



OURGAME INTERNATIONAL HOLDINGS LIMITED

聯眾國際控股有限公司

STOCK CODE 股份代碼: 06899

年度報告 2017
Annual Report



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Mr. YANG Eric Qing (*Chairman and Co-Chief Executive Officer*)
Mr. NG Kwok Leung Frank (*Co-Chief Executive Officer*)

Non-Executive Directors

Mr. LIU Jiang
Ms. FU Qiang*
Mr. FAN Tai
Mr. CHEN Xian

Independent Non-Executive Directors

Mr. GE Xuan
Mr. LU Zhong
Dr. TYEN Kan Hee Anthony**

AUDIT COMMITTEE

Dr. TYEN Kan Hee Anthony*** (*Chairman*)
Mr. FAN Tai
Mr. GE Xuan

REMUNERATION COMMITTEE

Mr. LU Zhong (*Chairman*)
Dr. TYEN Kan Hee Anthony***
Mr. GE Xuan

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. YANG Eric Qing (*Chairman*)
Dr. TYEN Kan Hee Anthony***
Mr. CHEN Xian
Mr. LU Zhong
Mr. GE Xuan

董事

執行董事

楊慶先生(主席兼聯席行政總裁)
伍國樑先生(聯席行政總裁)

非執行董事

劉江先生
傅強女士*
樊泰先生
陳弦先生

獨立非執行董事

葛旋先生
魯眾先生
田耕熹博士**

審核委員會

田耕熹博士*** (主席)
樊泰先生
葛旋先生

薪酬委員會

魯眾先生(主席)
田耕熹博士***
葛旋先生

提名及企業管治委員會

楊慶先生(主席)
田耕熹博士***
陳弦先生
魯眾先生
葛旋先生

* Ms. FU Qiang was appointed as a non-executive Director with effect from 23 June 2017 when Mr. HUA Guanfa ceased to be a non-executive Director on the same day.

** Dr. TYEN Kan Hee Anthony was appointed as an independent non-executive Director with effect from 27 March 2018 when Mr. CHEUNG Chung Yan David ceased to be an independent non-executive Director on the same day.

* 傅強女士獲委任為非執行董事，自二零一七年六月二十三日生效。同日華觀發先生不再擔任非執行董事。

** 田耕熹博士獲委任為獨立非執行董事，自二零一八年三月二十七日生效。同日張頌仁先生不再擔任獨立非執行董事。

Corporate Information (Continued)

公司資料(續)

RISK MANAGEMENT COMMITTEE

Mr. NG Kwok Leung Frank (*Chairman*)
Mr. GE Xuan
Mr. LU Zhong
Dr. TYEN Kan Hee Anthony***
Ms. FU Qiang****

風險管理委員會

伍國樑先生(主席)
葛旋先生
魯眾先生
田耕熹博士***
傅強女士****

JOINT COMPANY SECRETARIES

Ms. LI Jin
Ms. NG Sau Mei

聯席公司秘書

栗璿女士
伍秀薇女士

AUTHORISED REPRESENTATIVES

Mr. NG Kwok Leung Frank
Ms. NG Sau Mei

授權代表

伍國樑先生
伍秀薇女士

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

核數師

致同(香港)會計師事務所有限公司
執業會計師

LEGAL ADVISER

Skadden, Arps, Slate, Meagher & Flom

法律顧問

世達國際律師事務所

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

註冊辦事處

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

香港主要營業地點

香港
銅鑼灣勿地臣街1號
時代廣場二座36樓

*** Dr. TYEN Kan Hee Anthony was appointed as chairman of the Audit Committee, a member of the Remuneration Committee, the Nomination and Corporate Governance Committee and the Risk Management Committee with effect from 27 March 2018.

*** 田耕熹博士獲委任為審核委員會主席、薪酬委員會成員、提名及企業管治委員會成員以及風險管理委員會成員，自二零一八年三月二十七日起生效。

**** Ms. FU Qiang was appointed as a member of the Risk Management Committee with effect from 23 June 2017.

**** 傅強女士獲委任為風險管理委員會成員，自二零一七年六月二十三日起生效。

Corporate Information (Continued)

公司資料(續)

HEADQUARTER

17/F, Tower B Fairmont, No. 1 Building, 33# Community
Guangshun North Street, Chaoyang District, Beijing, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

China Merchants Bank
China Minsheng Bank
Wing Lung Bank Limited

COMPANY WEBSITES

www.ourgame.com
www.lianzhong.com

STOCK CODE

6899

總部

中國北京市朝陽區廣順北大街33號
福碼大廈1號樓B座17樓

開曼群島股份過戶登記總處

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

香港股份過戶登記分處

香港中央證券登記有限公司
香港灣仔
皇后大道東183號
合和中心
17樓1712-1716室

主要往來銀行

中國招商銀行
中國民生銀行
永隆銀行有限公司

公司網站

www.ourgame.com
www.lianzhong.com

股份代號

6899

Financial Highlights

財務摘要

		Year ended 31 December 截至十二月三十一日 止年度			Three months ended 截至以下日期 止三個月		
		2017 二零一七年 RMB'000 人民幣千元 (Audited) (經審計)	2016 二零一六年 RMB'000 人民幣千元 (Audited) (經審計)	Changes 變動	31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Unaudited) (未經審計)	30 September 2017 二零一七年 九月三十日 RMB'000 人民幣千元 (Unaudited) (未經審計)	Changes 變動
Revenue	收入	617,025	871,148	-29.2%	202,459	142,253	+42.3%
PC games revenue	PC遊戲收入	267,985	386,388	-30.6%	80,357	65,706	+22.3%
Mobile games revenue	移動遊戲收入	260,824	377,049	-30.8%	75,756	64,975	+16.6%
Others	其他	88,216	107,711	-18.1%	46,346	11,572	+300.5%
(Loss)/Profit attributable to equity holders of the Company	本公司權益持有人應佔(虧損)/利潤	(23,996)	148,669	N/A 不適用	49,515	(5,087)	N/A 不適用
Non-IFRS adjusted net (loss)/profit*	非國際財務報告準則經調整淨(虧損)/利潤*	(18,027)	182,122	N/A 不適用	44,391	(2,079)	N/A 不適用
Attributable to equity holders of the Company	本公司權益持有人應佔	933	191,415	-99.5%	55,930	(240)	N/A 不適用
Attributable to non-controlling interests	非控股權益應佔	(18,960)	(9,293)	+104.0%	(11,539)	(1,839)	+527.5%

* Non-IFRS adjusted net (loss)/profit was derived from the audited net (loss)/profit for the year excluding share-based compensation expense.

* 非國際財務報告準則經調整淨(虧損)/利潤來自年內的經審計淨(虧損)/利潤，不包括以股份為基礎的酬金開支。

Five Years Financial Summary

五年財務摘要

		2013 二零一三年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Revenue	收入	236,300	475,769	769,625	871,148	617,025
Gross profit	毛利	156,497	294,500	459,436	461,951	329,053
Profit/(Loss) before income tax	除所得稅前利潤／ (虧損)	44,767	111,599	139,145	146,499	(36,596)
Profit/(Loss) for the year	年度利潤／(虧損)	40,461	97,643	112,059	139,376	(42,956)
Attributable to equity holders of the Company	本公司權益持有人應佔	35,052	97,641	114,351	148,669	(23,996)
Attributable to non-controlling interests	非控股權益應佔	5,409	2	(2,292)	(9,293)	(18,960)
Non-IFRS adjusted net profit/(loss)	非國際財務報告準則 經調整淨利潤／ (虧損)	42,734	144,481	159,974	182,122	(18,027)
Attributable to equity holders of the Company	本公司權益持有人應佔	37,261	144,479	162,266	191,415	933
Attributable to non-controlling interests	非控股權益應佔	5,473	2	(2,292)	(9,293)	(18,960)
Assets and liabilities	資產及負債					
Total assets	總資產	207,996	965,306	1,191,945	1,428,881	1,618,212
Total liabilities	總負債	58,780	75,390	164,678	174,335	162,682
Total equity	總權益	149,216	889,916	1,027,267	1,254,546	1,455,530

Operational Highlights

營運摘要

		Year ended 31 December 截至十二月三十一日 止年度			Three months ended 截至以下日期 止三個月		
		2017 二零一七年 RMB'000 人民幣千元 (Unaudited) (未經審計)	2016 二零一六年 RMB'000 人民幣千元 (Unaudited) (未經審計)	Changes 變動	31 December 二零一七年 十二月三十一日 RMB'000 人民幣千元 (Unaudited) (未經審計)	30 September 二零一七年 九月三十日 RMB'000 人民幣千元 (Unaudited) (未經審計)	Changes 變動
MAUs (in thousands):	每月活躍用戶 (以千名列示):						
Self-developed games	自主開發遊戲						
— Texas Hold'em	— 德州撲克	578	822	-29.7%	709	569	+24.6%
— Mahjong	— 麻將	3,911	5,607	-30.2%	4,135	3,966	+4.3%
— Fight the Landlord	— 鬥地主	13,846	18,200	-23.9%	14,287	13,956	+2.4%
— Other self-developed games	— 其他自主開發遊戲	3,401	4,983	-31.7%	3,691	3,391	+8.8%
Total	總計	21,736	29,612	-26.6%	22,822	21,882	+4.3%
MPUs (in thousands):	每月付費用戶 (以千名列示):						
Self-developed games	自主開發遊戲	1,427	1,879	-24.1%	1,579	1,453	+8.7%
ARPPU (in RMB):	付費用戶月均收入 (以人民幣元列示):						
Self-developed games	自主開發遊戲	31	33	-6.1%	33	30	+10.0%

Chairman's Statement

主席報告

Dear Shareholders,

On behalf of the Board of Ourgame International Holdings Limited, I hereby to present to you the results of the Group for the year ended 31 December 2017.

The revenue of the Group decreased by 29.2% to RMB617.025 million for the year ended 31 December 2017. The non-IFRS adjusted net profit decreased to a loss of RMB18.027 million for the year ended 31 December 2017. For the three months ended 31 December 2017, the non-IFRS adjusted net profit improved more than 22 times over the three months ended 30 September 2017 to RMB44.391 million.

2017 has been one of the most challenging years for the Company in recent years. We encountered at the same time intensified competition and challenges in our China domestic card and board games business, both from intense competition from new apps that provide online game room cards function, as well as adverse payment policy changes in the Company's main mobile carrier payment partners. The negative impact on both our PC and mobile China domestic card and board game businesses, particularly in the beginning of the year, has consequently caused a fairly substantial downturn on revenue and profitability of the Company.

We addressed the challenges head-on and took the challenges as an opportunity to revamp and transform our China domestic card and board games businesses. For our mobile games payment channels, the Company has made significant efforts to completely revamp most of our mobile products to move from mobile carrier payments to 3rd party payment channels such as WeChat and Alipay by the end of 2017, which made our mobile payment solutions much more stable and cost effective. For both our PC and mobile China domestic card and board game products, we have introduced a number of new games features and have significantly expanded our online/offline tournaments offerings to attract and retain users to our platform. We have also been actively streamlining and optimizing our cost structure to drive efficiency and savings. These efforts take time and resources but we believe these measures are working and have started to reflect in our quarter to quarter business results over the year.

While we were addressing the challenges in our China domestic card and board games business, we continued to invest in and progress on the Company's eSports, WPT and mind sports businesses.

致各股東：

本人代表聯眾國際控股有限公司董事會茲此向閣下提呈本集團截至二零一七年十二月三十一日止年度的業績。

截至二零一七年十二月三十一日止年度，本集團收入為人民幣617.025百萬元，同比下降29.2%。截至二零一七年十二月三十一日止年度，本集團的非國際財務報告準則經調整淨利潤下降為虧損人民幣18.027百萬元。截至二零一七年十二月三十一日止三個月，本集團的非國際財務報告準則經調整淨利潤為人民幣44.391百萬元，較截至二零一七年九月三十日止三個月提升22倍以上。

二零一七年是本公司近年來最具挑戰性的一年。同時，在中國國內棋牌遊戲行業，我們遭遇激烈的競爭和挑戰，一方面是來自提供線上開房卡功能的新遊戲應用的激烈競爭，另一方面是本公司主要移動運營商支付合作夥伴的支付政策發生了不利的變化，對我們的PC和中國國內移動棋牌遊戲業務產生了負面的影響，尤其是在今年年初，導致本公司的收入與盈利產生了相對比較大幅的下滑。

我們一直積極地面對挑戰，以挑戰為契機，進行中國國內棋牌遊戲業務轉型。在移動遊戲支付渠道方面，截至二零一七年年底，本公司投入了大量的資源，將大部分移動產品的支付渠道從移動運營商支付渠道改為微信和支付寶等第三方支付渠道，這令我們的移動支付解決方案更穩定，更具成本效益。在PC與中國國內移動棋牌遊戲產品方面，我們引入了更多新的遊戲功能，並大大擴展了我們的線上／線下錦標賽產品，以吸引和保留我們平台的用戶。我們一直積極地精簡優化成本結構，以提高效率和節約成本。這些工作需要資源的投入和時間，但我們認為，這些措施正起作用，並已開始反映在我們今年後幾個季度的業務表現中。

在面對中國國內棋牌遊戲業務挑戰的同時，我們繼續投資和發展本公司的電子競技、WPT和智力運動業務。

Chairman's Statement (Continued)

主席報告(續)

2017 has been a year of rapid progress for our eSports subsidiary, Tianjin Allied eSports Technology Internet Co., Ltd. ("AES"), both domestically and globally. 2017 witnessed the opening of the Shenzhen eSports Arena which is AES's flagship arena in Southern China. Globally, AES entered into an agreement with MGM Group to open its global flagship arena at the MGM Luxor Casino and Hotel which is scheduled to open in the first quarter of 2018 with MGM as its partner to provide substantial marketing and other supports. With the introduction of this flagship arena, together with AES's other US and European properties, AES will achieve critical mass in creating its global arena network that will serve as the foundation to accelerate the building of its own unique global tournaments and other critical IPs and assets. AES also made significant progress in building its own branded IP tournaments as well as establishing further partnerships. AES continued to hold highly successful branded tournaments with record player participation and viewership including its Legend Series — CS:Go tournament in Europe, Super Star Series — Hearthstone in Europe, Overwatch Open Division tournaments in China, Fight Series in the US and other tournaments. AES has established itself as a first mover in the global eSports industry and laid the foundation for further growth.

2017 has also been a year of transformation for our WPT business. WPT continued to expand its geographic reach by entering into the Brazil, India and Japan markets for the first time in its history with highly successful tournaments. WPT's TV viewership is at its all-time high with its TV programs reaching more than 140 million households worldwide in 2017. Expanded geographic reach and TV viewership continued to add value to WPT's brand and is reflected in WPT's expanding sponsorships and licensing partners with a A-list line-up of sponsors such as Hublot Watch, Dr. Pepper and JetSmarter.

The Group's mind sports business managed by Tianjin Zhongqi Weiye Sports Development Co. Ltd. ("Zhongqi") made significant progress by continuing to expand its approved mind sports titles and achieved profitability in 2017. In the fourth quarter of 2017, People's Daily Online (人民網) affiliated fund became Zhongqi's new strategic investor by taking a 5% stake in Zhongqi which will bring further synergy in the company's future growth.

二零一七年是我們電子競技附屬公司－天津聯盟電競互聯網科技有限公司(「聯盟電競」)在國內和全球快速發展的一年。二零一七年，聯盟電競在華南設立旗艦電子競技平台－深圳電競場館。在國際方面，聯盟電競與美高梅集團簽署協議，計劃於二零一八年第一季度在美高梅盧克索賭場酒店(MGM Luxor Casino and Hotel)設立全球旗艦電子競技場館，並由其夥伴美高梅提供重要的市場推廣及其他支持。隨著旗艦電子競技場館的設立，以及聯盟電競在美國和歐洲設立的其他財產，聯盟電競將實現全球競技場館網路重大佈局，這將為聯盟電競加速打造獨特的全球錦標賽和其他重要IP和資產，打下基礎。此外，聯盟電競在打造自己的品牌IP錦標賽方面及建立進一步合夥關係方面，也取得了顯著進展。聯盟電競繼續舉辦品牌錦標賽，並取得重大成功。這些錦標賽包括傳說系列－歐洲《反恐精英：全球攻勢》(CS:Go)錦標賽，超級明星系列－歐洲《爐石傳說》(Hearthstone)錦標賽，《守望先鋒》中國公開賽，美國戰鬥系列等其他錦標賽。在這些錦標賽中，玩家和收視均創下了歷史紀錄。聯盟電競已成為全球電競行業的先行者，這為其進一步發展奠定了堅實的基礎。

二零一七年也是我們WPT業務轉型的一年。WPT繼續進行國際擴張，首次進入巴西、印度和日本市場，成功舉辦了多次錦標賽。二零一七年，WPT的電視收視率創下歷史新高，電視節目全球觀眾達到1.4億。國際擴張和電視收視率令WPT的品牌價值不斷飆升，吸引了一批頂級贊助商和特許合作夥伴，例如Hublot Watch、Dr. Pepper、JetSmarter。

本集團的智力運動業務由天津中棋惟業體育發展有限公司(「中棋」)管理，於二零一七年通過繼續擴張經批准的智力運動專案，取得顯著發展並實現盈利。二零一七年第四季度，人民網附屬基金投資於中棋，成為中棋的新戰略投資者，並佔股5%，這將為該公司的未來發展帶來進一步的助力。

Chairman's Statement (Continued)

主席報告(續)

In 2017, the Company announced and subsequently completed separate share placement agreements with key management members and two significant shareholders. The key management members of the Company, Mr. Eric Yang, Chairman of the Board, Mr. Frank Ng, co-chief executive officer of the Company, Mr. Zhang Peng, president of the Group, have subscribed 89,189,189 shares of the Company. This demonstrated the management team's confidence in the Company's future and will provide additional cash for the Company's development.

FUTURE PROSPECTS

We will continue to invest in and strengthen our card and board game business. Besides continuing to expand the Company's own games offerings, we will be actively looking for acquisition opportunities to complement and expand our games portfolio.

With its Las Vegas flagship arena and other properties coming online and putting into operation, 2018 will be the year AES starts to generate meaningful revenue. Based on AES's global property network, we will focus on developing breakthrough contents on top of AES's global property network and tournament IP.

We will be leveraging on WPT's global brand equity to expand into more geographies and forge more partnerships to further optimize our business.

二零一七年，本公司宣佈與主要管理層人員和兩大股東簽署單獨配售協議，並隨後進行交割。本公司的主要管理層人員(董事會主席楊慶先生、本公司聯席行政總裁伍國樑先生、本集團總裁張鵬先生)已認購本公司89,189,189股股份。此舉說明管理團隊對本公司未來的發展充滿信心，同時，這將為本公司的發展提供額外的現金。

未來前景

我們將繼續投資與加強發展我們的棋牌遊戲業務。此外，除了繼續擴張本公司的自有遊戲產品之外，我們也將積極尋求收購機遇，補充與擴張我們的遊戲產品組合。

隨著拉斯維加斯旗艦競技場館和其他財產的上線及運營，二零一八年將是聯盟電競收入產生比較大幅增長的一年。在聯盟電競的全球財產網路的基礎上，除了聯盟電競的全球財產網路和錦標賽IP內容之外，我們還將專注於開發突破性內容。

我們將利用WPT的全球品牌資產，擴張到更多的地理區域，及開拓更多合作夥伴，進一步優化業務。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

1. Overview

In 2017, loss attributable to equity holders of the Company amounted to RMB24.0 million, as compared with profit attributable to equity holders of the Company of RMB148.7 million in 2016. Non-IFRS adjusted net profit* attributable to equity holders of the Company amounted to RMB0.9 million in 2017, as compared with non-IFRS adjusted net profit* of RMB191.4 million in 2016.

* Non-IFRS adjusted net (loss)/profit was derived from the audited net (loss)/profit for the year excluding share-based compensation expense.

2. Revenue

In 2017, revenue of the Group amounted to RMB617.0 million, representing a decrease of RMB254.1 million or 29.2% as compared with RMB871.1 million in 2016. The decrease was due to unexpected changes in our market environment as mentioned above.

In 2017, revenue from PC games amounted to RMB268.0 million, representing a decrease of RMB118.4 million or 30.6% as compared with RMB386.4 million in 2016. Mobile games revenue decreased by 30.8% from RMB377.0 million for the year ended 31 December 2016 to RMB260.8 million for the year ended 31 December 2017. Other revenue amounted to RMB88.2 million in 2017, representing a decrease of RMB19.5 million or 18.1% as compared with RMB107.7 million in 2016.

3. Cost of Revenue and Gross Profit Margin

In 2017, cost of revenue of the Group amounted to RMB288.0 million, representing a decrease of RMB121.2 million or 29.6% as compared with RMB409.2 million in 2016. The resulting gross profit ratio increased to 53.3% in 2017 from 53.0% in 2016.

財務回顧

1. 概覽

於二零一七年，本公司權益持有人應佔虧損為人民幣24.0百萬元，而二零一六年本公司權益持有人應佔利潤為人民幣148.7百萬元。於二零一七年，本公司權益持有人應佔的非國際財務報告準則經調整淨利潤*為人民幣0.9百萬元，而二零一六年的非國際財務報告準則經調整淨利潤*為人民幣191.4百萬元。

* 非國際財務報告準則經調整淨(虧損)/利潤來自年內的經審計淨(虧損)/利潤，不包括以股份為基礎的酬金開支。

2. 收入

於二零一七年，本集團的收入為人民幣617.0百萬元，較二零一六年的人民幣871.1百萬元減少人民幣254.1百萬元或29.2%。減少乃由於上述我們市場環境突如其來的變化所致。

於二零一七年，來自PC遊戲收入為人民幣268.0百萬元，較二零一六年的人民幣386.4百萬元減少人民幣118.4百萬元或30.6%。移動遊戲收入從截至二零一六年十二月三十一日止年度的人民幣377.0百萬元減少30.8%至截至二零一七年十二月三十一日止年度的人民幣260.8百萬元。於二零一七年，其他收入為人民幣88.2百萬元，較二零一六年的人民幣107.7百萬元減少人民幣19.5百萬元或18.1%。

3. 收入成本及毛利率

於二零一七年，本集團的收入成本為人民幣288.0百萬元，較二零一六年的人民幣409.2百萬元減少人民幣121.2百萬元或29.6%。毛利率由二零一六年的53.0%增至二零一七年的53.3%。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

4. Other Income

In 2017, other income of the Group amounted to RMB51.1 million, representing a decrease of RMB33.9 million or 39.9% as compared with RMB85.0 million in 2016. This was primarily due to the decrease in gain on disposal of available-for-sale financial assets.

5. Selling and Marketing Expenses

In 2017, selling and marketing expenses of the Group amounted to RMB196.7 million, representing an increase of RMB15.1 million or 8.3% from RMB181.6 million in 2016. The increase in selling and marketing expenses for the year was mainly due to additional cost incurred for the increase in marketing activities.

6. Administrative Expenses

In 2017, administrative expenses of the Group amounted to RMB149.5 million, representing an increase of RMB13.5 million or 10.2% compared with RMB135.6 million in 2016. The increase in administrative expenses for the year was mainly due to the early investments and expenses incurred in the eSports business.

7. Research and Development Expenses

In 2017, research and development expenses of the Group amounted to RMB38.3 million, representing a decrease of RMB1.7 million or 4.1% compared with RMB40.0 million in 2016. The decrease in research and development expenses for the year was mainly due to the increasing stability of our games and less expenses required for research and development.

8. (Loss)/Profit Attributable to Equity Holders of the Company

In 2017, loss attributable to equity holders of the Company amounted to RMB24.0 million, as compared with profit attributable to equity holders of RMB148.7 million in 2016. The decrease was primarily due to a significant decrease in revenue and significant increase in selling and marketing and administrative expenses.

4. 其他收入

於二零一七年，本集團的其他收入為人民幣51.1百萬元，較二零一六年的人民幣85.0百萬元減少人民幣33.9百萬元或39.9%。此乃主要由於出售可供出售金融資產所得收益減少所致。

5. 銷售及市場推廣費用

於二零一七年，本集團的銷售及市場推廣費用為人民幣196.7百萬元，較二零一六年的人民幣181.6百萬元增加人民幣15.1百萬元或8.3%。年內銷售及市場推廣費用增加乃主要由於市場營銷活動增加產生的額外成本所致。

6. 行政開支

於二零一七年，本集團的行政開支為人民幣149.5百萬元，較二零一六年的人民幣135.6百萬元增加人民幣13.5百萬元或10.2%。年內行政開支增加乃主要由於早期投資及電子競技業務產生的開支所致。

7. 研發費用

於二零一七年，本集團的研發費用為人民幣38.3百萬元，較二零一六年的人民幣40.0百萬元減少人民幣1.7百萬元或4.1%。年內研發費用的減少主要由於遊戲的穩定性提高及研發產生的開支減少所致。

8. 本公司權益持有人應佔(虧損)/利潤

於二零一七年，本公司權益持有人應佔虧損為人民幣24.0百萬元，而二零一六年權益持有人應佔利潤為人民幣148.7百萬元。該減少主要由於收益大幅下降，而銷售及市場推廣費用和行政開支大幅增加所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

9. Non-IFRS Measure — Adjusted Net (Loss)/Profit

To supplement this annual report which is presented in accordance with the International Financial Reporting Standards ("IFRS"), we also use non-IFRS adjusted net (loss)/profit* attributable to equity holders of the Company as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business.

In 2017, non-IFRS adjusted net profit attributable to equity holders of the Company amounted to RMB0.9 million, as compared with non-IFRS adjusted net profit of RMB191.4 million in 2016. This was primarily due to a significant decrease in revenue and significant increase in selling and marketing and administrative expenses resulting from eSports business. Our non-IFRS adjusted net (loss)/profit attributable to equity holders of the Company for 2017 and 2016 were derived from (loss)/profit attributable to equity holders of the Company for the years excluding share of share-based compensation expense of RMB24.9 million (2016: RMB42.7 million).

* Non-IFRS adjusted net (loss)/profit was derived from the audited net (loss)/profit for the year excluding share-based compensation expense.

10. Income Tax Expense

In 2017, income tax expense of the Group amounted to RMB6.4 million, representing a decrease of RMB0.7 million or 10.7% as compared with RMB7.1 million in 2016.

11. Liquidity and Source of Funding and Borrowing

The Group's total bank balances and cash decreased by 12.8% to RMB247.4 million as at 31 December 2017 from RMB283.6 million as at 31 December 2016. The decrease in total bank balances and cash during the year primarily resulted from the cash payments for the acquisition of intangible assets and property, plant and equipment and investment activities during the year.

9. 非國際財務報告準則計量——經調整淨(虧損)/利潤

為補充我們根據國際財務報告準則(「國際財務報告準則」)呈列的本年報，我們亦採用本公司權益持有人應佔非國際財務報告準則經調整淨(虧損)/利潤*為額外財務計量，透過撇除我們認為非業務表現指標項目的影響，來評估我們的財務表現。

於二零一七年，本公司權益持有人應佔非國際財務報告準則經調整淨利潤為人民幣0.9百萬元，而二零一六年的非國際財務報告準則經調整淨利潤為人民幣191.4百萬元。此乃主要由於收益顯著下降，而與電競業務有關的銷售及市場推廣費用和行政開支大幅增加所致。於二零一七年及二零一六年，本公司權益持有人應佔非國際財務報告準則經調整淨(虧損)/利潤源自年內本公司權益持有人應佔(虧損)/利潤，不包括彼等分佔以股份為基礎的酬金開支人民幣24.9百萬元(二零一六年：人民幣42.7百萬元)。

* 非國際財務報告準則經調整淨(虧損)/利潤來自年內的經審計(虧損)/利潤，不包括以股份為基礎的酬金開支。

10. 所得稅開支

於二零一七年，本集團的所得稅開支為人民幣6.4百萬元，較二零一六年的人民幣7.1百萬元減少人民幣0.7百萬元或10.7%。

11. 流動資金與資金及借款來源

本集團的銀行結餘及現金總額由二零一六年十二月三十一日的人民幣283.6百萬元減少12.8%至二零一七年十二月三十一日的人民幣247.4百萬元。年內銀行結餘及現金總額的減少主要是由於年內就收購無形資產及物業、廠房及設備以及投資活動作出現金付款所致。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As at 31 December 2017, the current assets of the Group amounted to RMB775.7 million, including RMB267.4 million in bank balances and cash and available-for-sale financial assets, and other current assets of RMB508.3 million. The increase in trade and other receivables from RMB311.1 million as at 31 December 2016 to RMB402.4 million as at 31 December 2017 was mainly attributable to a receivable of RMB35,000,000 from the disposal of 5% of the equity interest in Zhongqi to Ningbo Meishan Bonded Port Area People's Network One Cultural Industry Equity Investment Partnership (L.P.), details of which are set out in the announcement of the Company dated 7 December 2017. Current liabilities of the Group amounted to RMB158.2 million, of which RMB53.8 million were trade payables and deferred revenue, and other current liabilities of RMB104.4 million. As at 31 December 2017, the current ratio (the current assets to current liabilities ratio) of the Group was 4.9 as compared with 4.5 as at 31 December 2016. Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group did not have any bank borrowings and other debt financing obligations as at 31 December 2017 and the resulting gearing ratio was nil (2016: nil).

於二零一七年十二月三十一日，本集團的流動資產為人民幣775.7百萬元，包括人民幣267.4百萬元的銀行結餘及現金及可供出售金融資產，以及其他流動資產人民幣508.3百萬元。貿易及其他應收款項由截至二零一六年十二月三十一日之人民幣311.1百萬元增至截至二零一七年十二月三十一日之人民幣402.4百萬元，主要歸因於向寧波梅山保稅港區人民網壹號文化產業股權投資合夥企業(有限合夥)出售中棋5%股權的應收款項人民幣35,000,000元，詳情載於本公司日期為二零一七年十二月七日之公告。本集團的流動負債為人民幣158.2百萬元，其中人民幣53.8百萬元為貿易應付款項及遞延收入，以及其他流動負債人民幣104.4百萬元。於二零一七年十二月三十一日，本集團的流動比率(流動資產對流動負債的比率)為4.9，而於二零一六年十二月三十一日為4.5。資產負債比率乃按借款總額(扣除現金及現金等價物)佔本集團總權益的比率計算。於二零一七年十二月三十一日，本集團並無任何銀行借款及其他債務融資責任，因此，資產負債比率為零(二零一六年：零)。

12. Material Investments

The Group did not have any material investments during the year ended 31 December 2017.

12. 重大投資

於截至二零一七年十二月三十一日止年度內，本集團並無任何重大投資事項。

13. Available-for-sale Investments

The Group makes available-for-sale investments for the purposes of (i) supplementing the Group's games portfolio to drive higher monetization of our user base and profitability, (ii) exploring new business opportunities in related areas for acquisitions and also minimizing the investment risks of the Group, and (iii) surplus cash management. As at 31 December 2017, the Group's available-for-sale investments amounted to RMB174.3 million (2016: RMB180.8 million).

13. 可供出售投資

本集團作出可供出售投資，旨在(i)補充本集團的遊戲組合以推動我們用戶流量變現及提升盈利能力，(ii)探索相關領域的新業務機遇以進行收購及同時降低本集團的投資風險，及(iii)進行盈餘現金管理。於二零一七年十二月三十一日，本集團可供出售投資為人民幣174.3百萬元(二零一六年：人民幣180.8百萬元)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

As at 31 December 2017, the Group's investments in unlisted available-for-sale equity investments amounted to RMB154.3 million, which included direct equity investments in selected startup companies mainly engaged in games or mind sports related technological research and development and direct subscription to the interests in private equity funds ("Private Equity Funds") (including Gong Qing Cheng Wujiang Xingyao Investment Management Partnership (L.P.) and Beijing Zhongchuang Yonglian Investment Management Centre (L.P.) etc.) that focus on providing early-stage funding for companies in the mind sports sector. A breakdown of the majority of these investments is set out below:

於二零一七年十二月三十一日，本集團於非上市可供出售權益投資的投資為人民幣154.3百萬元，包括於選定創業公司（主要從事遊戲或智力運動相關的技術研發）的直接權益投資及直接認購私募基金（「私募基金」）（包括共青城五疆星耀投資管理合夥企業（有限合夥）及北京眾創永聯投資管理中心（有限合夥）等，該等公司集中於為智力運動公司提供前期融資）的權益。該等投資的大致明細載列如下：

Name of Investee Companies 被投資公司名稱	Amount of Capital Contributed by the Group 本集團 注資金額 RMB'000 人民幣千元	Percentage of Shareholding 持股百分比	Principal Business 主要業務
Beijing Leti Wofu Culture Communication Co., Ltd. 北京樂體沃夫文化傳播有限公司	1,000	5%	Offline sports venues operation 線下體育場館經營
Beijing Yilian Investment Centre (L.P.) 北京億聯投資中心(有限合夥)	5,000	5%	Investment/management 投資／管理
Gong Qing Cheng Wujiang Xingyao Investment Management Partnership (L.P.) 共青城五疆星耀投資管理合夥企業(有限合夥)	20,000	6.54%	Investment/management 投資／管理
Beijing Zhongchuang Yonglian Investment Management Centre (L.P.) 北京眾創永聯投資管理中心(有限合夥)	23,000	20%	Investment/management 投資／管理
Hang Zhou Lehu Investment Partnership (L.P.) 杭州樂互投資合夥企業(有限合夥)	10,000	19.61%	Investment/management 投資／管理
Tong Xiang Juli Fengyuan Equity Investment Fund Management Partnership (L.P.) 桐鄉聚力豐遠股權投資基金管理合夥企業(有限合夥)	20,000	39.2%	Investment/management 投資／管理

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Performance of unlisted available-for-sale equity investments for the year ended 31 December 2017 was within the Group's risks tolerance range without impairment. All these startup companies invested by the Group are in relatively early stage, and are mainly focused on product development and launching. For the year ended 31 December 2017, no dividends have been paid from invested startup companies. It is expected that their own products and the synergistic effects with us could be seen in the near future. Our Private Equity Funds were also actively seeking and providing funds for early stage companies in the Internet segment, which could provide us with a platform to leverage on our experience and resources, and to minimize our investment risks. We believe that our investment initiative is an important aspect of our vision to build up our ecosystem as a whole. The Group will continue to seek other investment opportunities that not only create synergies on different levels but also offer high-yield return potential. During the year ended 31 December 2017, we also disposed of certain unlisted available-for-sale equity investments and realised a net gain of approximately RMB2 million. The Group's surplus cash management policy aims at ensuring that our surplus funds are managed prudently to provide a reasonable return within an acceptable risk profile. Investment in unlisted financial products consists of notes with fixed interest return at an annual rate ranging from 4% to 4.6%, which is managed by a third party investment entity. The principal amounts of the investments in unlisted financial products are guaranteed. The Group will continue to monitor its available-for-sale investments and manage its surplus funds in a responsible manner. There are no available-for-sale investments in the Group's investment portfolio that individually constitutes significant investment as none of the investments has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2017.

截至二零一七年十二月三十一日止年度之非上市可供出售權益投資之表現處於本集團的風險承受能力範圍內且並無錄得減值。本集團投資的所有該等創業公司均處於相對早期階段，主要集中於產品開發及推出。截至二零一七年十二月三十一日止年度，被投資創業公司並無派付股息。預期於不久未來可看到彼等自身的產品及與我們合作產生的協同效應。我們的私募股權基金亦積極為互聯網行業的早期公司尋求及提供資金，在為構建利用我們自身經驗及資源的平台的同时降低我們的投資風險。我們認為我們的投資舉措為建立我們的整體生態系統願景的重要方面。本集團將繼續物色不同層面上創造協同效益同時亦提供高回報潛力的其他投資機遇。截至二零一七年十二月三十一日止年度，我們亦出售若干非上市可供出售權益投資及取得淨收益約人民幣2百萬元。本集團的盈餘現金管理政策旨在確保我們的盈餘資金得到審慎管理，在可接受的風險組合下提供合理回報。於非上市金融產品的投資包括由第三方投資實體管理的定息回報票據，按年利率4%至4.6%計息。於非上市金融產品投資的本金額為有擔保。本集團將持續監察其可供出售投資，並盡責地管理其盈餘資金。於二零一七年十二月三十一日，由於有關投資的賬面值並無佔據本集團總資產5%以上，故本集團投資組合的可供出售投資並無個別構成重大投資。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

Movements of available-for-sale investments

The movements of available-for-sale investments for the year ended 31 December 2017 are set out below:

可供出售投資變動

截至二零一七年十二月三十一日止年度之可供出售投資變動載列如下：

		Unlisted equity investments 非上市權益投資 RMB'000 人民幣千元	Unlisted financial products 非上市金融產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Balance as at 1 January 2017	於二零一七年一月一日的結餘	110,759	70,000	180,759
Additions	添置	54,290	20,000	74,290
Disposals	出售	(4,000)	(70,000)	(74,000)
Transfer to interests in associates	轉撥至於聯營公司的權益	(6,705)	—	(6,705)
Balance as at 31 December 2017	於二零一七年十二月三十一日的結餘	154,344	20,000	174,344

14. Material Acquisitions

Except as disclosed in Note 31 to the consolidated financial statements in this annual report, the Group did not have any material acquisitions during the year ended 31 December 2017.

14. 重大收購

除本年報綜合財務報表附註31所披露者外，於截至二零一七年十二月三十一日止年度內，本集團並無任何重大收購事項。

15. Material Disposals

Except as disclosed in Note 32 to the consolidated financial statements in this annual report, the Group did not have any material disposals of subsidiaries or associated companies during the year ended 31 December 2017.

15. 重大出售

除本年報綜合財務報表附註32所披露者外，於截至二零一七年十二月三十一日止年度內，本集團並無任何重大出售附屬公司或聯營公司事項。

16. Pledge of Assets

As at 31 December 2017, none of the Group's assets was pledged (2016: nil).

16. 資產抵押

於二零一七年十二月三十一日，本集團並無已抵押資產(二零一六年：無)。

17. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2017 (2016: nil).

17. 或然負債

於二零一七年十二月三十一日，本集團並無重大或然負債(二零一六年：無)。

Management Discussion and Analysis (Continued)

管理層討論及分析(續)

18. Foreign Exchange Exposure

During the year ended 31 December 2017, the Group mainly operated in China and in the United States of America and the majority of its transactions were settled in RMB or USD, being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2017, the Group did not have significant foreign currency exposure from its operations.

19. Employee's Remuneration and Policy

As at 31 December 2017, the Group had 463 employees, 126 of which were responsible for game development and maintenance, 202 for game operation and offline events organization, 4 for TV shows and contents production, 87 for general administration and corporate management and 44 for game production. The total remuneration expenses, excluding share-based compensation expense, for the year ended 31 December 2017 were RMB105.1 million, representing a decrease of 9.3% as compared to the previous year.

We provide external and internal training programs to our employees. As required by PRC law, we participate in various employee benefit plans, including housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. Pursuant to the 2014 Share Option Scheme, 1,440,000 share options were granted to the Directors and senior management of the Group during the year ended 31 December 2017. The Group's share-based compensation expense for the year ended 31 December 2017 amounted to RMB24.9 million, representing a decrease of RMB17.8 million as compared with RMB42.7 million in 2016.

20. Events Occurred since the end of the year ended 31 December 2017

On 16 January 2018, the Group entered into share transfer agreements for the acquisition of 100% equity interests in each of Shenzhen Xunyou Internet Technology Co., Ltd., Nanjing Haoyun Meicheng Electronics Co., Ltd. and Xiamen Yiwantang Internet Technology Co., Ltd. (the "Acquisitions"). Please refer to the announcements of the Company dated 16 January 2018, 30 January 2018 and 9 February 2018 for further details of the Acquisitions and completion. Please also refer to the section headed "Purchase, Sale or Redemption of the Company's Listed Securities" below for more other events occurred since the end of the year ended 31 December 2017.

18. 外匯風險

於截至二零一七年十二月三十一日止年度內，本集團主要於中國及美國經營，且其大部分交易以人民幣或美元（為本集團實體與交易相關的功能貨幣）結算。於二零一七年十二月三十一日，本集團之業務並無重大外匯風險。

19. 僱員薪酬及政策

於二零一七年十二月三十一日，本集團僱用463名僱員，其中126名負責遊戲開發與維護、202名負責遊戲營運和線下賽事組織、4名負責電視節目及內容製作、87名負責一般行政及企業管理及44名負責遊戲製作。截至二零一七年十二月三十一日止年度的薪酬開支總額（不包括以股份為基礎的酬金）為人民幣105.1百萬元，較上一年度減少9.3%。

我們為僱員提供外部及內部培訓計劃。誠如中國法律規定，我們參加了多項僱員福利計劃，包括住房公積金、醫療、基本養老金及失業福利計劃、工傷及產假保險。根據二零一四年購股權計劃，於截至二零一七年十二月三十一日止年度內，董事及本集團高級管理層獲授1,440,000份購股權。截至二零一七年十二月三十一日止年度，本集團以股份為基礎的酬金開支為人民幣24.9百萬元，較二零一六年的人民幣42.7百萬元減少人民幣17.8百萬元。

20. 截至二零一七年十二月三十一日止年度後發生的事項

於二零一八年一月十六日，本集團訂立股權轉讓協議，以收購深圳訊遊網絡科技有限公司、南京好運美成電子科技有限公司及廈門億玩堂網絡科技有限公司各自的全部股權（「收購事項」）。有關收購事項及完成的進一步詳情，請參閱本公司日期為二零一八年一月十六日、二零一八年一月三十日以及二零一八年二月九日的公告。有關更多其他在截至二零一七年十二月三十一日止年度後發生的事項，請參閱下述「購買、出售或贖回本公司的上市證券」章節。

Directors' Report

董事會報告

The Board is hereby to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

1. PRINCIPAL ACTIVITIES

The principal activities of the Group are online card and board game development and operation, organizing and broadcasting online-to-offline mind-sports events, tournaments and eSports business. The activities of our principal subsidiaries are set out in Note 14 to the consolidated financial statements.

The analysis of the Group's revenues and segment information are set out in Note 4 to the consolidated financial statements.

2. BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2017 (including particulars of important events affecting the Company that have occurred during the year ended 31 December 2017, an analysis of the Group's performance during the year using financial key performance indicators and a discussion on the Group's future business development) is provided in the Chairman's Statement on pages 8 to 10 of this annual report. A description of the principal risks and uncertainties that the Group may be facing can be found on pages 83 to 85 of this Directors' Report. In addition, the financial risk management objectives and policies of the Group are available in Note 33 to the consolidated financial statements. Except as disclosed in this annual report, no other important event affecting the Company has occurred during the year ended 31 December 2017.

As far as the Board is aware, except as disclosed by the Group, during the year ended 31 December 2017, the Group has complied with the relevant laws and regulations that have a significant impact on the Group in all material respects.

The Group values the rights and interests and the needs of each employee, and strictly observes the provisions of the relevant laws, statutes and regulations of the PRC to provide employees with various security, welfare and benefits. The Group has also set up a sound promotion and assessment system to encourage fair competition. In addition, the Group attaches importance to communications with its employees. Apart from personalized mailbox and Lync accounts, there are systems in place to allow one-on-one communication between employees and the Chief Executive Officers, communication between employees and their line managers, and communication channels including all-staff town hall meeting.

董事會茲此提呈本報告連同本集團截至二零一七年十二月三十一日止年度之經審計綜合財務報表。

1. 主要業務

本集團主要業務為在線棋牌遊戲開發及運營、組織及播放線上線下智力運動、比賽及電競業務。我們主要附屬公司的業務載於綜合財務報表附註14。

有關本集團之收入及分部資料之分析載於綜合財務報表附註4。

2. 業務回顧

本集團於截至二零一七年十二月三十一日止年度期間的業務回顧(包括於截至二零一七年十二月三十一日止年度期間發生影響本公司的具體重要事件、年內使用財務關鍵績效指標分析本集團表現及本集團未來業務發展討論)載列於本年報第8至10頁的主席報告內。有關本集團可能會面臨的主要風險及不確定性載列於本董事會報告第83至85頁。此外，本集團的金融風險管理目標及政策載列於綜合財務報表附註33。除本年報所披露者外，於截至二零一七年十二月三十一日止年度期間，並無發生影響本公司的其他重要事件。

就董事會所知，除本集團所披露者外，於截至二零一七年十二月三十一日止年度期間，本集團已於所有重大方面遵守對本集團具有重大影響之相關法律法規。

本集團重視每名僱員之權利、權益及需求，並嚴格遵守中國有關法律、法令及法規之規定，為僱員提供各種保障、福利及利益。本集團亦已建立健全之晉升及評估制度以鼓勵公平競爭。此外，本集團重視與其僱員之溝通。除個人郵箱及Lync賬戶外，已建立系統使僱員能與行政總裁單對單溝通、僱員與其直線經理之間的溝通及包括全員大會在內之溝通渠道。

Directors' Report (Continued)

董事會報告(續)

As users of online card and board games could be regarded as the main customers of the Group, the Group provides its users with high-quality and safe services both in online and offline events. In relation to online events, the Group has set up a link to the security center on the official website and web games to protect users' game accounts and privacy. In respect of offline events, the Group coordinates with the land administration offices and hotels to take various security measures, and engages specialized security personnel externally to provide security assurance.

For the year ended 31 December 2017, the Group had approximately 269 suppliers. The Group selects, on its own initiative, suppliers whose products and services are in compliance with relevant national standards and adopts strict acceptance standards including a preliminary assessment on the impact of the goods or services provided by the suppliers on the environment and society. Under our strict supervision, no risk has been identified in our supply chain during the year ended 31 December 2017. Please refer to the Environmental, Social and Governance Report of the Company dated 19 April 2018 for further details.

Taking the principal activities of the Group into consideration, less destruction has been made directly to the environment, but protecting the environment has always been essential to us and has guided our actions to minimize our impact. In view of the scarcity of resources, the Group advocates policies on the efficient use of resources on its own initiative, motivates all of its employees to participate in resources conservation activities and encourages them to save water, power and paper. As most promotion campaigns are conducted online, packaging or advertisement materials for such campaigns are therefore not required and no consumption or waste is produced. In respect of offline events, the Group encourages online advertising and promotional activities and takes this as the principle. For various materials used for offline events, the Group opts for recyclable products so as to prolong their service cycles and reduce renewal frequency.

由於線上棋牌遊戲之用戶可被視為本集團之主要客戶，本集團為用戶提供線上及線下活動之優質及安全服務。在線上活動方面，本集團已在官方網站及網頁遊戲上建立了安全中心的鏈接，以保護用戶之遊戲賬戶及隱私。在線下活動方面，本集團與土地管理辦公室及酒店合作，採取各種安全措施，從外部聘請專責安保人員提供安全保障。

截至二零一七年十二月三十一日止年度，本集團擁有約269名供應商。本集團主動選擇產品及服務符合相關國家標準之供應商並採取嚴格接納標準，包括對供應商提供之產品或服務對環境及社會之影響之初步評估。在我們的嚴格監管下，於截至二零一七年十二月三十一日止年度期間，我們的供應鏈並無發現任何風險。有關進一步詳情，請參閱本公司日期為二零一八年四月十九日之環境、社會及管治報告。

考慮到本集團之主要活動，直接對環境造成之破壞較少，但保護環境始終對我們至關重要，並指引我們採取行動盡量減少影響。鑒於資源之稀缺性，本集團主動倡導有效利用資源之政策，激勵全體員工參與資源節約活動，鼓勵員工節約用水、用電及用紙。由於大多數推廣活動在線上進行，因此此類活動不需要包裝或廣告材料，且不產生消耗或垃圾。在線下活動方面，本集團鼓勵線上廣告及推廣活動，並以此為原則。對於線下活動所用之各種材料，本集團選擇可回收產品，以延長其服務週期並降低更換頻率。

Directors' Report (Continued)

董事會報告(續)

In addition to expanding the Group's business, the Group highly values environmental protection and the rights and interests of its employees, and actively participates in charitable activities to contribute to society. As a main supporter of "Chess and Card to the West", an activity organized by the Chess and Card Center of General Administration of Sport, the Group has been to Inner Mongolia, Sinkiang, Ningxia and Qinghai to promote the game of chess and card in the western region since May 2017. We have donated chess sets and books amounting to RMB50,000 to the local people, primary schools and welfare houses in these areas to enrich their culture and sports life, and we have donated prizes and souvenirs to help more chess and card players enjoy the game. For example, the relevant goods and materials as well as teaching equipment we donated to Yan'an Yaodian town center primary school, Yan'an new district primary school and Ningxia Li Jing Zhong primary school are extremely popular among students. Supported by KongZhong "Red Telegraph Wave" public welfare, our outstanding employees voluntarily participated in the "Support Teaching Activities" in November 2017 in Panlong Town Central Primary School of Shaanxi Province and Lingjiang Town Second Primary School of Sichuan Province.

In the future, continuous efforts will be made by the Group and our employees in promoting sustainability in environment, social and corporate governance.

除擴張本集團業務外，本集團高度重視環境保護及僱員之權利及權益，並積極參與慈善活動，為社會作出貢獻。作為「西部棋牌」的主要支持者，為宣傳國家體育總局棋牌運動管理中心在西部組織的棋牌遊戲活動，本集團自2017年5月以來已去過內蒙古、新疆、寧夏及青海，向該等區域的當地人民、小學及福利院捐獻棋具及書籍達人民幣50,000元，豐富彼等文化及體育生活，且我們捐贈了獎金及獎品，鼓勵更多人參與棋牌遊戲。例如，我們向延安姚店鎮中心小學、延安新區小學及寧夏李敬中小學捐獻的相關物資及教學設備頗受學生喜歡。在空中網「紅色電波」公益的協助下，我們出色的僱員於二零一七年十一月自願參與陝西省蟠龍鎮中心小學及四川省凌江鎮第二中心小學的「支教活動」。

未來，本集團及我們的僱員將繼續努力促進環境、社會及企業管治。

3. RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 110 of this annual report.

4. DIVIDEND

The Board does not recommend the payment of any final dividend to the Shareholders for the year ended 31 December 2017 (2016: nil).

3. 業績及溢利分配

本集團截至二零一七年十二月三十一日止年度之業績載於本年報第110頁的綜合損益及其他全面收益表。

4. 股息

董事會不建議向股東派付截至二零一七年十二月三十一日止年度的任何末期股息(二零一六年：無)。

Directors' Report (Continued)

董事會報告(續)

5. RESERVES

Changes to the reserves of the Group during the year ended 31 December 2017 are set out in the consolidated statement of changes in equity. Changes to the reserves of the Company during the year ended 31 December 2017 are set out in Note 28 to the consolidated financial statements. As at 31 December 2017, the Company had reserves available for distribution of approximately RMB635.3 million (2016: RMB495.8 million).

6. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Changes to the property, plant and equipment and intangible assets of the Group during the year are set out in Notes 11 and 12, respectively, to the consolidated financial statements.

7. SHARE CAPITAL AND SHARE INCENTIVE SCHEMES

Details of the Company's share capital and share incentive schemes are set out in Note 25 to the consolidated financial statements and the paragraph headed "Summary of the Share Option Schemes" on pages 27 to 34 below, respectively.

8. SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2017 are set out in Note 14 to the consolidated financial statements.

9. FINANCIAL SUMMARY

A summary of the consolidated results and of the financial positions of the Group is set out on page 112 of this annual report.

5. 儲備

本集團儲備於截至二零一七年十二月三十一日止年度期間之變動詳情載於綜合權益變動表。本公司儲備於截至二零一七年十二月三十一日止年度期間之變動詳情載於綜合財務報表附註28。於二零一七年十二月三十一日，本公司可供分派儲備約為人民幣635.3百萬元(二零一六年：人民幣495.8百萬元)。

6. 物業、廠房及設備以及無形資產

本集團物業、廠房及設備以及無形資產於年內之變動詳情分別載於綜合財務報表附註11及12。

7. 股本及股份獎勵計劃

本公司股本及股份獎勵計劃之詳情分別載於綜合財務報表附註25及下文第27至34頁的「購股權計劃概述」一段。

8. 附屬公司

本公司附屬公司於二零一七年十二月三十一日之詳情載於綜合財務報表附註14。

9. 財務概要

本集團綜合業績及財務狀況概要載於本年報第112頁。

Directors' Report (Continued)

董事會報告(續)

10. USE OF PROCEEDS FROM THE GLOBAL OFFERING

The total net proceeds from the listing on the Main Board of the Stock Exchange since 30 June 2014 (the "**Listing**") which involved the issue of 196,000,000 ordinary Shares of US\$0.00005 each amounted to approximately RMB600.3 million. During the year ended 31 December 2017, the net proceeds from the Listing were utilized in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. The balance of fund will be utilized according to the manner as disclosed in the Prospectus. The Group held the unutilized net proceeds in short-term deposits with licensed institutions in Hong Kong.

