15
<u>ENFORCEABILITY OF CIVIL LIABILITIES</u>	25
<u>TAXATION</u>	27
<u>SELLING SHAREHOLDERS</u>	27
<u>PLAN OF DISTRIBUTION</u>	28
<u>LEGAL MATTERS</u>	31
<u>EXPERTS</u>	31
<u>WHERE YOU CAN FIND MORE INFORMATION ABOUT US</u>	31

INCORPORATION OF DOCUMENTS BY REFERENCE

32

i

TABLE OF CONTENTS

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any other offering materials we file with the SEC. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on such different or inconsistent information. We are not, and the underwriters are not, making an offer of the ADSs in any jurisdiction where such offer is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any other offering material is accurate as of any date other than the respective dates thereof. Our business, financial condition, results of operations and prospects may have changed since those dates. Neither this prospectus supplement nor the accompanying prospectus constitutes an offer, or an invitation on our behalf or the underwriter to subscribe for and purchase, any of the ADSs and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

ii

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus dated August 14, 2017 included in the registration statement on Form F-3 (No. 333-219961), which provides more general information.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated by reference in this prospectus supplement or the accompanying prospectus, on the other hand, you should rely on the information in this prospectus supplement.

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires:

- “we,” “us,” “our company,” “our” and “YY” refer to YY Inc., its subsidiaries and consolidated affiliated entities (also referred as variable interest entities) and the subsidiaries of its consolidated affiliated entities, as the context may require;
- “Class A common shares” refer to our Class A common shares, par value US\$0.00001 per share;
- “ADSs” refers to American depositary shares, each of which represents 20 Class A common shares;
- “China” and “PRC” refer to the People’s Republic of China and, solely for the purpose of this prospectus, exclude Taiwan, Hong Kong and Macau; and
- all references to “RMB” and “Renminbi” are to the legal currency of China and all references to “U.S. dollars,” “US\$,” “dollar” and “\$” are to the legal currency of the United States.

TABLE OF CONTENTS

SPECIAL NOTES REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein may contain forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as “may,” “will,” “expect,” “anticipate,” “future,” “intend,” “plan,” “believe,” “estimate,” “is/are” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things:

- our growth strategies;
- our ability to retain and increase our user base and expand our product and service offerings;
- our ability to monetize our platforms;
- our future business development, results of operations and financial condition;
- competition from companies in a number of industries, including internet companies that provide live streaming services, social media services and online games;
- expected changes in our revenue and certain cost or expense items;
- general economic and business condition in China and elsewhere; and
- assumptions underlying or related to any of the foregoing.

The forward-looking statements included in this prospectus supplement, the accompanying prospectus and the information incorporated by reference herein and therein are subject to risks, uncertainties and assumptions about our company. Our actual results of operations may differ materially from the forward-looking statements as a result of the risk factors under “Risk Factors” included elsewhere in this prospectus supplement, the accompanying prospectus, or the information incorporated by reference herein and therein, including the following risks:

- our business is based on a relatively new business model in a relatively new market in which user demand may change or decrease substantially;
- if we fail to effectively manage our growth or implement our business strategies, our business and results of operations may be materially and adversely affected;
- we are a relatively young company, and you should consider our prospects in light of the risks and uncertainties which early-stage companies in evolving industries in China with limited operating histories may be exposed to or encounter,

including possible volatility in the trading prices of our ADSs;

- our business is heavily dependent on revenues from live streaming services; if our live streaming revenue declines in the future, our results of operations may be materially and adversely affected;
- we may be held liable for information or content displayed on, retrieved from or linked to our platforms, or distributed to our users, and PRC authorities may impose legal sanctions on us, including, in serious cases, suspending or revoking the licenses necessary to operate our platforms;
- the revenue model for each of our live streaming and our membership program may not remain effective, which may affect our ability to retain existing users and attract new users and materially and adversely affect our business, financial condition and results of operations;
- our business could suffer if we do not successfully manage current growth and potential future growth;
- the revenue model we adopt for online games may not remain effective, causing us to lose game players, which may materially and adversely affect our business, financial condition and results of operations;