10. 全球發售所得款項用途

自二零一四年六月三十日於聯交所主板上市(「**上市**」)(涉及發行196,000,000股每股0.00005美元之普通股)之所得款項總淨額約為人民幣600.3百萬元。於截至二零一七年十二月三十一日止年度期間，上市所得款項淨額已根據招股章程「未來計劃及所得款項用途」一節所載擬定用途使用。款項結餘將根據招股章程披露之用途使用。本集團將未動用所得款項淨額以短期存款形式存放於香港持牌機構。

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

Issue of Shares pursuant to Conversion of Convertible Note

The Company issued and allotted 64,864,864 shares upon the exercise of conversion rights in respect of a principal amount of RMB104,076,322.636 (equivalent to HK\$120 million) of the convertible notes on 28 December 2017. Further details of the issuance of the convertible note and the conversion shares are set out in the announcements of the Company dated 12 July 2017 and 28 December 2017 respectively.

11. 購買、出售或贖回本公司的上市證券

根據兌換可換股票據發行股份

本公司於二零一七年十二月二十八日行使換股權後就可換股票據的本金額人民幣104,076,322.636元(相當於120百萬港元)發行及配發64,864,864股股份。有關發行可換股票據及換股股份的進一步詳情分別載於本公司日期為二零一七年七月十二日及二零一七年十二月二十八日的公告內。

Directors' Report (Continued)

董事會報告(續)

Issue of Shares pursuant to Completion of Subscription Agreements

(a) Management Subscription

On 12 September 2017, the Company entered into a subscription agreement with Total Victory Global Limited, a company incorporated in the British Virgin Islands with limited liability and owned equally by Mr. Yang Eric Qing (co-chief executive officer and an executive Director of the Company, and chairman of the Board), Mr. Ng Kwok Leung Frank (an executive Director and co-chief executive officer of the Company) and Mr. Zhang Peng (president of the Group), for the subscription of 89,189,189 shares (the **"Management Subscription Shares"**) at the subscription price of HK\$1.85 per subscription share (the **"Management Subscription"**).

(b) Connected Subscription

On 12 September 2017, the Company entered into a subscription agreement with Irena Group Co., Ltd., a company incorporated under the laws of the People's Republic of China with limited liability and a substantial shareholder of the Company, for the subscription of 64,690,848 shares (the **"Connected Subscription Shares"**) at the subscription price of HK\$1.85 per subscription share (the **"Connected Subscription"**).

(c) Independent Subscription

On 12 September 2017, the Company entered into a subscription agreement with Noumena Innovations (BVI) LTD., a company incorporated in the British Virgin Islands with limited liability, for the subscription of 71,351,351 shares (the **"Independent Subscription Shares"**) at the subscription price of HK\$1.85 per subscription share (the **"Independent Subscription"**).

(together, the **"Subscriptions"**).

根據完成認購協議發行股份

(a) 管理層認購事項

於二零一七年九月十二日，本公司與Total Victory Global Limited（一家於英屬維京群島註冊成立之有限公司，由楊慶先生（本公司聯席行政總裁及執行董事以及董事會主席）、伍國樑先生（本公司執行董事及聯席行政總裁）及張鵬先生（本集團總裁）均等擁有）訂立認購協議，以認購89,189,189股股份（「**管理層認購股份**」），認購價為每股認購股份1.85港元（「**管理層認購事項**」）。

(b) 關連認購事項

於二零一七年九月十二日，本公司與體育之窗文化股份有限公司（一家於中華人民共和國註冊成立之有限公司，為本公司之主要股東）訂立認購協議，以認購64,690,848股股份（「**關連認購股份**」），認購價為每股認購股份1.85港元（「**關連認購事項**」）。

(c) 獨立認購事項

於二零一七年九月十二日，本公司與Noumena Innovations (BVI) LTD.（一家於英屬維京群島註冊成立之有限公司）訂立認購協議，以認購71,351,351股股份（「**獨立認購股份**」），認購價為每股認購股份1.85港元（「**獨立認購事項**」）。

（統稱「**認購事項**」）。

Directors' Report (Continued)

董事會報告(續)

The gross proceeds from the Subscriptions amounted to approximately HK\$416.7 million and the net proceeds raised from the Subscriptions was approximately HK\$416.5 million. The proceeds will be used by the Company in accordance with the plan as disclosed in the circular issued by the Company on 13 October 2017.

The Independent Subscription was completed on 28 December 2017 and the Independent Subscription Shares were issued on 28 December 2017. The Management Subscription and Connected Subscription were completed on 4 January 2018 and the Management Subscription Shares and the Connected Subscription Shares were issued on 4 January 2018. Further details of the Subscriptions are set out in the circular of the Company dated 13 October 2017 and the announcements of the Company dated 28 December 2017 and 4 January 2018.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2017.

認購事項所得款項總額約為416.7百萬港元及認購事項所得款項淨額約為416.5百萬港元。本公司將根據其於二零一七年十月十三日刊發之通函中所披露計劃動用有關所得款項。

獨立認購事項已於二零一七年十二月二十八日完成，而獨立認購股份已於二零一七年十二月二十八日發行。管理層認購事項及關連認購事項已於二零一八年一月四日完成，而管理層認購股份及關連認購股份已於二零一八年一月四日發行。有關上述認購事項的進一步詳情載於本公司日期為二零一七年十月十三日的通函以及本公司日期為二零一七年十二月二十八日及二零一八年一月四日之公告內。

於截至二零一七年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何證券。

12. EQUITY-LINKED AGREEMENTS

Apart from the Employee Pre-IPO Share Option Scheme, the Management Pre-IPO Share Option Scheme, the 2014 Share Option Scheme as set out in section 13 and the Share Award Scheme as set out in section 14 of this Directors' Report, no equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2017.

12. 股票掛鉤協議

除僱員首次公開發售前購股權計劃、管理層首次公開發售前購股權計劃、載列於本董事會報告第13節的二零一四年購股權計劃及第14節的股份獎勵計劃外，於截至二零一七年十二月三十一日止年度期間，本集團並無簽訂或存在股票掛鉤協議。

Directors' Report (Continued)

董事會報告(續)

13. SHARE OPTION SCHEMES

The Company has adopted three share option schemes, namely, (i) the Employee Pre-IPO Share Option Scheme, (ii) the Management Pre-IPO Share Option Scheme and (iii) the 2014 Share Option Scheme.

As at 31 December 2017, a total of 73,062,128 share options were granted to the following Directors pursuant to the Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme:

13. 購股權計劃

本公司已採納三項購股權計劃，即(i)僱員首次公開發售前購股權計劃；(ii)管理層首次公開發售前購股權計劃及(iii)二零一四年購股權計劃。

於二零一七年十二月三十一日，以下董事已根據管理層首次公開發售前購股權計劃及二零一四年購股權計劃獲授合計73,062,128份購股權：

Name of Directors	Date of Grant	Outstanding as at 1 January 2017 於二零一七年 一月一日	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2017 於二零一七年 十二月三十一日	Exercise price per Share
		尚未行使	於年內授出	於年內行使	於年內註銷	於年內失效	尚未行使	
Mr. Yang Eric Qing ("Mr. Yang") 楊慶先生	20 February 2014 二零一四年 二月二十日	20,851,064	—	—	—	—	20,851,064	US\$0.16714303 0.16714303美元
楊慶先生 ("楊先生")	5 January 2015 二零一五年 一月五日	11,760,000	—	—	—	—	11,760,000	HK\$2.67 2.67港元
	8 January 2016 二零一六年 一月八日	3,920,000	—	—	—	—	3,920,000	HK\$5.506 5.506港元
Mr. Ng Kwok Leung Frank ("Mr. Ng") 伍國樑先生	20 February 2014 二零一四年 二月二十日	20,851,064	—	—	—	—	20,851,064	US\$0.16714303 0.16714303美元
伍國樑先生 ("伍先生")	5 January 2015 二零一五年 一月五日	11,760,000	—	—	—	—	11,760,000	HK\$2.67 2.67港元
	8 January 2016 二零一六年 一月八日	3,920,000	—	—	—	—	3,920,000	HK\$5.506 5.506港元
Total 總計		73,062,128	—	—	—	—	73,062,128	

Directors' Report (Continued)

董事會報告(續)

On 27 March 2017, the Board resolved that all options granted to Mr. Yang and Mr. Ng shall not be exercised until 1 July 2018, provided that the share options held by each of Mr. Yang and Mr. Ng which should vest without the aforesaid modification shall vest immediately upon: (a) the termination of his service contract with the Company or his retirement from the Company; (b) any consolidation, merger, sale or transfer that results in a change of control of the Company (as defined under the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission in Hong Kong as amended from time to time); or (c) any such event provided for in the Listing Rules or the rules of the 2014 Share Option Scheme and/or the Management Pre-IPO Share Option Scheme. The modification of vesting periods was approved by the Shareholders at the annual general meeting of the Company held on 19 May 2017.

Summary of the Share Option Schemes

Employee Pre-IPO Share Option Scheme

Purpose

The purpose of the Employee Pre-IPO Share Option Scheme is to give employees of the Group an opportunity to acquire a personal stake in the Company and help motivate such employees to optimize their performance and efficiency, and to retain the employees whose contributions are important to the long term growth and profitability of our Group. The options entitle eligible employees to obtain existing issued Shares in the Company from Blink Milestones Limited and will not involve the Company issuing any new Shares.

Exercise Price

The exercise price under the Employee Pre-IPO Share Option Scheme is RMB0.1276 per Share (adjusted for capitalisation issue, on the basis of RMB0.12756). Please refer to "Appendix IV — Statutory and General Information" of the Prospectus for further information.

於二零一七年三月二十七日，董事會決定已授予楊先生及伍先生的所有購股權於二零一八年七月一日之前不得行使，但楊先生和伍先生各自持有的購股權（在沒有前述修訂前應該已經歸屬的）將會在以下情況立即歸屬：(a)其與本公司的服務合約終止或其自本公司退任；(b)任何導致本公司有控股權變更的合併、併購、出售或轉讓（定義見香港證券及期貨事務監察委員會頒佈的《公司收購、合併及股份購回守則》（經不時修訂））；或(c)任何上市規則或二零一四年購股權計劃及／或管理層首次公開發售前購股權計劃之條文規定的情況。歸屬期之修改於本公司於二零一七年五月十九日舉行的股東週年大會上獲股東批准。

購股權計劃概述

僱員首次公開發售前購股權計劃

目的

僱員首次公開發售前購股權計劃旨在給予本集團僱員個人持有本公司權益的機會，並鼓勵僱員提升其表現及效率，同時挽留對本集團長期發展及盈利能力有所貢獻的僱員。購股權賦予合資格的僱員獲得由Blink Milestones Limited持有的本公司現有已發行股份的權利，將不涉及本公司發行任何新股份。

行使價

根據僱員首次公開發售前購股權計劃，每股行使價為人民幣0.1276元（已按人民幣0.12756元之基準就資本化發行作出調整）。請參閱招股章程「附錄四 — 法定及一般資料」了解更多信息。

Directors' Report (Continued)

董事會報告(續)

Exercise of Option

The Shares subject to the Employee Pre-IPO Share Option Scheme shall be vested in four equal annual instalments, with the first instalment representing twenty five percent (25%) of the Shares subject to the Employee Pre-IPO Share Option Scheme vesting on the first anniversary of the Listing Date, and an additional instalment vesting on each anniversary thereafter, subject to the fulfilment of the grantee's performance target for the full calendar year before the vesting determined by the Company being fulfilled and the grantee's continuing to be an employee of the Company and being in compliance with the terms and conditions of the option award agreement dated 20 February 2014 through each such date.

Maximum Numbers of Shares

The maximum numbers of Shares in respect of which options under the Employee Pre-IPO Share Option Scheme may be granted is 25,009,600 Shares. On 7 March 2014, 25,009,600 share options (adjusted for capitalization issue) were granted to 29 key employees of the Company by Blink Milestones Limited, after that no further options were granted. The particulars of the options granted under the Employee Pre-IPO Share Option Scheme are set out in "Appendix IV – Statutory and General Information" of the Prospectus.

Life of the Employee Pre-IPO Share Option Scheme

The Employee Pre-IPO Share Option Scheme is effective from 7 March 2014 and the remaining life of the scheme is approximately 6 years.

Outstanding Share Options

During the year ended 31 December 2017, 10,152,798 share options under the Employee Pre-IPO Share Option Scheme were exercised, with none of the options forfeited and/or lapsed. As at 31 December 2017, 25,009,600 share options (adjusted for capitalization issue) were granted under the Employee Pre-IPO Share Option Scheme, 15,366,397 options have been exercised and 4,566,803 options have been forfeited, with 5,076,400 options outstanding, representing approximately 0.55% of the issued Shares as at 31 December 2017. Save as disclosed above, none of the options granted have been exercised, forfeited and/or lapsed.

行使購股權

僱員首次公開發售前購股權計劃所涉及的股份須按四年等額分期歸屬，第一期（佔僱員首次公開發售前購股權計劃所涉及股份的百分之二十五(25%)）於上市日期的首個週年歸屬，及其他分期於此後的各個週年歸屬，視乎承授人於本公司釐定的歸屬日期前的完整曆年內的表現目標實現狀況及承授人持續作為本公司僱員的狀況以及於各年度相關日期內遵守日期為二零一四年二月二十日的購股權獎勵協議所附的條款及條件的狀況而定。

最高股份數目

僱員首次公開發售前購股權計劃項下授出之最高數目股份為25,009,600股。於二零一四年三月七日，Blink Milestones Limited向本公司29名主要僱員授出25,009,600份購股權（已就資本化發行作出調整），在此之後，並無進一步授出購股權。根據僱員首次公開發售前購股權計劃授出購股權之詳情載於招股章程「附錄四—法定及一般資料」。

僱員首次公開發售前購股權計劃之年期

僱員首次公開發售前購股權計劃自二零一四年三月七日起生效且計劃剩餘年期約為六年。

尚未行使購股權

於截至二零一七年十二月三十一日止年度期間，僱員首次公開發售前購股權計劃項下10,152,798份購股權獲行使，並無購股權已被沒收及／或失效。於二零一七年十二月三十一日，根據僱員首次公開發售前購股權計劃已授出25,009,600份購股權（已就資本化發行作出調整），其中15,366,397份購股權已獲行使及4,566,803份購股權已被沒收，餘下5,076,400份購股權尚未行使，佔於二零一七年十二月三十一日已發行股份的約0.55%。除上述所披露者外，概無已授出購股權獲行使、沒收及／或失效。

Directors' Report (Continued)

董事會報告(續)

Details of the movements of the options under the Employee Pre-IPO Share Option Scheme during the year ended 31 December 2017 are set out below and in Note 27(a) to the consolidated financial statements:

Grantees	Date of Grant	Outstanding as at 1 January 2017 於二零一七年一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Lapsed during the year 年內失效	Outstanding as at 31 December 2017 於二零一七年十二月三十一日 尚未行使	Exercise price per Share 每股行使價
承授人	授出日期							
Certain employees 若干僱員	7 March 2014 二零一四年三月七日	15,229,198	—	(10,152,798) ⁽¹⁾	—	—	5,076,400	RMB0.1276 人民幣0.1276元
Total 總計		15,229,198	—	(10,152,798)	—	—	5,076,400	

(1) The weighted average closing price of the Shares immediately before options were exercised was HK\$2.17.

於截至二零一七年十二月三十一日止年度期間僱員首次公開發售前購股權計劃項下購股權變動之詳情載於下表及綜合財務報表附註27(a)：

(1) 緊接購股權獲行使前股份加權平均收市價為2.17港元。

Management Pre-IPO Share Option Scheme Purpose

The purpose of the Management Pre-IPO Share Option Scheme is to give Mr. Yang, Mr. Ng, Mr. Zhang Peng (the "Participants") an opportunity to acquire a personal stake in our Company and help motivate such Participants to optimize their performance and efficiency, and also to help retain the Participants whose contributions are important to the long-term growth and profitability of our Group.

The principal terms of the Management Pre-IPO Share Option Scheme are substantially the same as the terms of the Employee Pre-IPO Share Option Scheme except that:

- (a) the exercise price under the Management Pre-IPO Share Option Scheme is US\$0.16714303 per Share (adjusted for capitalisation issue, on the basis of US\$0.34398035);
- (b) twenty five percent (25%) of the Shares subject to the Management Pre-IPO Share Option Scheme shall be vested on the first anniversary of the grant date and the remaining Shares subject to the Management Pre-IPO Share Option Scheme shall be vested in 36 equal monthly instalments with the first instalment vesting upon the 13th monthly anniversary of the grant date and each of the remaining instalments vesting on each monthly anniversary of the 13th monthly anniversary of the grant date thereafter. The options may be exercised upon the Listing.

管理層首次公開發售前購股權計劃 目的

管理層首次公開發售前購股權計劃旨在給予楊先生、伍先生及張鵬先生(「參與者」)於本公司獲得個人權益的機會，並鼓勵參與者提升其表現及效率，同時有助挽留對本集團長期發展及盈利能力有所貢獻的參與者。

管理層首次公開發售前購股權計劃的主要條款大致與僱員首次公開發售前購股權計劃相同，惟以下除外：

- (a) 根據管理層首次公開發售前購股權計劃，行使價為每股0.16714303美元(已按0.34398035美元為基準就資本化發行作出調整)；
- (b) 管理層首次公開發售前購股權計劃所涉及的百分之二十五(25%)的股份須於授出日期首個週年歸屬及管理層首次公開發售前購股權計劃所涉及的餘下股份須於36個月內按月等額分期歸屬，第一個分期歸屬為授出日期的第13個月週年日，而剩餘的購股權在授出日期第13個月週年日後每月分期歸屬。購股權可於上市後獲行使。

Directors' Report (Continued)

董事會報告(續)

Maximum Numbers of Shares Available for Issue

The maximum numbers of Shares which may be issued upon exercise of all options under the Management Pre-IPO Share Option Scheme is 50,042,553 Shares.

Life of the Management Pre-IPO Share Option Scheme

The Management Pre-IPO Share Option Scheme is effective for a period of 10 years from 7 March 2014 and the remaining life of the scheme is 6 years.

Outstanding Share Options

As at 31 December 2017, 50,042,553 share options were granted to certain members of our senior management and Directors under the Management Pre-IPO Share Option Scheme, of which 3,822,624 share options were exercised, leaving an outstanding balance of 46,219,929 options, representing approximately 5.01% of the issued Shares as at 31 December 2017. Save as disclosed, none of the options so far granted have been exercised, forfeited and/or lapsed.

Details of the movements of options under the Management Pre-IPO Share Option Scheme during the year ended 31 December 2017 are set out in the table below and in Note 27(b) to the consolidated financial statements:

Grantees	Position in relevant Group companies	Date of Grant	Outstanding as at 1 January 2017	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2017	Exercise price per Share
			於二零一七年一月一日尚未行使					於二零一七年十二月三十一日尚未行使	
承授人	於有關集團公司之職位	授出日期		年內授出	年內行使	年內註銷	年內失效		每股行使價
Mr. Yang	Chairman, Co-Chief Executive Officer of the Company	20 February 2014	20,851,064	—	—	—	—	20,851,064	US\$0.16714303
楊先生	本公司主席兼聯席行政總裁	二零一四年二月二十日							0.16714303美元
Mr. Ng	Co-Chief Executive Officer of the Company	20 February 2014	20,851,064	—	—	—	—	20,851,064	US\$0.16714303
伍先生	本公司聯席行政總裁	二零一四年二月二十日							0.16714303美元
Mr. Zhang Peng	President of the Company	20 February 2014	4,517,801	—	—	—	—	4,517,801	US\$0.16714303
張鵬先生	本公司總裁	二零一四年二月二十日							0.16714303美元
Total			46,219,929	—	—	—	—	46,219,929	
總計									

可發行之最高股份數目

管理層首次公開發售前購股權計劃項下授出之所有購股權獲行使後可發行之最高數目股份為50,042,553股。

管理層首次公開發售前購股權計劃之年期

管理層首次公開發售前購股權計劃自二零一四年三月七日起十年期間生效且計劃剩餘年期為六年。

尚未行使購股權

於二零一七年十二月三十一日，根據管理層首次公開發售前購股權計劃已向我們若干高級管理層成員及董事授出50,042,553份購股權，其中3,822,624份購股權已獲行使，餘下46,219,929份購股權尚未行使，佔於二零一七年十二月三十一日已發行股份約5.01%。除所披露者外，目前概無已授出購股權獲行使、沒收及／或失效。

於截至二零一七年十二月三十一日止年度期間管理層首次公開發售前購股權計劃項下購股權變動之詳情載於下表及綜合財務報表附註27(b)：

Directors' Report (Continued)

董事會報告(續)

2014 Share Option Scheme

Purpose

The Company adopted the 2014 Share Option Scheme on 19 November 2014 (the "**Adoption Date**"). The 2014 Share Option Scheme is valid for a period of 10 years from the grant date of each option. The purpose of the 2014 Share Option Scheme is to provide key employees, directors or officers of the Group ("**Eligible Persons**") with the opportunity to acquire proprietary interests in the Company and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and Shareholders as a whole. The 2014 Share Option Scheme provides the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Eligible Persons.

Any individual, being an employee, director or officer of any member of the Group whom the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to the Group is entitled to be offered and granted options.

Number of Shares Available for Issue under the 2014 Share Option Scheme

The total number of Shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme and any other schemes is 78,400,000, being no more than 10% of the Shares in issue as at the Adoption Date. Such scheme mandate limit may be refreshed at any time by obtaining approval of the Shareholders in general meetings and/or such other requirements prescribed under the Listing Rules from time to time. However, the overall limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time.

At the annual general meeting of the Company held on 13 May 2016, the Shareholders approved the proposed refreshment of the scheme mandate, so that the Company could grant further options under the 2014 Share Option Scheme for subscription of up to a total of 78,719,037 additional Shares. Further details are set out in the circular of the Company dated 12 April 2016.

二零一四年購股權計劃

目的

本公司於二零一四年十一月十九日(「**採納日期**」)採納二零一四年購股權計劃。二零一四年購股權計劃自各份購股權授出之日起十年有效。二零一四年購股權計劃旨在向本集團主要僱員、董事或高級職員(「**合資格人士**」)提供購入本公司專有權益之機會，並鼓勵彼等為本公司及股東之整體利益努力提升本公司及其股份之價值。二零一四年購股權計劃將令本公司能以靈活的方式挽留、激勵、獎勵、報酬、補償合資格人士及／或向彼等提供福利。

董事會或其代表以其絕對酌情權認為已對或將為本集團作出貢獻之人士(即本集團任何成員公司的僱員、董事或高級職員)有權獲提供及獲授予購股權。

二零一四年購股權計劃項下可供發行之股份數目

根據二零一四年購股權計劃及任何其他計劃授出之全部購股權獲行使後可予發行之股份總數為78,400,000股，不超過於採納日期已發行股份之10%。有關計劃授權上限可隨時根據股東於股東大會上之批准及／或上市規則不時規定之其他要求予以更新。然而，根據二零一四年購股權計劃及於任何時間本公司任何其他購股權計劃授出但尚未行使的全部購股權獲行使時，可予發行之股份最高數目不得超過本公司不時已發行股份之30%。

股東於二零一六年五月十三日召開的本公司股東週年大會上批准計劃授權之建議更新，因此，本公司可根據二零一四年購股權計劃授出更多購股權以認購最多合計78,719,037股額外股份。進一步詳情載於本公司日期為二零一六年四月十二日之通函。

Directors' Report (Continued)

董事會報告(續)

Maximum Entitlement to Participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the 2014 Share Option Scheme and any other share option scheme(s) of the Company to each Eligible Person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of options to a Eligible Person which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Person in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholders.

Determination of the Exercise Price

The amount payable for each Share to be subscribed for under an option in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of: (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date; (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and (c) the nominal value of a Share on the grant date.

The option period is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than ten years from the grant date of the 2014 Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised in general. However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as the Board may determine in its absolute discretion.

Vesting period of the Share Options

- (1) 25% of the share options shall vest and be exercisable with effect from the first anniversary of the grant date;
- (2) the second 25% of the share options shall vest and be exercisable with effect from the second anniversary of the grant date;
- (3) the third 25% of the share options shall vest and be exercisable with effect from the third anniversary of the grant date;
- (4) the remaining 25% of the share options shall vest and be exercisable with effect from the fourth anniversary of the grant date.

參與者之最大權利

根據二零一四年購股權計劃及本公司任何其他購股權計劃已授予及將授予合資格人士之購股權(包括已行使及尚未行使之購股權)獲行使時已發行及將予發行之股份總數,於任何十二個月內不得超過已發行股份總數之1%(「個人上限」)。倘若向合資格人士進一步授出購股權將導致截至該進一步授出日期(包括該日)止十二個月期間已授予及將授予該合資格人士之所有購股權獲行使時已發行及將予發行之股份總數超過個人上限,則須獲股東另行批准。

釐定行使價

於行使購股權時,根據購股權將予認購的每股股份應付之金額由董事會釐定,但不得低於下述較高者:(a)於授出日期聯交所公佈之每日報價表所示股份之收市價;(b)於緊接授出日期前五個營業日聯交所公佈之每日報價表所示股份之平均收市價;及(c)股份於授出日期之面值。

購股權期限由董事會於提出要約時釐定及通知各承授人,且將於二零一四年購股權計劃授出日期起計十年內屆滿。一般並無有關購股權獲行使前必須持有的最短期限之規定。然而,董事會可於授出任何購股權時按個別情況授出有關購股權,惟須遵守有關條件、限制或規限(包括但不限於董事會可能全權酌情釐定須持有購股權之最短期限及/或將予達致之表現目標)。

購股權的歸屬期

- (1) 25%購股權將自授出日期第一個週年日起歸屬及可予行使;
- (2) 第二25%購股權將自授出日期第二個週年日起歸屬及可予行使;
- (3) 第三25%購股權將自授出日期第三個週年日起歸屬及可予行使;
- (4) 餘下的25%購股權將自授出日期第四個週年日起歸屬及可予行使。

Directors' Report (Continued)

董事會報告(續)

Exercise of Option

The options may be exercised up to 25% of the Shares for each year after the first anniversary of the grant date of the share option for four consecutive years.

Payment on Acceptance of Share Option

An amount of RMB1.00 must be paid as consideration for the grant of the share options and such payment must be made within 20 business days from the date the share option grant offer is made to the Eligible Person.

Movements in the Share Options/Outstanding Share Options

The details of the movements of the options under the 2014 Share Option Scheme during the year ended 31 December 2017 are set out in the table below and in Note 27(c) to the consolidated financial statements:

行使購股權

購股權亦可於自購股權授出日期起計第一週年後連續四年內每年獲行使最多達股份之25%。

接納購股權時所付款項

合資格人士須支付人民幣1.00元作為所授購股權之代價，該款項須由合資格人士於作出購股權授出邀約日期起計20個營業日內支付。

購股權變動／尚未行使購股權

於截至二零一七年十二月三十一日止年度期間，二零一四年購股權計劃項下購股權變動之詳情載於下表及綜合財務報表附註27(c)：

Grantees	Date of Grant	Exercisable period	Outstanding as at 1 January 2017 於二零一七年一月一日尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Lapsed during the year 年內失效	Outstanding as at 31 December 2017 於二零一七年十二月三十一日尚未行使	Exercise price per Share 每股行使價
承授人	授出日期	可行使期間							
Mr. Yang 楊先生	5 January 2015 二零一五年一月五日	5 January 2015 – 4 January 2025 二零一五年一月五日至二零二五年一月四日	11,760,000	—	—	—	—	11,760,000	HK\$2.67 2.67港元
	8 January 2016 二零一六年一月八日	8 January 2016 – 7 January 2026 二零一六年一月八日至二零二六年一月七日	3,920,000	—	—	—	—	3,920,000	HK\$5.506 5.506港元
Mr. Ng 伍先生	5 January 2015 二零一五年一月五日	5 January 2015 – 4 January 2025 二零一五年一月五日至二零二五年一月四日	11,760,000	—	—	—	—	11,760,000	HK\$2.67 2.67港元
	8 January 2016 二零一六年一月八日	8 January 2016 – 7 January 2026 二零一六年一月八日至二零二六年一月七日	3,920,000	—	—	—	—	3,920,000	HK\$5.506 5.506港元
Employees of the Company 本公司僱員	5 January 2015 二零一五年一月五日	5 January 2015 – 4 January 2025 二零一五年一月五日至二零二五年一月四日	22,489,750	—	(130,000) ¹	(1,077,500)	(308,750)	20,973,500	HK\$2.67 2.67港元
Employees of the Company 本公司僱員	9 July 2015 二零一五年七月九日	9 July 2015 – 8 July 2025 二零一五年七月九日至二零二五年七月八日	22,365,000	—	—	(190,000)	(235,000)	21,940,000	HK\$4.402 4.402港元
Employees of the Company 本公司僱員	17 May 2016 二零一六年五月十七日	17 May 2016 – 16 May 2026 二零一六年五月十七日至二零二六年五月十六日	2,620,000	—	—	(165,000)	(25,000)	2,430,000	HK\$3.684 3.684港元
Employees of the Company 本公司僱員	7 September 2016 二零一六年九月七日	7 September 2016 – 6 September 2026 二零一六年九月七日至二零二六年九月六日	1,850,000	—	—	—	—	1,850,000	HK\$3.95 3.95港元
Employees of the Company 本公司僱員	28 April 2017 二零一七年四月二十八日	28 April 2017 – 27 April 2027 二零一七年四月二十八日至二零二七年四月二十七日	—	1,440,000 ²	—	(220,000)	—	1,220,000	HK\$2.886 2.886港元
Total 總計			80,684,750	1,440,000	(130,000)	(1,652,500)	(568,750)	79,773,500	

Directors' Report (Continued)

董事會報告(續)

- ¹ The weighted average closing price of the Shares immediately before options were exercised was HK\$2.97.
- ² The closing price of the Shares immediately before 28 April 2017 was HK\$2.83.

As at 31 December 2017, 84,840,000 options have been granted under the 2014 Share Option Scheme, and 3,777,500 options have been forfeited, 766,250 options have lapsed and 522,750 options have been exercised, leaving an outstanding balance of 79,773,500 options, representing approximately 8.64% of the issued Shares as at 31 December 2017. Save for the above, none of the options so far granted have been exercised, forfeited and/or lapsed.

Life of the 2014 Share Option Scheme

The 2014 Share Option Scheme is effective for a period of 10 years from 19 November 2014 and the remaining life of the scheme is 6 years and 7 months.

Valuation of Share Options

Details of the valuation of share options granted during the year are set out in Note 27 to the consolidated financial statements.

- ¹ 緊接購股權獲行使前股份加權平均收市價為2.97港元。
- ² 緊接二零一七年四月二十八日前股份收市價為2.83港元。

於二零一七年十二月三十一日，根據二零一四年購股權計劃已授出84,840,000份購股權，其中3,777,500份購股權已被沒收，766,250份購股權已失效及522,750份購股權已獲行使，剩餘79,773,500份購股權尚未行使，相當於二零一七年十二月三十一日已發行股份的約8.64%。除上述者外，目前概無已授出購股權獲行使、沒收及／或失效。

二零一四年購股權計劃之年期

二零一四年購股權計劃自二零一四年十一月十九日起十年期間有效且計劃剩餘年期為6年7個月。

購股權估值

於年內授出購股權之估值詳情載於綜合財務報表附註27。

14. SHARE AWARD SCHEME

The Company adopted a share award scheme on 19 May 2017 (the "**Share Award Scheme**"). The Share Award Scheme is not a share option scheme and is not subject to the provisions of Chapter 17 of the Listing Rules.

Purpose of the Share Award Scheme

The purpose of the Share Award Scheme is to align the interests of eligible persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to the Share Award Scheme (the "**Share Award Scheme Participants**") to make contributions to the long-term growth and profits of the Group.

14. 股份獎勵計劃

本公司於二零一七年五月十九日採納股份獎勵計劃(「**股份獎勵計劃**」)。股份獎勵計劃並非購股權計劃，從而股份獎勵計劃不受上市規則第17章的條文規限。

股份獎勵計劃之目的

股份獎勵計劃透過股份擁有權、股息及其他就股份作出的分派及／或提升股份價值，使合資格參與者的利益與本集團利益一致，鼓勵及挽留股份獎勵計劃合資格參與者(「**股份獎勵計劃參與者**」)協力作出貢獻，促進本集團的長期發展及溢利。

Directors' Report (Continued)

董事會報告(續)

Maximum Number of Shares to be Granted

The aggregate number of shares underlying all grants made pursuant to the Share Award Scheme (excluding awarded shares which have been forfeited in accordance with the Share Award Scheme) will not exceed 7% of the total number of issued Shares as at the date of adoption of the Share Award Scheme (i.e. 15 May 2017), being 55,084,636 Shares (the "**Share Award Scheme Limit**"), subject to an annual limit of 3% of the Shares in issue as at the date of each annual general meeting of the Company.

Vesting of Awards

The Board or its delegate(s) may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Movements in the Share Award Scheme

During the year ended 31 December 2017, the Company purchased 300,000 Shares amounting to HK\$783,000.00 through its trustee on the Stock Exchange. No share was awarded to Share Award Scheme Participants during the year ended 31 December 2017.

將授出之股份數目上限

於股份獎勵計劃採納日期(即二零一七年五月十五日),根據股份獎勵計劃授出之所有股份(不包括已根據股份獎勵計劃沒收之獎勵股份)數目合共不得超過本公司已發行股份總數之7%,即55,084,636股股份(「**股份獎勵計劃上限**」),惟須受本公司於股東週年大會日期已發行股本3%之年度上限所規限。

獎勵之歸屬

於股份獎勵計劃生效期間且未違反一切適用法律之情況下,董事會或其代表可不時釐定歸屬獎勵之相關歸屬標準及條件或期間。

股份獎勵計劃之變動

於截至二零一七年十二月三十一日止年度期間,本公司已透過其信託人於聯交所購買300,000股股份,金額為783,000.00港元。於截至二零一七年十二月三十一日止年度期間,概無向股份獎勵計劃參與者獎勵任何股份。

15. DIRECTORS AND SENIOR MANAGEMENT

The Directors and senior management of the Company during the year ended 31 December 2017 and up to the date of this annual report were:

Executive Directors

Mr. Yang Eric Qing (*Chairman and Co-Chief Executive Officer*)
Mr. Ng Kwok Leung Frank (*Co-Chief Executive Officer*)

Non-Executive Directors

Mr. Liu Jiang
Mr. Hua Guanfa*
Ms. Fu Qiang*
Mr. Fan Tai
Mr. Chen Xian

15. 董事及高級管理層

於截至二零一七年十二月三十一日止年度期間及截至本年報日期,本公司董事及高級管理層如下:

執行董事

楊慶先生(主席兼聯席行政總裁)
伍國樑先生(聯席行政總裁)

非執行董事

劉江先生
華觀發先生*
傅強女士*
樊泰先生
陳弦先生

Directors' Report (Continued)

董事會報告(續)

Independent Non-Executive Directors

Mr. Ge Xuan
Mr. Lu Zhong
Mr. Cheung Chung Yan, David**
Dr. Tyen Kan Hee Anthony**

* Ms. Fu Qiang was appointed as a non-executive Director with effect from 23 June 2017 when Mr. Hua Guanfa ceased to be a non-executive Director on the same day.

** Dr. Tyen Kan Hee Anthony was appointed as an independent non-executive Director with effect from 27 March 2018 when Mr. Cheung Chung Yan David ceased to be an independent non-executive Director on the same day.

Biographical Details of Directors

Executive Directors

Yang Eric Qing, aged 46, has been an executive Director, chairman of the Board and co-chief executive officer since the incorporation of our Company in 2013. Mr. Yang joined our Group in December 2010 and is responsible for general management and strategic planning. Mr. Yang held various senior management positions of China and Asia – Pacific area at International Business Machines Corporation (IBM), a company listed on the New York Stock Exchange (stock code: IBM). Mr. Yang received his Bachelor of Science degree from the University of California, Berkeley, U.S. in 1994.

Ng Kwok Leung Frank, aged 49, is an executive Director and co-chief executive officer of our Company. Mr. Ng joined our Group in June 2004 and is responsible for business development and finance of the Company at first, and then served as co-chief executive officer of the Group from 2007. Before joining our Group, Mr. Ng worked at Grant Thornton LLP in the United States and Hong Kong for approximately five years and served as the vice president of PCC Skyhorse Limited, a subsidiary company of PCCW, a company listed on the Stock Exchange (stock code: 0008), for three years. Mr. Ng received his Bachelor degree from the University of California, Berkeley, U.S. in 1992.

獨立非執行董事

葛旋先生
魯眾先生
張頌仁先生**
田耕熹博士**

* 傅強女士獲委任為非執行董事，自二零一七年六月二十三日起生效。同日華觀發先生不再擔任非執行董事。

** 田耕熹博士獲委任為獨立非執行董事，自二零一八年三月二十七日起生效。同日張頌仁先生不再擔任獨立非執行董事。

董事履歷詳情

執行董事

楊慶，46歲，自本公司於二零一三年註冊成立起擔任執行董事、董事會主席及聯席行政總裁。楊先生於二零一零年十二月加入本集團並負責整體管理及策略計劃。楊先生曾於國際商業機器有限公司(IBM)（一家於紐約證券交易所上市的公司(股份代號：IBM)）歷任多個高級管理職位。楊先生於一九九四年從美國伯克萊加利福尼亞大學獲得理學學士學位。

伍國樑，49歲，為本公司執行董事兼聯席行政總裁。伍先生於二零零四年六月加入本集團，並首要負責本公司的業務發展及財務。彼自二零零七年起擔任本集團聯席行政總裁。於加入本集團之前，伍先生曾於美國及香港 Grant Thornton LLP任職約五年，於PCC Skyhorse Limited（電訊盈科（一家於聯交所上市的公司，股份代號：0008）的附屬公司）任副總裁三年。伍先生於一九九二年從美國伯克萊加利福尼亞大學獲得學士學位。

Directors' Report (Continued)

董事會報告(續)

Non-Executive Directors

Liu Jiang, aged 50, has been an executive Director since the incorporation of our Company and became a non-executive Director from 27 March 2015. Mr. Liu joined our Group in December 2010 and holds directorship in Sonic Force Limited. He also serves as chairman of the board of directors of Hehong Holdings Group. Mr. Liu received his Bachelor of Economics from the East China Jiaotong University, China in 1991.

Fu Qiang, aged 51, has been a non-executive Director since 23 June 2017. She worked for the China National Complete Plant Import and Export Corp. from July 1989 to February 1993, and worked for China Friendship Development International Engineering Design & Consultation Co., Ltd. from March 1993 to September 2001. In 2001, she co-founded Beijing Irena Culture Promotion Co., Ltd., where she has gained extensive experience in carrying out foreign exchanges and cooperation in the fields of culture and creative and arts. Since 2015, she has served as the chairlady and a director of Irena Group Co., Ltd.

Fan Tai, aged 46, joined the Company as a non-executive Director on 7 March 2014. Mr. Fan serves as Chief Investment Officer at KongZhong Corporation, a company listed on NASDAQ (stock code: KZ) since 2009, and as the executive director for KongZhong Corporation since 18 December 2014. Mr. Fan served as vice president of finance from 2002 to 2009 and executive director from 2003 to 2009 at TOM Online, a web portal. Mr. Fan obtained his EMBA degree from the State University of New Jersey, U.S. in 2003 and Bachelor of Economics degree from the Beijing Institute of Economics, China in 1994.

Chen Xian, aged 36, has been a non-executive Director since 7 March 2014. Mr. Chen serves as director general manager of CMC Capital Partners since May 2013. From July 2009 to March 2013, he worked at Providence Equity Asia Limited and served as a director by the time he left. Prior to that, Mr. Chen served at Morgan Stanley Private Equity Asia Division from 2004 to June 2009. Mr. Chen obtained his Bachelor of Engineering degree in Electronics Engineering from Tsinghua University, China in 2003.

非執行董事

劉江，50歲，自本公司註冊成立之日起擔任本公司執行董事，並於二零一五年三月二十七日調任非執行董事。劉先生於二零一零年十二月加入本集團，並在Sonic Force Limited擔任董事。彼亦擔任和泓控股集團的董事會主席。劉先生於一九九一年從中國華東交通大學獲得經濟學學士學位。

傅強，51歲，自二零一七年六月二十三日起擔任非執行董事。彼於一九八九年七月至一九九三年二月期間任職於中國成套設備進出口集團公司；於一九九三年三月至二零零一年九月，任職於中國友發國際工程設計諮詢有限公司。彼於二零零一年聯合創立北京體育之窗文化傳播有限公司，在文化創意藝術領域具有豐富的對外交流與合作經驗。自二零一五年起，彼擔任體育之窗文化股份有限公司董事長及董事。

樊泰，46歲，於二零一四年三月七日加入本公司擔任非執行董事。樊先生自二零零九年起於空中網集團（一家於納斯達克上市的公司，股份代號：KZ）擔任投資總監，自二零一四年十二月十八日擔任空中網集團執行董事。樊先生於二零零二年至二零零九年擔任TOM Online（一個門戶網站）的財務副總裁並於二零零三年至二零零九年擔任執行董事。樊先生於二零零三年從美國新澤西州立大學獲得EMBA學位，並於一九九四年從中國北京經濟學院獲得經濟學學士學位。

陳弦，36歲，自二零一四年三月七日起擔任非執行董事。陳先生自二零一三年五月起擔任CMC Capital Partners的董事總經理。於二零零九年七月至二零一三年三月，陳先生就職於普維投資亞洲有限公司，彼於離開普維投資亞洲有限公司時任董事一職。在此之前，陳先生於二零零四年至二零零九年六月就職於摩根士丹利亞洲私募股權部。陳先生於二零零三年從中國清華大學獲得電子工程學學士學位。

Directors' Report (Continued)

董事會報告(續)

Independent Non-Executive Directors

Ge Xuan, aged 47, has been an independent non-executive Director since the Listing. Mr. Ge serves as director general manager of Minsheng Tonghui Asset management Co., Ltd. Mr. Ge served as vice general manager of business department of Chengdu division, general manager of investment management department, and assistant to general manager at Guosen Securities Co., Ltd. from July 1993 to October 1998. He also served as manager of trade investment department and assistant to general manager of Boshi Fund Management Co., Ltd. from January 1999 to June 2000. He was a member of the Investment Decision Committee and Risk Management Committee, director of trading department, assistant to the president of Penghua Fund Management Co., Ltd. from July 2000 to March 2002, chief investment officer of Jin Yuan Securities Co., Ltd. from August 2002 to December 2003, and vice president and director of Huaxi Securities Co., Ltd. from December 2003 to October 2010. He has been a director of Wangxiang Trust Co., Ltd since 18 August 2012. Mr. Ge obtained his Bachelor's degree in Economics from Shenzhen University in 1993 and obtained his Master degree in Business Administration from Cheung Kong Graduate School of Business in 2010.

Lu Zhong, aged 55, has been an independent non-executive Director since the Listing. Mr. Lu worked at the General Planning Bureau under the Ministry of Machine & Electric Industry of China as a civil servant from August 1984 to August 1990; as deputy chief executive officer of 8848.net from May 2000 to May 2002; as general sales manager of China and Hong Kong region of Advanced Micro Devices, Inc., a company listed on the New York Stock Exchange (stock code: AMD) from July 2003 to October 2004. Mr. Lu then served as the chairman of the board of HiChina.com and the chief strategy officer from then to September 2009 as well as the president from 2010 until December 2012 at HiChina.com. Mr. Lu served as a vice president of the Alibaba Group from December 2012 until July 2014. Mr. Lu became the founding partner of Beijing Zhonghai Investment Ltd since August 2014. Mr. Lu obtained his Bachelor's degree in computer and application from Harbin Institute of Electrical Engineering in 1984, and obtained his Master degree in Business Administration from Cheung Kong Graduate School of Business in 2010.

獨立非執行董事

葛旋，47歲，自上市起擔任獨立非執行董事。葛先生擔任民生通惠資產管理有限公司的董事總經理。葛先生於一九九三年七月至一九九八年十月擔任國信證券股份有限公司的成都業務部副總經理、投資管理部總經理及總經理助理。彼亦於一九九九年一月至二零零零年六月擔任博時基金管理有限公司的貿易投資經理及總經理助理。彼於二零零零年七月至二零零二年三月擔任鵬華基金管理有限公司的投資決策委員會及風險管理委員會成員及貿易部門主管及總裁助理，於二零零二年八月至二零零三年十二月擔任金元證券股份有限公司的投資總監，以及於二零零三年十二月至二零一零年十月擔任華西證券有限責任公司的副總裁及董事。彼自二零一二年八月十八日起擔任萬向信託有限公司的董事。葛先生於一九九三年從深圳大學獲得經濟學學士學位並於二零一零年獲得長江商學院工商管理碩士學位。

魯眾，55歲，自上市起擔任獨立非執行董事。魯先生曾於一九八四年八月至一九九零年八月在中國機械電子工業部下屬的總規劃局擔任電腦系統工程師；於二零零零年五月至二零零二年五月擔任北京珠穆朗瑪電子商務網絡服務有限公司的副行政總裁；於二零零三年七月至二零零四年十月擔任Advanced Micro Devices, Inc. (一家於紐約證券交易所上市的公司，股份代號：AMD) 中國及香港區銷售總經理。此後，魯先生擔任北京萬網志成科技有限公司董事會主席及自該時起至二零零九年九月於北京萬網志成科技有限公司擔任策略總監，並於二零一零年至二零一二年十二月擔任總裁。魯先生自二零一二年十二月至二零一四年七月擔任阿里巴巴集團的副總裁。魯先生自二零一四年八月成為北京眾海投資有限公司創立合夥人。魯先生於一九八四年從哈爾濱電工學院獲得計算機及應用學士學位，並於二零一零年獲得長江商學院工商管理碩士學位。

Directors' Report (Continued)

董事會報告(續)

Tyen Kan Hee Anthony, aged 62, has over 40 years' experience in accounting, auditing and consultancy practice. In 1977, he joined Price Waterhouse, and then joined Klynveld Main Goerdeler and Morgan Bank. Dr. Tyen founded his own accounting and consulting firm in 1985. His firm then merged with Grant Thornton, a major international accounting firm in Hong Kong, in 1990. He was stationed in Beijing for seven years since then and was responsible for the development of the firm's China practice. From 2001 to 2003, he worked in a local bank and participated in the bank's mergers and acquisitions business. Since 2003, he has been working at his own accounting and consulting firm providing professional services for local and international companies.

Dr. Tyen holds a doctorate degree in Philosophy and a master degree in Business Administration, both from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administration and a member of the Chinese Institute of Certified Public Accountants.

Dr. Tyen is currently an independent non-executive director of Melco International Development Limited (Stock Exchange stock code: 200), Summit Ascent Holdings Limited (Stock Exchange stock code: 102) and China Baofeng (International) Limited (Stock Exchange stock code: 3966). He was previously an independent director of Alpha Peak Leisure Inc. (TSX stock code: AAP:Venture), a company listed on the TSX Venture Exchange Inc., an independent non-executive director of ASR Logistics Holdings Limited (now known as Beijing Sports and Entertainment Industry Group Limited) (Stock Exchange stock code: 1803), Value Convergence Holdings Limited (Stock Exchange stock code: 821), Recruit Holdings Limited and Cinderella Media Group Limited (now known as KK Culture Holdings Limited) (Stock Exchange stock code: 550), and an independent director of Entertainment Gaming Asia Inc. (Nasdaq: EGT), a company listed on the NASDAQ Capital Market.

田耕熹，62歲，於會計、審計及諮詢行業擁有逾40年經驗。於一九七七年，彼加入羅兵咸會計師事務所，隨後加入Klynveld Main Goerdeler和摩根銀行。田博士於一九八五年創立自己的會計及諮詢事務所。彼之事務所隨後於一九九零年與香港主要的國際會計師事務所格蘭特合併。此後彼於北京工作七年，負責發展事務所在中國的業務。於二零零一年至二零零三年，彼任職於當地銀行，並從事銀行的併購業務。自二零零三年以來，彼一直任職於自己的會計及諮詢事務所，為當地及國際公司提供專業服務。

田博士持有香港中文大學的哲學博士學位及工商管理碩士學位。彼為香港會計師公會及香港稅務學會會員、英國特許公認會計師公會、香港董事學會及英國特許秘書及行政人員公會資深會員及中國註冊會計師協會會員。

田博士現為新濠國際發展有限公司（聯交所股份代號：200）、凱升控股有限公司（聯交所股份代號：102）及中國寶豐（國際）有限公司（聯交所股份代號：3966）的獨立非執行董事。彼先前為Alpha Peak Leisure Inc.（TSX股份代號：AAP：Venture，一家於TSX Venture Exchange Inc.上市的公司）的獨立董事、瀚洋物流控股有限公司（現稱為北京體育文化產業集團有限公司）（聯交所股份代號：1803）、滙盈控股有限公司（聯交所股份代號：821）及才庫媒體集團有限公司及先傳媒集團有限公司（現稱為KK文化控股有限公司）（聯交所股份代號：550）的獨立非執行董事以及Entertainment Gaming Asia Inc.（納斯達克：EGT，一家於納斯達克資本市場上市的公司）的獨立董事。

Directors' Report (Continued)

董事會報告(續)

Biographical Details of Senior Management

Senior Management

Zhang Peng, aged 41, joined our Group as president in February 2014. Mr. Zhang is responsible for mobile games operation of the Company. He also served as assistant to general manager of Zhuowang Information Technology Co., Ltd. from April 2011 to November 2013. He founded and was the executive vice president of Yisanjiu Mobile Internet Company from November 2008 to April 2011. He served as deputy head of business centre, deputy head of product development, deputy head of cooperation and management centre of the monternet division of China Mobile Communications Corporation, a company listed on both the New York Stock Exchange (stock code: CHL) and the Stock Exchange (stock code: 0941), from September 1998 to October 2008. Mr. Zhang received his Bachelor Degree in electronics and information systems from Shandong University, China in 1998 and obtained his Master degree in Business Administration from Cheung Kong Graduate School of Business in 2009.

高級管理層履歷詳情

高級管理層

張鵬，41歲，於二零一四年二月加入本集團擔任總裁。張先生負責本公司的移動遊戲業務。彼亦於二零一一年四月至二零一三年十一月擔任卓望資訊技術有限公司的總經理助理。彼成立了一三九移動互聯網公司並於二零零八年十一月至二零一一年四月擔任執行副總裁。彼於一九九八年九月至二零零八年十月於中國移動通信集團公司(China Mobile Communications Corporation)(一家於紐約證券交易所(股份代號：CHL)及聯交所(股份代號：0941)上市的公司)擔任業務中心副主任、產品開發副主任、移動夢網分部(monternet division)合作及管理中心副主任。張先生於一九九八年從中國山東大學獲得電子及信息系統學士學位，並於二零零九年獲得長江商學院工商管理碩士學位。

16. DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company under which he agreed to act as executive Director for a term of three years, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Ms. Fu Qiang has signed an appointment letter with the Company for a term of three years commencing on 23 June 2017. Dr. Tyen Kan Hee Anthony has signed an appointment letter with the Company for a term of three years commencing on 27 March 2018, and each of the other non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years. The appointments of Directors are subject to the provisions of retirement and rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election at the forthcoming annual general meeting ("AGM") has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

16. 董事服務合約

各執行董事已與本公司訂立服務合約，據此，彼等同意出任執行董事，任期為三年，可由執行董事或本公司向另一方發出不少於三個月之書面通知終止。

傅強女士與本公司簽訂了從二零一七年六月二十三日開始為期三年的委任函。田耕熹博士與本公司簽訂了從二零一八年三月二十七日開始為期三年的委任函。其他非執行董事及獨立非執行董事各自已與本公司簽署為期三年的委任函。董事委任須遵守組織章程細則有關董事輪值告退之條文。

於應屆股東週年大會(「股東週年大會」)擬膺選連任之董事概無訂立由本公司或其任何附屬公司於一年內毋須賠償(法定賠償除外)而終止之未屆滿服務合約。

Directors' Report (Continued)

董事會報告(續)

17. DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 December 2017.

18. DIRECTORS' EMOLUMENTS

Details of the remuneration of the Directors and those of the five highest paid individuals are set out in Note 10 to the consolidated financial statements. The remuneration of the Directors are determined based on the market price and contribution made by such Directors to the Company.