S-2

TABLE OF CONTENTS

- we have granted employee stock options and other share-based awards in the past and are very likely to continue to do so in the future; we recognize share-based compensation expenses in our consolidated statements of operations in accordance with the relevant rules under U.S. GAAP, which have had and may continue to have a material and adverse effect on our results of operations;

- the number of active users we have may fluctuate and we may fail to attract more paying users, which may materially and adversely affect our revenues growth, results of operations and financial condition; and

- we may not be able to keep our users highly engaged, which may reduce our monetization opportunities and materially and adversely affect our revenues, profitability and prospects.

These risks are not exhaustive. Other sections of this prospectus supplement, the accompanying prospectus or the documents incorporated by reference herein and therein include additional factors that could adversely impact our business and financial performance. Moreover, we operate in an emerging and evolving environment. New risk factors may emerge from time to time, and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

S-3

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and notes thereto appearing elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. In addition to this summary, we urge you to read the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully, especially the risks of investing in our ADSs discussed under “Risk Factors” of this prospectus supplement and under “Item 3. Key Information — D. Risk Factors” in our annual report on Form 20-F for the fiscal year ended December 31, 2016, or the 2016 Annual Report, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. Our current report on Form 6-K furnished to the SEC on August 14, 2017, including exhibits thereto, contains our audited consolidated financial statements as of December 31, 2015 and 2016 and for each of the three years ended December 31, 2016 and is incorporated by reference in this prospectus supplement and the accompanying prospectus.

Our Vision

We aspire to enrich people’s lives through our next-generation social media platform focused on video content.

Business Overview

YY is the no. 1 live streaming social media platform in China, as ranked by QuestMobile based on monthly and daily active user, as well as total time spent of users that directly accessed the platforms of the relevant industry players, in June 2017. We operate YY Live and Huya, which are leading live streaming and live game broadcasting platforms in China, respectively. Our highly engaged users contribute to a vibrant social community by creating, sharing and enjoying a vast range of entertainment content and activities. YY enables users to interact with each other in real-time through online live media, and offers users a uniquely engaging and immersive entertainment experience. Such experience in turn fuels further content creation, fostering a virtuous cycle that sustains our growth.

We have a large and highly engaged user base. Our mobile products attracted 66.1 million average monthly active users in the three months ended June 30, 2017, a 27.1% increase from the corresponding period in 2016.

The growth of our user base and increasing level of user engagement is driven by the breadth of entertainment content and activities featured on our platform. We continuously expand our content categories to cover both traditionally popular genres such as music, dance, talk shows and online games, as well as to feature emerging and long-tail categories such as outdoor, finance, sports and anime. In addition to our live streaming genres, we also offer content that best complements live streaming, most noticeably user-generated short-form videos. Our platform also features highly engaging activities to attract more users and to better engage them, including online dating shows, live performer battles, as well as trendy social games such as Happy Werewolf Kill.

Proprietary technology is the backbone of our services. YY’s superior user experience is supported by our highly scalable infrastructure throughout China, as well as our proprietary algorithms, software and mobile devices tailored for optimal live broadcasting performance. Our technology enables low latency, low jitter and low loss rates in delivering voice and video data, even with weak internet connection.

We pioneered the prevalent live streaming business model among leading industry players in China today. Our business model optimizes the seamless integration of traffic generation, user engagement and monetization. While the basic use of our platforms is currently free to attract traffic, we monetize our user base mainly through sales of virtual gifts for live streaming. We believe that we will be able to capitalize on our large and highly engaged user base by exploring additional monetization opportunities and diversifying our revenue sources.

S-4

TABLE OF CONTENTS

We generated total live streaming net revenues of RMB3,018.7 million and RMB4,430.8 million (US\$653.6 million) in the six months ended June 30, 2016 and 2017, respectively. We had net income of RMB542.4 million and RMB1,113.3 million (US\$164.2 million) in the six months ended June 30, 2016 and 2017, respectively.

Our Competitive Strengths, Strategies and Challenges

We have achieved our leading position via the following competitive strengths:

The no. 1 live streaming social media platform in China

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YY is the no. 1 live streaming social media platform in China, as ranked by QuestMobile based on monthly and daily active user, as well as total time spent data of users that directly accessed the platforms of the relevant industry players, in June 2017. Our large and highly engaged user base creates significant entry barriers.

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We enjoy significant first-mover advantage in the rapidly growing live streaming social media market with well-established brands, including YY Live and Huya, and our exclusive relationships with popular performers and other performance talents on our platform.

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Huya has a mix of live streaming revenue sources, ranging from live game broadcasting shows to music and dance themed performances, as well as advertising revenues. In terms of performers, Huya is home to some of the most popular live game broadcasting teams and individuals in China, including top players of the phenomenal mobile game King of Glory (). Our Huya segment net revenues increased by 229.9% from RMB260.8 million in the first half of 2016 to RMB860.3 million (US\$126.9 million) in the first half of 2017. Operating loss for our Huya segment significantly narrowed in the first half of 2017 as compared with the first half of 2016.

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We have stayed abreast of the latest demands from our users, by launching attractions such as Happy Werewolf Kill and short-form videos.

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Going forward, we believe we are uniquely positioned among peers to further evolve into a next-generation social media platform focused on video content.

Comprehensive, interactive and organically-generated entertainment content and activities

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Vast majority of our content is generated by grass-root internet users across China to showcase their talents and everyday lives.

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We have a rapidly growing depository of short-form videos that complement our live streaming content.

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We offer a number of widely popular multi-person live interactive activities, such as highly engaging social games, on our platform.

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Our user-friendly social features facilitate communication and interaction around common interests, physical proximity and various other themes.

•

Popular content, activities and social features drive user engagement, which in turn further fuels content creation, forming a virtuous cycle that sustains our growth.

Vibrant ecosystem of performers, guilds and users

-

For performers, we provide a vibrant media platform for performers to show talents and earn income. We leverage our rich operating experience and extensive understanding of users' content demand to extend the career lifecycle of performers. We mentor performers and provide opportunities for them to explore alternative shows and talent categories to maintain their popularity.

S-5

TABLE OF CONTENTS

- For guilds, our well-established platform with massive user base can provide guilds with greater economic return by accelerating the path to stardom for the performers managed by them. Guilds are third-party business partners of ours, and they contribute significant resources towards discovering, nurturing and managing performers.

- For users, our strong value proposition to performers and guilds helps secure top performance talents, which is crucial for the quality of our live streaming content that users can enjoy.

- We are well positioned and have the capabilities to promote our performers outside of our ecosystem through derivative entertainment products. We can channel the publicity of our performers garnered through such products back to our ecosystem to drive efficient user acquisition.

Proprietary and scalable technology infrastructure supports continuous growth and innovation

- Our proprietary know-how supports high volume, high quality, concurrent and live communications in rich media formats, and our products are supported by large, dedicated cloud-based network infrastructure.

- Our proprietary ShowU mobile device, supported by our media broadcasting software, is a powerful workstation for live streaming content. ShowU enables users to stream high quality video content even with weak internet connection, such as in remote outdoor areas.

- We have accumulated a rich data depository and big-data expertise that lend well to precise content curation.

- We have established effective systems and protocols for content screening, monitoring and management.

Visionary management team with proven track record of successful innovations

- Co-founder, chairman and acting CEO Mr. David Xueling Li is a well-recognized pioneer and leader of the internet industry in China with a long track record of commercial successes and over two decades of experience.

- Mr. Rongjie Dong, CEO of Huya, is an industry veteran with rich experience and proven capabilities for pursuing and executing new business initiatives.

- Newly appointed CFO, Mr. Bing Jin, brings strong expertise and execution capability on corporate development and corporate finance.