There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

19. PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director or other officers of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director or other officers of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favor, or in which he/she is acquitted.

The Company has maintained Directors' liability insurance during the year ended 31 December 2017 and up to the date of this annual report which provides appropriate cover for the Directors.

17. 董事於重大交易、安排或合約之權益

除本年報所披露者外，於截至二零一七年十二月三十一日止年度期間任何時間，本公司或其任何附屬公司並無訂立與本集團業務有關連，而董事直接或間接擁有重大權益之重大交易、安排及合約。

18. 董事酬金

有關董事及五名最高薪酬人士之酬金詳情載於綜合財務報表附註10。董事酬金乃根據市價及該董事對本公司作出的貢獻釐定。

本公司並無訂立任何安排，據此董事放棄或同意放棄任何酬金。

19. 獲准許的彌償條文

根據組織章程細則，各董事或本公司其他高級人員有權以本公司資產彌償對彼作為董事或本公司其他高級人員，無論獲判勝訴或無罪的任何民事或刑事法律程序中就進行辯護所產生或蒙受的所有虧損或負債。

本公司於截至二零一七年十二月三十一日止年度期間及直至本年報日期已為董事投保董事責任保險以為其提供適當的保障。

Directors' Report (Continued)

董事會報告(續)

20. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2017, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

20. 董事及主要行政人員於本公司股份、相關股份及債券中擁有的權益及淡倉

於二零一七年十二月三十一日，董事及本公司主要行政人員於本公司或其相關法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券中擁有(a)根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益及淡倉(包括根據證券及期貨條例相關條文彼等被當作或被視為擁有的權益及淡倉)；或(b)根據證券及期貨條例第352條須記錄於本公司根據該條例存置之登記冊內的權益及淡倉；或(c)根據標準守則須知會本公司及聯交所的權益及淡倉如下：

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of interest in the Company ⁽⁴⁾
董事姓名	身份／權益性質	所持股份數目	佔本公司權益的概約百分比 ⁽⁴⁾
Shares			
股份			
Mr. Yang 楊先生	Interest in controlled corporation ⁽¹⁾ 於受控法團的權益 ⁽¹⁾	132,464,366(L)	14.35%
Mr. Ng 伍先生	Interest in controlled corporation ⁽¹⁾ 於受控法團的權益 ⁽¹⁾	132,464,366(L)	14.35%
Mr. Liu Jiang ("Mr. Liu") 劉江先生(「劉先生」)	Interest of spouse 配偶權益	2,182,000(L)	0.24%
Share Options			
購股權			
Mr. Yang 楊先生	Beneficial interest ⁽²⁾ 實益權益 ⁽²⁾	36,531,064(L)	3.96%
Mr. Ng 伍先生	Beneficial Interest ⁽²⁾ 實益權益 ⁽²⁾	36,531,064 (L)	3.96%

Directors' Report (Continued)

董事會報告(續)

Notes:

- (1) The interest is directly held by Jianying Ourgame High Growth Investment Fund (建贏聯眾高成長投資基金) in which Total Victory Global Limited, controlled by Mr. Yang, Mr. Ng and Mr. Zhang Peng, has the majority voting rights. Please refer to the Company's announcement dated 28 December 2017 for further information.
- (2) The interest relates to the options granted under the Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme to each of Mr. Yang and Mr. Ng, respectively. On 8 January 2016, each of Mr. Yang and Mr. Ng were granted 3,920,000 options respectively under the 2014 Share Option Scheme. Please refer to the Company's Prospectus and the announcements dated 5 January 2015 and 8 January 2016 for further details.
- (3) The letter "L" denotes the person's long position in such Shares.
- (4) The percentages are calculated on the basis of 923,139,589 Shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executives of the Company and their respective associates had or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

附註：

- (1) 建贏聯眾高成長投資基金於Total Victory Global Limited中直接持有的權益由楊先生、伍先生及張鵬先生(擁有絕大多數投票權)控制。有關進一步資料，請參閱本公司日期為二零一七年十二月二十八日之公告。
- (2) 該等權益與根據管理層首次公開發售前購股權計劃及二零一四年購股權計劃分別授予楊先生及伍先生的購股權有關。於二零一六年一月八日，根據二零一四年購股權計劃，楊先生及伍先生各自分別獲授予3,920,000份購股權。有關進一步詳情，請參閱本公司招股章程以及日期分別為二零一五年一月五日及二零一六年一月八日的公告。
- (3) 「L」代表該人士於該等股份之好倉。
- (4) 按於二零一七年十二月三十一日已發行的923,139,589股股份計算百分比。

除上文所披露者外，於二零一七年十二月三十一日，董事及本公司主要行政人員及彼等各自的聯繫人概無於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中擁有或被視作擁有根據證券及期貨條例第XV部第7及8分部的規定須知會本公司及聯交所的任何權益或淡倉(包括根據證券及期貨條例有關條文董事及本公司主要行政人員擁有或被視為擁有的權益及淡倉)，或根據證券及期貨條例第352條須記錄於本公司所存置的登記冊的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

Directors' Report (Continued)

董事會報告(續)

Substantial Shareholders' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 31 December 2017, the following persons (other than the Directors or the chief executives of the Company) had interests or short positions in the Shares or underlying Shares or debentures of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

主要股東於本公司股份、相關股份及債券中擁有之權益及淡倉

於二零一七年十二月三十一日，下列人士(董事或本公司主要行政人員除外)於本公司股份或相關股份或債券中擁有須根據證券及期貨條例第336條記錄於本公司根據該條例存置的登記冊內的權益或淡倉：

Name of Shareholders 股東姓名／名稱	Capacity/Nature of Interest 身份／權益性質	Number of Shares held 所持股份數目	Approximate percentage of interest in the Company ^[3] 佔本公司權益 的概約百分比 ^[3]
Irena Group Co., Ltd. 體育之窗文化股份有限公司	Interest of controlled corporation ^[1] 受控法團權益 ^[1]	290,690,848(L)	31.49%
Glassy Mind Holdings Limited 亮智控股有限公司	Beneficial owner ^[1] 實益擁有人 ^[1]	290,690,848(L)	31.49%
Mr. Zhang Peng ("Mr. Zhang") 張鵬先生(「張先生」)	Beneficial owner 實益擁有人	12,884,425(L)	1.40%
	Interest of controlled corporation 受控法團權益	221,653,555(L)	24.01%
Total Victory Global Limited	Interest of controlled corporation ^[2] 受控法團權益 ^[2]	132,464,366(L)	14.35%
	Beneficial owner 實益擁有人	89,189,189(L)	9.67%
Jianying Ourgame High Growth Investment Fund 建贏聯眾高成長投資基金	Beneficial owner ^[2] 實益擁有人 ^[2]	132,464,366(L)	14.35%
CMC Ace Holdings Limited	Beneficial owner ^[3] 實益擁有人 ^[3]	117,600,000(L)	12.74%
CMC Capital Partners, GP, L.P.	Interest of controlled corporation ^[3] 受控法團權益 ^[3]	117,600,000(L)	12.74%
CMC Capital Partners, GP, Ltd.	Interest of controlled corporation ^[3] 受控法團權益 ^[3]	117,600,000(L)	12.74%
CMC Capital Partners, L.P.	Interest of controlled corporation ^[3] 受控法團權益 ^[3]	117,600,000(L)	12.74%

Directors' Report (Continued)

董事會報告(續)

Name of Shareholders 股東姓名／名稱	Capacity/Nature of Interest 身份／權益性質	Number of Shares held 所持股份數目	Approximate percentage of interest in the Company ^[3] 佔本公司權益 的概約百分比 ^[3]
La Confiance Investments Ltd.	Interest of controlled corporation ^[3] 受控法團權益 ^[3]	117,600,000(L)	12.74%
Le Bonheur Holdings Ltd.	Interest of controlled corporation ^[3] 受控法團權益 ^[3]	117,600,000(L)	12.74%
KongZhong Corporation 空中網有限公司	Beneficial owner ^[4] 實益擁有人 ^[4]	20,737,000(L)	2.25%
	Interest of controlled corporation ^{[4] [5]} 受控法團權益 ^{[4] [5]}	71,351,351(L)	7.73%
Linkedsee Group Limited	Interest of controlled corporation ^[4] 受控法團權益 ^[4]	92,088,351(L)	9.98%
Linkedsee Limited	Interest of controlled corporation ^[4] 受控法團權益 ^[4]	92,088,351(L)	9.98%
Mr. Wang LeiLei 王雷雷先生	Interest of controlled corporation ^[4] 受控法團權益 ^[4]	92,088,351(L)	9.98%
Shanghai Changhui Internet Technology Co., Ltd. 上海常匯互聯網科技有限公司	Interest of controlled corporation ^[4] 受控法團權益 ^[4]	92,088,351(L)	9.98%
Beijing Wuxing Rongcheng Technology Co., Ltd. 北京五星融誠科技有限責任公司	Interest of controlled corporation ^[4] 受控法團權益 ^[4]	92,088,351(L)	9.98%
Noumena Innovations (BVI) LTD.	Beneficial owner ^[5] 實益擁有人 ^[5]	71,351,351(L)	7.73%
Dacheng (Singapore) Pte. Ltd.	Interest of controlled corporation ^[5] 受控法團權益 ^[5]	71,351,351(L)	7.73%
Mr. Yang Zhen 楊震先生	Interest of controlled corporation ^[5] 受控法團權益 ^[5]	71,351,351(L)	7.73%
Shanghai Dacheng Internet Technology Co., Ltd. 上海大承網絡技術有限公司	Interest of controlled corporation ^[5] 受控法團權益 ^[5]	71,351,351(L)	7.73%
Kongzhong (China) Co., Ltd. 空中(中國)有限公司	Interest of controlled corporation ^[5] 受控法團權益 ^[5]	71,351,351(L)	7.73%

Directors' Report (Continued)

董事會報告(續)

Name of Shareholders 股東姓名／名稱	Capacity/Nature of Interest 身份／權益性質	Number of Shares held 所持股份數目	Approximate percentage of interest in the Company ^[3] 佔本公司權益 的概約百分比 ^[3]
Alpha Lion Investments Limited 領獅投資有限公司	Beneficial owner ^[6] 實益擁有人 ^[6]	64,864,864(L)	7.03%
Global Elite Group Limited	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%
Ms. Han Lei 韓蕾女士	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%
Mr. Huang Xianqin 黃顯勤先生	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%
Ruixin Taifu Investment Group Co., Ltd.	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%
Silverwood International Limited	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%
Mr. Xu Rongta 徐榮塔先生	Interest of controlled corporation ^[6] 受控法團權益 ^[6]	64,864,864(L)	7.03%

Notes:

附註：

- (1) The 290,690,848 Shares represent the same block of Shares held by a chain of ownership involving Glassy Mind Holdings Limited.
- (2) The interest is directly held by Jianying Ourgame High Growth Investment Fund (建贏聯眾高成長投資基金) in which Total Victory Global Limited, controlled by Mr. Yang, Mr. Ng and Mr. Zhang, has the majority voting rights.
- (3) The 117,600,000 Shares represent the same block of Shares held by a chain of ownership involving CMC Capital Partners.

- (1) 該等290,690,848股股份指由包括亮智控股有限公司之一連串擁有人持有的同一批股份。
- (2) 建贏聯眾高成長投資基金於Total Victory Global Limited中直接持有的權益由楊先生、伍先生及張先生(擁有絕大多數投票權)控制。
- (3) 該等117,600,000股股份指由包括CMC Capital Partners之一連串擁有人持有的同一批股份。

Directors' Report (Continued)

董事會報告(續)

- (4) The 92,088,351 Shares represent the same block of Shares held by a chain of ownership involving KongZhong Corporation.
- (5) The 71,351,351 Shares represent the same block of Shares held by a chain of ownership involving Noumena Innovations (BVI) LTD..
- (6) The 64,864,864 Shares represent the same block of Shares held by a chain of ownership involving Alpha Lion Investments Limited.
- (7) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (8) The letter "L" denotes the person's long position in such Shares.
- (9) The percentages are calculated on the basis of 923,139,589 Shares in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

- (4) 該等92,088,351股股份指由包括空中網有限公司之一連串擁有人持有的同一批股份。
- (5) 該等71,351,351股股份指由包括Noumena Innovations (BVI) LTD.之一連串擁有人持有的同一批股份。
- (6) 該等64,864,864股股份指由包括領獅投資有限公司之一連串擁有人持有的同一批股份。
- (7) 百分比數字已經約整。因此，所示總數未必為其之前數字的算術總和。
- (8) 「L」代表該人士於該等股份之好倉。
- (9) 按於二零一七年十二月三十一日已發行的923,139,589股計算百分比。

除以上所披露者外，於二零一七年十二月三十一日，董事及本公司主要行政人員概不知悉任何其他人士(本公司董事或主要行政人員除外)於股份或相關股份中擁有須根據證券及期貨條例第336條記錄於本公司根據該條例存置的登記冊內的權益或淡倉。

21. CONNECTED TRANSACTIONS

During the year ended 31 December 2017, save as disclosed below, no other related party transactions disclosed in Note 30 to the consolidated financial statements constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Chapter 14A of the Listing Rules. All the connected transactions and continuing connected transactions with disclosure requirements under the Listing Rules during the year were listed below. The Directors confirm they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

21. 關連交易

於截至二零一七年十二月三十一日止年度內，除下文所披露者外，綜合財務報表附註30披露的其他關聯方交易概不構成根據上市規則第14A章須予以披露的關連交易或持續關連交易。年內所有附帶上市規則披露規定之關連交易及持續關連交易於下文詳列。董事確認彼等已遵守上市規則第14A章有關的披露規定。

Directors' Report (Continued)

董事會報告(續)

Connected Transactions

Limited Partnership Agreement for the Subscription of Interest in the Investment Fund

On 10 March 2017, Beijing Lianzhong Co. Ltd., ("**Beijing Lianzhong**"), Changxing Huixin Jiachuang Investment Management Centre (LLP) ("**Changxing Huixin Jiachuang**"), Beijing Bole Latitude Investment Management Centre (LLP), Mr. Han Jun and Mr. Xu Ziqiang entered into the limited partnership agreement (the "**Limited Partnership Agreement**"), pursuant to which the parties agreed to be limited partners of Tongxiang Juli Fengyuan Equity Investment Fund Management Partnership (LLP) (the "**Investment Fund**"). Pursuant to the Limited Partnership Agreement, the total capital commitment to the Investment Fund was RMB101 million (approximately HK\$113.423 million), among which, RMB50 million (approximately HK\$56.15 million) was to be contributed by Changxing Huixin Jiachuang, RMB20 million (approximately HK\$22.46 million) was to be contributed by Beijing Lianzhong, and RMB31 million (approximately HK\$34.813 million) was to be contributed by other parties to the Limited Partnership Agreement.

As at the signing date of the Limited Partnership Agreement, Changxing Huixin Jiachuang was a subsidiary of iRena Group Co., Ltd, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transaction constituted a connected transaction of the Company under the Listing Rules. Further details of the Limited Partnership Agreement are set out in the announcement of the Company dated 10 March 2017.

Management Subscription Agreement

On 12 September 2017, the Company and Total Victory Global Limited (the "**Management Subscriber**") entered into the management subscription agreement (the "**Management Subscription Agreement**"), pursuant to which the Management Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 89,189,189 new Shares at the subscription price of HK\$1.85 per Share (the "**Management Subscription Shares**").

關連交易

就認購投資基金權益之有限責任合夥協議

於二零一七年三月十日，北京聯眾互動網絡股份有限公司(「**北京聯眾**」)、長興慧信佳創投資管理中心(有限合夥)(「**長興慧信佳創**」)、北京伯樂縱橫投資管理中心(有限合夥)、韓軍先生及徐子強先生訂立有限責任合夥協議(「**有限責任合夥協議**」)，據此訂約方同意為桐鄉聚力豐遠股權投資基金管理合夥企業(有限合夥)(「**投資基金**」)之有限責任合夥人。根據有限責任合夥協議，投資基金之承擔出資總額為人民幣101百萬元(約113.423百萬元)，其中人民幣50百萬元(約56.15百萬元)將由長興慧信佳創出資、人民幣20百萬元(約22.46百萬元)將由北京聯眾出資及人民幣31百萬元(約34.813百萬元)將由有限責任合夥協議的其他各方出資。

於簽訂有限責任合夥協議日期，長興慧信佳創為本公司主要股東體育之窗文化股份有限公司之附屬公司，因而為本公司關連人士。因此，根據上市規則，該交易構成本公司的關連交易。有限責任合夥協議的進一步詳情載於本公司日期為二零一七年三月十日之公告。

管理層認購協議

於二零一七年九月十二日，本公司與Total Victory Global Limited(「**管理層認購人**」)訂立管理層認購協議(「**管理層認購協議**」)，據此管理層認購人有條件同意認購，而本公司有條件同意以認購價每股1.85港元配發及發行89,189,189股新股份(「**管理層認購股份**」)。

Directors' Report (Continued)

董事會報告(續)

As at the signing date of the Management Subscription Agreement, the Management Subscriber was owned equally by Mr. Yang, Mr. Ng and Mr. Zhang. As Mr. Yang and Mr. Ng are executive Directors, the Management Subscriber is an associate of Mr. Yang and Mr. Ng, and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the Management Subscription constituted a connected transaction of the Company and was subject to the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Completion of the Management Subscription took place on 4 January 2018 and the Management Subscription Shares were issued on the same day. Upon the completion of the transaction, Mr. Yang, Mr. Ng, Mr. Zhang, the Management Subscriber and their associates and concert parties are interested in 221,653,555 issued Shares in aggregate, representing approximately 20.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares and Connected Subscription Shares (as defined below).

Further details of the transaction are set out in the announcements of the Company dated 12 September 2017 and 4 January 2018 and the circular of the Company dated 13 October 2017.

Connected Subscription Agreement

On 12 September 2017, the Company and Irena Group Co., Ltd. (the **"Connected Subscriber"**) entered into the connected subscription agreement (the **"Connected Subscription Agreement"**), pursuant to which the Connected Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 64,690,848 new Shares at the subscription price of HK\$1.85 per Share (the **"Connected Subscription Shares"**).

As at the signing date of the Connected Subscription Agreement, the Connected Subscriber was a substantial Shareholder holding 226,000,000 Shares through Glassy Mind Holdings Limited, and therefore is a connected person of the Company. Accordingly, the Connected Subscription constituted a connected transaction of the Company and was subject to the reporting, announcement and independent Shareholders' approval requirements under 14A of the Listing Rules.

於簽訂管理層認購協議日期，楊先生、伍先生及張先生均為管理層認購人。由於楊先生及伍先生為執行董事，管理層認購人為楊先生及伍先生之聯繫人，因而根據上市規則14A.07條為本公司之關連人士。因此，管理層認購事項構成本公司之關連交易且須遵守上市規則第14A章項下申報、公佈及獨立股東批准之規定。

管理層認購事項於二零一八年一月四日完成，且管理層認購股份於同日發行。於該交易完成後，楊先生、伍先生、張先生、管理層認購人及彼等聯繫人及一致行動人士於合共221,653,555股已發行股份中擁有權益，相當於本公司已發行股本的約20.58%（經配發及發行管理層認購股份及關連認購股份（定義見下文）擴大）。

該交易之進一步詳情載於本公司日期為二零一七年九月十二日及二零一八年一月四日之公告及日期為二零一七年十月十三日之通函。

關連認購協議

於二零一七年九月十二日，本公司與體育之窗文化股份有限公司（「**關連認購人**」）訂立關連認購協議（「**關連認購協議**」），據此關連認購人有條件同意認購，而本公司有條件同意以認購價每股1.85港元配發及發行64,690,848股新股份（「**關連認購股份**」）。

於簽訂關連認購協議日期，關連認購人為主要股東，透過亮智控股有限公司持有226,000,000股股份，因而為本公司之關連人士。因此，關連認購事項構成本公司之關連交易且須遵守上市規則第14A章項下申報、公佈及獨立股東批准之規定。

Directors' Report (Continued)

董事會報告(續)

Completion of the Connected Subscription took place on 4 January 2018 and the Connected Subscription Shares were issued on the same day. Upon the completion of the transaction, the Connected Subscriber and their associates and concert parties are interested in 290,690,848 issued Shares in aggregate, representing approximately 26.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares and Connected Subscription Shares.

Further details of the transaction are set out in the announcement of the Company dated 12 September 2017 and 4 January 2018 and the circular of the Company dated 13 October 2017.

Contractual Arrangements

The VIE Structure 1

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the “**FITE Regulations**”), which were amended on 10 September 2008. According to the FITE Regulations, foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC must demonstrate a good track record and prior experience in providing value-added telecommunications outside the PRC prior to acquiring any equity interests in any value-added telecommunications services business in the PRC (the “**Qualification Requirement**”). Currently, none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirement. Therefore, in order for the Company to be able to carry on its business in the PRC, the Group has entered into a series of agreements to enable the Company to gain effective control over, and receive all the economic benefits generated by the business currently operated by Beijing Lianzhong and its subsidiary on the one hand, and Beijing Lianzhong and its shareholders on the other hand. Please refer to the Prospectus for further details.

As at 31 December 2017, the Company has no update to disclose in relation to the Qualification Requirement.

關連認購事項於二零一八年一月四日完成，且關連認購股份於同日發行。於該交易完成後，關連認購人及彼等聯繫人及一致行動人士於合共290,690,848股已發行股份中擁有權益，相當於本公司已發行股本的約26.99%（經配發及發行管理層認購股份及關連認購股份（定義見下文）擴大）。

該交易之進一步詳情載於本公司日期為二零一七年九月十二日及二零一八年一月四日之公告以及日期為二零一七年十月十三日之通函。

合約安排

可變權益實體架構1

於二零零一年十二月十一日，國務院頒佈《外商投資電信企業管理規定》（“**FITE 規定**”）並於二零零八年九月十日作出修訂。根據FITE規定，外商投資者不得於提供增值電信服務之公司持有超過50%之股權。此外，向中國增值電信業務投資之外商投資者，於收購中國增值電信服務業務中的任何股權前，必須有於中國境外提供增值電信服務之良好業績和過往經驗（“**資格要求**”）。目前，並無適用中國法律、法規或規則對資格要求提供明確指導或詮釋。因此，為使本公司能於中國開展業務，本集團已訂立一系列協議，使得本公司對北京聯眾及其附屬公司（作為一方）與北京聯眾及其股東（作為另一方）目前經營之業務獲得實際控制並收取有關業務產生之所有經濟效益。進一步詳情，請參閱招股章程。

於二零一七年十二月三十一日，本公司概無更新有關資格要求之披露資料。

Directors' Report (Continued)

董事會報告(續)

As disclosed in the Prospectus, the Group conducts its online game business through the PRC operating entity, Beijing Lianzhong, an important wholly-owned subsidiary of the Group. Beijing Lianzhong is principally engaged in the operation of online card and board games. Because of certain foreign investment restrictions, it was not viable for the Company to hold Beijing Lianzhong directly through equity ownership as a foreign investor. In line with common practice in industries which is subject to foreign investment restrictions in the PRC, the Company would gain effective control over, and receive all the economic benefits generated by the business currently operated by Beijing Lianzhong and its subsidiaries through a series of contractual arrangements (the “**Contractual Arrangements 1**”) between Beijing Lianzhong Garden Network Technology Co., Ltd. (the “**WFOE 1**”), the Company’s wholly-owned subsidiary on the one hand, and Beijing Lianzhong and its shareholders on the other hand. The Contractual Arrangements 1 allow Beijing Lianzhong’s financials and results of operations, together with those of its subsidiaries, to be consolidated into our financials as if it was a wholly-owned Subsidiary of our Group (the “**VIE Structure 1**”).

During the year ended 31 December 2017, the Company controlled Beijing Lianzhong and WFOE 1 through the Contractual Arrangements 1. WFOE 1 is a limited company incorporated under the laws of the PRC on 21 January 2014 and a wholly-owned subsidiary of Lianzhong Holdings (Hong Kong) Limited, a company incorporated under the laws of Hong Kong on 18 December 2013 and a wholly-owned subsidiary of the Company. WFOE 1 is therefore a connected person of the Company pursuant to Rule 14A.07(5) of the Listing Rules. By virtue of the Contractual Arrangements 1, Beijing Lianzhong is a connected person of the Company for the purposes of Chapter 14A of the Listing Rules. The transactions under the Contractual Arrangements 1 therefore constituted continuing connected transactions of the Company. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of these continuing connected transactions.

誠如招股章程中披露，本集團透過中國營運實體(北京聯眾，本集團的重大全資附屬公司)開展線上遊戲業務。北京聯眾主要從事在線棋牌遊戲運營。因若干外商投資限制，本公司作為外商投資者，透過股權所有權直接持有北京聯眾乃屬不可行。按照中國受到外商投資限制所規限之行業慣例，本公司將透過本公司之全資附屬公司北京聯眾家園網絡科技有限責任公司(「**外商獨資企業1**」)(作為一方)與北京聯眾及其股東(作為另一方)訂立之一系列合約安排(「**合約安排1**」)，對現時由北京聯眾及其附屬公司經營之業務獲得實際控制並收取有關業務產生之所有經濟效益。合約安排1使北京聯眾之財務數據及經營業績連同其附屬公司之財務數據及經營業績能夠合併至我們之財務數據，猶如其為本集團之全資附屬公司(「**可變權益實體架構1**」)。

於截至二零一七年十二月三十一日止年度期間，北京聯眾及外商獨資企業1通過合約安排1受本公司控制。外商獨資企業1為一家於二零一四年一月二十一日根據中國法律註冊成立之有限公司，為聯眾控股(香港)有限公司之全資附屬公司，聯眾控股(香港)有限公司為一家於二零一三年十二月十八日根據香港法例註冊成立之本公司全資附屬公司。因此，根據上市規則第14A.07(5)條，外商獨資企業1為本公司關連人士。鑒於合約安排1，北京聯眾根據上市規則第14A章為本公司之關連人士。因此，合約安排1項下進行之交易構成本公司的持續關連交易。本公司確認其所有的持續關連交易已遵守上市規則14A章的披露規定。

Directors' Report (Continued)

董事會報告(續)

Reasons for the Contractual Arrangements 1

Details of the reasons for using the Contractual Arrangements 1 are set out on pages 130 to 132 of the Prospectus.

Risks associated with the Contractual Arrangements 1

We believe the following risks are associated with the Contractual Arrangements 1. Further details of these risks are set out on pages 35 to 39 of the Prospectus.

- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or their interpretations change in the future, we could be subject to severe penalties and our business may be materially and adversely affected.
- The Group relies on the Contractual Arrangements 1 to control and obtain economic benefits from Beijing Lianzhong, which may not be as effective in providing operational control as equity ownership.
- The shareholders of Beijing Lianzhong may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- Certain terms of the Contractual Arrangements 1 may not be enforceable under PRC laws.
- We may lose the ability to use and enjoy assets held by Beijing Lianzhong that are important to the operation of our business if Beijing Lianzhong declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.
- The Contractual Arrangements 1 between the WFOE 1 and Beijing Lianzhong may subject our Group to increased income tax due to the different income tax rates applicable to the WFOE 1 and Beijing Lianzhong, which may adversely affect our results of operations.
- The Group's exercise of the option to acquire equity interests of Beijing Lianzhong may be subject to certain limitations and the ownership transfer may subject us to substantial costs.
- The Contractual Arrangements 1 between the WFOE 1 and Beijing Lianzhong may be subject to scrutiny by the PRC tax authorities and any finding that we or Beijing Lianzhong owe additional taxes could substantially reduce our consolidated net income and the value of our Shareholders' investment.

合約安排1的原因

有關使用合約安排1原因詳情載於招股章程第130至132頁。

有關合約安排1之風險

我們認為，下列風險與合約安排1有關。有關該等風險之進一步詳情載於招股章程第35至39頁。

- 倘中國政府發現有關於我們中國業務運營的合約安排並不符合適用中國法律及法規，或倘該等法律及法規或其詮釋未來出現變動，我們將受到嚴重處罰，且我們的業務將受到重大不利影響。
- 本集團依賴合約安排1控制及從北京聯眾獲得經濟利益，於提供經營控制方面，可能不及所有權控制有效。
- 北京聯眾股東可能與我們產生利益紛爭，從而對我們的業務及財務狀況產生重大不利影響。
- 合約安排1之若干條款或不可根據中國法律執行。
- 倘北京聯眾宣告破產或進行解散或清算程序，我們可能失去使用及享有北京聯眾持有之對我們業務營運屬重要之資產的權利。
- 外商獨資企業1與北京聯眾之合約安排1可能導致本集團所得稅增加，乃由於外商獨資企業1與北京聯眾適用之不同所得稅率對我們的經營業績可能造成不利影響。
- 本集團行使購股權收購北京聯眾股權可能受限於若干限制，且所有權轉讓可能產生大量成本。
- 外商獨資企業1與北京聯眾之間之合約安排1可能需經中國稅務機關檢查，任何有關我們或北京聯眾虧欠額外稅項之發現將大幅降低我們的綜合收益淨額及我們股東的投資價值。

Directors' Report (Continued)

董事會報告(續)

Mitigation actions taken by the Company

- The Company has existing protections measures under the Contractual Arrangements 1. The Company's Risk Management Committee will regularly review the compliance and performance of such conditions under the Contractual Arrangements 1.
- The Company's public affair department and legal department will deal with matters relating to compliance and regulatory enquiries from relevant PRC authorities and report to the Board on a regular basis.
- Legal advisers and other professional have been and will continue to be retained to assist the Company to deal with related matters arising from the Contractual Arrangements 1, and the auditor of the Group was engaged to provide annual confirmations regarding the Contractual Arrangements 1.

The extent to which the Contractual Arrangements 1 relate to requirements other than the foreign ownership restriction

All of the Contractual Arrangements 1 are subject to the restrictions as set out on pages 130 to 132 of the Prospectus.

Contractual Arrangements 1

During the year ended 31 December 2017, the Contractual Arrangements 1 comprised six agreements, namely (a) the Master Exclusive Service Agreement 1, (b) the Business Cooperation Agreement 1, (c) the Exclusive Option Agreement 1, (d) the Share Pledge Agreement 1, (e) the Proxy Agreement 1 and (f) the Power of Attorney 1.

本公司採取之緩和措施

- 本公司擁有合約安排1項下現有保護措施。本公司風險管理委員會將定期審查合約安排1項下相關條件之遵守及履行情況。
- 本公司之公共事務部及法律部門將處理合規有關情況及相關中國機構監管查詢事項，並定期向董事會報告。
- 法律顧問及其他專業人士已經及將繼續協助本公司處理合約安排1產生之有關事項，且本集團已委聘核數師就合約安排1提供年度確認。

合約安排1內除外資擁有權限制外有關規定

所有合約安排1須遵守招股章程第130至132頁所載限制規定。

合約安排1

於截至二零一七年十二月三十一日止年度期間，合約安排1包含六份協議，即(a)獨家服務總協議1、(b)業務合作協議1、(c)獨家購股權協議1、(d)股份質押協議1、(e)委託協議1及(f)授權委託書1。

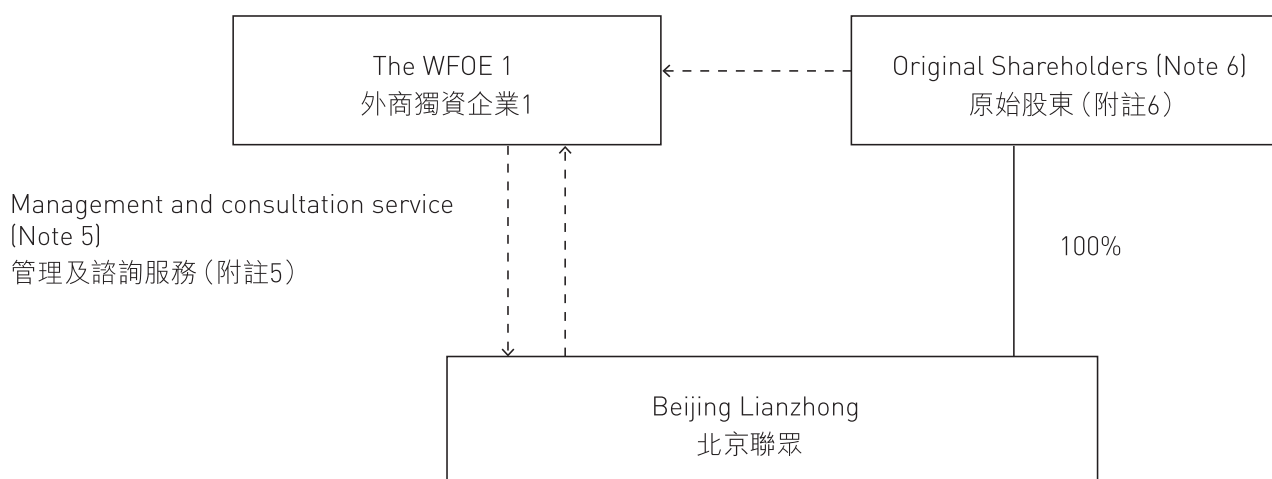
Directors' Report (Continued)

董事會報告(續)

The following diagram illustrates how economic benefits flow from Beijing Lianzhong to our Group under the Contractual Arrangements 1:

下表闡述根據合約安排1，北京聯眾為本集團帶來之經濟利益：

- (1) Covenants not to materially affect Beijing Lianzhong's assets and business and right to appoint its directors and officers (Note 1)
- (2) Power of attorney to exercise all shareholders' rights in Beijing Lianzhong (Note 2)
- (3) Exclusive option to acquire all or part of the equity interest in Beijing Lianzhong (Note 3)
- (4) First priority security interest over the entire equity interest in Beijing Lianzhong (Note 4)
- (1) 不會對北京聯眾之資產及業務以及委任其董事及高級職員之權利造成重大影響之契諾(附註1)
- (2) 行使北京聯眾所有股東權利之授權委託書(附註2)
- (3) 收購北京聯眾全部或部分股權之獨家購股權(附註3)
- (4) 對北京聯眾全部股權之第一優先抵押權益(附註4)



Notes:

1. Please refer to the section headed "Contractual Arrangements 1 — Business Cooperation Agreement 1" of this annual report for details.
2. Please refer to the section headed "Contractual Arrangements 1 — Proxy Agreement and Power of Attorney 1" of this annual report for details.
3. Please refer to the section headed "Contractual Arrangements 1 — Exclusive Option Agreement 1" of this annual report for details.

附註：

1. 有關詳情，請參閱本年報「合約安排1—業務合作協議1」一節。
2. 有關詳情，請參閱本年報「合約安排1—委託協議及授權委託書1」一節。
3. 有關詳情，請參閱本年報「合約安排1—獨家購股權協議1」一節。

Directors' Report (Continued)

董事會報告(續)

4. Please refer to the section headed "Contractual Arrangements 1 — Share Pledge Agreement 1" of this annual report for details.
5. Please refer to the section headed "Contractual Arrangements 1 — Master Exclusive Service Agreement 1" of this annual report for details.
6. Original Shareholders are Mr. Zhang Rongming, Mr. Liu, Mr. Shen, Mr. Bao Yueqiao, Ms. Long and Ms. Wu Lan.
7. "—" denotes direct legal and beneficial ownership in the equity interest and "--->" denotes contractual relationship.

Master Exclusive Service Agreement 1

Beijing Lianzhong entered into a master exclusive service agreement with the WFOE 1 on 28 January 2014 (the "**Master Exclusive Service Agreement 1**"), pursuant to which, in exchange for a quarterly service fee, Beijing Lianzhong agreed to engage the WFOE 1 as its exclusive provider for the following services:

- any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice;
- providing technology development and transfer, and technical consulting services;
- providing occupation and pre-occupation staff training services;
- providing public relation services;
- providing market investigation, research and consulting services;
- providing mid- or short-term market development and market planning services;
- providing human resource management and internal information management;
- providing network development, upgrade and daily maintenance;
- providing sale services of self-produced products;
- licensing of software;
- providing maintenance services in respect of computer software and hardware system, database and computer servers;

4. 有關詳情，請參閱本年報「合約安排1—股份質押協議1」一節。
5. 有關詳情，請參閱本年報「合約安排1—獨家服務總協議1」一節。
6. 原股東為張榮明先生、劉先生、申先生、鮑嶽橋先生、龍女士及烏蘭女士。
7. 「—」指於股權中之直接合法及實益擁有權益及「--->」指合約關係。

獨家服務總協議1

北京聯眾於二零一四年一月二十八日與外商獨資企業1訂立獨家服務總協議（「**獨家服務總協議1**」），據此，為換取季度服務費，北京聯眾同意委聘外商獨資企業1擔任其以下服務之獨家供應商：

- 不在其正常業務範圍內的任何活動，或以與其過去做法不一致的方式經營其業務；
- 提供技術開發及轉讓以及技術諮詢服務；
- 提供在職及入職前員工培訓服務；
- 提供公共關係服務；
- 提供市場調查、研究及諮詢服務；
- 提供中期或短期市場開發及市場規劃服務；
- 提供人力資源管理及內部信息管理；
- 提供網絡開發、升級及日常維護；
- 提供自主生產產品之銷售服務；
- 軟件授權；
- 提供與電腦軟件及硬件系統、數據庫及電腦伺服器有關之維護服務；

Directors' Report (Continued)

董事會報告(續)

- providing maintenance and upgrade services in respect of the online games;
 - providing training services in respect of online game technology and operations;
 - providing research and development services in respect of online game software and maintenance of the system;
 - selling and authorising Beijing Lianzhong to license software; and
 - other services determined from time to time by the WFOE 1 according to the need of business and capacity of the WFOE 1 and its designated affiliates.
- 提供與網絡遊戲有關之維護及升級服務；
 - 提供與網絡遊戲技術及經營有關之培訓服務；
 - 提供與網絡遊戲軟件及系統維護有關之研發服務；
 - 向北京聯眾銷售及授權許可軟件；及
 - 外商獨資企業1根據外商獨資企業1及其指定聯屬人士之業務需求及能力不時釐定之其他服務。

Under the Master Exclusive Service Agreement 1, the service fee is equal to 100% of the consolidated net profits of Beijing Lianzhong. The WFOE 1 may adjust the service fee at its sole discretion with reference to the working capital requirements of Beijing Lianzhong and in accordance with several factors relating to the services provided, including (i) technical difficulty and complexity of the services; (ii) time spent in providing the services; (iii) contents and commercial value of the services; and (iv) the benchmark price of similar services in the market. Since Beijing Lianzhong's funding requirements are satisfied by their residual operating cash after paying the service fee to the WFOE 1, we do not expect to transfer any net proceeds from the Global Offering to Beijing Lianzhong.

Intellectual property rights are developed during the normal course of business of Beijing Lianzhong since its daily operations involve, among other things, research and development and game development. Pursuant to the Master Exclusive Service Agreement 1, any intellectual properties developed by performance of the Master Exclusive Service Agreement 1, including but not limited to copyrights, trademarks, patents, technical secrets and knowhow, belong to the WFOE 1. If a development is based on the intellectual properties owned by Beijing Lianzhong, Beijing Lianzhong shall warrant and guarantee that such intellectual properties are flawless and it shall bear all damages and losses caused to the WFOE 1 by any flaw of such intellectual properties. The WFOE 1 has the right to recover all of its losses from Beijing Lianzhong for liabilities to any third party.

The Master Exclusive Service Agreement 1 can be terminated by the WFOE 1 at any time upon 30 days' written notice to Beijing Lianzhong. The Master Exclusive Service Agreement 1 shall also be terminated upon the transfer of all the shares of Beijing Lianzhong to the WFOE 1 and/or a third party designated by the WFOE 1 pursuant to the Exclusive Option Agreement 1.

根據獨家服務總協議1，服務費相等於北京聯眾綜合淨利潤之100%。外商獨資企業1可參照北京聯眾之營運資本需求並根據與所提供服務有關之幾項因素全權調整服務費，包括(i)服務之技術難度及複雜性；(ii)提供服務時所用之時間；(iii)服務之內容及商業價值；及(iv)市場中類似服務之基準價格。由於向外商獨資企業1支付服務費之後北京聯眾之資金需求乃由其剩餘營運現金予以滿足，我們預計不會向北京聯眾轉讓來自全球發售之任何所得款項淨額。

由於北京聯眾之日常業務涉及(其中包括)研發及遊戲開發，因此知識產權乃於其正常業務過程中開發。根據獨家服務總協議1，透過履行獨家服務總協議1所產生之任何知識產權(包括但不限於版權、商標、專利、技術機密及訣竅)均屬於外商獨資企業1。倘開發乃基於北京聯眾所擁有之知識產權，則北京聯眾須保證及擔保有關知識產權乃屬無瑕疵且其須承擔有關知識產權之任何瑕疵為外商獨資企業1帶來之所有損害及損失。外商獨資企業1有權就北京聯眾對任何第三方之負債彌補其所有損失。

獨家服務總協議1可由外商獨資企業1於向北京聯眾發出三十天書面通知後之任何時間予以終止。獨家服務總協議1亦須於根據獨家購股權協議1向外商獨資企業1及/或外商獨資企業1指定之第三方轉讓北京聯眾所有股份之後終止。

Directors' Report (Continued)

董事會報告(續)

Business Cooperation Agreement 1

Beijing Lianzhong, its shareholders and the WFOE 1 entered into a business cooperation agreement on 28 January 2014 (the "**Business Cooperation Agreement 1**"). Under the Business Cooperation Agreement 1, Beijing Lianzhong and its shareholders, jointly and severally, agree and covenant that, without obtaining the written consent of the WFOE 1, Beijing Lianzhong shall not, and Beijing Lianzhong's shareholders shall cause Beijing Lianzhong not to, engage in any transaction which may materially affect its asset, obligation, right or operation, including without limitation:

- any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice;
- merger, reorganization, acquisition or restructuring of its principal business or assets, or acquisition or investment in any other form;
- offering any loan to any third party, incurring any debt from any third party, or assuming any debt other than in the ordinary course of business;
- engaging, changing or dismissing any director or any senior management officer;
- selling to or acquiring from any third party, mortgaging, licensing or disposing of in other ways tangible or intangible assets, other than in the ordinary course of business;
- incurring, inheriting, assuming or guaranteeing any debt that are not incurred during the ordinary course of business, using its assets to provide security or other forms of guarantees to any third party, or setting up any other encumbrances over its assets;
- making any supplement, amendment or alternation to its articles of association and by-laws, increasing or decreasing of its registered capital or changing the structure of its registered capital in other manners;
- making a distribution of a dividend, or share interest or sponsorship interest in any way, provided that upon the written request of the WFOE 1, Beijing Lianzhong shall immediately distribute part or all of its distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE 1 any such distribution;

業務合作協議1

北京聯眾、其股東及外商獨資企業1於二零一四年一月二十八日訂立業務合作協議(「**業務合作協議1**」)。根據業務合作協議1，北京聯眾及其股東共同及個別同意並契諾，未獲得外商獨資企業1書面同意，北京聯眾不可且北京聯眾之股東須促使北京聯眾不參與可能對其資產、義務、權利或經營造成重大影響之任何交易，包括但不限於：

- 不在其正常業務範圍內之任何活動，或以與其過往做法不一致之方式經營其業務；
- 其主營業務或資產之合併、整合、收購或重組，或任何其他形式之收購或投資；
- 於正常業務過程以外，向任何第三方提供任何貸款，引致來自任何第三方之任何債務或承擔任何債務；
- 委聘、變更或解僱任何董事或任何高級管理人員；
- 除於正常業務過程以外，向任何第三方出售或收購、抵押、許可或以其他方式處置有形或無形資產；
- 引致、繼承、承擔或擔保並非於正常業務過程中引致之任何債務，使用其資產向任何第三方提供抵押品或其他形式之擔保或對其資產設置任何其他產權負擔；
- 對其組織章程細則及附則作出任何補充、修訂或變更，增加或減少其註冊資本或以其他方式改變其註冊資本之架構；
- 以任何方式作出股息或股份權益或發起權益之分派，惟前提條件為於外商獨資企業1發出書面請求後，北京聯眾須立即向其股東分派其部分或全部可分派利潤，股東轉而應立即及無條件地向外商獨資企業1支付或轉讓任何有關分派；

Directors' Report (Continued)

董事會報告(續)

- executing any material contract, except contracts executed in the ordinary course of business (for purpose of this subsection, the WFOE 1 may define a material contract at its sole discretion);
- selling, transferring, mortgaging or disposing of in any manner any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;
- a dissolution or a liquidation and distribution of residual assets; or
- causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.

In addition, Beijing Lianzhong agreed and covenanted to the WFOE 1 that Beijing Lianzhong shall, and the shareholders shall cause Beijing Lianzhong to:

- accept suggestions raised by the WFOE 1 over the engagement and replacement of employees, daily operations, dividend distribution and financial management systems of Beijing Lianzhong, and Beijing Lianzhong shall strictly abide by and perform accordingly;
- maintain Beijing Lianzhong's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- conduct Beijing Lianzhong's businesses in the ordinary course of business to maintain the asset value of Beijing Lianzhong and refrain from any act or omission that may adversely affect Beijing Lianzhong's operating status and asset value;
- provide the WFOE 1 with information on Beijing Lianzhong's business operations and financial condition at the request of the WFOE 1;
- if requested by the WFOE 1, procure and maintain insurance in respect of Beijing Lianzhong's assets and business from an insurance carrier acceptable to the WFOE 1, at an amount and type of coverage typical for companies that operate similar businesses;

- 除於正常業務過程中簽署之合約以外，簽署任何重大合約(就此分節而言，為外商獨資企業1可全權界定之重大合約)；
- 以任何方式出售、轉讓、抵押或處置其業務或收入之任何法定或實益權益，或認可任何抵押權益有關之產權負擔；
- 解散或清算及分派剩餘資產；或
- 促使其任何分公司或附屬公司從事任何前述交易或訂立任何合約、協議或可能致使或導致任何前述交易之其他法律文件。

此外，北京聯眾同意並向外商獨資企業1契諾，北京聯眾應且股東應促使北京聯眾：

- 接受外商獨資企業1對以下事項提出之建議：北京聯眾僱員之委聘及更換、日常經營、股息分派及財務管理系統，且北京聯眾須相應地嚴格遵守並履行；
- 透過審慎及有效地經營其業務及處理其事務，根據良好之財務及業務標準及慣常做法維持北京聯眾之企業存續；
- 於正常業務過程中開展北京聯眾之業務以保持北京聯眾之資產價值並避免可能對北京聯眾之經營狀況及資產價值造成不利影響之任何作為或疏忽；
- 於外商獨資企業1提出要求時向外商獨資企業1提供與北京聯眾業務經營及財務狀況有關之資料；
- 倘外商獨資企業1提出要求，則按經營類似業務之公司典型之保險金額及類型，就北京聯眾之資產及業務購買及維持外商獨資企業1可接受之承保人之保險；

Directors' Report (Continued)

董事會報告(續)

- immediately notify the WFOE 1 of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing Lianzhong's assets, business or revenue; and
- execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims so as to maintain the ownership by Beijing Lianzhong of all of its assets.

According to the Business Cooperation Agreement 1, the shareholders of Beijing Lianzhong shall only appoint persons designated by the WFOE 1 as directors, the general manager, the chief financial officer and other senior management members of Beijing Lianzhong, and the shareholders shall dismiss any such directors or senior management members upon the request of the WFOE 1. Beijing Lianzhong and its shareholders also jointly and severally covenanted that Beijing Lianzhong shall seek appropriate approval from the WFOE 1 prior to entering into any material contract.

Furthermore, the shareholders agree that, unless required by the WFOE 1, they shall not put forward, or vote in favour of, any shareholders' resolution to, or otherwise request Beijing Lianzhong to, distribute profits, funds, assets or property to the shareholders, or to issue any dividends or other distributions with respect to the shares of Beijing Lianzhong held by the shareholders.

The Business Cooperation Agreement 1 shall remain effective as long as Beijing Lianzhong exists, unless the WFOE 1 terminates it upon 30 days' advance written notice or upon the transfer of all the shares held by Beijing Lianzhong's shareholders to the WFOE 1 and/or a third party designated by the WFOE 1.

Exclusive Option Agreement 1

Beijing Lianzhong and its shareholders entered into an exclusive option agreement with the WFOE 1 on 28 January 2014 (the "**Exclusive Option Agreement 1**"), pursuant to which the WFOE 1 has a right to require the respective shareholders to transfer any or all the shares of Beijing Lianzhong they hold to the WFOE 1 and/or a third party designated by it, in whole or in part at any time and from time to time, at the lowest price allowable under PRC laws and administration regulations at the time of transfer.

- 立即通知外商獨資企業1發生或可能發生與北京聯眾之資產、業務或收入有關之任何訴訟、仲裁或行政程序；及
- 簽署所有必要或適當之文件、採取所有必要或適當之行動以及提出所有必要或適當之投訴或對所有申索提出必要及適當之抗辯，以便保持北京聯眾對其所有資產之所有權。

根據業務合作協議1，北京聯眾之股東僅可委任外商獨資企業1指定之人士擔任北京聯眾之董事、總經理、首席財務官及其他高級管理層成員，且股東須於外商獨資企業1提出要求後解僱任何有關董事或高級管理層成員。北京聯眾及其股東亦共同及個別契諾，北京聯眾須於訂立任何重大合約之前尋求外商獨資企業1之適當批准。

此外，股東同意，除非外商獨資企業1要求，彼等不可提出或投票贊成任何股東決議案或以其他方式要求北京聯眾向股東分派利潤、資金、資產或物業或就股東持有之北京聯眾股份發放任何股息或其他分派。

除非外商獨資企業1於發出三十天提前書面通知後或向外商獨資企業1及／或外商獨資企業1指定之第三方轉讓北京聯眾股東持有之所有股份後終止業務合作協議1，否則只要北京聯眾繼續存在，業務合作協議1應持續有效。

獨家購股權協議1

北京聯眾及其股東與外商獨資企業1於二零一四年一月二十八日訂立獨家購股權協議（「**獨家購股權協議1**」），據此，外商獨資企業1有權要求各自之股東於任何時候及不時按中國法律及行政法規於轉讓時許可之最低價格向外商獨資企業1及／或其指定之第三方全部或部分轉讓其持有之任何或所有北京聯眾股份。

Directors' Report (Continued)

董事會報告(續)

The Exclusive Option Agreement 1 shall remain effective as long as Beijing Lianzhong exists, and cannot be terminated by either Beijing Lianzhong or its shareholders. The Exclusive Option Agreement 1 can be terminated (i) by the WFOE 1 at any time upon 30 days' advance written notice to Beijing Lianzhong and its shareholders; or (ii) upon the transfer of all the shares held by the shareholders to the WFOE 1 and/or a third party designated by the WFOE 1.

Beijing Lianzhong and its shareholders, among other things, have covenanted that:

- without the prior written consent of the WFOE 1, they shall not in any manner supplement, change or amend the articles of association and bylaws of Beijing Lianzhong, increase or decrease its registered capital, or change the structure of its registered capital in other manners;
- they shall maintain Beijing Lianzhong's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- without the prior written consent of the WFOE 1, they shall not sell, transfer, mortgage or dispose of in any manner any assets of Beijing Lianzhong (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of Beijing Lianzhong, or allow the encumbrance thereon of any security interest;
- without the prior written consent of the WFOE 1, they shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business;
- they shall always operate all of Beijing Lianzhong's businesses during the ordinary course of business to maintain the asset value of Beijing Lianzhong and refrain from any action/omission that may adversely affect Beijing Lianzhong's operating status and asset value;
- without the prior written consent of the WFOE 1, they shall not cause Beijing Lianzhong to execute any material contract (as defined by the WFOE 1 at its sole discretion), except the contracts executed in the ordinary course of business;

只要北京聯眾繼續存在，獨家購股權協議1應持續有效，不可由北京聯眾或其股東予以終止。獨家購股權協議1可以以下方式予以終止：(i)於向北京聯眾及其股東發出三十天提前書面通知後之任何時候由外商獨資企業1予以終止；或(ii)於向外商獨資企業1及／或外商獨資企業1指定之第三方轉讓股東持有之所有股份後予以終止。

北京聯眾及其股東(其中包括)已契諾：

- 未經外商獨資企業1事先書面同意，彼等不可以任何方式補充、變更或修訂北京聯眾之組織章程細則及附則、增加或減少其註冊資本或以其他方式改變其註冊資本之架構；
- 彼等須審慎及有效地經營其業務及處理其事務，根據良好之財務及業務標準及做法維持北京聯眾之企業存續；
- 未經外商獨資企業1事先書面同意，彼等不可以任何方式出售、轉讓、抵押或處置北京聯眾之任何資產(於正常業務過程中則除外)或北京聯眾之業務或收入之法定或實益權益或認可任何抵押權益上之產權負擔；
- 未經外商獨資企業1事先書面同意，彼等不可引致、繼承、擔保或承擔任何債務(於正常業務過程中所引致之債務則除外)；
- 彼等應始終於正常業務過程中經營北京聯眾之所有業務以保持北京聯眾之資產價值並避免可能對北京聯眾之經營狀況及資產價值造成不利影響之任何作為／疏忽；
- 除於正常業務過程中簽署之合約以外，未經外商獨資企業1事先書面同意，彼等不可促使北京聯眾簽署任何重大合約(由外商獨資企業1全權界定)；

Directors' Report (Continued)

董事會報告(續)

- without the prior written consent of the WFOE 1, they shall not cause Beijing Lianzhong to provide any person with any loan or credit other than in the course of ordinary business;
- they shall provide the WFOE 1 with information on Beijing Lianzhong's business operations and financial condition at the request of the WFOE 1;
- if requested by the WFOE 1, they shall procure and maintain insurance in respect of Beijing Lianzhong's assets and business from an insurance carrier acceptable to the WFOE 1, at an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of the WFOE 1, they shall not cause or permit Beijing Lianzhong to merge, consolidate with, acquire or invest in any person;
- they shall immediately notify the WFOE 1 of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing Lianzhong's assets, business or revenue;
- to maintain the ownership by Beijing Lianzhong of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;
- they shall ensure that Beijing Lianzhong shall not, without the prior written consent of the WFOE 1, in any manner distribute dividends to its shareholder(s), provided that upon the written request of the WFOE 1, Beijing Lianzhong shall immediately distribute part or all of its distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE 1 any such distribution;
- at the request of the WFOE 1, they shall appoint any persons designated by the WFOE 1 as the directors and/or executive directors of Beijing Lianzhong;
- 除於正常業務過程中以外，未經外商獨資企業1事先書面同意，彼等不可促使北京聯眾向任何人士提供任何貸款或信貸；
- 於外商獨資企業1提出要求時，彼等須向外商獨資企業1提供與北京聯眾之業務經營及財務狀況有關之資料；
- 倘外商獨資企業1提出要求，則彼等須按經營類似業務之公司典型之保險金額及類型，就北京聯眾之資產及業務購買及維持來自外商獨資企業1可接受之承保人之保險；
- 未經外商獨資企業1事先書面同意，彼等不可促使或允許北京聯眾合併、與之整合、收購或投資於任何人士；
- 彼等須立即通知外商獨資企業1發生或可能發生與北京聯眾之資產、業務或收入有關之任何訴訟、仲裁或行政訴訟；
- 為保持北京聯眾對其所有資產之所有權，彼等須簽署所有必要或適當之文件、採取所有必要或適當之行動以及提出所有必要或適當之投訴或對所有申索提出必要及適當之抗辯；
- 彼等須確保，未經外商獨資企業1事先書面同意，北京聯眾不可以任何方式向其股東分派股息，惟前提條件為於外商獨資企業1發出書面要求後，北京聯眾須立即向其股東分派其部分或全部可分派利潤，股東轉而應立即及無條件地向外商獨資企業1支付或轉讓任何有關分派；
- 於外商獨資企業1提出要求時，彼等須委任外商獨資企業1指定之任何人士擔任北京聯眾之董事及／或執行董事；

Directors' Report (Continued)

董事會報告(續)

- they shall cause the meeting of shareholders and the board of directors of Beijing Lianzhong to pass shareholders' resolutions and board resolutions in accordance with the instruction of the WFOE 1; and
- unless otherwise mandatorily required by PRC laws, Beijing Lianzhong shall not be dissolved or liquidated without prior written consent by the WFOE 1.

Share Pledge Agreement 1

The shareholders of Beijing Lianzhong and the WFOE 1 entered into a share pledge agreement on 28 January 2014 (the "**Share Pledge Agreement 1**"). Under the Share Pledge Agreement 1, the shareholders of Beijing Lianzhong unconditionally and irrevocably pledged all of the shares of Beijing Lianzhong that they own, including any interest or dividend paid for such shares, to the WFOE 1 as a security for the performance of the obligations by Beijing Lianzhong and its shareholders under the Master Exclusive Service Agreement 1, the Business Cooperation Agreement 1, the Exclusive Option Agreement 1 and other agreements to be executed among Beijing Lianzhong, its shareholders and the WFOE 1 from time to time (collectively the "**Principal Agreements 1**").

The pledge shall remain valid until all parties have agreed to terminate the Share Pledge Agreement 1, the Principal Agreements 1 have been fulfilled to the satisfaction of the WFOE 1 or all of the Principal Agreements 1 have expired or been terminated.

Upon the occurrence and during the continuance of an event of default (as defined in the Share Pledge Agreement 1), the WFOE 1 shall have the right to require Beijing Lianzhong's shareholders to immediately pay any amount payable by Beijing Lianzhong under the Master Exclusive Service Agreement 1, repay any loans and pay any other due payments, and the WFOE 1 shall have the right to exercise all such rights as a secured party under any applicable PRC law, including without limitations, (i) to sell all or any part of the pledged shares at one or more public or private sales upon three days' written notice to the pledgor, and (ii) to execute an agreement with Beijing Lianzhong's shareholders to acquire the pledged shares based on their monetary value which shall be determined by referencing the their market price.

- 彼等須促使北京聯眾之股東會議及董事會根據外商獨資企業1之指示通過股東決議案及董事會決議案；及
- 除非中國法律另行強制性要求，否則未經外商獨資企業1事先書面同意，不可解散或清算北京聯眾。

股份質押協議1

北京聯眾之股東與外商獨資企業1於二零一四年一月二十八日訂立股份質押協議(「**股份質押協議1**」)。根據股份質押協議1，北京聯眾之股東無條件及不可撤銷地向外商獨資企業1抵押其擁有之北京聯眾之所有股份(包括就有關股份支付之任何利息或股息)，作為北京聯眾及其股東履行其於獨家服務總協議1、業務合作協議1、獨家購股權協議1及北京聯眾、其股東與外商獨資企業1之間不時簽署之其他協議(統稱「**主要協議1**」)項下義務之質押品。

抵押應持續有效，直至各方已同意終止股份質押協議1、主要協議1之履行令外商獨資企業1滿意或所有主要協議1已屆滿或已終止。

於發生違約事件(定義見股份質押協議1)後及於違約事件持續發生期間，外商獨資企業1應有權要求北京聯眾之股東立即支付北京聯眾根據獨家服務總協議1應支付之任何款項、償還任何貸款並支付任何其他到期付款，且外商獨資企業1應有權作為被擔保方根據任何適用之中國法律行使所有有關權利，包括但不限於：(i)於向抵押人發出三天之書面通知後在一次或多次公開或私人出售時出售全部或任何抵押部分，及(ii)與北京聯眾之股東簽署一份協議根據其貨幣價值(應參照其市場價格予以釐定)收購抵押股份。

Directors' Report (Continued)

董事會報告(續)

Proxy Agreement 1 and Power of Attorney 1

Beijing Lianzhong, each of its shareholders and the WFOE 1 entered into a proxy agreement and power of attorney on 28 January 2014 (the **"Proxy Agreement 1 and Power of Attorney 1"**). Under the Proxy Agreement 1 and Power of Attorney 1, each shareholder irrevocably appointed the WFOE 1 (as well as its successors, including a liquidator, if any, replacing the WFOE 1) as its attorney-in-fact to exercise on its behalf, and agreed and undertook not to exercise without such attorney-in-fact's prior written consent, any and all right that it has in respect of its shares in Beijing Lianzhong, including without limitation:

- to call and attend shareholders' meetings of Beijing Lianzhong, and receive notices and materials with respect to the shareholders' meeting;
- to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
- to vote by itself or by proxy on any matters discussed on shareholders' meetings of Beijing Lianzhong, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Beijing Lianzhong;
- to sell, transfer, pledge or dispose of any or all of the shares in Beijing Lianzhong;
- to nominate, appoint or remove the directors, supervisors and senior management of Beijing Lianzhong when necessary;
- to oversee the economic performance of Beijing Lianzhong;
- to have full access to the financial information of Beijing Lianzhong at any time;
- to file any shareholder lawsuits or take other legal actions against Beijing Lianzhong's directors or senior management members when such directors or members are acting to the detriment of the interest of Beijing Lianzhong or its shareholder(s);
- to approve annual budgets or declare dividends;
- to manage and dispose of the assets of Beijing Lianzhong;

委託協議1及授權委託書1

北京聯眾、其各位股東與外商獨資企業1於二零一四年一月二十八日訂立委託協議及授權委託書(「**委託協議1及授權委託書1**」)。根據委託協議1及授權委託書1，各股東不可撤銷地委任外商獨資企業1(以及取代外商獨資企業1之繼承者，包括清算人(如有))擔任其實際代理人以代表其行使並同意及承諾不會在未經有關實際代理人事先書面同意之情況下行使其與北京聯眾之股份有關之任何及所有權利，包括但不限於：

- 召開及出席北京聯眾之股東會議、收取與股東會議有關之通知及材料；
- 以有關股東之名義並代表有關股東簽立及交付任何及所有書面決議案及會議紀要；
- 由其自身或由代理人對就北京聯眾股東會議討論之任何事項進行投票，包括但不限於出售、轉讓、抵押、質押或處置北京聯眾之任何或所有資產；
- 出售、轉讓、抵押或處置北京聯眾之任何或所有股份；
- 於必要時提名、委任或罷免北京聯眾之董事、監事及高級管理層；
- 監督北京聯眾之經濟效益；
- 於任何時候對北京聯眾之財務資料擁有完全使用權；
- 當北京聯眾之董事或高級管理層成員之行為有損於北京聯眾或其股東權益時，對有關董事或成員提出任何股東訴訟或採取其他法律行動；
- 批准年度預算或宣派股息；
- 管理及處置北京聯眾之資產；

Directors' Report (Continued)

董事會報告(續)

- have the full rights to control and manage Beijing Lianzhong's finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);
- to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and any other rights conferred by the articles of association of Beijing Lianzhong and/or the relevant laws and regulations on the shareholders.

In addition, if any share transfer is contemplated under the Exclusive Option Agreement 1 and the Share Pledge Agreement 1 that Beijing Lianzhong's shareholders enter into for the benefits of the WFOE 1 or its affiliate, the WFOE 1 shall have the right to sign the share transfer agreement and other relevant agreements and to perform the Exclusive Option Agreement 1 and the Share Pledge Agreement 1.

The Proxy Agreement 1 and Power of Attorney 1 shall remain effective as long as Beijing Lianzhong exists. Beijing Lianzhong's shareholders shall not have the right to terminate the Proxy Agreement 1 and Power of Attorney 1 or to revoke the appointment of the attorney-in-fact without the prior written consent of the WFOE 1.

Save as disclosed above, there were no new contractual arrangements entered into, renewed or reproduced among Beijing Lianzhong and its shareholders, and the WFOE 1 during the year ended 31 December 2017. There was no material change in the Contractual Arrangements 1 and/or the circumstances under which they were adopted for the year ended 31 December 2017.

For the year ended 31 December 2017, none of the Contractual Arrangements 1 has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements 1 has been removed.

- 擁有完全控制及管理北京聯眾財務、會計及日常運營之權利(包括但不限於簽署及執行合約以及繳納政府稅項及關稅)；
- 批准任何文件於相關政府主管部門或監管機構備案；及北京聯眾之組織章程細則及／或與股東有關之相關法律法規賦予之任何其他權利。

此外，倘根據北京聯眾之股東為外商獨資企業1及其聯屬人士之利益訂立之獨家購股權協議1及股份質押協議1擬進行任何股份轉讓，則外商獨資企業1應有權簽署股份轉讓協議及其他相關協議並履行獨家購股權協議1及股份質押協議1。

只要北京聯眾繼續存在，委託協議1及授權委託書1應持續有效。未經外商獨資企業1事先書面同意，北京聯眾之股東無權終止委託協議1及授權委託書1或取消實際代理人之委任。

除上文所披露者外，於截至二零一七年十二月三十一日止年度期間，北京聯眾及其股東與外商獨資企業1並無訂立、更新或重新訂立新合約安排。截至二零一七年十二月三十一日止年度，合約安排1及／或其採納的情況並無重大改變。

截至二零一七年十二月三十一日止年度，由於引致採納合約安排1項下的結構化合約限制並無移除，因此並無合約安排1已解除。

Directors' Report (Continued)

董事會報告(續)

Revenue and Assets subject to the Contractual Arrangements 1

The revenue, profit for the year and total assets subject to the Contractual Arrangements 1 are set out as follows:

		Year ended 31 December 2017 截至二零一七年 十二月三十一日止年度 RMB'000 人民幣千元	Year ended 31 December 2016 截至二零一六年 十二月三十一日止年度 RMB'000 人民幣千元	Year ended 31 December 2015 截至二零一五年 十二月三十一日止年度 RMB'000 人民幣千元
Revenue	收入	523,330	747,481	686,823
Profit for the year	年內利潤	98,431	167,849	126,731
		As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元	As at 31 December 2016 於二零一六年 十二月三十一日 RMB'000 人民幣千元	As at 31 December 2015 於二零一五年 十二月三十一日 RMB'000 人民幣千元
Total assets	總資產	841,217	899,640	571,070

For the year ended 31 December 2017, the revenue and profit for the year subject to the Contractual Arrangements 1 amounted to approximately 84.8% (2016: 85.8%, 2015: 89.2%) and -229.1% (2016: 120.4%, 2015: 113.1%) of the revenue and loss for the year of the Group respectively.

As at 31 December 2017, the total assets subject to the Contractual Arrangements 1 amounted to approximately 52.0% (2016: 63.0%, 2015: 47.9%) of the total assets of the Group.

合約安排1項下的收益及資產

合約安排1項下的年內收益、利潤及總資產載列如下：

截至二零一七年十二月三十一日止年度，合約安排1項下之年內收入及利潤分別達本集團年內收入及虧損的約84.8%（二零一六年：85.8%，二零一五年：89.2%）及-229.1%（二零一六年：120.4%，二零一五年：113.1%）。

於二零一七年十二月三十一日，合約安排1項下之總資產達本集團總資產的約52.0%（二零一六年：63.0%，二零一五年：47.9%）。

Directors' Report (Continued)

董事會報告(續)

In the opinion of our PRC legal advisor King & Wood Mallesons ("**PRC Legal Advisor**") dated 26 January 2016, the Contractual Arrangements 1 are valid, binding and are in compliance with and enforceable under the applicable PRC laws and regulations, except that the Contractual Arrangements 1 provide that the arbitral tribunal or the arbitrators may award remedies over the shares or land assets of Beijing Lianzhong, relief or winding up of Beijing Lianzhong, and that courts of competent jurisdictions are empowered to grant interim injunctive relief or other interim relief in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances, while under PRC laws, an arbitral tribunal or the arbitrators has no power to grant injunctive relief or provisional or final liquidation order to preserve the assets or any shares of Beijing Lianzhong in case of dispute.

VIE Structure 2

On 9 February 2017, the Board announced that the Group was conducting a series of reorganization steps that involve, among other things, (i) the Group establishing a new VIE structure by entering into new VIE agreements (collectively, the Master Exclusive Service Agreement 2, the Business Cooperation Agreement 2, the Proxy Agreement 2 and Power of Attorney 2, and the Exclusive Option Agreement 2 and the Share Pledge Agreement 2) (the "**Contractual Arrangements 2**") among Tianjin Lianzhong Lequ Technology Development Co., Ltd. (the "**WFOE 2**") and Beijing Guangyao Hudong Technology Development Co., Ltd. ("**Beijing Guangyao**"), a limited liability company established in the PRC which is owned as to 100% by Mr. Liang Jie (the "**Registered Owner**"), and (ii) Beijing Lianzhong entering into asset transfer agreements with Beijing Guangyao, pursuant to which Beijing Lianzhong would transfer certain assets relating to the eSports, sports e-commerce business and other non-card-and-board games new internet businesses of the Group ("**eSports Business**") to Beijing Guangyao. Beijing Guangyao will principally be engaged in the eSports Business. Please refer to the announcement of the Company dated 9 February 2017 for further details.

After the signing of the Contractual Arrangements 2, the financial results of Beijing Guangyao is accounted for and consolidated in the accounts of the Group. Beijing Guangyao is therefore accounted for as if it is a wholly-owned subsidiary of the Company ("**VIE Structure 2**"). The Registered Owner, as the sole shareholder of Beijing Guangyao, becomes a connected person of the Company under Chapter 14A of the Listing Rules. As Beijing Guangyao is wholly-owned by the Registered Owner, Beijing Guangyao becomes an associate of the Registered Owner and is a connected person of the Company. Accordingly, the Contractual Arrangements 2 constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

根據我們中國法律顧問金杜律師事務所(「**中國法律顧問**」)於二零一六年一月二十六日發表的意見，合約安排1屬有效、具約束力及遵守適用的中國法律及法規且可強制執行，惟合約安排1規定仲裁庭或仲裁員可對北京聯眾的股份或土地資產授予補救措施、可解散或清盤北京聯眾，且有關司法權區的主管法院有權在成立仲裁庭之前或在適當時候授出臨時禁制令補救措施或其他臨時補救措施以支持仲裁，根據中國法律，在產生糾紛的情況下，仲裁庭或仲裁員無權授出禁制令補救措施或臨時或最終清盤令以保留北京聯眾的資產或任何股份。

可變權益實體架構2

於二零一七年二月九日，董事會宣佈本集團正進行一系列之重組措施，其中包括，(i)本集團通過天津聯眾樂趣科技發展有限公司(「**外商獨資企業2**」)、北京光曜互動科技發展有限公司(「**北京光曜**」，一家由梁傑先生(「**登記持有人**」)擁有全部權益之於中國成立的有限公司)訂立的新可變權益實體協議(獨家服務總協議2、業務合作協議2、委託協議2及授權委託書2、獨家購股權協議2及股份質押協議2之統稱)(「**合約安排2**」)以建立新可變權益實體架構，及(ii)北京聯眾與北京光曜訂立資產轉讓協議，據此，北京聯眾將有關本集團電子競技、體育電商業務以及其他非棋牌遊戲等新網絡業務(「**電子競技業務**」)之若干資產轉讓予北京光曜。北京光曜將主要從事電子競技業務。有關進一步詳情請參閱本公司日期為二零一七年二月九日之公告。

簽署合約安排2後，北京光曜之財務業績入賬並合併至本集團賬目。北京光曜因此被視作本公司之全資附屬公司(「**可變權益實體架構2**」)進行入賬處理。根據上市規則第14A章，登記持有人(作為北京光曜之唯一股東)將成為本公司之關連人士。由於北京光曜由登記持有人全資擁有，北京光曜成為登記持有人之一名聯繫人並為本公司之關連人士。因此，合約安排2構成上市規則第14A章項下本公司之持續關連交易。

Directors' Report (Continued)

董事會報告(續)

Reasons for the Contractual Arrangements 2

Since the Listing, the Group's business has grown at a significant pace and the Group's product offerings have significantly expanded. The Group has evolved from a pure integrated online card and board game platform, offering both PC games and mobile games to a global mind sports business offering online and offline products in the PRC and worldwide. The Group now holds various investments in mind sports across an array of platforms including PC, mobile and real life tournaments. The VIE Structure 2 separates the Group's eSports business from the online games business. The VIE Structure 1 will remain in place for the Group's management of its online games business.

As disclosed in the Prospectus, due to applicable laws and regulatory restrictions on foreign ownership in the telecommunications industry (including online games, eSports and other internet related businesses) in the PRC and restrictions on foreign investors conducting value-added telecommunications services, the Group operates its businesses, including the Group's expanded eSports business, in the PRC through Beijing Lianzhong, and the Group has in place a series of contractual arrangements with Beijing Lianzhong that are designed to allow the Company to exercise control over the operations of Beijing Lianzhong and enjoy the economic benefits generated by Beijing Lianzhong. Please refer to the section headed "Contractual Arrangements" of the Prospectus for the detailed reasons as to why our businesses are required to be carried out by way of contractual arrangements from a perspective of compliance with PRC laws.

The Group's eSports business and the Group's traditional online card and board games business (the "Online Games Business") are very different and at different stages of maturity, requiring different strategies, resources and management personnel. The VIE Structure 2 will allow the Group to better manage the eSports Business and the Online Games Business. Each of Beijing Lianzhong and Beijing Guangyao will have different profit and loss focuses, and the Group will have in place separate management personnel that are suitable to the respective business. Having separate entities operating the respective business will also allow the Group to more easily set appropriate key performance indicators for the respective businesses, management and employees, and for the Group to devise incentives and remunerations that are appropriate in each case.

合約安排2之理由

自上市後，本集團的業務顯著增長且本集團的產品供應大力擴展。本集團從一個單純提供PC遊戲和移動遊戲的綜合在線棋牌遊戲平台，發展為在中國及全球提供在線及線下產品的全球智力運動業務。當前，本集團於智力運動行業持有多種投資，涵蓋一系列平台，包括PC端、移動端及真實賽事。可變權益實體架構2將本集團的電子競技業務從網絡遊戲業務區分開來。可變權益實體架構1將仍用於本集團管理其網絡遊戲業務。

誠如招股章程所披露，由於適用法律及規例限制電信行業(包括網絡遊戲、電子競技及其他互聯網有關的業務)的外資擁有權及限制外國投資者進行增值電信服務，本集團在中國通過北京聯眾經營其業務，包括本集團擴大的電競業務，且本集團與北京聯眾訂立一系列合約安排，旨在允許本公司對北京聯眾的經營實施控制並享有北京聯眾產生的經濟收益。有關業務須從遵守中國法律的角度以合約安排方式實施的詳細原因，請參閱招股章程「合約安排」一節。

本集團電子競技業務與本集團的傳統網絡棋牌遊戲業務(「網絡遊戲業務」)不盡相同且處於不同的成熟階段，需要不同的策略、資源及管理人員。可變權益實體架構2將允許本集團更好地管理電子競技業務及網絡遊戲業務。北京聯眾及北京光曜各自將會有不同的利潤及虧損重點，且本集團將安排適合不同業務的管理人員。擁有單獨的實體經營不同的業務亦使得本集團將更容易為不同業務、管理層及僱員以及本集團制定恰當之獎勵和報酬設定合適的重要績效指標。

Directors' Report (Continued)

董事會報告(續)

Also, in order to further expand the Group's eSports business, the Company may be required to obtain additional sources of funding in the future, such as by way of introducing third party investors either at the Company level or at the subsidiary level. Although the Company does not have any concrete plans as at the date of this directors' report to introduce any third party investors, the separation of the eSports business and the Online Games Business via separate variable interest entity structures will allow the Company to have flexibility in the future to introduce investors depending on the actual business needs of the Company and negotiation with potential investors.

The Group believes that such added flexibilities and focus will be instrumental to nurturing and growing the eSports business while continuing to maintain a healthy growth in the Online Games Business. Further details of the reasons for the Contractual Arrangements 2 are set out in the announcement of the Company dated 9 February 2017.

Risks associated with the Contractual Arrangements 2

We believe the following risks are associated with the Contractual Arrangements 2:

- If the PRC government finds that the agreements that establish the structure for operating our business in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or their interpretations change in the future, we could be subject to severe penalties and our business may be materially and adversely affected.
- The Group relies on the Contractual Arrangements 2 to control and obtain economic benefits from Beijing Guangyao, which may not be as effective in providing operational control as equity ownership.
- The shareholders of Beijing Guangyao may have conflicts of interest with us, which may materially and adversely affect our business and financial condition.
- Certain terms of the Contractual Arrangements 2 may not be enforceable under PRC laws.
- We may lose the ability to use and enjoy assets held by Beijing Guangyao that are important to the operation of our business if Beijing Guangyao declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

同時，為進一步發展本集團電子競技業務，本公司須於未來取得額外的資金來源，如通過引入本公司層面或附屬公司層面的第三方投資者。儘管於本董事會報告日期本公司並無任何引入任何第三方投資者的具體計劃，但通過分離可變權益實體架構將電子競技業務與網絡遊戲業務分離可使本公司於未來靈活地引入投資者，惟須取決於本公司的實際業務需求及與潛在投資者的磋商。

本集團相信，該等增加的靈活性及關注將有利於培養和發展電子競技業務，同時持續維持網絡遊戲業務的健康發展。有關合約安排2之理由之進一步詳情載於本公司日期為二零一七年二月九日之公告。

與合約安排2有關之風險

我們認為，下列風險與合約安排2有關：

- 倘中國政府發現有關於我們中國業務運營之合約安排並不符合適用中國法律及法規，或倘該等法律及法規或其詮釋未來出現變動，我們將受到嚴重處罰，且我們之業務將受到重大不利影響。
- 本集團依賴合約安排2控制及從北京光曜獲得經濟利益，於提供經營控制方面，可能不及所有權控制有效。
- 北京光曜股東可能與我們產生利益紛爭，從而對我們的業務及財務狀況產生重大不利影響。
- 合約安排2之若干條款或不可根據中國法律執行。
- 倘北京光曜宣告破產或進行解散或清算程序，我們可能失去使用及享有北京光曜持有之對我們業務營運屬重要之資產的權利。

Directors' Report (Continued)

董事會報告(續)

- The Contractual Arrangements 2 between the WFOE 2 and Beijing Guangyao may subject our Group to increased income tax due to the different income tax rates applicable to the WFOE 2 and Beijing Guangyao, which may adversely affect our results of operations.
- The Group's exercise of the options to acquire equity interests of Beijing Guangyao may be subject to certain limitations and the ownership transfer may subject us to substantial costs.
- The Contractual Arrangements 2 between the WFOE 2 and Beijing Guangyao may be subject to scrutiny by the PRC tax authorities and any finding that we or Beijing Guangyao owe additional taxes could substantially reduce our consolidated net income and the value of our Shareholders' investment.

Mitigation actions taken by the Company

The same mitigation actions as that for the VIE Structure 1 have been and will be taken for the VIE Structure 2:

- The Company has existing protections measures under the Contractual Arrangements 2. The Company's Risk Management Committee will regularly review the compliance and performance of such conditions under the Contractual Arrangements 2.
- The Company's public affair department and legal department will deal with matters relating to compliance and regulatory enquiries from relevant PRC authorities and report to the Board on a regular basis.
- Legal advisers and other professionals have been and will continue to be retained to assist the Company to deal with related matters arising from the Contractual Arrangements 2, and the auditor of the Group will be engaged to provide annual confirmations regarding the Contractual Arrangements 2.

Contractual Arrangements 2

The Contractual Arrangements 2 under the VIE Structure 2 are on substantially the same terms as those currently in place under the VIE Structure 1, save as to the identity of the operating vehicle, the identity of the wholly foreign owned enterprise, and the identity of the registered owners of the respective operating vehicle.

- 外商獨資企業2與北京光曜之合約安排2可能導致本集團所得稅增加，乃由於外商獨資企業2與北京光曜適用之不同所得稅率對我們的經營業績可能造成不利影響。
- 本集團行使購股權收購北京光曜股權可能受限於若干限制，且所有權轉讓可能產生大量成本。
- 外商獨資企業2與北京光曜之間之合約安排2可能需經中國稅務機關檢查，任何有關我們或北京光曜虧欠額外稅項之發現將大幅降低我們的綜合收益淨額及我們股東之投資價值。

本公司採取之緩和措施

本公司已經並將對可變權益實體架構2採取與可變權益實體架構1相同之緩和措施：

- 本公司擁有合約安排2項下現有保護措施。本公司風險管理委員會將定期審查合約安排2項下相關條件之遵守及履行情況。
- 本公司之公共事務部及法律部門將處理合規有關情況及政府部門查詢事項，並定期向董事會報告。
- 法律顧問及其他專業人士已及將繼續協助本公司處理合約安排2產生之有關事項，且本集團已委聘核數師就合約安排2提供年度確認。

合約安排2

可變權益實體架構2項下合約安排2之條款基本上與可變權益實體架構1項下當前實行之條款相同，惟運營實體身份、外商獨資企業身份及各自營運實體登記持有人身份除外。

Directors' Report (Continued)

董事會報告(續)

As at the date of this Directors' Report, the Contractual Arrangements 2 comprised six agreements, namely (a) the Master Exclusive Service Agreement 2, (b) the Business Cooperation Agreement 2, (c) the Exclusive Option Agreement 2, (d) the Share Pledge Agreement 2, (e) the Proxy Agreement 2 and (f) the Power of Attorney 2.

In relation to the Contractual Arrangements 2 under the VIE Structure 2, the Company will fulfill and comply with the same conditions as those imposed on the contractual arrangements under the VIE Structure 1 as disclosed on pages 150 to 152 of the Prospectus, mutatis mutandis.

The following diagram illustrates how economic benefits flow from Beijing Guangyao to our Group under the Contractual Arrangements 2:

於本董事會報告日期，合約安排2由六項協議組成，即(a)獨家服務總協議2、(b)業務合作協議2、(c)獨家購股權協議2、(d)股份質押協議2、(e)委託協議2及(f)授權委託書2。

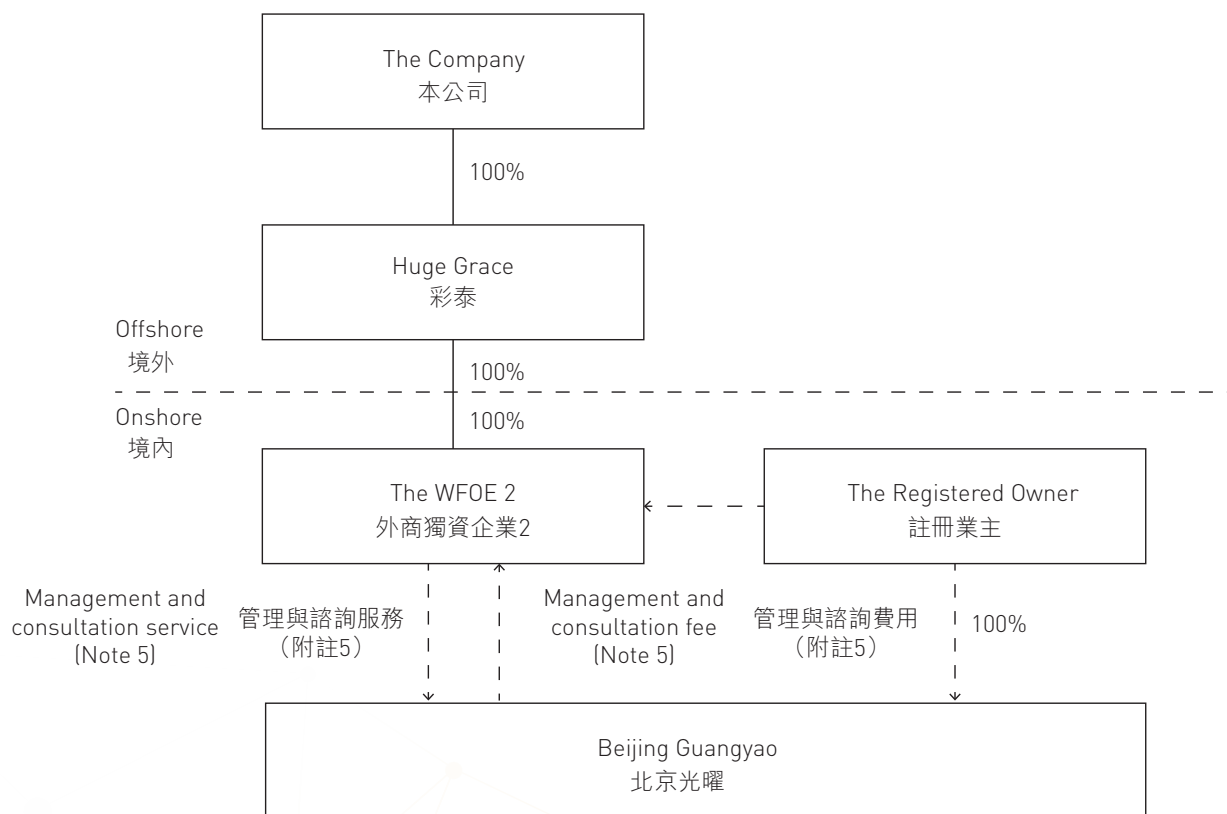
在可變權益實體架構2項下合約安排2方面，本公司將履行並遵守與對招股章程第150至152頁所披露之可變權益實體架構1項下合約安排施加之條件相同之條件(經作出必要之修訂)。

下表闡述根據合約安排2，北京光曜為本集團帶來之經濟利益：

- | | |
|-----|--|
| (1) | Covenants not to materially affect Beijing Guangyao's assets and business and right to appoint directors and officers (Note 1) |
| (2) | Power of attorney to exercise all shareholders' rights in Beijing Guangyao (Note 2) |
| (3) | Exclusive option to acquire all or part of the equity interest in Beijing Guangyao (Note 3) |
| (4) | First priority security interest over the entire equity interest in Beijing Guangyao (Note 4) |
| (1) | 不會對北京光曜之資產及業務及委任董事及高級職員之權利產生重大影響之契諾(附註1) |
| (2) | 行使北京光曜所有股東權利之授權委託書(附註2) |
| (3) | 收購北京光曜全部或部分股權之獨家購股權(附註3) |
| (4) | 於北京光曜全部股權的第一優先抵押權益(附註4) |

Directors' Report (Continued)

董事會報告(續)



Notes:

1. Please refer to the section headed "Business Cooperation Agreement 2" for details.
2. Please refer to the section headed "Proxy Agreement and Power of Attorney 2" for details.
3. Please refer to the section headed "Exclusive Option Agreement 2" for details.
4. Please refer to the section headed "Share Pledge Agreement 2" for details.
5. Please refer to the section headed "Master Exclusive Service Agreement 2" for details.
6. "—" denotes direct legal and beneficial ownership in the equity interest and "---->" denotes contractual relationship.

附註：

1. 有關詳情，請參閱「業務合作協議2」一節。
2. 有關詳情，請參閱「委託協議及授權委託書2」一節。
3. 有關詳情，請參閱「獨家購股權協議2」一節。
4. 有關詳情，請參閱「股份質押協議2」一節。
5. 有關詳情，請參閱「獨家服務總協議2」一節。
6. 「—」表示於股權中之直接法定及實益所有權，「---->」表示合約關係。

Directors' Report (Continued)

董事會報告(續)

Master Exclusive Service Agreement 2

Beijing Guangyao entered into a master exclusive service agreement with the WFOE 2 on 9 February 2017 (the "**Master Exclusive Service Agreement 2**"), pursuant to which, in exchange for a quarterly service fee, Beijing Guangyao agreed to engage the WFOE 2 as its exclusive provider for the following services:

- providing technology development and transfer, and technical consulting services;
- providing occupation and pre-occupation staff training services;
- providing public relation services;
- providing market investigation, research and consulting services;
- providing mid- or short-term market development and market planning services;
- providing human resource management and internal information management;
- providing network development, upgrade and daily maintenance;
- providing sale services of self-produced products;
- licensing of software;
- providing maintenance services in respect of computer software and hardware system, database and computer servers;
- providing maintenance and upgrade services in respect of the online games;
- providing training services in respect of online game and eSports technology and operations;
- providing research and development services in respect of online game software and maintenance of the system;
- selling and authorising Beijing Guangyao to license software, and
- other services determined from time to time by the WFOE 2 according to the need of business and capacity of the WFOE 2 and its designated affiliates.

獨家服務總協議2

北京光曜於二零一七年二月九日與外商獨資企業2訂立獨家服務總協議(「**獨家服務總協議2**」)，據此，為換取季度服務費，北京光曜同意委聘外商獨資企業2擔任其以下服務之獨家供應商：

- 提供技術開發及轉讓以及技術諮詢服務；
- 提供在職及入職前員工培訓服務；
- 提供公共關係服務；
- 提供市場調查、研究及諮詢服務；
- 提供中期或短期市場開發及市場規劃服務；
- 提供人力資源管理及內部信息管理；
- 提供網絡開發、升級及日常維護；
- 提供自主生產產品之銷售服務；
- 軟件授權；
- 提供與電腦軟件及硬件系統、數據庫及電腦伺服器有關之維護服務；
- 提供與網絡遊戲有關之維護及升級服務；
- 提供與網絡遊戲及電子競技技術及經營有關之培訓服務；
- 提供與網絡遊戲軟件及系統維護有關之研發服務；
- 向北京光曜銷售及授權許可軟件；及
- 外商獨資企業2根據外商獨資企業2及其指定聯屬人士之業務需求及能力不時釐定之其他服務。

Directors' Report (Continued)

董事會報告(續)

The service fee is equal to 100% of the consolidated net profits of Beijing Guangyao. The WFOE 2 may adjust the service fee at its sole discretion with reference to the working capital requirements of the WFOE 2 and in accordance with several factors relating to the services provided, including (i) technical difficulty and complexity of the services; (ii) time spent in providing the services; (iii) contents and commercial value of the services; and (iv) the benchmark price of similar services in the market. Our PRC Legal Advisor is of the opinion that such payment of service fees is not subject to any legal or regulatory requirements in the PRC and does not violate any PRC laws.

Any intellectual properties developed by performance of the Master Exclusive Service Agreement 2, including but not limited to copyrights, trademarks, patents, technical secrets and knowhow, belong to the WFOE 2. If a development is based on the intellectual properties owned by Beijing Guangyao, Beijing Guangyao shall warrant and guarantee that such intellectual properties are flawless and it shall bear all damages and losses caused to the WFOE 2 by any flaw of such intellectual properties. The WFOE 2 has the right to recover all of its losses from Beijing Guangyao for liabilities to any third party.

The Master Exclusive Service Agreement 2 can be terminated by the WFOE 2 at any time upon 30 days' written notice to Beijing Guangyao. The Master Exclusive Service Agreement 2 shall also terminate upon the transfer of all the shares of Beijing Guangyao to the WFOE 2 and/or a third party designated by the WFOE 2 pursuant to the Exclusive Option Agreement 2.

Business Cooperation Agreement 2

Beijing Guangyao, the Registered Owner and the WFOE 2 entered into a business cooperation agreement on 9 February 2017 (the "**Business Cooperation Agreement 2**"). Under the Business Cooperation Agreement 2, Beijing Guangyao and the Registered Owner, jointly and severally, agreed and covenanted that, without obtaining the written consent of the WFOE 2, Beijing Guangyao shall not, and the Registered Owner shall cause Beijing Guangyao not to, engage in any transaction which may materially affect Beijing Guangyao's asset, obligation, right or operation, including without limitation:

- any activities not within its normal business scope, or operating its business in a way that is inconsistent with its past practice;
- merger, reorganization, acquisition or restructuring of its principal business or assets, or acquisition or investment in any other form;

服務費相等於北京光曜綜合淨利潤之100%。外商獨資企業2可參照外商獨資企業2之營運資本需求並根據與所提供服務有關之幾項因素全權調整服務費，包括(i)服務之技術難度及複雜性；(ii)提供服務時所用之時間；(iii)服務之內容及商業價值；及(iv)市場中類似服務之基準價格。我們的中國法律顧問認為，服務費付款毋須遵守中國法律法規規定且並未違反任何中國法律。

透過履行獨家服務總協議2所產生之任何知識產權(包括但不限於版權、商標、專利、技術機密及訣竅)均屬於外商獨資企業2。倘開發乃基於北京光曜所擁有之知識產權，則北京光曜須保證及擔保有關知識產權乃屬無瑕疵且其須承擔有關知識產權之任何瑕疵為外商獨資企業2帶來之所有損害及損失。外商獨資企業2有權對任何第三方之負債要求北京光曜彌補其所有損失。

獨家服務總協議2可由外商獨資企業2於向北京光曜發出三十天書面通知後之任何時間予以終止。獨家服務總協議2亦須於根據獨家購股權協議2向外商獨資企業2及／或外商獨資企業2指定之第三方轉讓北京光曜所有股份之後終止。

業務合作協議2

北京光曜、登記持有人及外商獨資企業2於二零一七年二月九日訂立業務合作協議(「**業務合作協議2**」)。根據業務合作協議2，北京光曜及登記持有人共同及個別同意並契諾，未獲得外商獨資企業2書面同意，北京光曜不可且北京光曜之登記持有人須促使北京光曜不參與可能對其資產、義務、權利或經營造成重大影響之任何交易，包括但不限於：

- 不在其正常業務範圍內之任何活動，或以與其過往做法不一致之方式經營其業務；
- 其主營業務或資產之合併、整合、收購或重組，或任何其他形式之收購或投資；

Directors' Report (Continued)

董事會報告(續)

- offering any loan to any third party, incurring any debt from any third party, or assuming any debt other than in the ordinary course of business;
- engaging, changing or dismissing any director or any senior management officer;
- selling to or acquiring from any third party, mortgaging, licensing or disposing of in other ways tangible or intangible assets, other than in the ordinary course of business;
- incurring, inheriting, assuming or guaranteeing any debt that are not incurred during the ordinary course of business, using its assets to provide security or other forms of guarantees to any third party, or setting up any other encumbrances over its assets;
- making any supplement, amendment or alternation to its articles of association and by-laws, increasing or decreasing of its registered capital or changing the structure of its registered capital in other manners;
- making a distribution of a dividend, or share interest or sponsorship interest in any way, provided that upon the written request of the WFOE 2, Beijing Guangyao shall immediately distribute part or all of its distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE 2 any such distribution;
- executing any material contract, except contracts executed in the ordinary course of business (for purpose of this subsection, the WFOE 2 may define a material contract at its sole discretion);
- selling, transferring, mortgaging or disposing of in any manner any legal or beneficial interest in its business or revenues, or allowing the encumbrance thereon of any security interest;
- dissolution or liquidation and distribution of residual assets; or
- causing any of its branches or subsidiaries to engage in any of the foregoing or enter into any contract, agreement or other legal documents which may lead to or result in any of the foregoing.
- 於正常業務過程以外，向任何第三方提供任何貸款，引致來自任何第三方之任何債務或承擔任何債務；
- 委聘、變更或解僱任何董事或任何高級管理人員；
- 除於正常業務過程以外，向任何第三方出售或收購、抵押、許可或以其他方式處置有形或無形資產；
- 引致、繼承、承擔或擔保並非於正常業務過程中引致之任何債務，使用其資產向任何第三方提供抵押品或其他形式之擔保或對其資產設置任何其他產權負擔；
- 對其組織章程細則及附則作出任何補充、修訂或變更，增加或減少其註冊資本或以其他方式改變其註冊資本之架構；
- 以任何方式作出股息或股份權益或發起權益之分派，惟前提條件為於外商獨資企業2發出書面請求後，北京光曜須立即向其股東分派其部分或全部可分派利潤，股東轉而應立即及無條件地向外商獨資企業2支付或轉讓任何有關分派；
- 除於正常業務過程中簽署之合約以外，簽署任何重大合約(就此分節而言，為外商獨資企業2可全權界定之重大合約)；
- 以任何方式出售、轉讓、抵押或處置其業務或收入之任何法定或實益權益，或認可任何抵押權益有關之產權負擔；
- 解散或清算及分派剩餘資產；或
- 促使其任何分公司或附屬公司從事任何前述交易或訂立任何合約、協議或可能致使或導致任何前述交易之其他法律文件。

Directors' Report (Continued)

董事會報告(續)

In addition, Beijing Guangyao agreed and covenanted to the WFOE 2 that Beijing Guangyao shall, and the shareholders of Beijing Guangyao shall cause Beijing Guangyao to:

- accept suggestions raised by the WFOE 2 over the engagement and replacement of employees, daily operations, dividend distribution and financial management systems of Beijing Guangyao, and Beijing Guangyao shall strictly abide by and perform accordingly;
- maintain Beijing Guangyao's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- conduct Beijing Guangyao's businesses in the ordinary course of business to maintain the asset value of Beijing Guangyao and refrain from any act or omission that may adversely affect Beijing Guangyao's operating status and asset value;
- provide the WFOE 2 with information on Beijing Guangyao's business operations and financial condition at the request of the WFOE 2;
- if requested by the WFOE 2, procure and maintain insurance in respect of Beijing Guangyao's assets and business from an insurance carrier acceptable to the WFOE 2, at an amount and type of coverage typical for companies that operate similar businesses;
- immediately notify the WFOE 2 of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing Guangyao's assets, business or revenue; and
- execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims so as to maintain the ownership by Beijing Guangyao of all of its assets.

此外，北京光曜同意並向外商獨資企業2契諾，北京光曜應且其股東應促使北京光曜：

- 接受外商獨資企業2對以下事項提出之建議：北京光曜僱員之委聘及更換、日常經營、股息分派及財務管理系統，且北京光曜須相應地嚴格遵守並履行；
- 透過審慎及有效地經營其業務及處理其事務，根據良好之財務及業務標準及慣常做法維持北京光曜之企業存續；
- 於正常業務過程中開展北京光曜之業務以保持北京光曜之資產價值並避免可能對北京光曜之經營狀況及資產價值造成不利影響之任何作為或疏忽；
- 於外商獨資企業2提出要求時向外商獨資企業2提供與北京光曜業務經營及財務狀況有關之資料；
- 倘外商獨資企業2提出要求，則按經營類似業務之公司典型之保險金額及類型，就北京光曜之資產及業務購買及維持外商獨資企業2可接受之承保人之保險；
- 立即通知外商獨資企業2發生或可能發生與北京光曜之資產、業務或收入有關之任何訴訟、仲裁或行政程序；及
- 簽署所有必要或適當之文件、採取所有必要或適當之行動以及提出所有必要或適當之投訴或對所有申索提出必要及適當之抗辯，以便保持北京光曜對其所有資產之所有權。

Directors' Report (Continued)

董事會報告(續)

According to the Business Cooperation Agreement 2, the Registered Owner shall only appoint persons designated by the WFOE 2 as directors, the general manager, the chief financial officer and other senior management members of Beijing Guangyao, and the Registered Owner shall dismiss any such directors or senior management members upon the request of the WFOE 2. Beijing Guangyao and the Registered Owner also jointly and severally covenanted that Beijing Guangyao shall seek appropriate approval from the WFOE 2 prior to entering in to any material contract.

Furthermore, the Registered Owner agreed that, unless required by the WFOE 2, he shall not put forward, or vote in favour of, any shareholder's resolution to, or otherwise request Beijing Guangyao to, distribute profits, funds, assets or property to the Registered Owner, or to issue any dividends or other distributions with respect to the shares of Beijing Guangyao held by the Registered Owner.

The Business Cooperation Agreement 2 shall remain effective as long as Beijing Guangyao exists, unless the WFOE 2 terminates it upon 30 days' advance written notice or upon the transfer of all the shares in Beijing Guangyao held by the Registered Owner to the WFOE 2 and/or a third party designated by the WFOE 2.

Exclusive Option Agreement 2

Beijing Guangyao and the Registered Owner entered into an exclusive option agreement with the WFOE 2 on 9 February 2017 (the "**Exclusive Option Agreement 2**"), pursuant to which the WFOE 2 has a right to require the Registered Owner to transfer any or all the shares of Beijing Guangyao he holds to the WFOE 2 and/or a third party designated by it, in whole or in part at any time and from time to time, at the lowest price allowable under PRC laws and administration regulations at the time of transfer.

The Exclusive Option Agreement 2 shall remain effective as long as Beijing Guangyao exists, and cannot be terminated by either Beijing Guangyao or the Registered Owner. The Exclusive Option Agreement 2 can be terminated (i) by the WFOE 2 at any time upon 30 days' advance written notice to Beijing Guangyao or the Registered Owner; or (ii) upon the transfer of all the shares held by the shareholders to the WFOE 2 and/or a third party designated by the WFOE 2.