We intend to pursue the following strategies to achieve our vision, and to continue to grow our user base, especially among younger demographics, as well as to strengthen user engagement:

Attract new users through fun and innovative activities and content

- Significantly expand offering of short-form videos to capture the growth opportunity.

Further enrich the context and scenes for live streaming to cover a holistic set of everyday activities.

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Further break down the entry barrier to content creation, by introducing tools and reward features that empower grass-root internet users across China to showcase their talents and everyday lives on our platform.

Continue to offer innovative social features

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Introduce more multi-person live interaction activities, such as highly engaging social games, to attract new users.

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Embed more innovative social features and tools into our platforms.

S-6

TABLE OF CONTENTS

Enhance marketing efforts to strengthen brand and to promote new products and features

Strengthen and develop technology capabilities in areas such as AI, big-data analytics and machine learning.

Selectively pursue acquisition/investment opportunities.

Expand into overseas markets with high growth potential.

The successful execution of our strategies is subject to certain risks and uncertainties, including:

- the risk that our business is based on a relatively new business model in a relatively new market in which user demand may change or decrease substantially;
- the risk that if we fail to effectively manage our growth or implement our business strategies, our business and results of operations may be materially and adversely affected;
- the risk that we are a relatively young company, and you should consider our prospects in light of the risks and uncertainties which early-stage companies in evolving industries in China with limited operating histories may be exposed to or encounter, including possible volatility in the trading prices of our ADSs;
- the risk that our business is heavily dependent on revenues from live streaming services; if our live streaming revenue declines in the future, our results of operations may be materially and adversely affected;
- the risk that we may be held liable for information or content displayed on, retrieved from or linked to our platforms, or distributed to our users, and PRC authorities may impose legal sanctions on us, including, in serious cases, suspending or revoking the licenses necessary to operate our platforms;
- the risk that the revenue model for each of our live streaming and our membership program may not remain effective, which may affect our ability to retain existing users and attract new users and materially and adversely affect our business, financial condition and results of operations;
- the risk that our business could suffer if we do not successfully manage current growth and potential future growth;
- the risk that the revenue model we adopt for online games may not remain effective, causing us to lose game players, which may materially and adversely affect our business, financial condition and results of operations;
- the risk that we generate a portion of our revenues from online advertising and promotion; if we fail to attract more advertisers to our platforms or if advertisers are less willing to advertise with us, our revenues may be adversely affected;
- the risk that we have granted employee stock options and other share-based awards in the past and are very likely to continue to do so in the future; we recognize share-based compensation expenses in our consolidated statements of operations in accordance with the relevant rules under U.S. GAAP, which have had and may continue to have a material and adverse effect on our results of operations;

- the risk that the number of active users we have may fluctuate and we may fail to attract more paying users, which may materially and adversely affect our revenues growth, results of operations and financial condition; and
- the risk that we may not be able to keep our users highly engaged, which may reduce our monetization opportunities and materially and adversely affect our revenues, profitability and prospects.

S-7

TABLE OF CONTENTS

Corporate Structure and History

We commenced operations in April 2005 with the establishment of Guangzhou Huaduo in China. We set up our offshore corporate holding structure in 2006, and Guangzhou Huaduo became one of our PRC consolidated affiliated entities in 2007. In 2007, we established Duowan Entertainment Corporation, or Duowan BVI, in the BVI. In 2008, we established Huanju Shidai Technology (Beijing) Co., Ltd., or Beijing Huanju Shidai, which is wholly owned by Duowan BVI. Through internal reorganizations, Beijing Huanju Shidai entered into a series of contractual arrangements with Guangzhou Huaduo and its shareholders through which Beijing Huanju Shidai exercises effective control over the operations of Guangzhou Huaduo.