根據業務合作協議2，登記持有人僅可委任外商獨資企業2指定之人士擔任北京光曜之董事、總經理、首席財務官及其他高級管理層成員，且登記持有人須於外商獨資企業2提出要求後解僱任何有關董事或高級管理層成員。北京光曜及登記持有人亦共同及個別契諾，北京光曜須於訂立任何重大合約之前尋求外商獨資企業2之適當批准。

此外，登記持有人同意，除非外商獨資企業2要求，彼等不可提出或投票贊成任何股東決議案或以其他方式要求北京光曜向登記持有人分派利潤、資金、資產或物業或就登記持有人持有之北京光曜股份發放任何股息或其他分派。

除非外商獨資企業2於發出三十天提前書面通知後或向外商獨資企業2及／或外商獨資企業2指定之第三方轉讓登記持有人持有之北京光曜所有股份後終止業務合作協議2，否則只要北京光曜繼續存在，業務合作協議2應持續有效。

獨家購股權協議2

北京光曜及登記持有人與外商獨資企業2於二零一七年二月九日訂立獨家購股權協議（「**獨家購股權協議2**」），據此，外商獨資企業2有權要求各自之登記持有人於任何時候及不時按中國法律及行政法規於轉讓時許可之最低價格向外商獨資企業2及／或其指定之第三方全部或部分轉讓其持有之任何或所有北京光曜股份。

只要北京光曜繼續存在，獨家購股權協議2應持續有效，不可由北京光曜或登記持有人予以終止。獨家購股權協議2可以以下方式予以終止：(i)於向北京光曜及登記持有人發出三十天提前書面通知後之任何時候由外商獨資企業2予以終止；或(ii)於向外商獨資企業2及／或外商獨資企業2指定之第三方轉讓股東持有之所有股份後予以終止。

Directors' Report (Continued)

董事會報告(續)

Beijing Guangyao and the Registered Owner, among other things, have covenanted that:

- without the prior written consent of the WFOE 2, they shall not in any manner supplement, change or amend the articles of association and bylaws of Beijing Guangyao, increase or decrease its registered capital, or change the structure of its registered capital in other manners;
- they shall maintain Beijing Guangyao's corporate existence in accordance with good financial and business standards and practices by prudently and effectively operating its business and handling its affairs;
- without the prior written consent of the WFOE 2, they shall not sell, transfer, mortgage or dispose of in any manner any assets of Beijing Guangyao (except in the ordinary course of business), or legal or beneficial interest in the business or revenues of Beijing Guangyao, or allow the encumbrance thereon of any security interest;
- without the prior written consent of the WFOE 2, they shall not incur, inherit, guarantee or assume any debt, except for debts incurred in the ordinary course of business;
- they shall always operate all of Beijing Guangyao's businesses during the ordinary course of business to maintain the asset value of Beijing Guangyao and refrain from any action/omission that may adversely affect Beijing Guangyao's operating status and asset value;
- without the prior written consent of the WFOE 2, they shall not cause Beijing Guangyao to execute any material contract (as defined by the WFOE 2 at its sole discretion), except the contracts executed in the ordinary course of business;
- without the prior written consent of the WFOE 2, they shall not cause Beijing Guangyao to provide any person with any loan or credit other than in the course of ordinary business;
- they shall provide the WFOE 2 with information on Beijing Guangyao's business operations and financial condition at the request of the WFOE 2;

北京光曜及登記持有人(其中包括)已契諾：

- 未經外商獨資企業2事先書面同意，彼等不可以任何方式補充、變更或修訂北京光曜之組織章程細則及附則、增加或減少其註冊資本或以其他方式改變其註冊資本之架構；
- 彼等須審慎及有效地經營其業務及處理其事務，根據良好之財務及業務標準及做法維持光曜之企業存續；
- 未經外商獨資企業2事先書面同意，彼等不可以任何方式出售、轉讓、抵押或處置北京光曜之任何資產(於正常業務過程中則除外)或北京光曜之業務或收入之法定或實益權益或認可任何抵押權益上之產權負擔；
- 未經外商獨資企業2事先書面同意，彼等不可引致、繼承、擔保或承擔任何債務(於正常業務過程中所引致之債務則除外)；
- 彼等應始終於正常業務過程中經營北京光曜之所有業務以保持光曜之資產價值並避免可能對光曜之經營狀況及資產價值造成不利影響之任何作為／疏忽；
- 除於正常業務過程中簽署之合約以外，未經外商獨資企業2事先書面同意，彼等不可促使北京光曜簽署任何重大合約(由外商獨資企業2全權界定)；
- 除於正常業務過程中以外，未經外商獨資企業2事先書面同意，彼等不可促使北京光曜向任何人士提供任何貸款或信貸；
- 於外商獨資企業2提出要求時，彼等須向外商獨資企業2提供與北京光曜之業務經營及財務狀況有關之資料；

Directors' Report (Continued)

董事會報告(續)

- if requested by the WFOE 2, they shall procure and maintain insurance in respect of Beijing Guangyao's assets and business from an insurance carrier acceptable to the WFOE 2, at an amount and type of coverage typical for companies that operate similar businesses;
- without the prior written consent of the WFOE 2, they shall not cause or permit Beijing Guangyao to merge, consolidate with, acquire or invest in any person;
- they shall immediately notify the WFOE 2 of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to Beijing Guangyao's assets, business or revenue;
- to maintain the ownership by Beijing Guangyao of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;
- they shall ensure that Beijing Guangyao shall not, without the prior written consent of the WFOE 2, in any manner distribute dividends to its shareholder(s), provided that upon the written request of the WFOE 2, Beijing Guangyao shall immediately distribute part or all of its distributable profits to its shareholder(s) who shall in turn immediately and unconditionally pay or transfer to the WFOE 2 any such distribution;
- at the request of the WFOE 2, they shall appoint any persons designated by the WFOE 2 as the directors and/or executive directors of Beijing Guangyao;
- they shall cause the meeting of shareholders and the board of directors of Beijing Guangyao to pass shareholders' resolutions and board resolutions in accordance with the instruction of the WFOE 2; and
- unless otherwise mandatorily required by PRC laws, Beijing Guangyao shall not be dissolved or liquidated without prior written consent by the WFOE 2.
- 倘外商獨資企業2提出要求，則彼等須按經營類似業務之公司典型之保險金額及類型，就北京光曜之資產及業務購買及維持來自外商獨資企業2可接受之承保人之保險；
- 未經外商獨資企業2事先書面同意，彼等不可促使或允許北京光曜合併、與之整合、收購或投資於任何人士；
- 彼等須立即通知外商獨資企業2發生或可能發生與北京光曜之資產、業務或收入有關之任何訴訟、仲裁或行政訴訟；
- 為保持北京光曜對其所有資產之所有權，彼等須簽署所有必要或適當之文件、採取所有必要或適當之行動以及提出所有必要或適當之投訴或對所有申索提出必要及適當之抗辯；
- 彼等須確保，未經外商獨資企業2事先書面同意，北京光曜不可以任何方式向其股東分派股息，惟前提條件為於外商獨資企業2發出書面要求後，北京光曜須立即向其股東分派其部分或全部可分派利潤，股東轉而應立即及無條件地向外商獨資企業2支付或轉讓任何有關分派；
- 於外商獨資企業2提出要求時，彼等須委任外商獨資企業2指定之任何人士擔任北京光曜之董事及／或執行董事；
- 彼等須促使北京光曜之股東會議及董事會根據外商獨資企業2之指示通過股東決議案及董事會決議案；及
- 除非中國法律另行強制性要求，否則未經外商獨資企業2事先書面同意，不可解散或清算北京光曜。

Directors' Report (Continued)

董事會報告(續)

Share Pledge Agreement 2

The Registered Owner entered into an share pledge agreement with the WFOE 2 on 9 February 2017 (the "**Share Pledge Agreement 2**"). Under the Share Pledge Agreement 2, the Registered Owner unconditionally and irrevocably agreed to pledge all of the shares of Beijing Guangyao that he owns, including any interest or dividend paid for such shares, to WFOE 2 as a security for the performance of the obligations by Beijing Guangyao and the Registered Owner under the Master Exclusive Service Agreement 2, the Business Cooperation Agreement 2, the Exclusive Option Agreement 2 and other agreements to be executed among Beijing Guangyao, the Registered Owner and the WFOE 2 from time to time (collectively the "**Principal Agreements 2**").

The pledge shall remain valid until all parties have agreed to terminate the Share Pledge Agreement 2, the Principal Agreements 2 have been fulfilled to the satisfaction of the WFOE 2 or all of the Principal Agreements 2 have expired or been terminated.

Proxy Agreement 2 and Power of Attorney 2

Beijing Guangyao and the Registered Owner entered into a proxy agreement and power of attorney with the WFOE 2 on 9 February 2017 (the "**Proxy Agreement 2 and Power of Attorney 2**"). Under the Proxy Agreement 2 and Power of Attorney 2, the Registered Owner irrevocably agreed to appoint the WFOE 2 (as well as its successors, including a liquidator, if any, replacing the WFOE 2) as its attorney-in-fact to exercise on its behalf, and agreed and undertook not to exercise without such attorney-in-fact's prior written consent, any and all right that he has in respect of its shares in Beijing Guangyao, including without limitation:

- to call and attend shareholders' meetings of Beijing Guangyao, and receive notices and materials with respect to the shareholders' meeting;
- to execute and deliver any and all written resolutions and meeting minutes in the name and on behalf of such shareholder;
- to vote by itself or by proxy on any matters discussed on shareholders' meetings of Beijing Guangyao, including without limitation, the sale, transfer, mortgage, pledge or disposal of any or all of the assets of Beijing Guangyao;
- to sell, transfer, pledge or dispose of any or all of the shares in Beijing Guangyao;

股份質押協議2

登記持有人與外商獨資企業2於二零一七年二月九日訂立股份質押協議(「**股份質押協議2**」)。根據股份質押協議2，登記持有人無條件及不可撤銷地同意向外商獨資企業2抵押其擁有之北京光曜之所有股份(包括就有關股份支付之任何利息或股息)，作為北京光曜及登記持有人履行其於獨家服務總協議2、業務合作協議2、獨家購股權協議2及北京光曜、登記持有人與外商獨資企業2之間不時簽署之其他協議(統稱「**主要協議2**」)項下義務之質押品。

抵押應持續有效，直至各方同意終止股份質押協議2、主要協議2之履行令外商獨資企業2滿意或所有主要協議2已屆滿或已終止。

委託協議2及授權委託書2

北京光曜、登記持有人與外商獨資企業2於二零一七年二月九日訂立委託協議及授權委託書(「**委託協議2及授權委託書2**」)。根據委託協議2及授權委託書2，登記持有人不可撤銷地同意委任外商獨資企業2(以及外商獨資企業2之繼承者，包括清算人(如有))擔任其實際代理人以代表其行使並同意及承諾不會在未經有關實際代理人事先書面同意之情況下行使其與北京光曜之股份有關之任何及所有權利，包括但不限於：

- 召開及出席北京光曜之股東會議、收取與股東會議有關之通知及材料；
- 以有關股東之名義並代表有關股東簽立及交付任何及所有書面決議案及會議紀要；
- 由其自身或由代理人對就北京光曜股東會議討論之任何事項進行投票，包括但不限於出售、轉讓、抵押、質押或處置北京光曜之任何或所有資產；
- 出售、轉讓、抵押或處置北京光曜之任何或所有股份；

Directors' Report (Continued)

董事會報告(續)

- to nominate, appoint or remove the directors, supervisors and senior management of Beijing Guangyao when necessary;
 - to oversee the economic performance of Beijing Guangyao;
 - to have full access to the financial information of Beijing Guangyao at any time;
 - to file any shareholder lawsuits or take other legal actions against Beijing Guangyao's directors or senior management members when such directors or members are acting to the detriment of the interest of Beijing Guangyao or its shareholder(s);
 - to approve annual budgets or declare dividends;
 - to manage and dispose of the assets of Beijing Guangyao;
 - to have the full rights to control and manage Beijing Guangyao's finance, accounting and daily operation (including but not limited to signing and execution of contracts and payment of government taxes and duties);
 - to approve the filing of any documents with the relevant governmental authorities or regulatory bodies; and
 - any other rights conferred by the articles of association of Beijing Guangyao and/or the relevant laws and regulations on the shareholders.
- 於必要時提名、委任或罷免北京光曜之董事、監事及高級管理層；
 - 監督北京光曜之經濟效益；
 - 於任何時候對北京光曜之財務資料擁有完全使用權；
 - 當北京光曜之董事或高級管理層成員之行為有損於北京光曜或其股東權益時，對有關董事或成員提出任何股東訴訟或採取其他法律行動；
 - 批准年度預算或宣派股息；
 - 管理及處置北京光曜之資產；
 - 擁有完全控制及管理北京光曜財務、會計及日常運營之權利(包括但不限於簽署及執行合約以及繳納政府稅項及關稅)；
 - 批准任何文件於相關政府主管部門或監管機構備案；及
 - 北京光曜之組織章程細則及／或與股東有關之相關法律法規賦予之任何其他權利。

In addition, if any share transfer is contemplated under the Exclusive Option Agreement 2 and the Share Pledge Agreement 2 that the Registered Owner enters into for the benefits of the WFOE 2 or its affiliate, the WFOE 2 shall have the right to sign the share transfer agreement and other relevant agreements and to perform the Exclusive Option Agreement 2 and the Share Pledge Agreement 2.

The Proxy Agreement 2 and Power of Attorney 2 will remain effective so long as Beijing Guangyao exists. Beijing Guangyao's shareholders will not have the right to terminate the Proxy Agreement 2 and Power of Attorney 2 or to revoke the appointment of the attorney-in-fact without the prior written consent of the WFOE 2.

此外，倘根據登記持有人為外商獨資企業2及其聯屬人士之利益訂立之獨家購股權協議2及股份質押協議2擬進行任何股份轉讓，則外商獨資企業2應有權簽署股份轉讓協議2及其他相關協議並履行獨家購股權協議2及股份質押協議2。

只要北京光曜繼續存在，委託協議2及授權委託書2應持續有效。未經外商獨資企業2事先書面同意，北京光曜之股東無權終止委託協議2及授權委託書2或取消實際代理人之委任。

Directors' Report (Continued)

董事會報告(續)

Revenue and Assets subject to the Contractual Arrangements 2

The revenue, profit for the year and total assets subject to the Contractual Arrangements 2 are set out as follows:

合約安排2項下的收入及資產

合約安排2項下的收入、年內利潤及總資產載列如下：

		Year ended 31 December 2017 截至二零一七年 十二月三十一日止年度 RMB'000 人民幣千元
Revenue	收入	29,521
Loss for the year	年內虧損	72,533
		As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Total assets	總資產	425,592

For the year ended 31 December 2017, the revenue and profit for the year subject to the Contractual Arrangements 2 amounted to approximately 4.8% and 168.9% of the revenue and loss for the year of the Group respectively.

As at 31 December 2017, the total assets subject to the Contractual Arrangements 2 amounted to approximately 26.3% of the total assets of the Group.

In the opinion of our PRC Legal Advisor dated 15 February 2017, the Contractual Arrangements 2 are valid, binding and are in compliance with and enforceable under the applicable PRC laws and regulations, except that the Contractual Arrangements 2 provide that the arbitral tribunal or the arbitrators may award remedies over the shares or land assets of Beijing Guangyao, relief or winding up of Beijing Guangyao, and that courts of competent jurisdictions are empowered to grant interim injunctive relief or other interim relief in support of the arbitration when formation of the arbitral tribunal is pending or under appropriate circumstances, while under PRC laws, an arbitral tribunal or the arbitrators has no power to grant injunctive relief or provisional or final liquidation order to preserve the assets or any shares of Beijing Guangyao in case of dispute.

截至二零一七年十二月三十一日止年度，合約安排2項下之年內收入及利潤分別達本集團年內收入及虧損的約4.8%及168.9%。

於二零一七年十二月三十一日，合約安排2項下之總資產達本集團總資產的約26.3%。

根據我們中國法律顧問於二零一七年二月十五日發表的意見，合約安排2屬有效、具約束力及遵守適用的中國法律及法規且可強制執行，惟合約安排2規定仲裁庭或仲裁員可對北京光耀的股份或土地資產授予補救措施、可解散或清盤北京光耀，且有關司法權區的主管法院有權在成立仲裁庭之前或在適當時候授出臨時禁制令補救措施或其他臨時補救措施以支持仲裁，根據中國法律，在產生糾紛的情況下，仲裁庭或仲裁員無權授出禁制令補救措施或臨時或最終清盤令以保留北京光耀的資產或任何股份。

Directors' Report (Continued)

董事會報告(續)

Confirmation from Independent Directors

The independent non-executive Directors reviewed the Contractual Arrangements 1 and the Contractual Arrangements 2 (the “**Continuing Connected Transactions**”) and the independent auditor’s report, and confirmed that the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms or better, and (iii) according to the relevant agreements governing each of the Continuing Connected Transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors also confirmed that no dividends or other distributions have been made by Beijing Lianzhong to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

Confirmations from the Company’s Independent Auditor

The Company’s auditor was engaged to report on the Group’s Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has confirmed in a letter to the Board that with respect to the Continuing Connected Transactions entered into in the year ended 31 December 2017:

- (a) nothing has come to their attention that causes the auditor to believe that the Continuing Connected Transactions have not been approved by the Board; and
- (b) nothing has come to their attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements under the Continuing Connected Transactions governing such transactions.

A copy of the auditor’s letter on the Continuing Connected Transactions of the Group for the year ended 31 December 2017 has been provided by the Company to the Stock Exchange.

獨立董事確認書

獨立非執行董事已審閱合約安排1及合約安排2(「**持續關連交易**」)以及獨立核數師報告，並確認持續關連交易乃(i)於本集團日常及一般業務過程中訂立；(ii)按正常或更佳商業條款訂立；及(iii)按規管各項持續關連交易之相關協議訂立，其條款屬公平合理且符合股東整體利益。

董事亦確認，北京聯眾概無向其股權隨後分配或轉讓予本集團之持有人作出股息或其他分派。

本公司獨立核數師確認書

本公司已委聘核數師，遵照香港會計師公會頒佈的香港鑒證業務準則第3000號(經修訂)「非審核或審閱過往財務資料的鑒證工作」，並參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」，對本集團的持續關連交易進行申報。核數師已於致董事會函件中確認，就於截至二零一七年十二月三十一日止年度訂立之持續關連交易而言：

- (a) 彼等概無注意到任何事宜，致使核數師認為持續關連交易並無獲得董事會批准；及
- (b) 彼等概無注意到任何事宜，致使核數師認為該等交易並非在所有重大方面按照規管該等交易的持續關連交易項下相關協議訂立。

本公司已向聯交所提供有關本集團截至二零一七年十二月三十一日止年度持續關連交易之核數師函件副本。

Directors' Report (Continued)

董事會報告(續)

22. PRINCIPAL RISKS AND UNCERTAINTIES

We believe that there are certain risks involved in our operations, some of which are beyond our control. The principal risks and uncertainties the Group is facing are as follows:

Risks relating to the Business and Industry of the Company

If the Group fails to continuously strengthen its existing games and launch new games, or if its top games lose their popularity, the Group may not be able to retain existing players and attract new players, which will adversely affect the business and results of the operation of the Group. The Group relies on third-party channels to distribute a substantial number of our games, and our business and results of operations may be adversely affected if these third-party channels breach their obligations to us, or if we fail to maintain relationships with a sufficient number of channels, or if our commercial arrangements with these third-party channels become less favorable to us, or if these channels lose popularity among internet users.

Risks and Uncertainties Related to Various PRC Laws and Regulations

We face risks and uncertainties relating to the applicability of certain PRC laws and regulations to our card and board games, and we cannot assure that such laws and regulations will not be interrupted in ways unfavorable to us. As electronic publications that provide telecommunication services and Internet culture services, online games are subject to various PRC laws and regulations of multiple government authorities including the Ministry of Industry and Information Technology of the PRC, the PRC State Administration of Press, Publication, Radio, Film and Television, the National Copyright Administration and the Ministry of Culture of the PRC. In February 2018, due to the increasingly strict regulation, a minor penalty of RMB50,000 in total were imposed on our two online games by the local authority of Culture administration, which has been paid off and we have completed the rectification as required as of the date of this annual report. There is no assurance that our online games will not further be deemed to violate any applicable PRC laws in the future. Similarly, there is no assurance that our game business will not be challenged or subject to any regulatory actions in the PRC. If we are forced to discontinue any of our existing games or if we are unable to offer any new games in the PRC due to regulatory restrictions, our business and growth prospects may be materially and adversely affected.

22. 主要風險和不確定性

我們認為，我們的營運涉及若干風險，其中若干風險並非我們所能控制。本集團面臨的主要風險及不確定因素如下：

與本公司業務及所在行業相關的風險

倘本集團未能持續鞏固其現有遊戲及推出新遊戲，或其頂級遊戲失去人氣，則本集團可能會無法保有現有玩家或吸引新玩家，這將對本集團的業務及經營業績造成不利影響。本集團依賴第三方渠道分銷我們的大部分遊戲，因此，如該等第三方渠道違反其應向我們履行的責任，或我們未能與足夠的渠道維持關係或倘我們與該等第三方渠道維持的商業安排不利於我們或倘該等渠道在網絡用戶中失去人氣，則我們的業務及經營業績會受到不利影響。

與中國法律和法規有關的風險及不確定性

我們面臨有關棋牌遊戲的若干中國法律及法規適用性的風險及不確定因素，且我們無法向閣下保證有關法律及法規將不會以不利我們的方式詮釋。提供電訊服務及互聯網文化服務，網路遊戲等電子出版業受若干中國法律及多個政府部門監督及監管，包括中華人民共和國工業和信息化部、中華人民共和國新聞出版總署、廣播電影電視總局、國家版權局和中華人民共和國文化部。由於監管日益嚴格，二零一八年二月，地方文化管理部門向我們的兩款線上遊戲下達了共計人民幣50,000元的罰金，截至本年報日期，我們已將該筆罰金全部繳清並按照要求完成了整改。無法保證我們的網路遊戲於未來將不會被視為違反任何適用中國法律。同樣地，無法保證我們的遊戲業務將不會受到質疑或面臨中國的任何監管行動。倘因監管限制我們被迫終止任何現有遊戲或倘我們不能於中國提供任何新遊戲，則我們的業務及增長前景或受到重大不利影響。

Directors' Report (Continued)

董事會報告(續)

In addition, our operation may be affected due to inappropriate behavior by our players. We have adopted policies and implemented measures to comply with applicable laws and regulate player behaviors. Our virtual game points and virtual goods can only be used in our games and have no monetary value outside our games. We prohibit players from engaging in transfers of virtual currency between themselves. We actively monitor such transfers and other offensive player behavior on our online game platform. However, we cannot assure you that all our players will comply with applicable laws and our policies or that we will not be held liable for their violations.

Risks relating to Preferential Tax Treatment

Under the Enterprise Income Tax Law, the current statutory enterprise income tax rate is 25%. Our PRC operating entity, Beijing Lianzhong, has been qualified as a High and New Technology Enterprise since 2008. Under the relevant PRC tax regulations, as a High and New Technology Enterprise, Beijing Lianzhong is entitled to a preferential tax rate of 15%. Beijing Lianzhong renewed this qualification in September 2014 for a three-year period commencing from October 2014. In addition, in December 2013, October 2016 and October 2017, Beijing Lianzhong was respectively accredited by the National Development and Reform Commission, the Ministry of Industry and Information Technology of the PRC, the Ministry of Finance, the Ministry of Commerce of the PRC and the State of Taxation as a Key Software Enterprise within National Planning Layout for the Years 2013-2014, and the Years 2015 and 2016. As a result, Beijing Lianzhong is entitled to a preferential income tax rate of 10% for the year ended 31 December 2016. The recognition for the Key Software Enterprise within National Planning Layout for the Year 2017 will be conducted in 2018; we will apply for renewal of this qualification according to applicable laws and regulations. If Beijing Lianzhong fails to renew the qualification as a Key Software Enterprise within National Planning Layout, its applicable enterprise income tax rate would be 15% for the year ended 31 December 2017.

此外，我們的運營或將受到玩家的不當行為之影響。我們已採納政策及實施遵守適用法律及規管玩家行為的措施。我們的虛擬遊戲點數及虛擬物品僅可用於我們的遊戲且於遊戲外無貨幣價值。我們禁止玩家彼此間進行未授權虛擬貨幣轉讓。我們積極監管我們網路遊戲平台的未授權交易及其他冒犯玩家的行為。然而，我們無法向閣下保證，我們所有玩家將遵守適用法律及我們的政策或我們將不會承擔彼等違法行為的責任。

與優惠稅待遇相關的風險

根據企業所得稅法，本公司當前的法定企業所得稅稅率為25%。我們的中國營運實體北京聯眾自二零零八年起合資格成為高新技術企業。根據相關中國稅務規定，作為高新技術企業，北京聯眾有權享有15%之優惠稅率。北京聯眾於二零一四年九月更新此項資格，自二零一四年十月起為期三年。此外，於二零一三年十二月、二零一六年十月及二零一七年十月，北京聯眾被國家發展和改革委員會、中國工業和信息化部、財政部、中國商務部及國家稅務總局認定為二零一三年至二零一四年、二零一五年及二零一六年國家規劃佈局內的重點軟件企業。因此，截至二零一六年十二月三十一日止年度，北京聯眾有權按10%之優惠所得稅稅率繳稅。二零一七年國家規劃佈局內的重點軟件企業的確證將於二零一八年進行，我們將根據適用法律及法規申請更新有關資格。倘北京聯眾未能更新其作為國家規劃佈局內的重點軟件企業的資格，則其截至二零一七年十二月三十一日止年度的適用企業所得稅按15%之稅率繳稅。

Directors' Report (Continued)

董事會報告(續)

Risks relating to our Corporate Structure

We rely on our contractual arrangements to control and obtain economic benefits from the PRC operating entities, Beijing Lianzhong and Beijing Guangyao, which may not be as effective in providing operational control as equity ownership. Meanwhile, the shareholders of Beijing Lianzhong and Beijing Guangyao may have conflicts of interest with us, which may materially and adversely affect our business and financial condition. Furthermore, if the PRC government finds that the contractual arrangements that established the structure for operating our business in China do not comply with applicable PRC laws and regulations, or if these laws and regulations or their interpretations change in the future, we could be subject to severe penalties and our business may be materially and adversely affected.

與企業架構相關的風險

我們依賴我們的合約安排控制中國營運實體北京聯眾和北京光曜並獲得經濟利益，可能未能如作為權益擁有人對其營運進行控制般有效。同時，北京聯眾和北京光曜股東可能與我們存在利益衝突，這可能對我們的業務及財務狀況造成重大不利影響。此外，倘中國政府發現合約安排所建立營運我們中國業務的架構未遵守適用中國法律及法規或倘該等法律及法規或其詮釋於未來發生變動，則我們將遭受嚴重處罰且我們的業務可能受到重大不利影響。

23. MANAGEMENT CONTRACTS

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

23. 管理合約

年內概無訂立或存在任何有關本公司全部或絕大部分業務管理與行政之合約。

24. MAJOR CUSTOMERS AND SUPPLIERS

The ultimate customers of the Group are individual players paying through payment channels. The average MAUs for the year 2017 for our self-developed PC games and mobile games were 6.26 million and 15.48 million respectively, MPUs for the year 2017 for our self-developed PC games and mobile games were 247.17 thousands and 1.18 million respectively, and ARPPU for the year 2017 for our self-developed PC games and mobile games were RMB90 and RMB18.4 respectively. For the year ended 31 December 2017, the five largest payment channels contributed a total of 39.66% of the Group's total revenue. Our largest payment channel contributed 11.86% of the Group's total revenue for the year 2017.

24. 主要客戶及供應商

本集團的最終客戶為透過付款渠道支付的個體玩家。我們的自主開發PC遊戲及移動遊戲於二零一七年的平均每月活躍用戶分別為6.26百萬名及15.48百萬名；我們的自主開發PC遊戲及移動遊戲於二零一七年的每月付費用戶分別為247.17千名及1.18百萬名；我們的自主開發PC遊戲及移動遊戲於二零一七年的付費用戶月均收入分別為人民幣90元及人民幣18.4元。截至二零一七年十二月三十一日止年度，五大支付渠道商合共為本集團整體收入貢獻39.66%。我們最大的支付渠道商於二零一七年為本集團的總收入貢獻11.86%。

During the year ended 31 December 2017, the purchases from the Group's five largest suppliers accounted for a total of 27.86% of the Group's total purchases from all of the suppliers. The purchases from our top supplier in 2017 accounted for approximately 11.20% of the Group's total purchases.

於截至二零一七年十二月三十一日止年度期間，從本集團五大供應商作出的採購額所佔本集團從所有供應商作出的總採購額比例為27.86%。於二零一七年，從我們的最大供應商的採購額佔本集團總採購額的約11.20%。

Directors' Report (Continued)

董事會報告(續)

None of the Directors, their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's issued shares) had an interest in any of the major customers or suppliers noted above.

概無董事、彼等之緊密聯繫人或任何股東(據董事所知擁有本公司已發行股份5%以上)於上述的任何主要客戶或供應商中擁有權益。

25. AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed the accounting principles and policies adopted by the Group and discussed the Group's internal controls and financial reporting matters with the management. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2017.

25. 審核委員會

本公司的審核委員會(「審核委員會」)已審核本集團所採納的會計原則及政策，並與管理層討論本集團的內部監控及財務報告事宜。審核委員會已審閱本集團截至二零一七年十二月三十一日止年度的經審計綜合財務報表。

26. PRE-EMPTIVE RIGHTS

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

26. 優先購買權

組織章程細則項下並無優先購買權之規定，儘管開曼群島法律並無有關對該等權利的限制條文。

27. EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 463 employees, 126 of which were responsible for game development and maintenance, 202 for game operation and offline events organization, 4 for TV shows and contents production, 87 for general administration and corporate management, and 44 for game production. The total remuneration expenses, excluding share-based compensation expense, for the year ended 31 December 2017 were RMB105.1 million, representing a decrease of 9.3% as compared to the previous year.

27. 僱員及薪酬政策

於二零一七年十二月三十一日，本集團擁有463名僱員，其中126名負責遊戲開發及維護，202名負責遊戲營運及線下賽事組織，4名負責電視節目產品，87名負責一般行政及企業管理及44名負責遊戲製作。截至二零一七年十二月三十一日止年度的薪酬開支總額(不包括以股份為基礎的酬金開支)為人民幣105.1百萬元，較去年減少9.3%。

We provide various employee benefits and social insurance to our employees. We also provide share options to better motivate our employees. Pursuant to the 2014 Share Option Scheme, 1,440,000 share options were granted to the employees of the Company during the year ended 31 December 2017. The Group's share-based compensation expense for the year ended 31 December 2017 amounted to RMB24.9 million, representing an decrease of RMB17.8 million as compared with RMB 42.7 million in 2016.

我們為僱員提供不同的僱員福利及社會保險，亦提供購股權以更好地激勵我們的員工。根據二零一四年購股權計劃，於截至二零一七年十二月三十一日止年度期間，1,440,000份購股權已經授予本公司員工。截至二零一七年十二月三十一日止年度，本集團以股份為基礎的酬金開支為人民幣24.9百萬元，較二零一六年的人民幣42.7百萬元減少人民幣17.8百萬元。

Directors' Report (Continued)

董事會報告(續)

28. SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules during the year ended 31 December 2017.

28. 充足的公眾持股量

根據本公司可獲取的公開資料及據董事所知，董事確認本公司於截至二零一七年十二月三十一日止年度期間已維持上市規則規定的公眾持股量。

29. AUDITOR

The consolidated financial statements have been audited by Grant Thornton Hong Kong Limited. A resolution for its re-appointment as auditor for the coming year will be proposed at the forthcoming AGM.

29. 核數師

致同(香港)會計師事務所有限公司已審核綜合財務報表。重選來年核數師之決議案將於應屆股東週年大會提呈審批。

30. CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors are set out below:

- (1) Mr. Cheung Chung Yan David resigned as an independent non-executive Director, chairman of the audit committee, and a member of each of the remuneration committee, nomination and corporate governance committee and the risk management committee of the Company effective from 27 March 2018.
- (2) Dr. Tyen Kan Hee Anthony was appointed as an independent non-executive Director, chairman of the audit committee, and a member of each of the remuneration committee, nomination and corporate governance committee and the risk management committee of the Company effective from 27 March 2018.

30. 董事資料變動

根據上市規則第13.51B(1)條，董事資料變動載列如下：

- (1) 張頌仁先生已辭任獨立非執行董事、審核委員會主席以及薪酬委員會、提名及企業管治委員會及風險管理委員會成員，自二零一八年三月二十七日起生效。
- (2) 田耕熹博士獲委任為獨立非執行董事、審核委員會主席以及薪酬委員會、提名及企業管治委員會及風險管理委員會成員，自二零一八年三月二十七日起生效。

On behalf of the Board
Yang Eric Qing
Chairman and Executive Director

27 March 2018

代表董事會
楊慶
主席兼執行董事

二零一八年三月二十七日

Corporate Governance Report

企業管治報告

The Board of Directors is pleased to present the corporate governance report of the Company for the year ended 31 December 2017.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining and promoting stringent corporate governance policies. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

Compliance with the Corporate Governance Code

During the year ended 31 December 2017 and up to the date of this annual report, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules, except for deviations from (i) code provision A.1.1 which requires that board meetings should be held at least four times a year at quarterly intervals; and (ii) code provision A.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

Model Code

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to govern securities transactions by its Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the required standards as set out in the Model Code during the year ended 31 December 2017 and up to the date of this annual report.

董事會欣然呈列本公司截至二零一七年十二月三十一日止年度之企業管治報告。

企業管治常規

本公司致力於維持及促進嚴格之企業管治政策。本公司企業管治的原則為推出有效之內部監控措施及提高董事會對全體股東之透明度及問責制度。

企業管治守則的遵守

於截至二零一七年十二月三十一日止年度內及直至本年報日期，本公司已遵守上市規則附錄14所載的企業管治守則及企業管治報告的守則條文，惟(i)守則條文第A.1.1條規定董事會應該每年至少舉行四次會議，約每季度召開一次；及(ii)守則條文第A.2.1條規定主席與行政總裁的角色應有區分並不應由一人同時兼任的規定除外。

董事會將繼續審核及監控本公司常規以符合守則規定及維持本公司高水準之企業管治常規。

標準守則

本公司已採納上市規則附錄10所載標準守則規管本公司董事進行的證券交易。經向全體董事作出具體查詢後，所有董事確認彼等於截至二零一七年十二月三十一日止年度及直至本年報日期內已嚴格遵守標準守則所訂之規定標準。

Corporate Governance Report (Continued)

企業管治報告(續)

BOARD OF DIRECTORS

The Board currently comprises two executive Directors, four non-executive Directors and three independent non-executive Directors.

The composition of the Board for the year ended 31 December 2017 and up to the date of this annual report is as follows:

Executive Directors

Mr. Yang Eric Qing (*Chairman and Co-Chief Executive Officer*)
Mr. Ng Kwok Leung Frank (*Co-Chief Executive Officer*)

Non-executive Directors

Mr. Liu Jiang
Mr. Hua Guanfa*
Ms. Fu Qiang*
Mr. Fan Tai
Mr. Chen Xian

Independent Non-executive Directors

Mr. Ge Xuan
Mr. Lu Zhong
Mr. Cheung Chung Yan David**
Dr. Tye Kan Hee Anthony**

* Ms. Fu Qiang was appointed as a non-executive Director with effect from 23 June 2017 when Mr. Hua Guanfa ceased to be a non-executive Director on the same day.

** Dr. Tye Kan Hee Anthony was appointed as an independent non-executive Director with effect from 27 March 2018 when Mr. Cheung Chung Yan David ceased to be an independent non-executive Director on the same day.

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 36 to 39 of this annual report. For the year ended 31 December 2017, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members per code provision I(h) of the Corporate Governance Code.

Chairman and Co-Chief Executive Officer ("Co-CEO")

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

董事會

董事會現時包括兩名執行董事、四名非執行董事及三名獨立非執行董事。

截至二零一七年十二月三十一日止年度及直至本年報日期，董事會組成如下：

執行董事

楊慶先生(主席兼聯席行政總裁)
伍國樑先生(聯席行政總裁)

非執行董事

劉江先生
華觀發先生*
傅強女士*
樊泰先生
陳弦先生

獨立非執行董事

葛旋先生
魯眾先生
張頌仁先生**
田耕熹博士**

* 傅強女士獲委任為非執行董事，自二零一七年六月二十三日起生效。同日華觀發先生不再擔任非執行董事。

** 田耕熹博士獲委任為獨立非執行董事，自二零一八年三月二十七日起生效。同日張頌仁先生不再擔任獨立非執行董事。

董事履歷詳情載列於本年報第36頁至39頁之「董事及高級管理層」一節。截至二零一七年十二月三十一日止年度，根據企業管治守則條文第I(h)條，董事會成員之間並無關係(包括財務、業務、家庭或其他重大／相關關係)。

主席及聯席行政總裁(「聯席行政總裁」)

企業管治守則之守則條文第A.2.1條訂明主席及行政總裁的角色應有區分，並不應由同一人士兼任。

Corporate Governance Report (Continued)

企業管治報告(續)

Mr. Yang Eric Qing is the Chairman and Co-CEO of the Company. Mr. Yang joined the Group in December 2010 and is responsible for general operation, strategy information technology of the Company and is instrumental to the Company's growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in Mr. Yang is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Yang), four non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

楊慶先生為本公司主席兼聯席行政總裁。楊先生於二零一零年十二月加入本集團，負責本公司的整體營運、策略及信息技術，對本公司的發展及業務擴張作出重要貢獻。董事會認為，主席及行政總裁的職務由楊先生擔任有利於本集團的管理。由經驗豐富的高素質人才組成的高級管理層及董事會可確保權力與職權的平衡。董事會目前由兩名執行董事（包括楊先生）、四名非執行董事及三名獨立非執行董事組成，因此在組合上具備頗為獨立的元素。

Board Meetings and General Meetings Held in 2017

During the year ended 31 December 2017, the Board convened three meetings. A summary of the attendance record of the Directors is set out in the table below:

二零一七年董事會會議及股東大會

於截至二零一七年十二月三十一日止年度內，董事會召開了三次會議。董事出席記錄概要載列於下表：

Name of Directors	Number of meetings attended/eligible to attend during the year ended			Attendance rate
	31 December 2017			
	於截至二零一七年 十二月三十一日止 年度期間出席／ 可出席會議次數			
董事姓名				出席率
Executive Directors	執行董事			
Mr. Yang Eric Qing	楊慶先生	3/3		100%
Mr. Ng Kwok Leung Frank	伍國樑先生	3/3		100%
Non-executive Directors	非執行董事			
Mr. Liu Jiang	劉江先生	1/3		33%
Mr. Hua Guanfa*	華觀發先生*	1/3		33%
Ms. Fu Qiang*	傅強女士*	2/3		66%
Mr. Fan Tai	樊泰先生	3/3		100%
Mr. Chen Xian	陳弦先生	2/3		66%
Independent Non-executive Directors	獨立非執行董事			
Mr. Ge Xuan	葛旋先生	3/3		100%
Mr. Lu Zhong	魯眾先生	2/3		66%
Mr. Cheung Chung Yan David	張頌仁先生	3/3		100%

* Ms. Fu Qiang was appointed as a non-executive Director with effect from 23 June 2017 when Mr. Hua Guanfa ceased to be a non-executive Director on the same day.

* 傅強女士獲委任為非執行董事，自二零一七年六月二十三日起生效。同日華觀發先生不再擔任非執行董事。

Corporate Governance Report (Continued)

企業管治報告(續)

According to code provision A.1.1 of the Corporate Governance Code, board meetings should be held at least four times a year at approximately quarterly intervals. During the year, two regular Board meetings were held to review and discuss the annual and interim results, another one Board meeting was held to discuss and approve the execution of Management Subscription Agreement, Independent Subscription Agreement and the Connected Subscription Agreement which have been defined and elaborated in the announcement of the Company dated 12 September 2017 and further a circular of the Company dated 13 October 2017. As business operations of the Company were under the management and supervision of the executive Directors who had from time to time held meetings to resolve all material business or management issues, certain Board consents were obtained through circulation of written resolutions.

During the year ended 31 December 2017, the Company convened one annual general meeting on 19 May 2017 (the “**2017 AGM**”) and one extraordinary general meeting on 2 November 2017 (the “**2017 EGM**”).

Apart from Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank, all other Directors did not attend the 2017 AGM and the 2017 EGM due to pre-arranged business commitments.

根據企業管治守則之守則條文第A.1.1條，董事會每年至少舉行四次會議，約每季召開一次。年內，舉行了兩次定期董事會會議以審閱及檢討年度及中期業績，舉行了另一次董事會會議以審閱及批准簽署本公司日期為二零一七年九月十二日之公告及本公司日期為二零一七年十月十三日另行刊發之通函中所界定及闡述的管理層認購協議、獨立認購協議及關連認購協議。由於本公司業務經營為透過執行董事管理及監督並不時舉行會議解決重大業務及管理問題，若干董事會同意乃通過書面決議案的方式獲得。

於截至二零一七年十二月三十一日止年度期間，本公司於二零一七年五月十九日召開了一次股東週年大會（「**二零一七年股東週年大會**」），且於二零一七年十一月二日召開了一次股東特別大會（「**二零一七年股東特別大會**」）。

除楊慶先生及伍國樑先生出席二零一七年股東週年大會及二零一七年股東特別大會之外，所有其他董事因預先安排的事務未能出席。

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors a written annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers each of them to be independent. Apart from Dr. Tyen Kan Hee Anthony, each of the independent non-executive Directors has been appointed for a term of three years, which commenced on the Listing Date. Dr. Tyen Kan Hee Anthony has been appointed as an independent non-executive Director commencing from 27 March 2018. Each of them is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

獨立非執行董事

董事會已接獲獨立非執行董事各自根據上市規則第3.13條發出的年度獨立性確認書，並確信彼等的獨立性。除田耕熹博士外，各獨立非執行董事自上市日期開始已獲委任，任期為三年。田耕熹博士自二零一八年三月二十七日起獲委任為獨立非執行董事。彼等根據組織章程細則，將至少每三年於本公司股東週年大會上輪值退任一次及膺選連任。

NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors (except for Ms. Fu Qiang who was appointed on 23 June 2017) has separately been appointed for a term of three years commencing on the Listing Date. Ms. Fu Qiang has entered into a service contract with the Company for a term of three years commencing from 23 June 2017. Each of them is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

非執行董事

各非執行董事（於二零一七年六月二十三日獲委任之傅強女士除外）已分別獲委任，任期為自上市日期起三年。傅強女士已與本公司簽訂了自二零一七年六月二十三日起為期三年之服務合同。彼等根據組織章程細則，將至少每三年於本公司的股東週年大會上輪值退任一次及膺選連任。

Corporate Governance Report (Continued)

企業管治報告(續)

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

During the year ended 31 December 2017, the Board has developed measures for implementing good corporate governance policies and practices and has delegated to the Board committees various responsibilities as set out in their respective terms of references.

Our senior management is responsible for the day-to-day management of our business and is responsible for overseeing the general operation, business development, finance, marketing, PC, mobile and online-offline mind sports events operations.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director shall receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors will be continuously updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company update the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

董事會及管理層責任、問責性及貢獻

董事會為本公司主要決策機構，負責監督本集團業務、策略決定及表現，並共同引領及監督本公司事務，以推動本公司之業務成功。董事會以符合本公司利益為依歸客觀地作出決定。

全體董事(包括非執行董事及獨立非執行董事)為董事會帶來寶貴之業務經驗、知識及專業，令其營運高效及有效運作。

於截至二零一七年十二月三十一日止年度期間，董事會已制定實施良好企業管治政策及常規之措施，並授予董事委員會於各自書面職權範圍之若干責任。

高級管理層負責本集團日常業務管理以及負責監督整體營運、業務發展、財務、市場推廣、PC、移動以及線上線下智力運動活動業務。

董事入職及持續專業發展

每位新委任董事均將在首次獲委任時接受正式、全面及專門為其而設之入職介紹，以確保其對本公司之業務及運作有適當之了解，以及全面知悉在上市規則及相關法定規定下董事之責任及義務。

董事將持續獲得有關法律和監管機制以及業務環境的最新消息，以協助彼等履行其職責。本公司亦鼓勵董事參與持續專業發展，以提高及更新彼等的知識及技能。本公司聯席公司秘書不時向董事提供有關上市規則及其他適用監管規定之最新資訊，以確保本公司遵守有關規定，及加強董事對良好企業管治常規的意識。

Corporate Governance Report (Continued)

企業管治報告(續)

During the year ended 31 December 2017, all Directors, namely Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Liu Jiang, Mr. Hua Guanfa*, Ms. Fu Qiang*, Mr. Fan Tai, Mr. Chen Xian, Mr. Ge Xuan, Mr. Lu Zhong and Mr. Cheung Chung Yan David, have participated in continuous professional training to develop and refresh their knowledge and skills in relation to their contribution to the Board.

Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

- (1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;
- (2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and
- (3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

於截至二零一七年十二月三十一日止年度期間，所有董事(即楊慶先生、伍國樑先生、劉江先生、華觀發先生*、傅強女士*、樊泰先生、陳弦先生、葛旋先生、魯眾先生及張頌仁先生)均已參加了持續性職業培訓，就為董事會做出貢獻提升及更新其知識與技能。

董事透過(其中包括)以下方式不斷發展及更新知識及技能：

- (1) 參與本公司及／或專業機構及／或律師舉辦及／或安排有關(其中包括)企業管治、董事職責及法律與規管變動之持續專業培訓講座及／或研討會及／或課程及／或工作坊；
- (2) 本公司不時向董事提供有關法律及規管變動，以及董事履行其職責之相關事宜之閱讀資料；及
- (3) 閱覽有關法律及規管變動，以及董事履行其職責之相關事宜之新聞、期刊、雜誌及／或其他閱讀資料。

Name of Directors

董事姓名

Training received

所接受培訓

Executive Directors

Mr. Yang Eric Qing
Mr. Ng Kwok Leung Frank

執行董事

楊慶先生
伍國樑先生

(1), (2), (3)
(1), (2), (3)

Non-executive Directors

Mr. Liu Jiang
Mr. Hua Guanfa*
Ms. Fu Qiang*
Mr. Fan Tai
Mr. Chen Xian

非執行董事

劉江先生
華觀發先生*
傅強女士*
樊泰先生
陳弦先生

(1), (2), (3)
(1), (2), (3)
(1), (2), (3)
(1), (2), (3)
(1), (2), (3)

Independent Non-executive Directors

Mr. Ge Xuan
Mr. Lu Zhong
Mr. Cheung Chung Yan David

獨立非執行董事

葛旋先生
魯眾先生
張頌仁先生

(2), (3)
(1), (2), (3)
(1), (3)

* Ms. Fu Qiang was appointed as a non-executive Director with effect from 23 June 2017 when Mr. Hua Guanfa ceased to be a non-executive Director on the same day.

* 傅強女士獲委任為非執行董事，自二零一七年六月二十三日起生效。同日華觀發先生不再擔任非執行董事。

Corporate Governance Report (Continued)

企業管治報告(續)

BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee, and the Risk Management Committee, for overseeing particular aspects of the Company's affairs. Each of these committees is established with defined written terms of reference. The terms of reference of the Board committees are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee is to review and supervise the financial reporting process and internal control system of the Group, review and approve connected transactions and provide advice and comments to the Board.

During the year ended 31 December 2017, the Audit Committee consisted of three members: Mr. Cheung Chung Yan David, Mr. Fan Tai and Mr. Ge Xuan. Mr. Fan was a non-executive Director and Mr. Cheung and Mr. Ge were independent non-executive Directors. Mr. Cheung was the chairman of the Audit Committee and he resigned on 27 March 2018. Dr. Tyen Kan Hee Anthony was appointed as the chairman of the Audit Committee on the same day.

During the year ended 31 December 2017, the Audit Committee held two meetings. The attendance record of the Audit Committee members is set out in the table below:

Name of Committee Member	Number of Meetings attended/held during the year ended 31 December 2017 於截至二零一七年 十二月三十一日止 年度期間出席／ 舉行會議次數		Attendance rate 出席率
委員會成員姓名			
Mr. Cheung Chung Yan David	張頌仁先生	2/2	100%
Mr. Fan Tai	樊泰先生	2/2	100%
Mr. Ge Xuan	葛旋先生	2/2	100%

During the meetings, the Audit Committee met with the external auditor and reviewed the financial results and reports for the year ended 31 December 2016 and the six months ended 30 June 2017.

董事委員會

董事會已成立四個委員會，即審核委員會、薪酬委員會、提名及企業管治委員會以及風險管理委員會，以監督本公司事務具體內容。該等委員會均有特定之書面職權範圍。有關人士可於本公司及聯交所網站查閱董事委員會之職權範圍。

審核委員會

本公司已根據上市規則第3.21條及企業管治守則設立審核委員會。審核委員會的主要職責是檢討及監督本集團的財務申報過程及內部監控系統；檢討及批准關連交易及向董事會提供意見及建議。

於截至二零一七年十二月三十一日止年度期間，審核委員會由三名成員組成：張頌仁先生、樊泰先生及葛旋先生。樊先生為非執行董事，而張先生及葛先生為獨立非執行董事。張先生為審核委員會主席並於二零一八年三月二十七日辭任。田耕熹博士於同日獲委任為審核委員會主席。

於截至二零一七年十二月三十一日止年度期間，審核委員會舉行了兩次會議。審核委員會成員的會議出席記錄載於下表：

Number of Meetings attended/held during the year ended 31 December 2017 於截至二零一七年 十二月三十一日止 年度期間出席／ 舉行會議次數		Attendance rate 出席率
2/2		100%
2/2		100%
2/2		100%

於會議上，審核委員會與外聘核數師會晤並審閱截至二零一六年十二月三十一日止年度及截至二零一七年六月三十日止六個月之財務業績及報告。

Corporate Governance Report (Continued)

企業管治報告(續)

Remuneration Committee

The Company has established a Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee is to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management.

During the year ended 31 December 2017, the Remuneration Committee consisted of three members: Mr. Lu Zhong, Mr. Cheung Chung Yan David and Mr. Ge Xuan, all being independent non-executive Directors. Mr. Lu was the chairman of the Remuneration Committee. Mr. Cheung resigned as a member of the Remuneration Committee with effect from 27 March 2018 and Dr. Tyen Kan Hee Anthony was appointed as a member of the Remuneration Committee on the same day.

During the year ended 31 December 2017, as there has been no change to the remuneration policy and structure of the Directors and senior management, the Remuneration Committee did not convene any meeting.

The remuneration of the members of senior management by band for the year ended 31 December 2017 is set out below:

Remuneration bands (RMB) 薪酬範圍 (人民幣元)	Number of persons 人數
0-1,000,000	0
1,000,001-2,000,000	0
2,000,001-3,000,000	1
12,000,001-13,000,000	2
Total 總計	3

Further particulars regarding Directors' remuneration and the five highest paid employees are set out in Note 10 to the consolidated financial statements contained in this Annual Report.

Nomination and Corporate Governance Committee

The Company has established a Nomination and Corporate Governance Committee in compliance with the Corporate Governance Code. The primary duties of the Nomination and Corporate Governance Committee are to make recommendations to the Board on the appointment of Directors and management of Board succession.

薪酬委員會

本公司已根據上市規則第3.25條及企業管治守則設立薪酬委員會。薪酬委員會的主要職責是審核薪酬方案條款、應付我們董事及其他高級管理人員的花紅及其他補償，並就此向董事會提出建議。

於截至二零一七年十二月三十一日止年度期間，薪酬委員會由三名成員組成：魯眾先生、張頌仁先生及葛旋先生（全部均為獨立非執行董事）。魯先生為薪酬委員會主席。張先生於二零一八年三月二十七日辭任薪酬委員會成員，而田耕熹博士於同日獲委任為薪酬委員會成員。

於截至二零一七年十二月三十一日止年度期間，因董事及高級管理層之薪酬政策及架構並無變動，薪酬委員會並無召開任何會議。

截至二零一七年十二月三十一日止年度高級管理層之薪酬載列如下：

有關董事薪酬及五名最高薪僱員的進一步詳情載列於本年報綜合財務報表附註10。

提名及企業管治委員會

本公司已根據企業管治守則設立提名及企業管治委員會。提名及企業管治委員會的主要職責是就董事委任及董事會繼任管理向董事會提出建議。

Corporate Governance Report (Continued)

企業管治報告(續)

During the year ended 31 December 2017, the Nomination and Corporate Governance Committee consisted of 5 members: Mr. Yang Eric Qing, Mr. Cheung Chung Yan David, Mr. Chen Xian, Mr. Lu Zhong and Mr. Ge Xuan. Mr. Yang was an executive Director, Mr. Chen was a non-executive Director, Mr. Cheung, Mr. Lu and Mr. Ge were independent non-executive Directors. Mr. Yang was the chairman of the Nomination and Corporate Governance Committee. Mr. Cheung resigned as a member of the Nomination and Corporate Governance Committee with effect from 27 March 2018 and Dr. Tyen Kan Hee Anthony was appointed as a member of the Nomination and Corporate Governance Committee on the same day.

During the year ended 31 December 2017, the Nomination and Corporate Governance Committee held one meeting. The attendance record of the Nomination and Corporate Governance Committee members is set out in the table below:

於截至二零一七年十二月三十一日止年度期間，提名及企業管治委員會由五名成員組成：楊慶先生、張頌仁先生、陳弦先生、魯眾先生及葛旋先生。楊先生為執行董事，陳先生為非執行董事，而張先生、魯先生及葛先生為獨立非執行董事。楊先生為提名及企業管治委員會主席。張先生於二零一八年三月二十七日辭任提名及企業管治委員會成員，而田耕熹博士於同日獲委任為提名及企業管治委員會成員。

於截至二零一七年十二月三十一日止年度期間，提名及企業管治委員會舉行了一次會議。提名及企業管治委員會成員的會議出席記錄載於下表：

Name of Committee Member	Number of Meetings attended/held during the year ended 31 December 2017		Attendance rate
	於截至二零一七年 十二月三十一日止 年度期間出席／ 舉行會議次數		
委員會成員姓名			出席率
Mr. Yang Eric Qing	楊慶先生	1/1	100%
Mr. Cheung Chung Yan David	張頌仁先生	1/1	100%
Mr. Chen Xian	陳弦先生	0/1	0%
Mr. Lu Zhong	魯眾先生	1/1	100%
Mr. Ge Xuan	葛旋先生	1/1	100%

Code provision A.5.6 of Appendix 14 of the Listing Rules stipulates that a policy concerning diversity of board members should be adopted. The Company adopted the diversity policy on 27 March 2015. The Nomination and Corporate Governance Committee also reviewed and agreed on measurable objectives for implementing diversity on the Board. The measurable objectives identified by the Nomination and Corporate Governance Committee include: a material number of Board members should have served as senior management with companies; certain Board members should have experience with listed companies; and certain Board members should have experience with conducting businesses in the telecommunications industry. The Nomination and Corporate Governance Committee is satisfied that the composition of the Board is sufficiently diverse.

上市規則附錄十四第A.5.6條守則條文規定須採納董事會成員多元化政策。本公司已於二零一五年三月二十七日採納多元化政策。提名及企業管治委員會亦已審查及同意實行董事會成員多元化的可計量目標。提名及企業管治委員會訂出的可計量目標包括：董事會大部份成員應於多間公司擔任高級管理層；若干董事會成員應具備於上市公司工作的經驗；及若干董事會成員應具備於電訊業開展業務的經驗。提名及企業管治委員會信納董事會之組成屬充分多元化。

Corporate Governance Report (Continued)

企業管治報告(續)

The Board is responsible for performing the following corporate governance duties as required under the Corporate Governance Code:

- to develop and review the Company's policies and practice on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the year, the Nomination and Corporate Governance Committee reviewed and discussed the following nomination and corporate governance matters:

- the re-appointment of Directors which was approved by the Board on 27 March 2017.
- the appointment of a non-executive Director which was approved on 23 June 2017 and the resignation of a non-executive Director with effect from the same day; and
- the assessment of the independence of independent non-executive Directors.

Risk Management Committee

The Company has established a Risk Management Committee. The primary duties of the Risk Management Committee are to formulate policies on risk management matters and to advise on matters raised by the Directors and the management that may have an impact on the stability and integrity of the securities and derivatives markets of Hong Kong.

During the year ended 31 December 2017, the Risk Management Committee consisted of 5 members: Mr. Ng Kwok Leung Frank, Mr. Ge Xuan, Mr. Lu Zhong, Ms. Fu Qiang and Mr. Cheung Chung Yan David. Mr. Ng was an executive Director, Ms. Fu was a non-executive Director, Mr. Lu, Mr. Cheung and Mr. Ge were independent non-executive Directors. Mr. Ng was the chairman of the Risk Management Committee. Mr. Cheung resigned as a member of the Risk Management Committee with effect from 27 March 2018 and Dr. Tyen Kan Hee Anthony was appointed as a member of the Risk Management Committee on the same day.

董事會在企業管治守則的規定下，負責履行下列企業管治職責：

- 建立並檢討本公司企業管治政策與常規；
- 檢討並監察董事及高級管理層的培訓及持續專業發展情況；
- 檢討並監察本公司政策與常規是否符合法律與法規的要求；
- 制定、檢討並監察適用於員工與董事的行為守則及合規指南；及
- 檢討本公司是否符合企業管治守則和企業管治報告的披露準則。

年內，提名及企業管治委員會已經檢討並討論了以下提名及企業管治事務：

- 於二零一七年三月二十七日，董事會批准了董事重選。
- 於二零一七年六月二十三日批准委任非執行董事，於同日辭任非執行董事生效；及
- 獨立非執行董事的獨立性評估。

風險管理委員會

本公司已設立風險管理委員會，其主要職責是制訂風險管理事項的政策，並就董事及管理層所提出的可對香港證券及衍生工具市場的穩定性及完整性造成影響的事項提出建議。

於截至二零一七年十二月三十一日止年度期間，風險管理委員會由五名成員組成：伍國樑先生、葛旋先生、魯眾先生、傅強女士及張頌仁先生。伍先生為執行董事，傅女士為非執行董事，魯先生、張先生及葛先生均為獨立非執行董事。伍先生為風險管理委員會主席。張先生於二零一八年三月二十七日辭任風險管理委員會成員，而田耕熹博士於同日獲委任為風險管理委員會成員。

Corporate Governance Report (Continued)

企業管治報告(續)

During the year ended 31 December 2017, the Risk Management Committee held one meeting. The attendance record of the Risk Management Committee members is set out in the table below:

於截至二零一七年十二月三十一日止年度期間，風險管理委員會舉行了一次會議。風險管理委員會成員的會議出席記錄載於下表：

Name of Committee Member	Number of Meetings attended/held during the year ended 31 December 2017		Attendance rate
	於截至二零一七年 十二月三十一日止 年度期間出席／ 舉行會議次數		
委員會成員姓名			出席率
Mr. Ng Kwok Leung Frank	伍國樑先生	1/1	100%
Mr. Cheung Chung Yan David	張頌仁先生	1/1	100%
Mr. Hua Guanfa*	華觀發先生*	1/1	100%
Ms. Fu Qiang*	傅強女士*	N/A 不適用	N/A 不適用
Mr. Lu Zhong	魯眾先生	1/1	100%
Mr. Ge Xuan	葛旋先生	1/1	100%

* Ms. Fu Qiang was appointed as a member of the Risk Management Committee with effect from 23 June 2017 when Mr. Hua Guanfa ceased to be a member of the Risk Management Committee on the same day.

* 傅強女士獲委任為風險管理委員會成員，自二零一七年六月二十三日起生效。同日華觀發先生不再擔任風險管理委員會成員。

During the meeting, the Risk Management Committee reviewed and discussed the Internal Control and Management Scheme prepared by the Internal Control Department of the Company, the appointment of an external professional firm to conduct review of the effectiveness of the internal control system of the Group, and the financial control and risk management system of the Group.

會議期間，風險管理委員會審閱及討論了本公司內部監控部門編製的內部監控及管理計劃，委任外部專業公司審閱本集團內部監控系統、財務控制及管理系統的有效性。

The Internal Control and Management Scheme and the appointment of an external professional firm were both approved by the Board on 27 March 2017.

內部監控及管理系統及委任外部專業公司於二零一七年三月二十七日獲董事會批准。

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

董事就財務報表承擔的責任

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2017.

董事確認彼等有責任編製本公司截至二零一七年十二月三十一止年度之財務報表。

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

董事並無知悉任何可引起對本公司持續經營能力之重大疑問的重大不明朗之事件或狀況。

Corporate Governance Report (Continued)

企業管治報告(續)

AUDITORS' RESPONSIBILITY AND REMUNERATION

The Company appointed Grant Thornton Hong Kong Limited ("Grant Thornton") as the external auditors for the year ended 31 December 2017. A statement by Grant Thornton about their reporting responsibilities for the financial statements is included in the Independent Auditors' Report on pages 103 to 109 of this annual report.

The remuneration paid/payable to Grant Thornton in respect of audit services and non-audit services for the year ended 31 December 2017 amounted to RMB460,000 and RMB1,122,000 respectively. The non-audit services mainly include the review of the interim financial statements of the Company.

核數師責任及薪酬

截至二零一七年十二月三十一日止年度，本公司已委聘致同(香港)會計師事務所有限公司(「致同」)為外聘核數師。致同就其於財務報表之申報責任發出之聲明載於本年報第103至109頁之獨立核數師報告內。

截至二零一七年十二月三十一日止年度，就審計服務及非審計服務已付／應付致同之酬金分別為人民幣460,000元及人民幣1,122,000元。非審計服務主要包括審閱本公司中期財務報表。

RISK MANAGEMENT AND INTERNAL CONTROLS

During the year ended 31 December 2017, a review of the effectiveness of the Group's risk management and internal control system which covers the aspects of the effectiveness of the Company's risk management and internal control system and management procedure, was conducted by our Internal Control Department. Such review is conducted on an annual basis. The Board considered the risk management and internal control system of the Company to be effective and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

We have established internal control policies and risk management systems covering our internal control environment, risk assessment, information and communication, monitoring, anti-cheating programs, revenue and receivables, purchase and payables, information security and intellectual property rights, financial management, financial reports, fixed and intangible assets, human resources, taxation, investment, legal management and research and development. We have also established the Risk Management Committee on the Board to oversee the Group's risk management, risk tolerance and governance.

風險管理與內部監控

於截至二零一七年十二月三十一日止年度期間，內部監控部門已檢討本集團的風險管理及內部監控系統(包含本公司風險管理及內部監控系統及管理程序有效性)，並將按年進行該等檢討。董事會認為本公司之風險管理及內部監控系統屬有效，而本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗、培訓課程及有關預算足夠。

董事會確認其負責風險管理及內部監控系統及審閱其有效性。該等系統旨在管理而非消除未能實現業務目標的風險，以及僅能提供合理及非絕對保證避免重大失誤或損失。

我們已制定內部監控政策及風險管理系統，包括管理內部監控環境、風險評估、信息和通信、監控、防作弊程序、收入及應收款項、採購及應付款項、信息安全及知識產權、財務管理、財務報告、固定及無形資產、人力資源、稅項、投資、法律管理及研發。我們亦於董事會成立風險管理委員會，以監察本集團風險管理、風險承受及管治。

Corporate Governance Report (Continued)

企業管治報告(續)

To manage the risks regarding inside information, we have adopted the Model Code as the Company's own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all members of the Board complied with the Model Code during the year ended 31 December 2017. Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2017.

During the year ended 31 December 2017, the Company has adopted the following positive measures in compliance with the internal control policies and risk management systems:

- to review and approve the Internal Control and Management Scheme prepared by the Internal Control Department of the Company;
- to optimize the Company's management system and relevant procedures; and
- to adopt advanced office automation system for optimizing the Company's management control system.

During the year, the Internal Audit department (the "IA Department") has performed internal audit and reviewed the internal control system of the Group to ensure the effectiveness of internal control procedures and strict compliance with different standards and policies across different businesses and operations of the Group. Specifically, the IA Department audited and evaluated the Group's internal control operations and management activities, and formulated a report on internal audit for the Company in December 2017, which illustrated its findings and advices. The report was approved by the Risk Management Committee on 27 March 2018.

The Directors are of the view that we have established procedures, systems and controls that provide a reasonable basis to make a proper assessment of the financial conditions and prospects of the Group on an ongoing basis.

為了管理有關內幕消息的風險，我們已採納標準守則作為本公司董事買賣公司證券的守則。本公司經向全體董事作出特定查詢後確認，截至二零一七年十二月三十一日止年度，董事會所有成員均遵守標準守則。高級管理層、行政人員及僱員，因其於本公司的職務很可能擁有內幕消息，本公司亦要求遵守證券交易標準守則。截至二零一七年十二月三十一日止年度本公司並未發現該等僱員有違反標準守則事件。

於截至二零一七年十二月三十一日止年度期間，本公司已採納以下符合內部監控政策及風險管理系統的積極措施：

- 檢討及批准本公司內部監控部門編製的內部監控及管理計劃；
- 優化本公司的管理系統及相關程序；及
- 採用先進的辦公自動化系統優化本公司管理控制系統。

年內，內部審核部門（「內部審核部門」）已進行內部審核及檢討本集團內部監控系統以確保其內部監控程序的有效性及嚴格遵守本集團針對於不同業務及經營採用的不同標準及政策。尤其是，內部審核部門審核與評估本集團內部監控運營及管理活動，並於二零一七年十二月制定了內部審核報告，闡述其結果及建議。報告已於二零一八年三月二十七日經風險管理委員會批准。

董事認為，我們已制定能為持續適當評估本集團財務狀況及前景提供合理基準之程序、系統及控制。

JOINT COMPANY SECRETARIES

Ms. Li Jin, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

聯席公司秘書

本公司聯席公司秘書栗璿女士負責就企業管治事宜向董事會建議，確保遵守董事會政策及程序、適用法律、規例及法規。

Corporate Governance Report (Continued)

企業管治報告(續)

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Ng Sau Mei, a senior manager of TMF Hong Kong Limited (a company secretarial services provider), as the joint company secretary to assist Ms. Li Jin in discharging the duties of a company secretary of the Company. Her primary contact person at the Company is Ms. Li Jin, the General Counsel and joint company secretary of the Company.

During the year ended 31 December 2017, Ms. Li Jin and Ms. Ng Sau Mei have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

為維持良好企業管治及確保遵守上市規則及適用香港法律，本公司亦委聘達盟香港有限公司(公司秘書服務提供商)高級經理伍秀薇女士擔任聯席公司秘書，協助栗璿女士履行本公司公司秘書之職責。其於本公司之主要聯繫人為本公司總法律顧問及聯席公司秘書栗璿女士。

於截至二零一七年十二月三十一日止年度期間，栗璿女士及伍秀薇女士已根據上市規則第3.29條分別接受不少於15小時之相關專業培訓。

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene extraordinary general meetings. General meetings shall also be convened on the written requisition of any two or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

General meetings may also be convened on the written requisition of a Shareholder which is a recognised clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

股東權利

股東召開股東特別大會之權利

根據組織章程細則第12.3條，董事會可在其認為適當情況下召開股東特別大會。本公司任何兩名或以上股東在本公司香港主要辦事處或倘本公司不再擁有該主要辦事處，則在註冊辦事處遞交書面要求，列明召開該股東大會的目的並由提出要求人士簽署，惟該等提出要求人士須於遞交要求日期持有附帶本公司股東大會投票權的本公司實繳股本不少於十分之一。

本身為認可結算所(或其代名人)的本公司任何一名股東亦可以書面要求召開股東大會，該股東須在本公司香港主要辦事處或倘本公司不再擁有該主要辦事處，則在註冊辦事處遞交書面要求，列明召開該股東大會的目的並由提出要求人士簽署，惟該等提出要求人士須於遞交要求日期持有附帶本公司股東大會投票權的本公司實繳股本不少於十分之一。

倘若董事會於接獲要求日期起計21天內未有著手正式召開於隨後的21天內舉行的股東大會，則提出要求人士本身或其中佔彼等所有投票權超過一半的任何人士可按由董事會召開大會的相同方式或盡可能接近的方式召開股東大會，惟以此方式召開的任何大會不得於遞交要求日期起計三個月期間屆滿後舉行，而提出要求人士因董事會未有召開大會而產生的一切合理開支將由本公司向彼等作出彌償。

Corporate Governance Report (Continued)

企業管治報告(續)

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 17/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing
For the attention of the Board of Directors
Fax: +86 10 8472 5350
Email: ir@ourgame.com

股東向董事會提出查詢及聯絡詳情

就向本公司董事會提出任何查詢，股東可向本公司寄發書面查詢。一般而言，本公司不會處理口頭或匿名查詢。

股東可將上述書面查詢或要求發送至：

地址：北京市朝陽區廣順北大街33號福碼大廈1號樓B座17樓（註明收件人為董事會）
傳真：+86 10 8472 5350
郵箱：ir@ourgame.com

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an ongoing dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the forthcoming annual general meeting, Directors (or their delegates as appropriate) will be available to meet Shareholders and answer their enquiries.

股東通訊及投資者關係

本公司認為，與股東有效溝通對加強投資者關係及讓投資者了解本集團業務表現及策略相當重要。本公司盡力保持與股東之間的持續對話，尤其是透過股東週年大會及其他股東大會。董事（或彼等之代表，如適合）將出席應屆股東週年大會與股東會面及解答其疑問。

CHANGES IN CONSTITUTIONAL DOCUMENTS

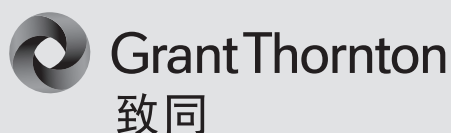
During the year ended 31 December 2017, the Company did not make any significant changes to its constitutional documents. The latest version of the Company's Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

憲章文件變動

於截至二零一七年十二月三十一日止年度期間，本公司並無對其憲章文件作出重大修改。本公司之組織章程大綱及細則之最新版本可於本公司網站及聯交所網站查閱。

Independent Auditor's Report

獨立核數師報告



To the members of Ourgame International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

致聯眾國際控股有限公司全體股東
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Ourgame International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 110 to 272, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

意見

吾等已審核列載於第110至272頁之聯眾國際控股有限公司(「貴公司」)及其附屬公司(合稱「貴集團」)的綜合財務報表，此財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，綜合財務報表根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實及公平地反映 貴集團於二零一七年十二月三十一日之綜合財務狀況及彼等截至該日止年度之綜合現金流量，並已按照香港《公司條例》的披露規定妥善編製。

意見基準

吾等已根據國際審計準則(「國際審計準則」)進行審核。吾等於該等準則項下的責任於吾等所作報告核數師有關綜合財務報表之責任一節進一步詳述。吾等根據國際會計師職業道德準則理事會頒佈的專業會計師職業道德規範(「國際會計師職業道德準則理事會規範」)獨立於 貴集團，且吾等根據國際會計師職業道德準則理事會規範履行其他道德責任。吾等相信，吾等獲得的審計證據乃足以以及適用於為吾等的意見提供基礎。

關鍵審計事項

關鍵審計事項是指，依據我們的專業判斷，在我們審計當前期間綜合財務報表中最具重要性的審計事項。該等事項在我們審計整體綜合財務報表及形成我們的意見時予以解決，但我們並未就該等事項提供單獨的意見。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Key audit matters identified in our audit are summarised as follows:

我們審計中發現的關鍵審計事項概述如下：

Impairment assessment of goodwill and other intangible assets arising from the acquisition of subsidiaries

收購附屬公司產生的商譽及其他無形資產的減值評估

Refer to notes 2.6, 2.7, 3.1(f), 12, 13 and 31(a) to the consolidated financial statements.

見綜合財務報表附註2.6、2.7、3.1(f)、12、13及31(a)。

Key Audit Matter

How the matter was addressed in our audit

關鍵審計事項

我們審計中如何處理有關事項

As at 31 December 2017, the Group has:

- goodwill of RMB94,834,000 and other intangible assets of RMB184,365,000 arising from the acquisition of the Peerless Group in 2015; and
- goodwill of RMB34,409,000 arising from the acquisition of Beijing Zhangzhong Qiji Technology Co., Limited ("Beijing Zhangzhong Qiji") in 2017.

The Group's assessment of impairment of the goodwill and other intangible assets requires estimate of the cash flow forecasts associated with the cash generating units ("CGUs").

We identified the impairment assessment of goodwill and other intangible assets arising from the acquisitions as key audit matter because of their significance to the consolidated financial statements and the level of subjectivity associated with the assumption used in estimating the value-in-use of the CGUs, including cash flows forecast, growth rate used to extrapolate the cash flows and the rate at which they are discounted.

於二零一七年十二月三十一日 貴集團：

- 於二零一五年收購Peerless Group產生的商譽人民幣94,834,000元及收購產生的無形資產人民幣184,365,000元；及
- 於二零一七年收購北京掌中奇跡科技有限公司（「北京掌中奇跡」）產生的商譽人民幣34,409,000元。

貴集團評估商譽減值及其他無形資產須估計有關現金產生單位（「現金產生單位」）的現金流預測。

我們之所以將收購事項的商譽及其他無形資產減值評估列作關鍵審計事項，是因為其對綜合財務報表的重要性以及與在估計現金產生單位之使用價值過程中所採用之假設有關的主觀性程度，包括現金流預測、推斷現金流所採用的增長率及其貼現率。

Our procedures in relation to the impairment assessment included:

- Reviewing the cash flow forecast of the CGUs from the management.
- Assessing the reasonableness of key assumptions (including operating margins, terminal growth rates and discount rates) based on our knowledge of the business and industry and taking into account of the accuracy of previous forecasts and historical information.
- Testing the management's sensitivity calculations by applying our own sensitivity analysis to the cash flows forecast, long-term growth rates and discount rates to ascertain the extent to which reasonable adverse changes would, either individually or in aggregate require an impairment of either the goodwill or other intangible assets.

我們關於減值估計的程序包括：

- 檢討來自管理層的現金產生單位現金流量預測。
- 基於我們的業務及行業知識以及計及過往預測的準確性及歷史資料評估假設的合理性（包括經營利潤率、期末增長率及貼現率）。
- 通過運用我們自身的敏感度分析至現金流量預測、長期增長率及貼現率來檢驗管理層的敏感度計算，以確定合理的不利變動需要（不論個別或合計）對商譽或其他無形資產計提減值的程度。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

Provision for impairment of trade receivables

貿易應收款項減值撥備

Refer to notes 2.8, 3.1(b) and 18 to the consolidated financial statements.

見綜合財務報表附註2.8、3.1(b)及18。

Key Audit Matter

關鍵審計事項

As at 31 December 2017, the Group had trade receivables amounting to RMB205,223,000. The Group determines the provision for impairment of trade receivables based on the credit history of the customers and the current market condition.

We identified the provision for impairment of trade receivables as a key audit matter due to its significance to the consolidated financial statements and considerable amount of judgement and estimation being required in the assessment.

於二零一七年十二月三十一日，貴集團擁有貿易應收款項人民幣205,223,000元。貴集團根據客戶的信用歷史及當前市況釐定貿易應收款項減值撥備。

我們之所以將貿易應收款項減值撥備列作關鍵審計事項，是因為其對綜合財務報表的重要性以及需要在評估中作出大量判斷和估計。

How the matter was addressed in our audit

我們審計中如何處理有關事項

Our procedures in relation to the provision for impairment included:

- Assessing the appropriateness of the accounting policy of the provision for impairment based on historical cash collections, credits and write off information.
- Reviewing the ageing of the trade receivables and evaluating the management's judgements on recoverability, taking into account of the credit history of the customers, accessible public information on liquidations and insolvencies, and subsequent settlement after the reporting period.
- Checking, on a sample basis, the accuracy of the provision in accordance with the Group's accounting policies on impairment.

我們關於減值撥備的程序包括：

- 根據歷史現金收回情況、信用及撇銷資料評估減值撥備會計政策的適當性。
- 檢討貿易應收款項的賬齡及按可收回性評估管理層的判斷，其中考慮客戶的信用歷史及報告期後有關結算、後續清算及破產的公開可得資料。
- 根據貴集團有關撥備的會計政策以案例基準檢查減值的準確性。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2017 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the audit committee are responsible for overseeing the Group's financial reporting process.

其他資料

董事對其他資料負責。其他資料包括 貴公司二零一七年年報內全部資料，但並無包括綜合財務報表及核數師對其作出之報告。

吾等就綜合財務報表發表的意見並無涵蓋其他資料，且吾等並無就其發表任何形式之擔保結論。

就吾等對綜合財務報表之審核而言，吾等之責任為審閱其他資料並於審閱時判斷其他資料是否於重大方面與綜合財務報表或吾等於審計過程中獲得之信息不一致，或於其他方面出現重大錯誤陳述。倘根據吾等已執行之工作，吾等認為該其他資料出現重大錯誤陳述，則吾等須報告事實。吾等就此並無須報告之事項。

董事就綜合財務報表須承擔之責任

董事須負責根據國際會計準則理事會頒佈之國際財務報告準則及香港公司條例之披露規定編製真實而公平之綜合財務報表，並對董事認為為使綜合財務報表之編製不存在由於欺詐或錯誤而導致之重大錯誤陳述所需的內部監控負責。

在編製綜合財務報表時，董事負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營有關之事項以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

由審計委員會協助的董事須負責監督 貴集團之財務報告程序。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師有關審計綜合財務報表之責任

吾等之目標乃對綜合財務報表整體是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，並出具包括吾等意見之核數師報告，並僅向閣下(作為整體)報告吾等之意見，除此之外別無其他目的。吾等概不就本報告之內容對任何其他人士負責或承擔責任。

合理保證為高水平之保證，但不能保證按照國際審計準則進行之審計總能於出現重大錯誤陳述時發現重大錯誤陳述。錯誤陳述可以由欺詐或錯誤引起，如果合理預期其單獨或匯總起來可能影響綜合財務報表使用者根據綜合財務報表所作出之經濟決定，則有關錯誤陳述可被視作重大。

作為根據國際審計準則進行審計其中一環，吾等於審計過程中運用專業判斷，保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述之風險，設計及執行審計程序以應對該等風險，以及獲取充足及適當之審計憑證，作為吾等意見之基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致出現重大錯誤陳述之風險高於未能發現因錯誤而導致出現重大錯誤陳述之風險。
- 瞭解與審計相關之內部監控，以設計在有關情況下屬適當之審計程序，但目的並非對貴集團內部監控之有效性發表意見。
- 評估董事所採用會計政策之適當性以及作出會計估計及相關披露之合理性。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎之適當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關之重大不確定性，從而可能導致對 貴集團之持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中之相關披露。假若有關披露不足，則修訂吾等之意見。吾等之結論乃基於直至核數師報告日止所取得之審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營業務。
- 評估綜合財務報表之整體列報方式、結構及內容(包括披露)事項以及綜合財務報表是否公平反映相關交易及事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督及執行。吾等為審計意見承擔全部責任。

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

吾等與審計委員會溝通(其中包括)審計的計劃範圍及時間以及重大審計發現等，其中包括吾等在審計中識別出內部監控的任何重大不足之處。

吾等亦向審計委員會提交聲明，表明吾等已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響吾等獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

Independent Auditor's Report (Continued)

獨立核數師報告(續)

From the matters communicated the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

從與審計委員會溝通的事項中，吾等確定該等對本期綜合財務報表的審計最為重要的事項，因而構成主要審核事項。吾等在核數師報告中闡釋該等事項，除非法律或規例不允許公開披露該等事項，或在極端罕見的情況下，合理預期倘於吾等之報告中註明某事項造成的負面後果超過產生的公眾利益，則吾等決定不應在報告中註明該事項。

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

27 March 2018

Lin Ching Yee Daniel

Practising Certificate No.: P02771

致同(香港)會計師事務所有限公司

執業會計師

香港

灣仔

軒尼詩道28號

12樓

二零一八年三月二十七日

林敬義

執業證書號碼：P02771

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	4	617,025	871,148
Cost of revenue	收入成本		(287,972)	(409,197)
Gross profit	毛利		329,053	461,951
Other income	其他收益	5	51,078	84,964
Selling and marketing expenses	銷售及市場推廣費用		(196,684)	(181,571)
Administrative expenses	行政開支		(149,457)	(135,613)
Share-based compensation expense	以股份為基礎的酬金開支	27	(24,929)	(42,746)
Research and development expenses	研發費用		(38,328)	(39,983)
Finance costs	財務成本	6	(2,775)	—
Share of losses of associates	應佔聯營公司虧損	15	(4,554)	(503)
(Loss)/Profit before income tax	除所得稅前(虧損)/利潤		(36,596)	146,499
Income tax expense	所得稅開支	7	(6,360)	(7,123)
(Loss)/Profit for the year	年度(虧損)/利潤	6	(42,956)	139,376
Other comprehensive (loss)/income	其他全面(虧損)/收益			
Item that may be subsequently reclassified to profit or loss:	其後可能重新分類至損益的項目：			
Currency translation differences	貨幣換算差額		(4,377)	17,030
Total comprehensive (loss)/income for the year	年度全面(虧損)/收益總額		(47,333)	156,406
(Loss)/Profit for the year attributable to:	以下應佔年度(虧損)/利潤：			
Equity holders of the Company	本公司權益持有人		(23,996)	148,669
Non-controlling interests	非控股權益		(18,960)	(9,293)
			(42,956)	139,376
Total comprehensive (loss)/income for the year attributable to:	以下應佔年度全面(虧損)/收益總額：			
Equity holders of the Company	本公司權益持有人		(28,708)	165,668
Non-controlling interests	非控股權益		(18,625)	(9,262)
			(47,333)	156,406

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

綜合損益及其他全面收益表(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
(Loss)/Earnings per share attributable to equity holders of the Company (expressed in RMB cents per share)			
Basic 本公司股權持有人應佔每股(虧損)/盈利(以每股人民幣分列示)	9	(3.04)	18.89
Diluted 攤薄	9	(3.04)	17.98

The notes on pages 118 to 272 form part of these consolidated financial statements.

第118至272頁附註為該等綜合財務報表一部分。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
ASSETS AND LIABILITIES	資產與負債	Notes 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	90,533	61,564
Intangible assets	無形資產	12	326,846	315,857
Goodwill	商譽	13	129,443	104,050
Available-for-sale financial assets	可供出售金融資產	19	154,344	110,759
Interests in associates	於聯營公司的權益	15	102,915	75,894
Loan to an associate	給予聯營公司之貸款	18(c)	21,979	—
Loans to third parties	給予第三方之貸款	16	14,430	52,576
Other non-current receivable	其他非流動應收款項	22	256	13,759
Deferred tax assets	遞延稅項資產	24	1,726	1,726
			842,472	736,185
Current assets	流動資產			
Inventories	存貨	17	1,235	1,248
Trade and other receivables	貿易及其他應收款項	18	402,400	311,065
Loans to associates	給予聯營公司之貸款	18(c)	7,132	—
Loans to third parties	給予第三方之貸款	16	58,735	1,500
Current portion of other non-current receivable	其他非流動應收款項之即期部分	22	38,872	25,285
Available-for-sale financial assets	可供出售金融資產	19	20,000	70,000
Bank balances and cash	銀行結餘及現金	20	247,366	283,598
			775,740	692,696
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	21	90,846	94,450
Current portion of other non-current payable	其他非流動應付款項之即期部分	22	38,872	25,285
Deferred revenue	遞延收入	23	18,852	21,734
Income tax liabilities	所得稅負債		9,675	13,029
			158,245	154,498
Net current assets	流動資產淨值		617,495	538,198
Total assets less current liabilities	總資產減流動負債		1,459,967	1,274,383
Non-current liabilities	非流動負債			
Other non-current payable	其他非流動應付款項	22	256	13,759
Deferred tax liabilities	遞延稅項負債	24	4,181	6,078
			4,437	19,837
Net assets	資產淨值		1,455,530	1,254,546

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

As at 31 December 2017 於二零一七年十二月三十一日

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
EQUITY	權益			
Share capital	股本	25	285	240
Reserves	儲備	26	1,444,971	1,234,198
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益		1,445,256	1,234,438
Non-controlling interests	非控股權益		10,274	20,108
Total equity	權益總額		1,455,530	1,254,546

Yang Eric Qing
楊慶
Director
董事

Ng Kwok Leung Frank
伍國樑
Director
董事

The notes on pages 118 to 272 form part of these consolidated financial statements.

第118至272頁附註為該等綜合財務報表一部分。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

Equity attributable to equity holders of the Company

本公司權益持有人應佔權益

		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Statutory Reserve 法定儲備 RMB'000 人民幣千元	Translation reserve 換算儲備 RMB'000 人民幣千元	Share option reserve 購股權儲備 RMB'000 人民幣千元	Other reserve 其他儲備 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Sub-total 小計 RMB'000 人民幣千元	Non-controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 總權益 RMB'000 人民幣千元
Balance at 1 January 2016	於二零一六年一月一日之結餘	240	574,723	32,508	14,194	65,541	103,812	228,980	1,019,998	7,269	1,027,267
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額										
Profit/(Loss) for the year	年度利潤/(虧損)	—	—	—	—	—	—	148,669	148,669	(9,293)	139,376
Other comprehensive income for the year	年度其他全面收益										
Currency translation differences	貨幣換算差額	—	—	—	16,999	—	—	—	16,999	31	17,030
		—	—	—	16,999	—	—	148,669	165,668	(9,262)	156,406
Transactions with owners	與擁有人交易										
Share-based compensation (Note 27(e))	以股份為基礎的酬金 (附註27(e))	—	—	—	—	41,049	1,697	—	42,746	—	42,746
Exercise of share options (Notes 25(iii) & 27)	行使購股權 (附註25(iii)及27)	—	1,216	—	—	(257)	—	—	959	—	959
Transfer upon forfeiture of share options	於沒收購股權時轉撥	—	—	—	—	(561)	(67)	628	—	—	—
Share repurchased and cancelled (Notes 25(ii))	購回及註銷之股份 (附註25(ii))	—	(1,278)	—	—	—	—	—	(1,278)	—	(1,278)
Appropriation to statutory reserve	分配至法定儲備	—	—	5,448	—	—	—	(5,448)	—	—	—
Capital contribution from non-controlling shareholders	非控股股東出資	—	—	—	—	—	—	—	—	15,000	15,000
Deemed acquisition of non-controlling interests	視作收購非控股權益	—	—	—	—	—	(1,272)	—	(1,272)	1,272	—
Disposal of partial interest in subsidiaries without losing control (Note 32(d))	在未有失控制權情況下出售附屬公司股份權益 (附註32(d))	—	—	—	—	—	7,617	—	7,617	5,283	12,900
Disposal of non-controlling interest relating to a subsidiary disposed of (Note 32(c))	關於出售附屬公司之非控股權益 (附註32(c))	—	—	—	—	—	—	—	—	546	546
Total transactions with owners	與擁有人交易總額	—	(62)	5,448	—	40,231	7,975	(4,820)	48,772	22,101	70,873
Balance at 31 December 2016	於二零一六年十二月三十一日之結餘	240	574,661	37,956	31,193	105,772	111,787	372,829	1,234,438	20,108	1,254,546

Consolidated Statement of Changes in Equity (Continued)

綜合權益變動表(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Equity attributable to equity holders of the Company 本公司權益持有人應佔權益											
		Share capital	Share premium	Statutory reserve	Translation reserve	Share option reserve	Other reserve	Shares held under the Share Award Scheme 根據股份獎勵計劃 持有之股份	Retained earnings	Sub-total	Non-controlling interests	Total equity	
		股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	法定儲備 RMB'000 人民幣千元	換算儲備 RMB'000 人民幣千元	購股權儲備 RMB'000 人民幣千元	其他儲備 RMB'000 人民幣千元	持有之股份 RMB'000 人民幣千元	保留盈利 RMB'000 人民幣千元	小計 RMB'000 人民幣千元	非控股權益 RMB'000 人民幣千元	總權益 RMB'000 人民幣千元	
Balance at 1 January 2017	於二零一七年一月一日之結餘	240	574,661	37,956	31,193	105,772	111,787	—	372,829	1,234,438	20,108	1,254,546	
Total comprehensive income/(loss) for the year	年度全面收益/(虧損)總額												
Loss for the year	年度虧損	—	—	—	—	—	—	—	(23,996)	(23,996)	(18,960)	(42,956)	
Other comprehensive income for the year	年度其他全面收益												
Currency translation differences	貨幣換算差額	—	—	—	(4,712)	—	—	—	—	(4,712)	335	(4,377)	
		—	—	—	(4,712)	—	—	—	(23,996)	(28,708)	(18,625)	(47,333)	
Transactions with owners	與擁有人交易												
Share-based compensation (Note 27(e))	以股份為基礎的酬金(附註27(e))	—	—	—	—	24,929	—	—	—	24,929	—	24,929	
Exercise of share options (Note 25(iii) & Note 27)	行使購股權(附註25(iii)及附註27)	—	405	—	—	(91)	—	—	—	314	—	314	
Issuance of Convertibles Notes (Note 35)	發行可換股票據(附註35)	—	—	—	—	—	695	—	—	695	—	695	
Conversion of Convertibles Notes into shares (Note 25(iii) & Note 35)	將可換股票據轉換為股份(附註25(iii)及附註35)	22	104,249	—	—	—	(695)	—	—	103,576	—	103,576	
Issuance of shares (Note 25(iv))	發行股份(附註25(iv))	23	110,503	—	—	—	—	—	—	110,526	—	110,526	
Transfer upon forfeiture of share options	於沒收購股權時轉撥	—	—	—	—	(1,502)	—	—	1,502	—	—	—	
Appropriation to statutory reserve	分配至法定儲備	—	—	69	—	—	—	—	(69)	—	—	—	
Capital injection from non-controlling interests	非控股權益注資	—	—	—	—	—	—	—	—	—	7,500	7,500	
Deregistration of a subsidiary	註銷一間附屬公司	—	—	—	—	—	—	—	—	—	(90)	(90)	
Disposal of a subsidiary (Note 32(a))	出售一間附屬公司(附註32(a))	—	—	—	—	—	—	—	—	—	1,381	1,381	
Purchase of shares for Share Award Scheme (Note 27(d))	就股份獎勵計劃購買股份(附註27(d))	—	—	—	—	—	—	(514)	—	(514)	—	(514)	
Total transactions with owners	與擁有人交易總額	45	215,157	69	—	23,336	—	(514)	1,433	239,526	8,791	248,317	
Balance at 31 December 2017	於二零一七年十二月三十一日之結餘	285	789,818	38,025	26,481	129,108	111,787	(514)	350,266	1,445,256	10,274	1,455,530	

The notes on pages 118 to 272 form part of these consolidated financial statements.

第118至272頁附註為該等綜合財務報表一部分。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

	Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash flows from operating activities			
(Loss)/Profit before income tax	經營活動所得之現金流量 除所得稅前(虧損)/利潤	(36,596)	146,499
Adjustments for:	就以下各項作出調整:		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	31,680	25,077
Amortisation of intangible assets	無形資產攤銷	116,578	73,623
Interest expense	利息開支	2,775	—
Bank interest income	銀行利息收入	(2,746)	(6,927)
Interest income from loans to third parties	給予第三方之貸款利息收入	(5,305)	(5,128)
Interest income from loans to associates	給予聯營公司之貸款利息收入	(326)	—
Impairment loss on trade receivables	貿易應收款項減值虧損	—	7,244
Provision for impairment of interest in an associate	於一間聯營公司權益之減值撥備	—	4,227
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	(267)	(25)
Loss/(Gain) on disposal of subsidiaries	出售附屬公司虧損/(收益)	1,530	(4,541)
Gain on disposal of intangible assets	出售無形資產收益	(2,320)	—
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	(2,000)	(53,024)
Gain on disposal/deemed disposal of partial interest in an associate	出售/視作出售於一家聯營公司部分權益的收益	(27,632)	(10,349)
Change in fair value of contingent consideration payable	應付或然代價公允值變動	(6,873)	—
Share of losses of associates	應佔聯營公司虧損	4,554	503
Share-based compensation expense	以股份為基礎的酬金開支	24,929	42,746
Operating profit before working capital changes	營運資金變動前之經營利潤	97,981	219,925
Decrease in inventories	存貨減少	11	443
Increase in trade and other receivables	貿易及其他應收款項增加	(50,988)	(67,265)
Increase in trade and other payables	貿易及其他應付款項增加	20,969	9,003
Decrease in deferred revenue	遞延收入減少	(4,565)	(7,907)
Cash generated from operations	經營產生之現金	63,408	154,199
Interest received	已收利息	2,901	10,823
Income tax paid	已付所得稅	(11,413)	(19,608)
Net cash from operating activities	經營活動所得之現金淨額	54,896	145,414
Cash flows from investing activities	投資活動所得之現金流量		
Placement of time deposit with maturity over three months	存入到期日超過三個月之定期存款	—	(200,423)
Withdrawal of time deposit with maturity over three months	提取到期日超過三個月之定期存款	—	393,480
Increase in restricted bank balances	受限制銀行結餘增加	(52,410)	—
Purchase of property, plant and equipment	購買物業、廠房及設備	(62,225)	(33,391)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	787	379
Proceeds from disposal of intangible assets	出售無形資產所得款項	5,775	—
Purchase of intangible assets	購買無形資產	(107,732)	(39,555)
Addition in development costs through internal development	透過內部開發之開發成本增加	(32,399)	(42,064)
Acquisition of subsidiaries, net of cash acquired	收購附屬公司，扣除已取得現金	(35,738)	(28,468)
Net cash outflow from disposal of a subsidiary	出售一間附屬公司之現金流出淨額	(1,113)	(549)
Investments in associates	於聯營公司的投資	(30,073)	(54,845)
Purchase of available-for-sale financial assets	購入可供出售金融資產	(74,290)	(162,235)
Proceed from disposal of associate	出售聯營公司所得款項	1,290	—
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產所得款項	76,000	117,800
Repayment of loan to a related party	償還關聯方貸款	—	8,217
Addition of loans to associates	給予聯營公司之貸款增加	(27,179)	—
Addition of loans to third parties	給予第三方之貸款增加	(16,890)	(6,100)
Repayment in loans to third parties	第三方償還貸款	1,500	1,642
Payment of contingent consideration payables	應付或然代價付款	(5,960)	—
Net cash used in investing activities	投資活動所用之現金淨額	(360,657)	(46,112)

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash flows from financing activities	融資活動所得之現金流量			
Interest paid	已付利息		(2,775)	—
Proceeds from issuance of shares	發行股份所得款項		110,526	—
Proceeds from issuance of Convertible Notes	發行可換股票據所得款項		104,271	—
Proceeds from issuance of shares upon exercise of share options	行使購股權後發行股份所得款項		314	959
Payment for repurchase of shares	購回股份付款		—	(1,278)
Capital contribution from non-controlling shareholders	非控股股東出資		7,500	15,000
Proceeds on disposal of partial interests in subsidiaries	出售附屬公司部分權益所得款項		—	12,900
Purchase of shares for Share Award Scheme	就股份獎勵計劃購回股份		(514)	—
Net cash from financing activities	融資活動所得之現金淨額		219,322	27,581
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(86,439)	126,883
Cash and cash equivalents at beginning of year	年初現金及現金等價物		283,598	155,612
Effect of foreign exchange rate changes on cash and cash equivalents held	匯率變動對所持現金及現金等價物之影響		(2,203)	1,103
Cash and cash equivalents at end of year	年末現金及現金等價物	20	194,956	283,598

The notes on pages 118 to 272 form part of these consolidated financial statements.

第118至272頁附註為該等綜合財務報表一部分。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION

Ourgame International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 4 December 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 June 2014 (the “Listing”).

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in the development and operation of online card and board games, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents (collectively, the “Online Games Business”) primarily in the People’s Republic of China (the “PRC”) and the United States (the “US”). The Group is expanding the eSports, sports e-commerce business and other non-card-and-board games new internet businesses (collectively, the “eSports Business”) globally.

The Online Games Business in the PRC is carried out by Beijing Lianzhong Co., Ltd. (“Beijing Lianzhong”) and its subsidiaries (collectively the “Lianzhong Group”) and the eSports Business is carried out by Beijing Guangyao Hudong Technology Development Co., Ltd. (“Beijing Guangyao”) and its subsidiaries (collectively the “Guangyao Group”).

1. 一般資料

聯眾國際控股有限公司(「本公司」)於二零一三年十二月四日根據開曼群島公司法(二零一三年修訂版)在開曼群島註冊成立為獲豁免有限公司。本公司之註冊辦事處地址為P.O. Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands。本公司股份自二零一四年六月三十日起於香港聯合交易所有限公司主板上市(「上市」)。

本公司為一家投資控股公司及其附屬公司(統稱為「本集團」)，主要在中華人民共和國(「中國」)及美國(「美國」)從事開發及經營在線棋牌遊戲、組織及播放線上線下智力運動、比賽及電視節目(統稱為「線上遊戲業務」)。本集團正在全球擴展電子競技、體育電商業務以及其他非棋牌遊戲等新網絡業務(統稱為「電子競技業務」)。

於中國之線上遊戲業務主要由北京聯眾互動網絡股份有限公司(「北京聯眾」)及其附屬公司(統稱「聯眾集團」)進行，及電子競技業務由北京光曜互動科技發展有限公司(「北京光曜」)及其附屬公司(統稱「光曜集團」)進行。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION (Continued)

Pursuant to the applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online game business and are restricted to conduct value-added telecommunications services. In order to enable investments be made into the restricted businesses, the Company established subsidiaries, Beijing Lianzhong Garden Network Technology Co., Ltd. ("WFOE 1") and Tianjin Lianzhong Lequ Technology Development Co., Ltd. ("WFOE 2") (together, the "WFOEs"), which are wholly foreign owned enterprises incorporated in the PRC. The WFOEs have entered into a series of contractual arrangements (the "Contractual Arrangements") with Beijing Lianzhong and Beijing Guangyao and their respective equity holders, which enable the WFOEs and the Group to:

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

1. 一般資料(續)

根據適用之中國法律法規，外國投資者禁止持有從事線上遊戲業務實體之股權且於進行增值電信服務方面受到限制。為投資於受限制業務，本公司成立附屬公司北京聯眾家園網絡科技有限責任公司(「外商獨資企業1」)及天津聯眾樂趣科技發展有限公司(「外商獨資企業2」)(統稱為「外商獨資企業」，為於中國註冊成立之外商獨資企業)。外商獨資企業已與北京聯眾及北京光曜以及彼等各自權益持有人訂立一系列合約安排(「合約安排」)，該合約安排令外商獨資企業及本集團能夠：

- 對北京聯眾及北京光曜行使有效的財務及營運控制；
- 行使股權持有人於北京聯眾及北京光曜的投票權；
- 收取北京聯眾及北京光曜及其附屬公司產生的絕大部份經濟利益回報作為外商獨資企業酌情提供業務支持、技術及顧問服務的報酬；
- 獲得不可撤銷的獨家權利，以按中國法律及法規許可的最低購買價向各股權持有人購買北京聯眾及北京光曜的全部或部份股權及／或資產。外商獨資企業可隨時行使該等購股權直至其完成收購北京聯眾及北京光曜全部股權及／或全部資產；
- 就北京聯眾及北京光曜的全部股權獲得各相關股權持有人的質押，作為北京聯眾及北京光曜應付外商獨資企業的所有款項的抵押擔保，並擔保北京聯眾及北京光曜履行其於合約安排下的義務。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

1. GENERAL INFORMATION (Continued)

The details of the Contractual Arrangements are set out in the prospectus issued by the Company dated 18 June 2014 (the "Prospectus") and the announcement issued by the Company dated 9 February 2017.

The Group does not have any equity interest in Beijing Lianzhong and Beijing Guangyao and its subsidiaries. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Beijing Lianzhong and Beijing Guangyao and has the ability to affect those returns through its power over Beijing Lianzhong and Beijing Guangyao and is considered to control Beijing Lianzhong and Beijing Guangyao and hence the Beijing Lianzhong and Beijing Guangyao Group. Consequently, the Company regards the Beijing Lianzhong and Beijing Guangyao Group as consolidated structured entities under International Financial Reporting Standards ("IFRSs"). The Group has consolidated the financial position and results of the Beijing Lianzhong and Beijing Guangyao Group in the consolidated financial statements.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Beijing Lianzhong and Beijing Guangyao Group and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Beijing Lianzhong and Beijing Guangyao Group. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with relevant PRC laws and regulations and are legally enforceable.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

The financial statements for the year ended 31 December 2017 were approved for issue by the board of directors (the "Board") on 27 March 2018.

1. 一般資料(續)

有關合約安排之詳情載於本公司於二零一四年六月十八日刊發之招股章程(「招股章程」)內及本公司日期為二零一七年二月九日刊發之公告。

本集團於北京聯眾及北京光曜及其附屬公司概無擁有任何股權。然而，根據合約安排，本集團享有其參與北京聯眾及北京光曜的可變回報並有能力透過其權力影響北京聯眾及北京光曜的該等回報，故被視為控制北京聯眾及北京光曜，從而控制北京聯眾及北京光曜集團。因此，根據國際財務報告準則(「國際財務報告準則」)，本公司將北京聯眾及北京光曜集團視為綜合結構實體。本集團已將北京聯眾及北京光曜集團的財務狀況及業績併入本集團的綜合財務報表。

然而，合約安排未必具有如直接法定所有權之效力，以提供本集團對北京聯眾及北京光曜集團的直接控制，且中國法律體系的不確定性可能妨礙本集團於北京聯眾及北京光曜集團的業績、資產及負債的實益權益。根據法律顧問的意見，本公司董事認為，合約安排符合相關中國法律法規且可依法強制執行。

除另有說明外，此綜合財務報表均以人民幣(「人民幣」)呈列。

截至二零一七年十二月三十一日止年度之財務報表於二零一八年三月二十七日獲董事會(「董事會」)批准發行。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with applicable IFRSs. The financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and the contingent consideration payable which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3 below.

2. 重大會計政策概要

編製該等綜合財務報表所應用的主要會計政策載於下文。除另有指明外，該等會計政策於整個呈列年度貫徹應用。

2.1 編製基準

本公司綜合財務報表乃根據適用國際財務報告準則編製。財務報表亦符合香港公司條例之適用披露規定及包括香港聯合交易所有限公司證券上市規(「上市規則」)之適用披露規定。綜合財務報表乃根據歷史成本慣例法編製，並通過重估按公允值列賬的可供出售金融資產及應付或然代價而作出修訂。

根據國際財務報告準則編製之綜合財務報表需要採用若干關鍵會計估計。管理層亦須在採用本集團會計政策過程中作出判斷。涉及高度判斷或複雜性的範疇，或對綜合財務報表屬重大的假設及估計範疇，披露於下文附註3。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures

(a) Amended standards adopted by the Group

The Group has applied the following amendments to IFRSs, which have become effective for the accounting period beginning on 1 January 2017 and relevant to the Group:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

The impact of the adoption of the new and amended IFRSs are discussed below:

Amendments to IAS 7 “Disclosure Initiative”

The amendments require an entity to provide disclosure that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in Note 36. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 36, the application of these amendments has had no impact on the Group’s consolidated financial statements.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動

(a) 本集團採納經修訂準則

本集團已應用於二零一七年一月一日開始的會計期間生效並與本集團有關的下列國際財務報告準則之修訂本：

國際會計準則第7號(修訂本)	披露倡議
國際會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產
國際財務報告準則二零一四年至二零一六年週期的年度改進中包含的國際財務報告準則第12號(修訂本)	披露於其他實體的權益

採納新訂及經修訂國際財務報告準則之影響敘述如下：

國際會計準則第7號(修訂本)「披露倡議」

該等修訂要求實體提供披露資料，讓財務報表使用者能夠評估融資活動產生的負債變動，包括現金流量引發的變動及非現金變動。附註36載列有關該等融資活動產生的負債期初及期末結餘的對賬。與該等修訂的過渡性條文一致，本集團並無披露對上年度的比較資料。除附註36額外披露外，應用該等修訂本對本集團的綜合財務報表並無影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(a) Amended standards adopted by the Group (Continued)

Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses"

The amendments were issued with the purpose of addressing the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, although they also have a broader application for other situations. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount or expected manner of recovery of the asset.

The amendments also provide guidance on how an entity should determine future taxable profits to support the recognition of a deferred tax asset arising from a deductible temporary difference.

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group does not have debt instruments measured at fair value.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(a) 本集團採納經修訂準則(續)

國際會計準則第12號(修訂本)「就未變現虧損確認遞延稅項資產」

儘管修訂本可以更廣泛地應用於其他情況，該修訂本之頒佈旨在處理就按公允值計量之債務工具相關之未變現虧損確認遞延稅項資產。該修訂本釐清可扣稅暫時差額會否出現僅取決於資產的賬面值或預期回收資產的方式之比較。

該修訂本就實體應如何釐定未來應課稅溢利提供指引，以支持確認可扣減暫時性差額產生的遞延稅項資產。

應用該等修訂本並未對本集團的綜合財務報表造成影響，乃由於本集團並無按公允值釐定之債務工具。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(a) *Amended standards adopted by the Group (Continued)*

Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014–2016 Cycle “Disclosure of Interests in Other Entities”

The amendments to IFRS 12 clarify the scope of IFRS 12 by specifying that its disclosure requirements (except for the summarised financial information for an interests in a subsidiary, a joint venture or an associate which is classified as held for sale in accordance with IFRS 5) apply to an entity's interests irrespective of whether they are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with IFRS 5.