In 2009, Beijing Huanju Shidai entered into a series of contractual agreements with Beijing Tuda Science and Technology Co., Ltd., or Beijing Tuda, and its shareholders, through which agreements Beijing Huanju Shidai exercises effective control over the operations of Beijing Tuda. In 2010, we established Guangzhou Huanju Shidai Information Technology Co., Ltd., which is 100% directly owned by Duowan BVI.

Our current holding company, YY Inc., was incorporated in July 2011 as a limited liability company in the Cayman Islands. Through a share exchange on September 6, 2011, the shareholders of Duowan BVI exchanged all of their outstanding common and preferred shares in Duowan BVI for common and preferred shares of YY Inc. on a pro rata basis. No additional consideration was paid in connection with the share exchange. As a result, Duowan BVI became a wholly owned subsidiary of YY Inc.

In 2013, we established Guangzhou Juhui Information Technology Co., Ltd., which is 100% directly owned by Guangzhou Huaduo. In 2014, we established Guangzhou Huanju Media Co., Ltd., which is 100% directly owned by Guangzhou Huaduo. In 2014, Guangzhou Huaduo acquired 100% of the equity interests in Guangzhou Zhuque Information Technology Co., Ltd., which engages in online game development.

In the first quarter of 2015, Duowan BVI established and became a limited partner holding 93.5% equity interests of, Engage Capital Partners I, L.P., which is a private equity fund registered in the Cayman Islands. In June 2015, as a limited partner holding 93.5% equity interests, Guangzhou Huaduo established Shanghai Yilian Equity Investment Partnership (Limited Partnership), a private equity fund registered in China.

In May 2015, we established Zhuhai Huanju Interactive Entertainment Technology Co., Ltd., which is 100% directly owned by Guangzhou Huaduo. In July 2015, we established Guangzhou Huanju Electronic Commerce Co., Ltd., which aims to engage in e-commerce business as a wholly owned subsidiary of Guangzhou Huaduo.

In August 2015, Duowan BVI acquired 55.05% of the equity interests in BiLin Information Technology Co., Ltd., or BiLin Cayman, a company incorporated in the Cayman Islands that develops and operates instant voice chatting applications for mobile devices. BiLin Cayman is the sole shareholder of BiLin Information Technology Co., Limited, which is in turn the sole shareholder of Beijing Bilin Changxiang Information Technology Co., Ltd., or Bilin Changxiang. Bilin Changxiang entered into a series of contractual arrangements with Beijing Bilin Online Information Technology Co., Ltd., or Bilin Online, and its shareholders, through which Bilin Changxiang exercises effective control over the operations of Bilin Online.

In January 2016, we established Guangzhou Huanju Microfinance Co., Ltd., which is 100% directly owned by Guangzhou Huaduo. In February 2016, we established Guangzhou Zhiniu Asset Management Co., Ltd., which is 100% directly owned by Guangzhou Huaduo. In April 2016, we established Guangzhou Sanrenxing 100-Education Technology Co., Ltd., which is 70% directly owned by Guangzhou Huaduo.

In August 2016, we established Guangzhou Huya Information Technology Co., Ltd., which was 100% directly owned by Guangzhou Huaduo. In the first half of 2017, we established HUYA Inc. in the Cayman Islands and its wholly-owned subsidiary Huya Limited in Hong Kong. Huya Limited established Guangzhou Huya Technology Co., Ltd. in June 2017, which entered into a series of contractual arrangements with Guangzhou Huya Information Technology Co., Ltd. and its shareholders, through

S-8

TABLE OF CONTENTS

which Guangzhou Huya Technology Co., Ltd. exercises effective control over the operations of Guangzhou Huya Information Technology Co., Ltd. We entered into a definitive shares subscription agreement for a US\$75 million Series A equity funding round for HUYA Inc., the Huya subsidiary of YY. This Series A round was led by China Ping An Insurance Overseas (Holdings) Limited, with participation also from Banyan Partners, Engage Capital and Morningside, as well as Mr. David Xueling Li, the Chairman and acting CEO of the Company, and Mr. Rongjie Dong, the CEO of Huya. The Series A equi