The application of these amendments has had no impact on the Group's consolidated financial statements.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(a) 本集團採納經修訂準則(續)

國際財務報告準則二零一四年至二零一六年週期的年度改進中包含的國際財務報告準則第12號(修訂本)「披露於其他實體的權益」

國際財務報告準則第12號(修訂本)澄清了國際財務報告準則第12號的披露要求適用無論是否依據國際財務報告準則第5號被分類為(或納入被分類的出售組別)持有待售或者終止經營的實體的權益,但不包括根據國際財務報告準則第5號被分類為持有待售的附屬公司、合營企業及聯營企業權益的匯總財務信息的要求。

應用該等修訂本並未對本集團的綜合財務報表造成影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) 尚未採納新訂及經修訂準則及詮釋

於刊發該等綜合財務報表日期，若干新訂及經修訂國際財務報告準則已獲刊發但尚未生效，且本集團並未提早採納。

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ³
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²

國際財務報告準則第9號	金融工具 ¹
國際財務報告準則第15號	客戶合約收益及相關修訂本 ¹
國際財務報告準則第16號	租賃 ²
國際財務報告準則第17號	保險合約 ³
國際財務報告準則第2號(修訂本)	以股份為基礎的支付交易的分類及計量 ¹
國際財務報告準則第4號(修訂本)	應用國際財務報告準則第9號「金融工具」及國際財務報告準則第4號「保險合約」 ¹
國際財務報告準則第9號(修訂本)	提早還款特性及負補償 ²
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者及其聯營公司或合營企業出售或注入資產 ⁴
國際會計準則第28號(修訂本)	於聯營公司及合營企業之長期權益 ²

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards and interpretations not yet adopted (Continued)

Amendments to IAS 40	Transfers of Investment Property ¹
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle ²

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Group's consolidated financial statements.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) 尚未採納新訂及經修訂準則及詮釋(續)

國際會計準則第40號	投資物業轉移 ¹
(修訂本)	
國際財務報告詮釋委員會－詮釋第22號	外幣交易及預付代價 ¹
國際財務報告詮釋委員會－詮釋第23號	所得稅處理的不確定性 ²
國際財務報告準則(修訂本)	國際財務報告準則二零一四年至二零一六年週期的年度改進 ¹
國際財務報告準則(修訂本)	國際財務報告準則二零一五年至二零一七年週期的年度改進 ²

¹ 於二零一八年一月一日或之後開始之年度期間生效

² 於二零一九年一月一日或之後開始之年度期間生效

³ 於二零二一年一月一日或之後開始之年度期間生效

⁴ 尚待釐定生效日期

董事預期，本集團將於所有有關規定首次生效開始或之後期間將該等規定納入本集團之會計政策中。預期對本集團會計政策產生影響的新訂及經修訂國際財務報告準則的資料載列如下。其他新訂及經修訂國際財務報告準則預期不會對本集團綜合財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) *New and amended standards and interpretations not yet adopted (Continued)*

IFRS 9, "Financial instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The directors have identified the following areas that are expected to be most impacted by the application of IFRS 9:

- the classification and measurement of the Group's financial assets. The Group holds financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. The directors expect a number of available-for-sale ("AFS") investments and other financial assets are likely to be measured at fair value through other comprehensive income.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) *尚未採納新訂及經修訂準則及詮釋(續)*

國際財務報告準則第9號「金融工具」

國際財務報告準則第9號將取代國際會計準則第39號「金融工具：確認及計量」。該準則對金融資產分類及計量原指引作出重大變動，並就金融資產減值引入「預期信貸虧損」模式。

國際財務報告準則第9號亦涵括要求採用對沖會計之新規定。新規定透過提高對沖項目及對沖工具之資格標準以及引入更具原則基準之方法評估對沖有效性，使對沖會計與實體之風險管理活動更緊密一致。

董事已識別以下預期因應用國際財務報告準則第9號而受影響最大之範疇：

- 本集團金融資產之分類和計量。本集團持有金融資產以持有及收取相關現金流，並正在評估現金流之相關類型以正確分類金融資產。董事預計大部分可供出售（「可供出售」）投資及其他金融資產可能按公允值計入其他全面收益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) *New and amended standards and interpretations not yet adopted (Continued)*

IFRS 9, "Financial instruments" (Continued)

- the impairment of financial assets applying the expected credit loss model. This will apply to the Group's trade receivables. For trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing components.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) *尚未採納新訂及經修訂準則及詮釋(續)*

國際財務報告準則第9號「金融工具」(續)

- 應用預期信貸虧損模式之金融資產之減值。這將適用於本集團的貿易應收款項。就貿易應收款項而言，本集團採用簡化模式確認終身預期信貸虧損，蓋因該等項目並無重大融資成分。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) *New and amended standards and interpretations not yet adopted (Continued)* *IFRS 15, "Revenue from contracts with customers"*

IFRS 15 and the related clarification to IFRS 15 (hereinafter referred to as "IFRS 15") presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction Contracts", and several revenue-related Interpretations. IFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

Based on the preliminary assessment, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in Note 2.15. Currently, revenue arising from provision of services is recognised over time, whereas revenue from sale of goods (such as in-game virtual goods) is generally recognised when the risks and rewards of ownership have passed to the customers.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) *尚未採納新訂及經修訂準則及詮釋(續)*

國際財務報告準則第15號「客戶合約收益」

國際財務報告準則第15號及對國際財務報告準則第15號之相關澄清(下稱「國際財務報告準則第15號」)提出了收入確認之新規定,取代國際會計準則第18號「收益」、國際會計準則第11號「建築合約」及若干與收益相關之詮釋。國際財務報告準則第15號建立適用於客戶合約之單一綜合模式及確認收益之兩種方法;以一個時點確認或以一段時間確認。該模型之特點是基於合約之五步交易分析,以確定是否確認收入以及確認收入之金額及時間。

根據初步之評估,本集團已識別以下預期會受到影響之範疇:

(a) 收入確認時間

本集團之收入確認政策於附註2.15內披露。目前,提供服務產生之收入隨時間確認,而商品銷售收入(例如遊戲中的虛擬物品)一般在所有權之風險及報酬轉移給客戶時確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) *New and amended standards and interpretations not yet adopted (Continued)*

IFRS 15, "Revenue from contracts with customers" (Continued)

(a) Timing of revenue recognition (Continued)

Under IFRS 15, revenue is recognised when customer obtains control of the promised goods or service in the contract. IFRS 15 identifies 3 situations in which control of the promised goods or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) *尚未採納新訂及經修訂準則及詮釋(續)*

國際財務報告準則第15號「客戶合約收益」(續)

(a) 收入確認時間(續)

根據國際財務報告準則第15號，當客戶取得合約中承諾商品或服務之控制權時確認收入。國際財務報告準則第15號確定了三種承諾商品或服務之控制權被視為隨時間轉移之情況：

- (i) 當客戶在實體履約之同時取得及消費該實體履約所提供之利益；
- (ii) 當實體之履約創造或改良客戶在資產被創造或改良時就控制之資產（如在建工程）時；

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) *New and amended standards and interpretations not yet adopted (Continued)*

IFRS 15, "Revenue from contracts with customers"
(Continued)

(a) Timing of revenue recognition (Continued)

- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

(b) 尚未採納新訂及經修訂準則及詮釋(續)

國際財務報告準則第15號「客戶合約收益」(續)

(a) 收入確認時間(續)

- (iii) 當實體之履約並無創造一項可被實體用於替代用途之資產，並且實體具有就迄今為止已完成之履約部分獲得客戶付款之可執行權利。

倘合約條款及實體行為並不屬於任何該等三種情況，則根據國際財務報告準則第15號，實體於某一時間點(即控制權轉移時)就銷售商品或服務確認收入。所有權之風險及回報之轉移僅為釐定控制權轉移發生時將考慮之其中一項指標。

本集團已評估新收益準則應不會對其確認收入之方式造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

- (b) *New and amended standards and interpretations not yet adopted (Continued)*
IFRS 16, "Leases"

IFRS 16 "Leases" will replace IAS 17 and three related Interpretations.

As disclosed in Note 2.12, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group mainly enters into leases as the lessee.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

- (b) *尚未採納新訂及經修訂準則及詮釋(續)*
國際財務報告準則第16號「租賃」

國際財務報告準則第16號「租賃」將取代國際會計準則第17號及三項相關詮釋。

誠如附註2.12所披露，本集團現時將租賃分類為融資租賃和經營租賃，並且根據租賃之分類對租賃安排進行不同之會計處理。本集團主要作為承租人訂立租賃。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

- (b) *New and amended standards and interpretations not yet adopted (Continued)*
IFRS 16, "Leases" (Continued)

IFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once IFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease, the lessee will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

- (b) *尚未採納新訂及經修訂準則及詮釋(續)*
國際財務報告準則第16號「租賃」(續)

預期國際財務報告準則第16號將不會大幅影響出租人將其於租賃項下權利及義務入賬之方式。然而，採用國際財務報告準則第16號後，承租人將不再區分融資租賃及經營租賃。相反，受可行權益方法之規限，承租人將按與現有融資租賃會計處理方法類似之方法將所有租賃入賬，即於租賃開始日期，承租人將確認相應之「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債未償還結餘所產生之利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生之租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產之租賃，於此情況下，租金開支將繼續於租期內按系統基準確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

- (b) *New and amended standards and interpretations not yet adopted (Continued)*
IFRS 16, "Leases" (Continued)

IFRS 16 will primarily affect the Group's accounting as a lessee of leases of land and buildings and other assets which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss over the period of the lease. As disclosed in Note 29(b), as at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amount to RMB106,317,000 for servers, lines, offices and various land and buildings, the majority of which is payable either between one and five years after the reporting date or in more than five years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

- (b) *尚未採納新訂及經修訂準則及詮釋(續)*
國際財務報告準則第16號「租賃」(續)

國際財務報告準則第16號將主要影響本集團作為承租人就土地及樓宇以及其他資產租賃(現時分類為經營租賃)之會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租賃期間於綜合損益表內確認開支之時間。誠如附註29(b)所披露，於二零一七年十二月三十一日，本集團於不可撤銷經營租賃項下就服務器、線路及各種土地及樓宇之日後最低租賃付款為人民幣106,317,000元，其中大部分須於報告日期後一至五年或五年以上支付。因此，採用國際財務報告準則第16號後，若干該等款項或須確認為租賃負債，並附帶相應使用權資產。經考慮可行權宜方法之適用性及就現時與採用國際財務報告準則第16號期間已訂立或終止之任何租賃及貼現影響作出調整後，本集團將須進行更為詳細之分析以釐定於採用國際財務報告準則第16號時經營租賃承擔所產生之新資產及負債之金額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

- (b) *New and amended standards and interpretations not yet adopted (Continued)*
IFRS 16, "Leases" (Continued)

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in IFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt IFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

2. 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 會計政策和披露之變動(續)

- (b) *尚未採納新訂及經修訂準則及詮釋(續)*
國際財務報告準則第16號「租賃」(續)

國際財務報告準則第16號將於二零一九年一月一日或之後開始之年度期間生效。該準則提供不同之過渡選擇及可行權宜方法，包括融入先前評估之可行權宜方法，當中現有安排為(或包含)租賃。倘選擇此可行權宜方法，本集團僅將國際財務報告準則第16號對租賃之新定義應用於首次應用日期或之後訂立之合約。倘並無選擇可行權宜方法，本集團將須使用新定義重新評估其對哪些現有合約為(或包含)租賃而作之所有決定。視乎本集團是否選擇以追溯方式採納國際財務報告準則第16號，或遵從經修訂可追溯方式確認對首次應用當日權益期初結餘之累計效應調整，本集團未必需要重列因重新評估而引致任何會計變動之比較資料。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls the entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(i) Business combinations

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

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

2. 重大會計政策概要(續)

2.2 合併基準

綜合財務報表包括本公司及其附屬公司編製的截至各年十二月三十一日的財務報表。

(a) 附屬公司

附屬公司指本集團控制的所有實體(包括結構實體)。當本集團透過參與實體的營運而獲得或有權取得其可變回報且有能力透過其於實體的權力影響該等回報時，則本集團控制該實體。附屬公司由控制權轉讓至本集團之日起綜合計算，並由該控制權終止之日起終止綜合計算。

(i) 業務合併

本集團應用收購法將業務合併入賬。收購一間附屬公司轉讓的代價為轉讓資產的公允值、被收購方的前擁有人產生的負債及本集團已發行的股權。轉讓的代價包括或然代價安排產生的任何資產或負債的公允值。業務合併中收購的可識別資產及承擔的負債及或然負債乃按收購日的公允值初步計量。

本集團按個別收購基準確認被收購方的非控股權益。被收購方的非控股權益為現時的擁有權權益，並賦予持有人一旦清盤時按比例應佔主體的淨資產，可按公允值或按現時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。除非國際財務報告準則規定其他計量基準，否則非控股權益之所有其他部份均以收購日之公允值計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

(a) Subsidiaries (Continued)

(i) Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. 重大會計政策概要(續)

2.2 合併基準(續)

(a) 附屬公司(續)

(i) 業務合併(續)

收購相關成本在產生時列支。

若業務合併分階段完成，則收購方先前持有的被收購方股本權益於收購當日的賬面值乃重新計量為收購日期的公允值；該重新計量產生的任何收益或虧損乃於損益中確認。

本集團將轉讓的任何或然代價於收購日期按公允值確認。被視為一項資產或負債的或然代價公允值後續變動，將按照國際會計準則第39號的規定，確認為損益或其他全面收益變動。分類為權益的或然代價毋須重新計量，而其後結算於權益入賬。

商譽乃按轉讓的總代價及收購的可識別淨資產的非控股權益金額及承擔的負債之間的差額初步計量。若該代價低於所收購附屬公司可辨認淨資產的公允值，則差額直接於損益中確認為議價收購收益。

集團內公司間交易、結餘及未變現損益抵銷。附屬公司會計政策在必要時已經變更以確保與本集團採納的政策一致。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

(a) Subsidiaries (Continued)

(ii) *Changes in ownership interests in subsidiaries without change of control*

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

(iii) *Disposal of subsidiaries*

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

2. 重大會計政策概要(續)

2.2 合併基準(續)

(a) 附屬公司(續)

(ii) **不導致失去控制權的附屬公司所有權權益變動**

不導致失去控制權的非控股權益交易入賬列作權益交易 — 即以其為擁有人的身份與附屬公司擁有人進行交易。任何已付代價公允值與所購買相關應佔附屬公司淨資產賬面值的差額列作權益。向非控股權益出售的收益或虧損亦列作權益。

(iii) **出售附屬公司**

當本集團失去控制權時，於實體的任何保留權益按失去控制權當日的公允值重新計量，有關賬面值的變動則在損益確認。就其後入賬列作聯營公司、合資企業或金融資產的保留權益而言，其公允值為初始賬面值。此外，先前於其他全面收益確認與該實體有關的任何金額按猶如本集團已直接出售有關資產或負債的方式入賬。此可能意味先前在其他全面收益確認的金額重新分類至損益。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

(b) Separate financial statements

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounting for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the associate acquired, the difference is recognised in profit or loss. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

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

2. 重大會計政策概要(續)

2.2 合併基準(續)

(b) 獨立財務報表

於本公司的財務狀況表內，附屬公司乃按成本減任何減值虧損入賬。成本乃經調整以反映或然代價修訂產生的代價變動。成本亦包括投資直接應佔的成本。附屬公司的業績由本公司根據已收及應收股息於報告日期入賬。所有的股息(無論是否從投資對象的收購前或收購後利潤中收取)均於本公司損益中確認。

2.3 聯營公司

聯營公司為本集團對其有重大影響力但並非控制的所有公司，一般持有相當於20%至50%投票權的股權。於聯營公司的投資使用會計權益法入賬。根據權益法，投資初步按成本確認，且於收購日期之後賬面值增加或減少以確認投資方應佔被投資方的損益。本集團於聯營公司的投資包括收購時可識別的商譽。商譽乃按轉讓的總代價及收購的可識別淨資產的非控股權益金額及承擔的負債之間的差額初步計量。若該代價低於所收購聯營公司淨資產的公允值，則差額於損益中確認。商譽乃納入投資賬面值，並按其中部分投資評估減值。

如聯營公司的權益持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重新分類至損益(如適當)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates (Continued)

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises as administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

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

Diluted gains and losses arising in investments in associates are recognised in the consolidated statement of profit or loss and other comprehensive income.

2. 重大會計政策概要(續)

2.3 聯營公司(續)

倘本集團喪失對聯營公司之重大影響力，將按出售於該被投資方之所有權益入賬，而所產生之盈虧於損益中確認。任何在喪失重大影響力之日仍於上一被投資方保留之權益按公允值確認，而此金額被視為初步確認金融資產之公允值。

本集團應佔購入後的利潤或虧損於損益內確認，及其分佔購入後的其他全面收益變動(連同對投資賬面值作出的相應調整)於其他全面收益內確認。若本集團應佔一間聯營公司虧損等同或超過其於該聯營公司的權益(包括任何其他應收免抵押款項)，則本集團將不會確認進一步虧損，除非其有法律或推定責任承擔或已代表該聯營公司付款。

本集團於各報告日期釐定是否有客觀證據顯示於聯營公司的投資出現減值。如屬此情況，本集團會將減值金額作為聯營公司的可收回款額與其賬面值的差額計算，並在綜合損益及其他全面收益表中確認為行政開支。

本集團與其聯營公司之間的上游及下游交易產生的利潤及虧損，只會限於無關連投資者於聯營公司的權益在本集團的財務報表內確認。除非該項交易有證據顯示所轉讓資產已減值，否則未變現虧損予以對銷。聯營公司的會計政策在有需要時已作改動，以確保與本集團所採用的政策一致。

於聯營公司的投資所產生的攤薄收益及虧損於綜合損益及其他全面收益表內確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

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

(c) Group companies

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

2. 重大會計政策概要(續)

2.4 外幣換算

(a) 功能及呈列貨幣

本集團各實體的財務報表所包括的項目，乃採用該實體運營所處的主要經濟環境的貨幣（「功能貨幣」）計量。綜合財務報表以人民幣呈列，而人民幣為本公司功能貨幣及本集團的呈列貨幣。

(b) 交易及結餘

外幣交易均按交易或估值（倘項目進行重新計量）日期的匯率換算為功能貨幣。因結算該等交易產生以及將外幣計值的貨幣資產和負債以年終匯率換算產生的外匯收益及虧損在綜合損益及其他全面收益表內確認。

(c) 集團公司

功能貨幣與呈列貨幣不同的所有本集團實體（均無極高通脹經濟地區的貨幣）的業績及財務狀況，均按下列方式換算為呈列貨幣：

- 各財務狀況報表內呈列的資產及負債按該財務狀況報表日期的收市匯率換算；
- 各損益及其他全面收益表內的收支按平均匯率換算（除非該平均匯率未能合理反映交易日現行匯率所帶來的累積影響，則按照交易日的匯率換算該等收支）；及

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies (Continued)

- all resulting exchange differences are recognised in other comprehensive income.

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

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, as follows:

Leasehold improvements	Shorter of remaining term of the lease and the estimated useful lives of the assets
Computer equipment	3–5 years
Furniture and office equipment	3–5 years
Motor vehicle	5 years

Construction in progress is stated at historical cost less impairment loss. Cost includes expenditures that are directly attributable to the acquisition of the assets. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The asset's residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. 重大會計政策概要(續)

2.4 外幣換算(續)

(c) 集團公司(續)

- 所有由此產生的匯兌差額在其他全面收益中確認。

因收購海外實體而產生之商譽及公允值調整視為該海外實體之資產及負債，並按收市匯率換算。產生的貨幣換算差額乃於其他全面收益中確認。

2.5 物業、廠房及設備

物業、廠房及設備乃按歷史成本減累計折舊及減值虧損列賬。成本包括資產收購直接應佔的開支。

折舊以直線法於如下估計可使用年期內作出撥備，以撇銷成本減其剩餘價值：

租賃物業裝修	資產的剩餘租期與估計可使用年期之間的較短者
電腦設備	3至5年
傢俬及辦公室設備	3至5年
汽車	5年

在建工程按歷史成本減減值虧損列示。成本包括資產收購直接應佔的開支。在建工程在完工並可隨時投入擬定用途前不計提任何準備。

資產之剩餘價值、折舊方法及可使用年期於各報告期末進行檢討及於適當時作出調整。

報廢或出售所產生之收益或虧損按出售所得款項與相關資產之賬面值之間的差額釐定，並於損益內確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

2.6 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified assets and liabilities acquired. Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see Note 2.18). Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.7 Intangible assets (other than goodwill) and research and development activities

(a) Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the shorter of their license periods or estimated useful lives (ranged from 1 to 5 years), and recorded as amortisation in the consolidated statement of profit or loss and other comprehensive income.

2. 重大會計政策概要(續)

2.5 物業、廠房及設備(續)

後續成本計入資產之賬面值或於適當時確認為一項個別資產，前提條件為與該項目相關之未來經濟利益極有可能流入本集團及該項目成本能可靠計量。

終止確認已重置部分之賬面值。所有其他成本(如維修及保養成本)於產生該等成本之財務期間自損益內扣除。

2.6 商譽

收購附屬公司產生之商譽指被收購方之任何非控股權益款項及被收購方之前任何股權收購日公允價值所移交之代價超過所收購之已識別資產及負債之公允價值部分。商譽乃按成本減累計減值虧損列賬。商譽分配至現金產生單位，並於每年接受減值測試(見附註2.18)。商譽的減值虧損不能回撥。出售實體之損益包括所出售實體相關商譽之賬面值。

2.7 無形資產(商譽除外)及研發活動

(a) 電腦軟件

收購的電腦軟件乃按收購及使用特定軟件所產生的成本資本化。該等成本乃按其特許期間或估計可使用年期(介乎1至5年)中的較短者攤銷，並於綜合損益及其他全面收益表中按攤銷入賬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (other than goodwill) and research and development activities (Continued)

(b) Game intellectual properties, trademark and licenses

Game intellectual properties, trademark and licenses are initially recorded at cost and include internally generated intangible assets (i.e. capitalised development costs as detailed in Note 2.7(c) below) that are available for use. These intangible assets are amortised on a straight-line basis over the shorter of their license periods or estimate useful lives (ranged from 2 to 10 years).

(c) Research and development costs

Costs associated with research activities are expensed in profit or loss as they occur. Costs that are directly attributable to development activities (relating to the design and testing of new or improved game products) are recognised as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibility of the prospective product for internal use or sale;
- (ii) there is intention to complete the intangible asset and use or sell it;
- (iii) the Group's ability to use or sell the intangible asset is demonstrated;
- (iv) the intangible asset will generate probable economic benefits through internal use or sale;
- (v) sufficient technical, financial and other resources are available for completion; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

2. 重大會計政策概要(續)

2.7 無形資產(商譽除外)及研發活動(續)

(b) 遊戲知識產權、商標及許可證

遊戲知識產權、商標及許可證初步按成本入賬，並包括內部產生可供使用的無形資產(即下文附註2.7(c)詳述的資本化開發成本)。該等無形資產乃以直線法按其特許期間或估計可使用年期(介乎2至10年)中的較短者攤銷。

(c) 研發成本

與研究活動有關的成本於產生時即於損益中支銷。開發活動(涉及全新或改善後的遊戲產品的設計及測試)直接應佔成本確認為無形資產，惟須符合以下確認要求：

- (i) 證實內部使用或出售的潛在產品在技術上具有可行性；
- (ii) 具有完成該無形資產並使用或出售的意圖；
- (iii) 證實本集團有能力使用或出售無形資產；
- (iv) 無形資產將透過內部使用或出售而產生潛在經濟利益；
- (v) 有足夠的技術、財務和其他資源支持完成研發；及
- (vi) 歸屬於無形資產的支出可被可靠地計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (other than goodwill) and research and development activities (Continued)

(c) Research and development costs (Continued)

Direct costs include employee costs incurred on development activities. The costs of development of internally generated software, products or knowhow that meet the above recognition criteria are recognised as intangible assets. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful lives.

All other development costs are expensed as incurred.

(d) Brand name and unfinished contracts

Brand name and unfinished contracts acquired in a business combination and recognised separately from goodwill are initially recognised at fair value at the acquisition date (which is regarded as their costs). Subsequent to initial recognition, these intangible assets are amortised over the estimated useful lives or contract period (ranged from 1 to 10 years).

(e) Programmes and film rights

Programmes and film rights include assets acquired in a business combination and recognised separately from goodwill and are initially recognised at fair value at the acquisition date (which is regarded as their costs). It also includes internally generated programmes and film rights. These intangible assets are amortised on a straight-line basis over the shorter of their license periods or estimate useful lives (ranged from 5 to 6 years).

(f) Customer relationships

Customer relationships are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationships of 5 years.

2. 重大會計政策概要(續)

2.7 無形資產(商譽除外)及研發活動(續)

(c) 研發成本(續)

計入開發活動產生的直接成本包括僱員成本。符合上述確認標準的內部產生的軟件、產品或專門技術的開發成本確認為無形資產。之前已確認為開支的開發成本於其後期間不會被確認為資產。以資本化開發成本列作無形資產，並自該資產可供使用時起以直線法按其可使用年期攤銷。

所有其他開發成本均於產生時支銷。

(d) 品牌名稱及未完成合約

於業務合併中獲得之品牌名稱及未完成合約，與商譽分開確認並於收購日期初步確認為公允值(視作其收購成本)。初步確認後，該等無形資產於估計可使用年期或合約期間攤銷(介乎1至10年)。

(e) 節目及電影版權

節目及電影版權包括於業務合併中收購之資產，與商譽分開確認並於收購日期初步確認為公允值(視作其收購成本)。其亦包括內部產生的節目及電影版權。該等無形資產乃以直線法按其特許期間或估計可使用年期(介乎5至6年)中的較短者攤銷。

(f) 客戶關係

客戶關係按收購日期之公允值確認。客戶關係有限定之可使用年限，並按成本減累計攤銷列賬。攤銷以直線法按預計客戶關係年期5年計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries and associates are set out below. Financial assets of the Group are classified into loans and receivables and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date (the date on which the Group commits to purchase or sell the asset). When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is determined and recognised based on the classification of the financial asset.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

2. 重大會計政策概要(續)

2.8 金融資產

本集團於附屬公司及聯營公司投資以外的金融資產的會計政策載於下文。本集團的金融資產被分類為貸款及應收款項以及可供出售金融資產。於初步確認金融資產時，管理層會根據所收購的金融資產的用途作出分類，並於許可及適當情況下，於各報告日期對有關定性作重新評估。

所有金融資產只會在本集團成為有關工具的合約條文的訂約方時，方予確認。以一般方式買賣金融資產會於交易日期（即本集團承諾購買或出售資產日期）確認。初步確認金融資產時乃按公允值計量，但若投資並非按公允值計入損益，則須加上直接應佔交易成本計量。

當收取投資產生的現金流量的權利屆滿或被轉讓，且所有權的絕大部分風險及獎勵已經轉移時，即終止確認金融資產。

於各報告日期，會對金融資產進行審閱，以評估是否有任何客觀減值證據。如有出現任何上述證據，則根據金融資產分類釐定及確認減值虧損。

(a) 貸款及應收款項

貸款及應收款項為固定或可釐定付款且並於活躍市場上並無報價的非衍生金融資產。該等款項計入流動資產，不包括期限超過報告日期後12個月者，則將分類為非流動資產。貸款及應收款項其後以實際利率法按攤銷成本減任何減值虧損計量。計算攤銷成本時，應計及任何收購折讓或溢價，包括屬實際利率不可分割部分的費用及交易成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the reporting date.

All financial assets within this category are subsequently measured at fair value. Gain or loss arising from a change in the fair value excluding any dividend and interest income is recognised in other comprehensive income and accumulated separately in the revaluation reserve in equity, except for impairment losses (see the policy below) and foreign exchange gains and losses on monetary assets, until the financial asset is derecognised, at which time the cumulative gain or loss is reclassified from equity to profit or loss. Interest calculated using the effective interest method is recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

2. 重大會計政策概要(續)

2.8 金融資產(續)

(b) 可供出售的金融資產

並無歸入任何其他類別的非衍生金融資產分類為可供出售金融資產。除非投資於報告日期後12個月內到期或管理層擬於該期間出售，否則將計入非流動資產。

所有該類別之金融資產其後按公允值計量。因公允值變動(不包括任何股息及利息收入)產生的任何收益或虧損乃於其他全面收益內確認，並獨立在權益的重估儲備中累積，惟減值虧損(見下文政策)及有關貨幣資產的外匯收益及虧損除外，直至金融資產被終止確認為止，屆時早前於權益中確認的累計收益或虧損會重新分類至損益。利用實際利率法計算的利息於損益中確認。

可供出售股權投資如於活躍市場上並無市場報價，且其公允值不能可靠計量，則於初步確認後的各報告日期末按成本減任何已識別減值虧損計量。

金融資產減值

於各報告日期，金融資產(除按公允值計入損益者外)均需進行審閱，以釐定是否出現任何客觀的減值證據。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Available-for-sale financial assets (Continued)

Impairment of financial assets (Continued)

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the disappearance of an active market for that financial asset because of financial difficulties; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the Group and, national or local economic conditions that correlate with defaults on the assets in the Group.

2. 重大會計政策概要(續)

2.8 金融資產(續)

(b) 可供出售的金融資產(續) *金融資產減值(續)*

個別金融資產減值之客觀證據包括本集團所發現有關下列一項或多項虧損事項之可觀察數據：

- 債務人出現重大財政困難；
- 違反合約，如不支付或拖欠利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響；
- 因出現財政困難導致該金融資產失去活躍市場能力；及
- 股本工具投資的公允值大幅或長期下跌至低於其成本。

有關一組金融資產之虧損事項包括顯示該組金融資產之估計未來現金流量出現可計量跌幅之可觀察數據。該等可觀察數據包括但不限於組別內債務人之付款狀況以及與組別內資產拖欠情況有關之國家或當地經濟狀況出現不利變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

- (b) Available-for-sale financial assets (Continued)
Impairment of financial assets (continued)
If any such evidence exists, an impairment loss is measured and recognised as follows:

(a) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

2. 重大會計政策概要(續)

2.8 金融資產(續)

- (b) 可供出售的金融資產(續)
金融資產減值(續)
若出現任何該等證據，則按以下方式計量及確認減值虧損：

(a) 按攤銷成本列賬之金融資產

若有客觀證據顯示按攤銷成本列賬之貸款及應收款項出現減值虧損，則虧損金額按該金融資產賬面值與以其原實際利率(即首次確認時計算之實際利率)折算之估計未來現金流量(不包括尚未產生的未來信貸虧損)現值的差額計算。虧損金額於減值發生期間於損益中確認。

若於後續期間減值虧損金額減少，而有關減幅可客觀地與確認減值後發生的事件聯繫，則需撥回過往確認的減值虧損，惟於撥回減值當日，不得導致金融資產賬面值超過未被確認減值的原本應計的攤銷成本。撥回金額於撥回發生期間於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Available-for-sale financial assets (Continued)

Impairment of financial assets (continued)

(b) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and accumulated in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in profit or loss as an impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale and stated at fair value are not recognised in the profit or loss. The subsequent increase in fair value is recognised in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in profit or loss.

2. 重大會計政策概要(續)

2.8 金融資產(續)

(b) 可供出售的金融資產(續) *金融資產減值(續)*

(b) 可供出售金融資產

當可供出售金融資產公允價值減少並已於其他全面收益內確認及於股權累計，及有客觀證據顯示該資產出現減值時，其金額需自股權中移除，並於損益中確認為減值虧損。該金額按該資產的收購成本(扣除任何本金償還及攤銷)與現有公允價值的差額，減該資產先前已於損益中確認的任何減值虧損計量。

就歸類為可供出售及按公允價值列賬的股本工具投資的撥回並不在損益中確認。日後公允價值增加將在其他全面收益中確認。若公允價值隨後增長客觀地與確認減值虧損後發生的事項有關，則債務證券的減值虧損將予撥回。在此情況下，減值虧損的撥回於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial assets (Continued)

(b) Available-for-sale financial assets (Continued)

Impairment of financial assets (continued)

(c) Financial assets carried at cost

The amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Impairment losses on financial assets other than trade and other receivables that are stated at amortised cost are written off against the corresponding assets directly. Where the recovery of trade and other receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade and other receivables is remote, the amount considered irrecoverable is written off against trade and other receivables directly and any amounts held in the allowance account in respect of that receivable are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. 重大會計政策概要(續)

2.8 金融資產(續)

(b) 可供出售的金融資產(續) 金融資產減值(續)

(c) 以成本列值之金融資產

減值虧損的金額按金融資產賬面值與估計未來現金流量按同類金融資產現行市場回報率貼現的現值之差額計量。該等減值虧損於後續期間不會撥回。

金融資產(如不屬按攤銷成本列賬之貿易及其他應收款項)之減值虧損乃直接與相關資產撇銷。若貿易及其他應收款項被認為有可能但並非不能收回,則屬應收款項呆賬之減值虧損記入撥備賬。若本集團相信貿易及其他應收款項的可收回性極低,則被認為不可收回的金額乃直接自貿易及其他應收款項中撇銷,並撥回就該應收款項記入撥備賬的任何金額。先前計入撥備賬的金額如在其後收回,則從撥備賬撥回。撥備賬的其他變動及其後收回先前已撇銷的金額,均直接在損益確認。

2.9 存貨

存貨以成本值與可變現淨值兩者中較低者列賬。成本採用先進先出(「先進先出」)法釐定。可變現淨值為日常營業過程中的估計售價減適用的可變銷售費用。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.11 Financial liabilities

The Group's financial liabilities included trade and other payables and other non-current payable. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are expensed when incurred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Trade and other payables (other than contingent consideration payables) are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Contingent consideration payables are recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2. 重大會計政策概要(續)

2.10 現金及現金等價物

現金及現金等價物包括銀行存款及手頭現金、銀行活期存款及原定到期日為三個月或以下，可隨時兌換為已知數額現金且價值變動風險較少的短期高度流動性投資。

2.11 金融負債

本集團金融負債包括貿易及其他應付款項以及其他非流動應付款項。金融負債於本集團成為工具合約條文的訂約方時確認。所有與利息相關的支出均於產生時支銷。金融負債乃於有關負債項下的義務被解除或註銷或屆滿時終止確認。

貿易及其他應付款項(應付或然代價除外)採用實際利率法初步按其公允值確認，隨後按攤銷成本計量。貿易及其他應付款項若於一年內屆滿，則被分類為流動負債；否則呈列為非流動負債。

應付或然代價按收購日期之公允值確認。按公允值收取或然代價後於損益中確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Leases (Continued)

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(a) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(b) Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets.

2. 重大會計政策概要(續)

2.12 租賃(續)

若本集團釐定，安排涉及於協定期限內將特定資產使用權出讓以換取一筆或一連串付款，則有關安排(包括一項交易或一連串交易)屬於或包含一項租賃。該項決定乃基於安排內容的實質評估而作出，而不論該項安排是否採取租賃的法律形式。

(a) 租予本集團之資產的分類

對於本集團於租賃項下持有的資產，若租賃使所有權的絕大部分風險和回報轉移至本集團，有關資產便會劃歸為於融資租賃項下持有。若租賃不會使所有權的絕大部分風險和回報轉移至本集團，則劃歸為經營租賃。

(b) 作為承租人的經營租賃支出

如本集團有權使用於經營租賃項下持有的資產，則根據租賃期內作出的付款以直線法在損益中扣除，惟其他基準更能反映租賃資產所產生的收益時間模式除外。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After the initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be recognised in a comparable provision as described above. Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed as per above.

Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

2. 重大會計政策概要(續)

2.13撥備、或然負債及或然資產

如本集團須就已發生之事件承擔現有法律或推定義務，因而可能導致須以經濟效益之外流履行義務，並可就作出責任款項可靠之估計時，本集團便會計提撥備。如果貨幣時間值較大，則按預計履行義務所需支出之現值計列撥備。

所有撥備會於各報告日審閱，並作出調整以反映現時之最佳估計。

如含有經濟效益外流之可能性較低，或是無法對有關金額作出可靠估計，便會將有關義務披露為或然負債，但資源外流之可能性極低則除外。如本集團之潛在義務須視乎某宗或多宗本集團並非全部控制之未來不確定事件是否發生方能確定是否存在，亦會被披露為或然負債，惟經濟效益外流之可能性極低則除外。

業務合併產生的或然負債，在收購日期為現時義務的，如果其公允值能夠可靠計量，則按公允值初步確認。按公允值初步確認後，該或然負債按初始確認之金額減累計攤銷(如適用)較高者確認及該金額將於上述可資比較之撥備中確認。不能按公允值可靠計量或於收購日期未構成現時義務之於業務合併中產生的或然負債披露如上。

尚未達到資產確認標準之本集團的可能經濟利益流入被視為或然資產。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Share awards granted under share award scheme are satisfied by shares acquired by the trustee from the market. Where the Company's shares are acquired from the market by the trustee under the share award scheme, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as "shares held under share award scheme" and deducted from total equity. Upon vesting, the related costs of the vested shares for share award scheme purchased from the market are credited to "shares held under share award scheme".

2. 重大會計政策概要(續)

2.14 股本

普通股歸類為權益。股本採用已發行股份的面值釐定。

發行股份相關的任何交易成本均自股本溢價內扣減(扣除任何相關所得稅利益)，惟交易成本須為該項股權交易直接應佔之增加成本。

本公司自身權益工具的購回會直接於權益內確認及扣除。概無就購買、銷售、發行或取消本公司自身權益工具於損益內確認收益或虧損。

根據股份獎勵計劃授出的股份獎勵以受託人從市場收購股份的方式結算。倘本公司的股份由受託人根據股份獎勵計劃從市場收購，則從市場所收購股份的總代價(包括任何任何直接應佔遞增成本)乃呈列為「股份獎勵計劃項下持有的股份」，並從總權益中扣除。於歸屬後，從市場所收購股份獎勵計劃的歸屬股份的有關成本乃計入「股份獎勵計劃項下持有的股份」。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition

The Group is engaged in the development and operation of online card and board games that consist of PC and mobile games. Our games include self-developed games, licensed games and third-party operated games. The Group also organise and/or hosts online/offline tournaments.

The Group's revenue is principally derived from the sale of in-game virtual goods. Revenue comprises the fair value of the consideration received or receivable for the sale of goods, net of related surcharges and discounts. Substantially all of the Group's games are free to play and players can pay for virtual goods for better in-game experience. Players purchase our virtual currencies for PC games or mobile games (collectively, the "Virtual Currencies"), through third-party payment channels or the purchase of pre-paid game cards. The Virtual Currencies can be used to exchange for virtual goods such as personalised avatars and membership plans. Paying players usually exchange their Virtual Currencies for the virtual goods shortly after purchase. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised as follows:

(a) PC games

Self-developed games and licensed games

The Group has integrated online game platforms with multiple distribution channels. The Group distributes locally installed PC games and provides services through our proprietary PC client portals, such as Ourgame Hall. The Group also offers web games playable on web pages served by the Group on ourgame.com, wpt.com and by third-party distribution channels, which include websites and web-based portals such as Baidu, Sina Weibo and Qihoo 360.

2. 重大會計政策概要(續)

2.15 收入確認

本集團從事在線棋牌遊戲的開發及運營，當中包括PC及移動遊戲。我們的遊戲包括自主開發的遊戲、特許遊戲及第三方運營的遊戲。本集團亦組織及／或舉辦多場線上／線下比賽。

本集團的收入主要來自銷售遊戲中的虛擬物品。收入包括扣除相關附加費及折扣後就銷售虛擬物品已收或應收代價的公允值。本集團幾乎所有的遊戲均可免費遊玩，而玩家可購買虛擬物品，以獲得更佳的游戏體驗。玩家透過第三方付款渠道或購買預付遊戲卡購買PC遊戲或移動遊戲的的虛擬貨幣(統稱「虛擬貨幣」)。虛擬貨幣可用於交換虛擬物品，如個性化頭像及會員計劃。付費玩家一般會於購買虛擬貨幣後短期內用作交換虛擬物品。倘虛擬貨幣可為本集團帶來經濟利益，而收益及成本(如適用)能可靠地計量，則收入將按以下方式予以確認：

(a) PC遊戲

自主開發的遊戲及特許遊戲

本集團已整合網絡遊戲平台及多個分銷渠道。本集團分銷本地安裝的PC遊戲及透過本集團專有的聯眾大廳等PC客戶端提供服務。本集團亦提供經本集團於ourgame.com及wpt.com所提供的網頁以及透過第三方分銷渠道提供可玩的網絡遊戲，該等渠道包括百度、新浪微博及奇虎360等網頁及網絡門戶網站。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(a) PC games (Continued)

Self-developed games and licensed games (Continued)

For self-developed games and licensed games, the Group is responsible for hosting the games, providing on-going updates of new contents, technical support for the operations of the games, as well as preventing, detecting and resolving in-game cheating and hacking activities. Third-party distribution and payment channels are responsible for distribution, marketing, platform maintenance, payer authentication and payment collections related to the games.

Third-party distribution channels and payment channels collect the payments from the paying players and remit the cash to the Group, net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and the third-party distribution or payment channels.

Upon the sales of Virtual Currencies, the Group typically has an implied obligation to provide the services which enable the virtual goods exchanged with the Virtual Currencies to be displayed or used in the games. As a result, the proceeds received from sales of Virtual Currencies are recorded as deferred revenue. With the pre-paid game cards, paying players can credit their user accounts with virtual currencies and exchange for virtual goods in the same way. Proceeds received from the sale of pre-paid game cards are recorded as deferred revenue. The attributable portion of the deferred revenue relating to values of the virtual goods consumed are immediately or ratably recognised as revenue only when the services are rendered to the respective paying players.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(a) PC遊戲(續)

自主開發的遊戲及特許遊戲(續)

就自主開發的遊戲及特許遊戲而言，本集團負責託管遊戲、持續更新有關新增內容、提供遊戲運作的技術支援，以及防止、偵測及解決遊戲內欺詐及黑客入侵活動。第三方分銷及付款渠道負責有關遊戲的分銷、市場推廣、平台維護、付費用戶認證及收取付款。

第三方分銷及付款渠道收取付費玩家的付款，並於扣除佣金收費(其根據本集團與第三方分銷或付款渠道訂立的協議的相關條款而預先釐定)後，方向本集團匯入現金。

於出售虛擬貨幣後，本集團一般有固有責任提供服務，使以虛擬貨幣交換的虛擬物品可於遊戲中展示或使用。因此，銷售虛擬貨幣所收取的所得款項將按遞延收入入賬。就預付遊戲卡而言，付費玩家可將虛擬貨幣存入彼等的用戶賬戶內，並可按同一方式交換虛擬物品。銷售預付遊戲卡所收取的所得款項將按遞延收入入賬。有關消耗虛擬物品價值於遞延收入中所佔的部份僅會於向相關付費玩家提供服務時，方可即時或按比例確認為收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(a) PC games (Continued)

Self-developed games and licensed games (Continued)

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

- Consumable virtual goods represent items (i) that have a predetermined service period; or (ii) where no service is rendered by the Group for the virtual goods immediately after purchase by the paying players. Revenue is recognised (as a release from deferred revenue) when the goods are consumed and the related services are rendered, or ratably over the predetermined service period of the respective consumable virtual goods.
- Durable virtual goods represent items that have no predetermined service period and are accessible and beneficial to paying players over an extended period of time. Revenue is recognised ratably over the expected life of the respective durable virtual goods ("Player Relationship Period").

2. 重大會計政策概要(續)

2.15 收入確認(續)

(a) PC遊戲(續)

自主開發的遊戲及特許遊戲(續)

為釐定向相關付費玩家提供服務的時間，本集團已釐定下列各項：

- 可消耗虛擬物品乃指(i)有預設服務期的物品；或(ii)一旦付費玩家購買虛擬物品後，本集團不會再提供服務的物品。收入(作為遞延收入的解除)乃於物品獲消耗而有關服務獲提供時，或於相關可消耗虛擬物品的預設服務期內按比例確認。
- 耐用虛擬物品指無預設服務期且於延長期間內付費玩家仍可使用並受益的物品。收入於相關虛擬物品的預期使用期內(「玩家關係持續期間」)按比例確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(a) PC games (Continued)

Self-developed games and licensed games (Continued)

For self-developed games and licensed games, the computer systems of the Group captures all player data, such as log-in data, purchase and delivery records for the Virtual Currencies sold and the virtual goods exchanged with the Virtual Currencies. The Group estimates the Player Relationship Period based on an overall game by game basis and platform by platform basis and re-assesses such periods annually. If there are insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, the Group estimates the Player Relationship Period based on other similar types of games developed by the Group or by third-party developers until the new game establishes its own patterns and history. The Group mainly considers the paying players' spending and consumption behaviour in estimating the Player Relationship Period, which typically represents the time interval between paying players' consecutive recharges of their user accounts with additional Virtual Currencies and represents a reasonable estimate of the average expected life of the durable virtual items for the applicable game.

If the Group does not have the ability to differentiate revenue attributable to durable virtual goods from consumable virtual goods for a specific product, item or game, the Group recognises revenue from both durable and consumable virtual goods ratably over the average life of the durable virtual products or goods, or over the Player Relationship Period.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(a) PC遊戲(續)

自主開發的遊戲及特許遊戲(續)

就自主開發的遊戲及特許遊戲而言，本集團的電腦系統記錄所有玩家數據，如登入數據、已售虛擬貨幣的購買及交付記錄，以及以虛擬貨幣交換的虛擬物品。本集團乃根據整體個別遊戲基準及平台基準估計玩家關係持續期間，並每年重新評估該等關係期。倘無足夠數據釐定玩家關係持續期間，如就新推出遊戲而言，本集團會根據本集團或第三方開發商所開發的其他同類型遊戲估計玩家關係持續期間，直至新遊戲建立出自身的模式及記錄。本集團於估計玩家關係持續期間時主要考慮付費玩家的花費及消費行為，玩家關係持續期間通常指付費玩家連續充值額外虛擬貨幣至其用戶賬戶的時距，並指合理估計的適用遊戲的耐用虛擬物品的平均預期使用期。

就特定產品、物品或遊戲而言，若本集團無法從可消耗虛擬物品中區別耐用虛擬物品應佔收入，本集團於耐用虛擬物品的平均使用期或玩家關係持續期間內按比例確認耐用及可消耗的虛擬物品兩者的收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(a) PC games (Continued)

Self-developed games and licensed games (Continued)

For revenues relating to self-developed games and licensed games, the Group has evaluated the roles and responsibilities of the Group, the game license holders and the third-party distribution and payment channels in the delivery of game experience to the paying players and concluded the Group takes the primary responsibilities in rendering services. The Group is determined to be the primary obligor and, accordingly, the Group records revenue on a gross basis, and commission charges by game license holders and third-party distribution and payment channels are recorded as cost of revenue.

Third-party operated games

The Group also distributes games developed and operated by third-party developers on the Group's own web proprietary platform including the Group's client portal and websites. The Group's revenue mainly consists of pre-determined portions of total player payments according to the relevant terms of the agreements entered into between the Group and the game developers.

The games distributed on the Group's platform are hosted, maintained, operated and updated independently by the game developers, and the Group mainly provide players with access to the Group's platform to download the third-party developers' games and limited after-sale basic technical support to the paying players. The Group has evaluated and determined it is not the primary obligor in the services rendered to the paying players as a platform. Accordingly, the Group records its revenue net of the portion of sharing of revenues with the game developers.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(a) PC遊戲(續)

自主開發的遊戲及特許遊戲(續)

就有關自主開發的遊戲及特許遊戲的收入而言，本集團向付費玩家交付遊戲體驗時已評估本集團、遊戲特許權持有人及第三方分銷及付款渠道的角色及責任，而結論為本集團須於提供服務時承擔主要責任。本集團獲釐定為主要負責人，因此本集團的收入按總數基準入賬，而遊戲特許持有人以及第三方分銷及付款渠道所收取的佣金則按收入成本入賬。

第三方運營的遊戲

本集團亦於自身專有網頁平台(包括本集團客戶端及網站)分銷第三方開發商所開發及經營的遊戲。本集團的收入主要包括根據本集團與遊戲開發商訂立的協議的相關條款中所述總玩家付款的預定部分。

於本集團平台上分銷的遊戲乃由遊戲開發商獨立地託管、維護、經營及更新，而本集團主要連接玩家至本集團的平台，以下載第三方開發商的遊戲及為付費玩家提供有限度的售後基本技術支援。本集團已評估並確認，本集團作為平台於向付費玩家提供服務方面並非為主要負責人。因此，本集團入賬的收入乃為扣除與遊戲開發商分佔收入的部分。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(a) PC games (Continued)

Third-party operated games (Continued)

As the Group provides merely the first contact point by the players to gain access to download the third-party developers' games, the Group believes that its implied obligation to the game developers do not correspond to the game developers' implied obligation to provide the service which enables the virtual goods to be displayed and used in the games. Given that games are hosted, managed, administered and operated by the game developers, the Group does not have access to the data on the consumption details and the types of virtual goods purchased by the paying players. The Group only maintains individual paying player's purchase history of the Virtual Currencies which are used to exchange for virtual goods in the third-party operated games. As such, the Group has adopted a policy to recognise revenue when the paying players exchange the Virtual Currencies for consumable or durable virtual goods for the relevant games.

(b) Mobile games

The Group distributes mobile games and provides services mainly for Android and iOS operating systems through third-party distribution and payment channels, including mobile operators in the PRC ("Mobile Operators").

2. 重大會計政策概要(續)

2.15 收入確認(續)

(a) PC遊戲(續)

第三方運營的遊戲(續)

由於本集團僅為玩家提供首次接觸點以連接並下載第三方開發商的遊戲，本集團相信，本集團對遊戲開發商的固有責任與遊戲開發商提供能使虛擬物品得以於遊戲中展示及使用的服務方面的固有責任並非一致。鑒於遊戲乃由遊戲開發商所託管、管理、運行及經營，本集團無法取得有關消費詳情及付費玩家所購買虛擬物品種類的數據。本集團僅可保存個別付費玩家購買虛擬貨幣的記錄，虛擬貨幣可於第三方運營的遊戲中用作交換虛擬物品。因此，本集團已採納一項政策，以於付費玩家用虛擬貨幣交換相關遊戲的可消耗或耐用虛擬物品時確認收入。

(b) 移動遊戲

本集團主要透過第三方分銷及付款渠道(包括中國的移動運營商(「移動營運商」))為安卓及iOS操作系統分銷移動遊戲及提供服務。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(b) Mobile games (Continued)

Self-developed games — Single player games

During the year, substantially all of the Group's mobile games are single player games or have single player modes ("Single Player Games"). Virtual goods of the Single Player Games are purchased when the players are online and can be consumed irrespective of whether or not they are connected to the internet. Only the purchase of such virtual goods requires connection to the internet. Once the players confirm their purchase requests via Mobile Operators' payment channels, the purchased virtual goods are automatically available in the downloaded game. Future play and use of the purchased virtual goods do not require internet connectivity or any involvement from the Group. Players do not need to connect to online servers to play the game or utilise the purchased virtual goods on their mobile devices and hence the Group has no obligation to deliver any further services to the paying players. As a result, all services are rendered immediately upon the sale and delivery of the virtual goods.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(b) 移動遊戲(續)

自主開發的遊戲－單機遊戲

於年內，本集團絕大部份的移動遊戲均為單機遊戲或具有單機模式(「單機遊戲」)。單機遊戲的虛擬物品由玩家於上線時購買且不論其是否連接互聯網時均可使用。只有購買有關虛擬物品時方須連接到互聯網。玩家一旦透過移動運營商的付款渠道確認其購買要求，所購買的虛擬物品會自動於已下載的遊戲中出現。所購買的虛擬物品於日後遊玩及使用時並不需要連接到互聯網或本集團的任何參與。玩家無須連接線上服務器亦可於其移動設備上參與該遊戲或使用所購買的虛擬物品，故此本集團並無責任向付費玩家提供任何其他服務。因此，所有服務均於出售及交付虛擬物品後立即提供。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(b) Mobile games (Continued)

Self-developed games — Single player games (Continued)

The gross revenue from mobile games includes provision for doubtful debts or bad debts as assessed by the Mobile Operators. For mobile games, the computer system of the Group captures limited data such as certain purchase and delivery records of the virtual goods. The Group contracts with the Mobile Operators which include billing and collection services. The Mobile Operators provide the Group with monthly statements that represent the principal evidence that virtual goods has been sold and delivered. The Mobile Operators remit to the Group only amounts net of channel commission charges and an allowance that Mobile Operators have made for the doubtful debts in respect of the amounts due to the Group from the paying players. The Mobile Operators do not provide an itemised analysis of their remittances and the usage of the virtual goods and the Group is therefore unable to determine what allowance, if any, for doubtful or bad debts should be recorded with respect to services delivered through them. As a result, based on the amounts reported on the Mobile Operator's monthly statements, which are net of doubtful debts and represent the amounts the Group reasonably believes will be collected, the Group records the gross proceeds (net of provision for doubtful debts) as revenue and the channel commission charges are recorded as cost of revenue.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(b) 移動遊戲(續)

自主開發的遊戲－單機遊戲(續)

來自移動遊戲的總收入包括移動運營商所評估的呆賬或壞賬撥備。就移動遊戲而言，本集團的電腦系統記錄有限的數據，如若干購買及交付虛擬物品的記錄。本集團與移動運營商訂立合約，當中包括發送賬單及收款服務。移動運營商向本集團提供的月結單乃為虛擬物品已售出及交付的主要憑證。移動運營商僅於扣除渠道佣金費用及移動運營商就有關付費玩家結欠本集團的金額作出呆賬撥備後方向本集團匯入款項。移動運營商不會提供其匯款及虛擬物品使用的項目分析，故本集團未能就有關透過其交付的服務釐定呆賬或壞賬的撥備(如有)。因此，根據移動運營商的月結單所報告的金額(該金額已扣除呆賬及呈列本集團合理相信將收取的金額)，本集團將所得款項總額(扣除呆賬撥備)入賬為收入，而渠道佣金費用則入賬為收入成本。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(b) Mobile games (Continued)

Self-developed games with connected internet game play

For revenue derived from self-developed mobile games with connected internet game play, the Group follows the policies of PC games — “Self-developed games and licensed games” as the operations of the two types of games are similar. The Virtual Currencies can be used to exchange for virtual goods such as symbol and membership plans. Paying players usually exchange their Virtual Currencies for the virtual goods shortly after purchase.

Third-party distribution channels and payment channels collect the payments from the paying players and remit the cash to the Group, net of commission charges which are pre-determined according to the relevant terms of the agreements entered into between the Group and the third-party distribution or payment channels. For paying players who use payment channels of the Mobile Operators, cash remitted to the Group are also net of provision for doubtful debts or bad debts as assessed by the Mobile Operators as detailed in single player mobile games above.

Upon the sales of Virtual Currencies, the Group typically has an implied obligation to provide the services which enable the virtual goods exchanged with the Virtual Currencies to be displayed or used in the games. As a result, the proceeds (net of provision for doubtful debts assessed by Mobile Operators, if applicable) received from sales of Virtual Currencies are recorded as deferred revenue. The attributable portion of the deferred revenue relating to values of the virtual goods are recognised as revenue (as a release from deferred revenue) when the goods are consumed and the related services are rendered, i.e. ratably over the predetermined service period of the respective virtual goods.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(b) 移動遊戲(續)

連接至互聯網遊戲的自主開發的遊戲

就連接至互聯網遊戲的自主開發的移動遊戲所得收入而言，由於兩類遊戲的運營相似，故本集團遵循PC遊戲—「自主開發的遊戲及特許遊戲」的政策。虛擬貨幣可用於交換虛擬物品(如標誌及會員計劃)。付費玩家一般於購買虛擬貨幣後短期內用作交換虛擬物品。

第三方分銷及付款渠道收取付費玩家的付款，並於扣除佣金收費(其根據本集團與第三方分銷或付款渠道訂立的協議的相關條款而預先釐定)後，方向本集團匯入現金。就使用移動運營商付款渠道的付費玩家而言，向本集團匯入現金亦已扣除移動運營商所評估的呆賬或壞賬撥備，詳情載於上文移動單機遊戲。

於出售虛擬貨幣後，本集團一般有固有責任提供服務，使以虛擬貨幣作交換的虛擬物品可於遊戲中得以展示或使用。因此，銷售虛擬貨幣所收取的所得款項(扣除移動運營商所評估的呆賬撥備(如適用)將入賬為遞延收入。當虛擬物品獲消耗及有關服務獲提供時，有關虛擬貨品價值的遞延收入的應佔部份乃確認為收入(作為遞延收入的解除)，即於相關虛擬物品的預設服務期內按比例確認。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(b) Mobile games (Continued)

Self-developed games with connected internet game play (Continued)

For revenues relating to self-developed mobile games, the Group has evaluated the roles and responsibilities of the Group, and the third-party distribution and payment channels in the delivery of game experience to the paying players and concluded the Group takes the primary responsibilities in rendering services. The Group is determined to be the primary obligor and, accordingly, the Group records revenue on a gross basis, and commission charges by third-party distribution and payment channels are recorded as cost of revenue.

Third-party operated games

For revenue derived from third-party operated mobile games, the Group follows the policies of PC games – “Third-party operated games” as the operations of the two types of games are similar. The games distributed on the Group’s and third-party distributors’ platform are hosted, maintained, operated and updated independently by the game developers, and the Group mainly provide players with access to the Group’s platform to download the third-party developers’ games and limited after-sale basic technical support to the paying players. The Group has evaluated and determined it is not the primary obligor in the services rendered to the paying players as a platform. Accordingly, the Group has adopted a policy to recognise revenue when the paying players purchase the virtual currencies for consumable or durable virtual goods for the relevant games and records its revenue net of the portion of sharing of revenues with the game developers.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(b) 移動遊戲(續)

連接至互聯網遊戲的自主開發的遊戲(續)

就有關自主開發的移動遊戲的收入而言，本集團向付費玩家交付遊戲體驗時已評估本集團及第三方分銷及付款渠道的角色及責任，而結論為本集團須於提供服務時承擔主要責任。本集團釐定為主要負責人，並因此本集團的收入乃按總數基準入賬，而第三方分銷及付款渠道所收取的佣金則按收入成本入賬。

第三方運營的遊戲

就第三方運營的移動遊戲所得收入而言，由於兩類遊戲的運營相似，故本集團遵循PC遊戲—「第三方運營的遊戲」的政策。於本集團及第三方分銷商平台上分銷的遊戲乃由遊戲開發商獨立地託管、維護、經營及更新，而本集團主要連接玩家至本集團的平台，以下載第三方開發商的遊戲及為付費玩家提供有限度的售後基本技術支援。本集團已評估並釐定，本集團作為平台於向付費玩家提供服務方面並非為主要負責人。因此，本集團已採納一項政策，以於付費玩家購買虛擬貨幣交換相關遊戲的可消耗或耐用虛擬物品時確認收入，並於扣除與遊戲開發商分佔收入的部份後方入賬為收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Revenue recognition (Continued)

(c) Sponsorship income

Sponsorship income is recognised when the promotion or tournament events have been held; or the services have been rendered, and it is probable that sponsorship income will be granted and the amount can be measured reliably.

2.16 Interest income

Interest income mainly represents interest income from bank deposits and is recognised on accrual basis using the effective interest method.

2.17 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate.

Government grants relating to the purchase of assets are included in liabilities as deferred government grants in the consolidated statement of financial position and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to income is presented in gross under "Other income" in the consolidated statement of profit or loss and comprehensive income.

2. 重大會計政策概要(續)

2.15 收入確認(續)

(c) 贊助收入

贊助收入於推廣活動或賽事已舉辦，或服務已提供時，並於贊助收入可能被授出，及其款項能夠可靠計量時確認。

2.16 利息收入

利息收入主要指銀行存款的利息收入，並按實際利率法以應計基準予以確認。

2.17 政府補助

當能夠合理保證政府補助將可收取且本集團符合所有附帶條件時，政府提供的補助將按其公允值確認。政府補助遞延入賬，並於相應期間在損益中確認以使其與擬補償的補助成本相匹配。

與購買資產有關的政府補助列入綜合財務狀況表中負債項下的遞延政府補助，並按有關資產的預計使用年期以直線法於損益中確認。

與收入有關的政府補助合計列示於綜合損益及其他全面收益表內「其他收入」項下。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Other intangible assets;
- Property, plant and equipment; and
- Interests in subsidiaries and associates

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

2. 重大會計政策概要(續)

2.18 非金融資產減值

以下資產須進行減值測試：

- 收購附屬公司產生的商譽；
- 其他無形資產；
- 物業、廠房及設備；及
- 於附屬公司及聯營公司的權益

具有無限使用年期的或尚不可使用的商譽及其他無形資產每年均至少進行一次減值測試，而無論其是否有任何減值的跡象。所有其他資產均於該等資產賬面值出現可能無法收回的跡象時進行減值測試。

減值虧損於就資產賬面值超逾其可收回金額的金額即時確認為開支。可收回金額為公允值(反映市場狀況減出售成本)與使用價值兩者中的較高者。於評估使用價值時，估計日後現金流量使用稅前貼現率貼現至其現值，以反映現時市場對金錢時間值及該資產之特定風險之評估。

就減值評估而言，若資產未能產生很大程度上獨立於其他資產的現金流入，則可收回金額乃就獨立產生現金流入的最小組別資產(即現金產生單位)釐定。因此，若干資產會個別進行減值測試，而若干資產則於現金產生單位層面進行測試。具體而言，商譽分配至該等預期受惠於相關業務合併所帶來協同效應之現金產生單位，即集團為內部管理監控商譽之最小單位，且不會大於營運分部。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Impairment of non-financial assets (Continued)

Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the assets in the cash generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

2.19 Employee benefits

(a) Pension obligations

The Group has various defined contribution plans in accordance with the local conditions and practices in the municipalities and provinces in which they operate. Defined contribution plans are pension and/or other social benefit plans under which the Group pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The contributions are recognised as labour costs when they are due.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

2. 重大會計政策概要(續)

2.18 非金融資產減值(續)

就已獲分配商譽之現金產生單位確認之減值虧損初步計入商譽賬面值。任何餘下減值虧損按比例自現金產生單位的資產中扣除，惟資產賬面值將不會減至低於其個別公允值減出售成本或使用價值(如可予釐定)。

商譽減值虧損於其後日期不可撥回。若用以釐定資產可收回金額的估計已出現有利變動，就其他資產而言，減值虧損會予以撥回，惟撥回只限於資產的賬面值不超過在並無確認減值虧損情況下而原應釐定的賬面值(經扣除折舊或攤銷)。

於中期期間就商譽確認之減值虧損於隨後期間不會予以撥回。假設有關於中期期間之減值僅於該財政年度終結時進行評估，即使並無確認虧損，或虧損屬輕微，皆採用以上相同處理方法。

2.19 僱員福利

(a) 養老金責任

本集團按其營運所在城市及省份的當地情況及慣例設有多個定額供款計劃。定額供款計劃為本集團向獨立實體(基金)繳付定額供款的退休金及/或其他社會福利計劃，若該基金沒有足夠資產支付所有有關目前期間及以往期間僱員服務的僱員福利，本集團並無進一步繳付供款的法定或推定責任。供款於屆滿時確認為勞動成本。

(b) 獎金津貼

支付獎金的預期成本在僱員提供服務而令本集團產生現有的合約或推定責任，且能可靠估算其責任時確認為負債。獎金負債預期於十二個月內結清並按結清時預期將予以支付的金額計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(c) Equity-settled share-based compensation transactions

The Group operates a number of equity-settled share-based compensation plans under which the Group receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognised as expense.

The total amount to be expensed is determined by reference to the fair value of the equity instruments granted including any market performance conditions; excluding the impact of any service and non-market performance vesting conditions; and including the impact of any non-vesting conditions.

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

2. 重大會計政策概要(續)

2.19 僱員福利(續)

(c) 以權益結算、以股份為基礎的酬金交易

本集團運作眾多以權益結算、以股份為基礎的酬金計劃，據此，本集團獲取僱員的服務作為本集團權益工具（購股權）的代價。授出權益工具換取的服務的公允值確認為開支。

將予支出的總金額乃參考所授出的權益工具的公允值（包括任何市場表現狀況；不包括任何服務或非市場表現歸屬條件的影響；及包括任何非歸屬條件的影響）而釐定。

非市場表現及服務條件已包括在有關預期將予歸屬的購股權及股份數目的假設中。總開支須於達致所有指定的歸屬條件的歸屬期間確認。

於各報告期末，本集團根據非市場表現及服務條件修訂其有關預期將予歸屬的購股權及股份數目的估計。本集團於損益中確認修訂原有估計的影響（如有），同時對權益作出相應的調整。

若修訂以權益結算的獎勵條款且符合獎勵的原有條款，所確認的開支最少須達到猶如條款並無任何變更的水準。此外，若按修訂日期計量，任何修訂導致以股份為基礎的付款的總公允值有所增加，或為僱員帶來其他利益，則應就該等修訂確認開支。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Employee benefits (Continued)

(c) Equity-settled share-based compensation transactions (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

(d) Share-based payment transactions among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity (share option reserve) in the separate financial statements of the Company.

2. 重大會計政策概要(續)

2.19 僱員福利(續)

(c) 以權益結算、以股份為基礎的酬金交易(續)

若以權益結算的獎勵被註銷，應被視為已於註銷日期歸屬，任何尚未確認為獎勵的開支，均應立刻確認。該等獎勵包括本集團或僱員不符合非歸屬條件時的任何獎勵。然而，若授予新獎勵代替已註銷的獎勵，並於授出日期指定為替代獎勵，則已註銷的獎勵及新獎勵，均應被視為原獎勵的修訂，一如前段所述。

購股權獲行使時，本公司發行新股份。所收取的所得款項(扣除任何直接應佔的交易成本)計入股本(面值)及股份溢價。

(d) 集團實體間以股份為基礎的支付交易

本公司向本集團附屬企業的僱員授出其權益工具的購股權均被視為資本供款。所獲得的僱員服務的公允值乃參考授出日期的公允值計量，並於歸屬期確認為增加對附屬企業的投資，並相應計入本公司獨立財務報表的權益(購股權儲備)項下。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

2. 重大會計政策概要(續)

2.20 所得稅會計處理

所得稅包括即期稅項及遞延稅項。

即期所得稅資產及／或負債包括本期或以往報告期間(且於報告日期尚未支付)·向財金當局繳納稅金的責任·或取回稅金的權利。所得稅乃按年內應課稅利潤·按有關財政期間適用稅率及稅法計算。即期稅項資產或負債的所有變動均作為稅項開支一個部份·於損益中確認。

遞延稅項乃按報告日期資產及負債在綜合財務報表的賬面值與其各自稅基之間的暫時性差額以負債法計算。一般情況下·所有應課稅暫時性差額產生的遞延稅項負債均予確認。所有可扣稅暫時性差額·可供結轉稅損及其他未用稅項抵免產生之遞延稅項資產·只會在很可能有應課稅利潤(包括現有應課稅暫時性差額)用作抵銷該等可扣稅暫時性差額·未用稅損及未用稅項抵免之情況下·才予以確認。

若商譽或於一宗交易中首次確認(業務合併除外)的資產或負債產生的暫時性差額並不影響應課稅利潤或會計利潤或虧損·則不會就此確認遞延稅項資產及負債。

投資附屬公司及聯營公司所產生的應課稅暫時性差額須確認遞延稅項負債·惟若本集團可以控制撥回暫時性差額的時間及暫時性差額可能不會在可見將來撥回者則除外。

遞延稅項(概無折現)按於負債清償或資產變現期間預期適用稅率計算·惟稅率須於報告日期已頒佈或實質上已制定。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Accounting for income taxes (Continued)

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2. 重大會計政策概要(續)

2.20 所得稅會計處理(續)

遞延稅項資產或負債變動在損益內確認，或若其與於其他全面收益內或直接於權益中扣除或計入的項目有關，則在其他全面收益或權益中確認。

當且僅當出現下列情況時，即期稅項資產及即期稅項負債按淨額呈列，

- (a) 本集團擁有抵銷已確認金額的合法行使權利；及
- (b) 擬按淨額基準結算，或同時變現資產及清償負債。

本集團於且僅於以下情況以淨額呈列遞延稅項資產及遞延稅項負債，

- (a) 實體具有合法行使權力將即期稅項資產與即期稅項負債對銷；及
- (b) 遞延稅項資產與遞延稅項負債與同一稅務機關對以下任何一項所徵收的所得稅相關：
 - (i) 同一應課稅實體；或
 - (ii) 計劃於預期清償或收回大額遞延稅項負債或資產之未來期間以淨額基準清償即期稅項負債與資產或同時變現資產及清償負債的不同應課稅實體。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.22 Dividend distribution

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

2.23 Segment reporting

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

2. 重大會計政策概要(續)

2.21 抵銷金融工具

當有法定可強制執行權利可抵銷已確認金額，且有意按其淨額作結算或同時變現資產和結算負債時，有關金融資產與負債可互相抵銷，並在綜合財務狀況表內呈報其淨值。法定可強制執行權利不得依賴未來事件而定，而在一般業務過程中以及倘公司或對方一旦出現違約、無償債能力或破產時必須具有約束力。

2.22 股息分派

向本公司股東作出的股息分派，在股息獲本公司股東或董事會（倘適用）批准的期間，於本集團及本公司財務報表中確認為一項負債。

2.23 分部報告

經營分部的呈報方式與向主要經營決策人作出內部呈報的方式貫徹一致。主要經營決策人負責分配資源及評估經營分部的表現，並已被認定為作出策略決定的執行董事。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related parties

For the purposes of those consolidated financial statements, a party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) the party is an entity and if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third-party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. 重大會計政策概要(續)

2.24 關聯方

就該等綜合財務報表而言，一方被視為與本集團有連繫如：

- (a) 若屬以下人士，即該方該人士或該人士之近親與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。
- (b) 若符合下列任何條件，即該方為一間實體：
 - (i) 該實體與本集團屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
 - (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體為成員公司集團旗下成員公司的聯營公司或合營企業）。
 - (iii) 兩間實體均為同一第三方的合營企業。
 - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Related parties (Continued)

(b) (Continued)

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. 重大會計政策概要(續)

2.24 關聯方(續)

(b) (續)

- (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。
- (vi) 實體受(a)所識別人士控制或受共同控制。
- (vii) 於(a)(i)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 該實體，或其所屬集團之任何成員，向本集團或本集團之母公司提供主要管理層服務。

相關人士的近親乃指彼等與實體間交易時預期可影響該名相關人士或受該名相關人士影響的家族成員。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Convertible note

Convertible note that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible note issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible note and the fair value assigned to the liability component, representing the call option for conversion of the note into equity, is included in equity as convertible note equity reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the note.

When the note is converted, the equity component of convertible note and the carrying value of the liability component at the time of conversion are transferred to share capital as consideration for the shares issued. If the note is redeemed, the convertible note equity reserve is released directly to retained profits.

2. 重大會計政策概要(續)

2.25 可換股票據

倘於轉換時將予發行之股份數目及將予收取之代價值當時並無改變，則可供持有人選擇轉為股本之可換股票據作為附有負債部份及權益部份之複合金融工具列賬。

本集團所發行包含財務負債及權益部份之可換股票據，於初步確認時乃分別列入負債及權益部份。於初步確認時，負債部份之公允值使用類似非可換股債務之現行市場利率釐定。發行可換股票據所得款項與負債部份公允值之差額為有關票據轉換為權益之認購期權，計入權益(可換股票據權益儲備)。

負債部分其後使用實際利息法按攤銷成本列賬。權益部分將一直列於權益內，直至轉換或贖回票據為止。

轉換票據時，可換股票據權益部分及負債部分轉換時之賬面值撥入股本，作為已發行股份之代價。倘票據獲贖回，則可換股票據權益儲備直接撥入保留溢利。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Critical accounting estimates and assumptions

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

(a) Estimates of Player Relationship Period for revenue recognition

As described in Note 2.15(a), the Group recognises revenue from certain durable virtual goods derived from its self-developed and licensed PC games over the Player Relationship Period. The determination of Player Relationship Period in each type of virtual goods is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on an annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

(b) Provision for impairment of trade receivables

The Group determines the provision for impairment of trade receivables (Note 18). This estimate is based on the credit history of the customers and the current market condition. Management reassesses the adequacy of provision on a regular basis by reviewing the individual account based on past credit history and any prior knowledge of debtor insolvency or other credit risk which might not be easily accessible public information and market volatility might bear a significant impact which might not be easily ascertained.

3. 關鍵會計估計及判斷

估計及判斷會根據過往經驗及其他因素(包括在有關情況下對未來事件的合理預期)持續評估。

3.1 關鍵會計估計及假設

本集團對未來作出會計估計及假設。顧名思義，作出的會計估計很少會與其實際結果相同。極有可能導致下一個財政年度的資產及負債的賬面值發生重大調整的估計及假設討論如下。

(a) 收入確認的玩家關係持續期間的估計

誠如附註2.15(a)所述，本集團於玩家關係持續期間確認源自於其自主開發及特許PC遊戲的若干耐用虛擬物品的收入。各款遊戲的玩家關係持續期間根據本集團於評估時考慮到所有已知及相關資料後作出的最佳估計而釐定。相關估計結果每年重新評估。玩家關係持續期間會由於新資料而變動，就此作出的任何調整將作為會計估計的變動入賬。

(b) 貿易應收款項減值撥備

本集團釐定貿易應收款項的減值撥備(附註18)。此估計乃基於客戶的信用記錄及現行市況。根據過往信用記錄及債務人破產或不能輕易獲得的公共信息及可承受一個可能無法確定的重大影響的市場波動的其他信用風險的任何先驗知識，通過審閱個人賬戶管理層定期重新評估撥備是否充足。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

(c) Recognition of share-based compensation expenses

As detailed in Note 27(c), the Company has granted share options to the Group's management and employees in 2017. The directors have used the Binomial Option-Pricing Model to determine the total fair value of the options granted, which is to be expensed over the vesting period as appropriate. Significant estimate on assumptions, such as share price volatility and dividend yield, is required to be made by the directors in applying the Binomial Option-Pricing Model.

(d) Current and deferred income taxes

As detailed in Note 7, the Group is subject to income taxes in several jurisdictions. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. 關鍵會計估計及判斷(續)

3.1 關鍵會計估計及假設(續)

(c) 確認以股份為基礎的酬金開支

如附註27(c)所詳述，本公司已於二零一七年授予本集團管理層及員工購股權。董事用二項式期權定價模型確定了授出的購股權的公允值總額，其應於歸屬期內(如適用)支出。董事於採用二項式期權定價模式時需就股份價格波動及股息率等假設作出重大估計。

(d) 當前及遞延所得稅

如附註7所述，本集團須於多個司法權區繳納所得稅。許多日常業務過程中的交易及事項所涉及的最終稅務釐定均為不確定。本集團須於釐定各個司法權區所得稅撥備時作出重要判斷。倘該等事項的最終稅務結果與最初記錄的金額不同，此等差異將於所得稅及遞延稅項撥備決定期間產生影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

- (e) Depreciation, amortisation and impairment assessment of property, plant and equipment and intangible assets

Property, plant and equipment (Note 11) and intangible assets (Note 12) with finite useful lives are depreciated or amortised on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expense for future periods is adjusted if there are significant changes from previous estimates.

Property, plant and equipment and intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the assets have been determined based on the higher of fair value and value-in-use calculations. These calculations require the use of judgement and estimates.

- (f) Impairment of goodwill

Determining whether goodwill (Note 13) is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

3. 關鍵會計估計及判斷(續)

3.1 關鍵會計估計及假設(續)

- (e) 物業、廠房及設備以及無形資產的折舊、攤銷及減值評估

物業、廠房及設備(附註11)與有確定可使用期限之無形資產(附註12)按資產預計可使用期限,經計及其估計剩餘價值後(如有)以直線法計算其折舊或攤銷。本集團定期審閱資產之預計可使用期限以確定任何報告期內之折舊及攤銷費用。可使用期限是按本集團類似資產之過往經驗,並考慮預期之技術改變而估計得出。將來期間之折舊及攤銷費用會因以前估計之重大改變而作出調整。

具有有限使用年期的物業、廠房及設備及無形資產,在因某些事故或情況改變而顯示該等資產之賬面值或不能收回時進行減值審核。資產之不可回收金額根據計算公允值及使用價值之較高者釐定。該等計算須採用判斷及預測。

- (f) 商譽減值

釐定商譽(附註13)是否減值須估計獲分配商譽之現金產生單位使用價值。計算使用價值時,實體須估計預期可自現金產生單位產生之未來現金流量及適當貼現率,從而計算現值。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.1 Critical accounting estimates and assumptions (Continued)

- (g) Fair value of contingent consideration payable for profit guarantee and further acquisition option

As part of the consideration in the acquisition of a subsidiary (Note 31(a)) and in a partial disposal of an associate (Note 15(b)), contingent consideration is valued at the fair value at the acquisition/disposal date with the best estimate of the future outcome of the earn-outs arrangement. The contingent consideration is subsequently remeasured to fair value at the end of each reporting period. The determination of the fair value is based on the expected adjustment on the consideration to be paid and involves management's judgement and assumptions.

- (h) Impairment of interest in associates

The Group makes provision for impairment in its interest in associates (Note 15) based on an assessment of the recoverable amounts of the associates. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The assessment requires the use of judgements and estimates and any changes to these judgements and estimates could result in a material change to the recoverable amounts of the associates.

3. 關鍵會計估計及判斷(續)

3.1 關鍵會計估計及假設(續)

- (g) 就溢利擔保及進一步收購購股權應付或然代價之公允值

作為收購一間附屬公司代價之一部分(附註31(a))及出售一間聯營公司之部份(附註15(b))，或然代價於收購／出售日期按公允值計算，取獲利計劃安排日後結果之最佳估值。或然代價隨後於各報告期末按其公允值重新計量。公允值之釐定乃基於應付代價之預計調整並與管理層之判斷及假設有關係。

- (h) 於聯營公司的權益減值

本集團根據評估聯營公司的可回收金額就其於聯營公司的權益作出減值撥備(附註15)。倘資產或現金產生單位之賬面值超逾其可收回金額(為其公允值減出售成本與其使用價值之較高者)，即存在減值。評估要求利用判斷及估計，且該等判斷及估計可能對聯營公司的可收回金額造成重大變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

3.2 Critical judgments in applying the entity's accounting policies

- (a) Significant influence over investees with less than 20% equity interest

The Group classified certain investments as interest in associates although the Group owns less than 20% equity interest in these companies (Note 15(a)). The Group has significant influence over these companies by virtue of its contractual right to appoint director on its board.

3. 關鍵會計估計及判斷(續)

3.2 應用實體會計政策之重大判斷

- (a) 對少於20%股權被投資方的重大影響

儘管本集團擁有少於20%的彼等公司的擁有權，本集團之投資分類為於聯營公司(附註15(a))之權益。本集團憑藉合約權利任命彼等之董事會董事對該等公司具有重大影響。

4. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's principal activities are disclosed in Note 1 to these consolidated financial statements. The Group's revenue from external customers recognised during the year is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PC games	PC遊戲	267,985	386,388
Mobile games	移動遊戲	260,824	377,049
Others (note)	其他(附註)	88,216	107,711
		617,025	871,148

Note: Others mainly represent miscellaneous revenue derived from game tournaments organised by the Group, which includes sponsorship income received.

4. 收入及分部資料

(a) 收入

本集團主要業務披露於綜合財務報表附註1。本集團自外部客戶獲得之收益於年內確認如下：

附註：其他主要指來自於本集團舉辦的遊戲比賽雜項收入，包括收到的贊助收入。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment result, assets and liabilities

The chief operating decision-makers (the "CODM") has been identified as the executive directors of the Group. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports. The CODM assess the performance of the operating segments mainly based on segment revenue and profit of each operating segment. Segment information below is presented in a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment.

The following describes the operations in each of the Group's reportable segments:

- (i) Online games business — Lianzhong Group: online card and board games business carried out by Lianzhong Group
- (ii) Online games business — Peerless Group: online card and board games business carried out by Peerless Group
- (iii) ESports business: sports e-commerce business and other non-card-and-board games new internet businesses

Segment profit represents profit earned by each segment without allocating finance costs and income tax expense.

Segment assets include all assets in the consolidated financial statements. Segment liabilities include all liabilities in the consolidated financial statements.

4. 收入及分部資料(續)

(b) 分部業績、資產及負債

主要經營決策人(「主要經營決策人」)由本集團執行董事確立。主要經營決策人審閱本集團內部報告，以評估業績及分配資源。主要經營決策人根據該等報告計量經營分部。主要經營決策人主要根據各運營分部之分部收益及利潤評估運營分部之表現。下述分部資料以資料內部呈報資源分配及表現評估之相同方式呈列。

本集團各可呈報分部之運營載列如下：

- (i) 網絡遊戲業務 — 聯眾集團：聯眾集團開展的在線棋牌遊戲業務
- (ii) 網絡遊戲業務 — Peerless Group：Peerless Group開展的在線棋牌遊戲業務
- (iii) 電競業務：體育電商業務以及其他非棋牌遊戲等新網絡業務

分部利潤指各分部(尚未分配財務成本及所得稅開支)賺取之利潤。

分部資產包括綜合財務報表之所有資產。分部負債包括綜合財務報表之所有負債。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION

(Continued)

4. 收入及分部資料(續)

(b) Segment result, assets and liabilities (Continued)

(b) 分部業績、資產及負債(續)

		2017 二零一七年				
		Online games business — Lianzhong Group 線上遊戲 業務 一聯眾集團 RMB'000 人民幣千元	Online games business — Peerless Group 線上遊戲 業務 一Peerless Group RMB'000 人民幣千元	ESports business 電競業務 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue	收入					
— From external customers	— 來自外部客戶	504,469	83,060	29,496	—	617,025
— From other segments	— 來自其他分部	18,868	6,758	25	(25,651)	—
Reportable segment revenue	可呈報分部收入	523,337	89,818	29,521	(25,651)	617,025
Reportable segment results	可呈報分部業績	57,489	2,769	(69,150)	—	(8,892)
Finance costs	融資成本					(2,775)
Share-based compensation expense	以股份為基礎的酬金 開支	(18,446)	(3,267)	(3,216)	—	(24,929)
Loss before income tax	除所得稅前虧損					(36,596)
Income tax expense	所得稅開支					(6,360)
Loss for the year	年內虧損					(42,956)
Other information	其他資料					
Interest income	利息收入	8,299	2	76	—	8,377
Depreciation of property, plant and equipment	物業、廠房及 設備折舊	18,129	6,339	7,212	—	31,680
Amortisation of intangible assets	無形資產攤銷	39,256	77,251	71	—	116,578
Share of profits/(losses) of associates	分佔聯營公司 利潤/(虧損)	7,700	—	(12,254)	—	(4,554)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION

(Continued)

(b) Segment result, assets and liabilities (Continued)

4. 收入及分部資料(續)

(b) 分部業績、資產及負債(續)

		2017 二零一七年				
		Online games business — Lianzhong Group 線上遊戲 業務 一聯眾集團 RMB'000 人民幣千元	Online games business — Peerless Group 線上遊戲 業務 一Peerless Group RMB'000 人民幣千元	ESports business 電競業務 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
ASSETS	資產					
Segment assets	分部資產	1,366,607	332,085	425,592	(506,072)	1,618,212
LIABILITIES	負債					
Segment liabilities	分部負債	97,222	76,653	492,244	(503,437)	162,682
Other information	其他資料					
Non-current assets (other than financial instruments and deferred tax assets), including:	非流動資產(不包括金融工具及遞延稅項資產)，包括：					
— Interests in associates	— 於聯營公司的權益	211,678	296,325	141,734	—	649,737
		19,425	—	83,490	—	102,915
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	本年度非流動分部資產添置(不包括金融工具及遞延稅項資產)	48,076	113,174	77,884	—	239,134

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION (Continued)

4. 收入及分部資料(續)

(b) Segment result, assets and liabilities (Continued)

(b) 分部業績、資產及負債(續)

		2016 二零一六年				
		Online games business — Lianzhong Group 線上遊戲 業務 — 聯眾集團 RMB'000 人民幣千元	Online games business — Peerless Group 線上遊戲 業務 — Peerless Group RMB'000 人民幣千元	ESports business 電競業務 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue	收入					
— From external customers	— 來自外部客戶	737,894	126,904	6,350	—	871,148
— From other segments	— 來自其他分部	—	6,644	79	(6,723)	—
Reportable segment revenue	可呈報分部收入	737,894	133,548	6,429	(6,723)	871,148
Reportable segment results	可呈報分部業績					
Share-based compensation expense	以股份為基礎的 酬金開支	225,046	(12,188)	(23,613)	—	189,245
		(36,776)	(5,970)	—	—	(42,746)
Profit before income tax	除所得稅前利潤					146,499
Income tax expense	所得稅開支					(7,123)
Profit for the year	年內利潤					139,376
Other information	其他資料					
Interest income	利息收入	12,037	—	18	—	12,055
Depreciation of property, plant and equipment	物業、廠房及設備 折舊	14,268	5,280	5,529	—	25,077
Amortisation of intangible assets	無形資產攤銷	22,477	51,068	78	—	73,623
Share of losses of associates	分佔聯營公司虧損	(503)	—	—	—	(503)
Provision for impairment of interest in an associate	於聯營公司之權益減值 撥備	—	—	4,227	—	4,227

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION

(Continued)

(b) Segment result, assets and liabilities (Continued)

4. 收入及分部資料(續)

(b) 分部業績、資產及負債(續)

		2016 二零一六年				
		Online games business — Lianzhong Group 線上遊戲 業務 — 聯眾集團 RMB'000 人民幣千元	Online games business — Peerless Group 線上遊戲 業務 — Peerless Group RMB'000 人民幣千元	ESports business 電競業務 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
ASSETS	資產					
Segment assets	分部資產	1,006,642	350,072	118,757	[46,590]	1,428,881
LIABILITIES	負債					
Segment liabilities	分部負債	103,519	80,329	34,846	[44,359]	174,335
Other information	其他資料					
Non-current assets (other than financial instruments and deferred tax assets), including:	非流動資產(不包括 金融工具及遞延稅項 資產), 包括:					
— Interest in associates	— 於聯營公司的權益	191,564	285,894	79,907	—	557,365
		12,011	—	63,883	—	75,894
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	本年度非流動分部 資產添置(不包括 金融工具及遞延 稅項資產)	135,315	53,246	59,551	—	248,112

Note: Additions include those arising from the acquisition of subsidiaries.

附註: 添置包括彼等收購附屬公司產生之金額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

4. REVENUE AND SEGMENT INFORMATION

(Continued)

(c) Geographical information

The following illustrates the geographical analysis of the Group's revenue from external customers, based on the country from which the transactions are executed, and information about its non-current assets (other than financial instruments and deferred tax assets), based on the location of assets.

		Revenue 收入		Non-current assets 非流動資產	
		2017	2016	As at 31 December 2017	As at 31 December 2016
		二零一七年	二零一六年	於二零一七年	於二零一六年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
PRC	中國	533,269	743,689	296,194	267,654
USA	美國	83,056	126,904	349,548	285,895
Others	其他	700	555	3,995	3,816
		617,025	871,148	649,737	557,365

(d) Information about major customers

The Group has a large number of game players, no revenue from any individual game player or customer exceeded 10% or more of the Group's revenue during the years ended 31 December 2017 and 2016.

4. 收入及分部資料(續)

(c) 地區資料

本集團按進行交易所在國家劃分向外部客戶收取之收益及按資產所在地劃分非流動資產資料(不包括金融工具及遞延稅項資產)之地區分析如下。

(d) 主要客戶資料

本集團擁有大量遊戲玩家，截至二零一七年及二零一六年十二月三十一日止年度，概無來自任何個人遊戲玩家或客戶的收入超過本集團收入的10%或以上。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

5. OTHER INCOME

5. 其他收入

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Other revenue	其他收入		
Bank interest income	銀行利息收入	2,746	6,927
Gain on deemed disposal of partial interest in an associate	視作出售於一家聯營公司部分權益的收益	—	10,349
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產收益	2,000	53,024
Gain on disposal of subsidiaries (Note 32(b)&(c))	出售附屬公司的收益 (附註32(b)及(c))	—	4,541
Gain on partial disposal of an associate (Note 15(b))	出售聯營公司之部份收益 (附註15(b))	27,632	—
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	267	—
Gain on disposal of intangible assets	出售無形資產之收益	2,320	—
Interest income from loans to third parties	給予第三方之貸款利息收入	5,305	5,128
Interest income from loans to associates	給予聯營公司之貸款利息收入	326	—
Change in fair value of contingent consideration payable (Note 31(b))	應付或然代價公允值變動 (附註31(b))	6,873	—
		47,469	79,969
Other net income	其他收入淨額		
Subsidy income from government (note)	政府補貼收入(附註)	750	3,875
Sundry income	雜項收入	2,859	1,120
		3,609	4,995
		51,078	84,964

Note: Subsidy income mainly relates to cash subsidies in respect of operating and development activities from governments which are either unconditional grants or grants with conditions having been satisfied.

附註：補貼收入主要與來自政府就經營開發活動之現金補貼相關，相關補貼為無條件補貼或已達成有關條件之補貼。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

6. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year has been arrived at after charging:

6. 年度(虧損)/利潤

年度(虧損)/利潤乃經扣除以下各項：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Finance costs	財務成本		
Interest charges on Convertible Notes (Note 35)	可換股債券所付利息(附註35)	2,775	—
Employee benefit expenses	員工福利開支		
Salaries, bonus and allowances	薪金、花紅及津貼	88,120	98,110
Retirement benefit scheme contributions	退休福利計劃供款	9,253	12,426
Severance payments	遣散費	7,685	5,286
Share-based compensation expense	以股份為基礎的酬金開支	24,929	42,746
		129,987	158,568
Other items	其他項目		
Auditors' remuneration	核數師酬金	1,745	1,700
Depreciation of property, plant and equipment	物業、廠房及設備折舊	31,680	25,077
Amortisation of intangible assets	無形資產攤銷	116,578	73,623
Impairment loss on trade receivables	貿易應收款項減值虧損	—	7,244
Provision for impairment of interest in an associate	於一間聯營公司權益之減值撥備	—	4,227
Net foreign exchange loss	外匯虧損淨額	2,213	1,330
Operating lease charges on office premises	辦公物業經營租賃費用	18,192	15,668
Loss/(Gain) on disposal of subsidiaries	出售附屬公司虧損/(收益)	1,530	(4,541)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. INCOME TAX EXPENSE

7. 所得稅開支

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Note 附註			
Current tax	即期稅項		
The PRC	中國		
— Current year	— 本年度	7,772	26,140
— Under/(Over)-provision in respect of prior year	— 過往年度撥備不足／ (超額撥備)	287	(12,812)
		8,059	13,328
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差額的產生及撥回	(1,699)	(6,399)
Effect on deferred tax balances resulting from a change in tax rate	因稅率變動導致遞延稅項結餘的影響	—	194
24		(1,699)	(6,205)
Income tax expense	所得稅開支	6,360	7,123

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to (loss)/profit before income tax can be reconciled as follows:

7. 所得稅開支(續)

綜合全面收益表的實際所得稅費用及採用適用於除所得稅前(虧損)/利潤的法定稅率計算得出的稅額的差額對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
(Loss)/Profit before income tax	除所得稅前(虧損)/利潤	(36,596)	146,499
Tax on (loss)/profit before income tax, calculated at the statutory rates applicable to profits in the tax jurisdiction concerned	除所得稅前(虧損)/利潤稅項(按相關稅務司法權區適用的利潤法定稅率計算)	(7,703)	36,837
Tax effect on non-deductible expenses	不可扣稅開支的稅務影響	3,083	3,426
Tax effect on non-taxable income	非課稅收入的稅務影響	(1,232)	—
Tax effect on preferential income tax rates applicable to a subsidiary	適用於附屬公司的優惠所得稅稅率的稅務影響	(3,051)	(25,429)
Tax effect of utilisation of tax losses not recognised	尚未確認動用稅項虧損之稅務影響	(187)	—
Tax effect of unused tax losses not recognised	尚未確認未動用稅項虧損之稅務影響	14,967	5,173
Effect on deferred tax balances resulting from a change in tax rate	因稅率變動導致的遞延稅項結餘的影響	—	194
Under/(Over)-provision in respect of prior year	過往年度撥備不足/(超額撥備)	287	(12,812)
Others	其他	196	(266)
Income tax expense	所得稅開支	6,360	7,123

Notes:

(a) Cayman Islands income tax

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

(b) Hong Kong profits tax

Hong Kong profits tax rate is 16.5%. Hong Kong profits tax has not been provided as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 December 2017 and 2016.

附註：

(a) 開曼群島所得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此豁免繳納開曼群島所得稅。

(b) 香港利得稅

香港利得稅稅率為16.5%。由於本集團於截至二零一七年及二零一六年十二月三十一日止年度在香港並無產生估計應課稅利潤，因此並無就香港利得稅計提撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(c) PRC enterprise income tax

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. The applicable income tax rate is 25%.

Pursuant to the relevant laws and regulations in the PRC, Beijing Lianzhong Co., Ltd ("Beijing Lianzhong") has renewed and obtained its qualification as a High and New Technology Enterprise ("HNTe") in 2014 for the three-year period commencing from October 2014 and accordingly Beijing Lianzhong enjoyed a preferential income tax rate of 15% in 2015. In May 2016, Beijing Lianzhong was accredited as a "Key Software Enterprise within National Planning Layout" and accordingly, Beijing Lianzhong was retrospectively entitled to a preferential income tax rate of 10% from 2015 and will continue to enjoy this preferential income tax rate until it no longer meets the requirements of the qualification.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). Lianzhong has made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits for the years ended 31 December 2017 and 2016.

(d) US profits tax

Subsidiaries operating in the US are subject to US federal and state tax on its assessable profits. The applicable tax rate for federal tax is 34% whilst the tax rate for state tax of California, the principal place of business of the Company's major US subsidiaries is 8.84%. US profits tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 December 2017 and 2016.

(e) Gibraltar profits tax

Gibraltar profits tax has not been provided as the Group has no assessable profit in Gibraltar for the years ended 31 December 2017 and 2016.

7. 所得稅開支(續)

附註：(續)

(c) 中國企業所得稅

本集團就其在中國的業務所作出的所得稅撥備乃根據現行相關法律、詮釋及慣例就於本年度估計應課稅利潤按適用稅率計算。適用所得稅稅率為25%。

根據中國相關法律法規，北京聯眾互動網絡股份有限公司（「北京聯眾」）已於二零一四年續新及取得其作為高新技術產業（「高新技術產業」）資格，自二零一四年十月起為期三年及據此北京聯眾於二零一五年享受15%的優惠所得稅稅率。於二零一六年五月，北京聯眾獲認證為「國家規劃佈局內重點軟件企業」，因此，北京聯眾自二零一五年起享受10%的優惠所得稅稅率，並將繼續享受此優惠所得稅稅率直至不再符合資格為止。

根據中國相關法律法規，從事研發活動的企業於釐定其該年度應課稅利潤時，有權將所產生的研發費用的150%作可扣稅開支申報（「加計扣除」）。截至二零一七年及二零一六年十二月三十一日止年度，北京聯眾已於確定其應課稅利潤中將予作出的加計扣除申報作出最佳估計。

(d) 美國利得稅

於美國經營之附屬公司須就其應課稅溢利繳納美國聯邦及州稅。適用聯邦稅率為34%，而本公司主要美國附屬公司之主要營業地點加州之稅率為8.84%。由於本集團截至二零一七年及二零一六年十二月三十一日止年度產生稅項虧損，故並無就美國利得稅計提撥備。

(e) 直布羅陀利得稅

由於本集團截至二零一七年及二零一六年十二月三十一日止年度在直布羅陀並無應課稅利潤，故並無就直布羅陀利得稅計提撥備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

7. INCOME TAX EXPENSE (Continued)

Notes: (Continued)

(f) PRC withholding tax

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

8. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the years ended 31 December 2017 and 2016.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of RMB23,996,000 (2016: profit of RMB148,669,000) and on the weighted average number of 788,254,778 ordinary shares (2016: ordinary 786,990,352 shares) in issue during the year.

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year after adjusting for the effects of all dilutive potential ordinary shares.

For the year ended 31 December 2017, the Company has two categories of dilutive ordinary shares, being the share option schemes of the Company (Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme) and the Convertible Notes. The effects on the Convertible Notes before conversion and the share options during the year were anti-dilutive.

7. 所得稅開支(續)

附註：(續)

(f) 中國預扣稅

根據中國相關法律法規，本集團須就向中國外商投資企業有關於二零零八年一月一日起產生的利潤將予分派的股息繳納10%的預扣稅。倘於香港註冊成立的外商投資者符合中國與香港訂立的雙邊稅務條約安排的條件及規定，相關預扣稅稅率將從10%降至5%。

8. 股息

董事不建議宣派截至二零一七及二零一六年十二月三十一日止年度之末期股息。

9. 每股(虧損)/盈利

(a) 每股基本(虧損)/盈利

每股基本(虧損)/盈利乃按本公司權益持有人應佔虧損人民幣23,996,000元(二零一六年：利潤人民幣148,669,000元)及年內已發行的788,254,778股普通股加權平均數(二零一六年：786,990,352股普通股)計算得出。

(b) 每股攤薄(虧損)/盈利

每股攤薄(虧損)/盈利乃經調整所有潛在攤薄普通股之影響後根據本公司權益持有人應佔(虧損)/利潤及年內已發行普通股的加權平均數計算。

截至二零一七年十二月三十一日止年度，本公司擁有兩類具潛在攤薄影響的普通股，即本公司購股權計劃(管理層首次公開發售前購股權計劃及二零一四年購股權計劃)及可換股票據。可換股票據於轉換前及購股權於年內被視為具反攤薄影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

9. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted (loss)/earnings per share (Continued)

For the year ended 31 December 2016, the Company has one category of dilutive ordinary shares, being the share option schemes of the Company (Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme), but not on the share options granted in July 2015, January 2016, May 2016 and September 2016 under the 2014 Share Option Scheme which are considered as anti-dilutive as the average market price of the ordinary shares of the Company is less than the exercise price of these share options.

Details of calculation of diluted (loss)/earnings per share are shown as follows:

9. 每股(虧損)/盈利(續)

(b) 每股攤薄(虧損)/盈利(續)

截至二零一六年十二月三十一日止年度，本公司擁有一類具潛在攤薄影響的普通股，即本公司購股權計劃(管理層首次公開發售前購股權計劃及二零一四年購股權計劃)而非於二零一五年七月、二零一六年一月、二零一六年五月及二零一六年九月根據二零一四年購股權計劃授出之購股權，其被視為具反攤薄影響，乃由於本公司普通股之平均市價低於該等購股權之行使價。

每股攤薄(虧損)/盈利詳情計算如下：

		2017 二零一七年	2016 二零一六年
(Loss)/Profit attributable to equity holders of the Company for the year (RMB'000)	本年度本公司權益持有人應佔(虧損)/利潤(人民幣千元)	(23,996)	148,669
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	就計算每股基本(虧損)/盈利之普通股加權平均數	788,254,778	786,990,352
Effect of dilutive potential shares on exercise of share options	攤薄潛在股份對行使購股權之影響	—	40,052,497
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	就計算每股攤薄(虧損)/盈利之普通股加權平均數	788,254,778	827,042,849
Diluted (loss)/earnings per share (RMB cents)	每股攤薄(虧損)/盈利(人民幣分)	(3.04)	17.98

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

10. 董事薪酬及僱員薪酬

(a) Directors' emoluments

The remuneration of each director disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations for the years ended 31 December 2017 and 2016 are set out below:

(a) 董事薪酬

根據上市規則、香港公司條例第383(1)條以及公司(董事福利資料披露)規例第2部分，截至二零一七年及二零一六年十二月三十一日止年度，各董事薪酬披露載列如下：

Name of director	董事姓名		Fees	Basic salaries and allowances	Retirement benefit contribution	Share-based compensation	Total
		Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2017 截至二零一七年十二月三十一日止年度							
Executive directors:	執行董事：						
Mr. Yang Eric Qing	楊慶先生	(i)	—	1,454	89	6,203	7,746
Mr. Ng Kwok Leung Frank	伍國樑先生	(i)	—	1,454	89	5,131	6,674
Non-executive directors:	非執行董事：						
Mr. Liu Jiang	劉江先生		—	—	—	—	—
Mr. Fan Tai	樊泰先生		—	—	—	—	—
Mr. Chen Xian	陳弦先生		—	—	—	—	—
Mr. Hua Guanfa	華觀發先生	(iii)	—	—	—	—	—
Ms. Fu Qiang	傅強女士	(iv)	—	—	—	—	—
Independent non-executive directors:	獨立非執行董事：						
Mr. Ge Xuan	葛旋先生		160	—	—	—	160
Mr. Lu Zhong	魯眾先生		160	—	—	—	160
Mr. Cheung Chung Yan David	張頌仁先生		217	—	—	—	217
			537	2,908	178	11,334	14,957
Year ended 31 December 2016 截至二零一六年十二月三十一日止年度							
Executive directors:	執行董事：						
Mr. Yang Eric Qing	楊慶先生	(i)	—	1,440	77	10,503	12,020
Mr. Ng Kwok Leung Frank	伍國樑先生	(i)	—	1,440	77	10,503	12,020
Non-executive directors:	非執行董事：						
Mr. Zhang Rongming	張榮明先生	(ii)	—	—	—	—	—
Mr. Liu Jiang	劉江先生		—	—	—	—	—
Mr. Fan Tai	樊泰先生		—	—	—	—	—
Mr. Chen Xian	陳弦先生		—	—	—	—	—
Mr. Hua Guanfa	華觀發先生	(iii)	—	—	—	—	—
Independent non-executive directors:	獨立非執行董事：						
Mr. Ge Xuan	葛旋先生		207	—	—	—	207
Mr. Lu Zhong	魯眾先生		207	—	—	—	207
Mr. Cheung Chung Yan David	張頌仁先生		324	—	—	—	324
			738	2,880	154	21,006	24,778

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

Notes:

- (i) Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank are also the co-chief executive officers of the Group for the years ended 31 December 2017 and 2016.
- (ii) Resigned on 5 February 2016.
- (iii) Appointed on 5 February 2016 and resigned on 23 June 2017.
- (iv) Appointed on 23 June 2017.

There were no arrangements under which a director of the Company waived or agreed to waive any remuneration during the years ended 31 December 2017 and 2016.

10. 董事薪酬及僱員薪酬(續)

(a) 董事薪酬(續)

附註：

- (i) 截至二零一七年及二零一六年十二月三十一日止年度，楊慶先生及伍國樑先生亦擔任本集團聯席行政總裁。
- (ii) 於二零一六年二月五日辭任。
- (iii) 於二零一六年二月五日獲委任及於二零一七年六月二十三日辭任
- (iv) 於二零一七年六月二十三日獲委任。

截至二零一七年及二零一六年十二月三十一日止年度，並無本公司董事放棄或同意放棄任何酬金之安排。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

10. 董事薪酬及僱員薪酬(續)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2016: two) directors whose emoluments are reflected in the analysis presented above. The emoluments paid/payable to the remaining three (2016: three) individuals during the year are as follows:

(b) 五名最高薪酬人士

年內本集團五名最高薪酬人士分別包括兩名(二零一六年：兩名)董事，其酬金已反映於上文分析中。年內已付／應付餘下三名(二零一六年：三名)人士的酬金如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	5,048	4,027
Discretionary bonus	酌情花紅	1,205	1,727
Retirement benefit scheme contributions	退休福利計劃供款	200	166
Share-based compensation expense	以股份為基礎的酬金開支	1,108	2,819
		7,561	8,739

The emoluments fell within the following bands:

酬金範圍介乎以下組別：

		2017 二零一七年	2016 二零一六年
Emolument bands	酬金組別		
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	1	—
HK\$2,000,001 – HK\$2,500,000	2,000,001港元至2,500,000港元	1	—
HK\$2,500,001 – HK\$3,000,000	2,500,001港元至3,000,000港元	—	2
HK\$3,000,001 – HK\$4,000,000	3,000,001港元至4,000,000港元	1	—
HK\$4,500,001 – HK\$5,000,000	4,500,001港元至5,000,000港元	—	1

No emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2016: nil).

年內本集團概無向任何董事或五名最高薪酬人士支付任何酬金以作為其加入本集團或加入本集團後的獎勵或離職補償(二零一六年：無)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. PROPERTY, PLANT AND EQUIPMENT

11. 物業、廠房及設備

		Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Computer equipment 電腦設備 RMB'000 人民幣千元	Furniture and office equipment 傢俬及辦公室設備 RMB'000 人民幣千元	Motor vehicle 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日						
Cost	成本	23,837	61,593	13,503	1,068	—	100,001
Accumulated depreciation and impairment losses	累計折舊及減值虧損	(5,412)	(33,329)	(4,475)	(212)	—	(43,428)
Net book amount	賬面淨值	18,425	28,264	9,028	856	—	56,573
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	18,425	28,264	9,028	856	—	56,573
Additions	添置	7,656	18,713	6,460	562	—	33,391
Disposal of subsidiaries (Notes 32(b) & (c))	出售附屬公司(附註31(b)及(c))	(816)	(1,146)	(521)	—	—	(2,483)
Disposals	出售	(1,103)	(131)	(213)	—	—	(1,447)
Depreciation	折舊	(4,809)	(15,501)	(4,423)	(344)	—	(25,077)
Exchange differences	匯兌差額	35	531	41	—	—	607
Closing net book amount	年末賬面淨值	19,388	30,730	10,372	1,074	—	61,564
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日						
Cost	成本	29,450	72,190	18,798	1,630	—	122,068
Accumulated depreciation and impairment losses	累計折舊及減值虧損	(10,062)	(41,460)	(8,426)	(556)	—	(60,504)
Net book amount	賬面淨值	19,388	30,730	10,372	1,074	—	61,564
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	19,388	30,730	10,372	1,074	—	61,564
Additions	添置	3,053	13,984	4,595	1,468	39,125	62,225
Disposals	出售	—	(477)	(43)	—	—	(520)
Disposal of subsidiaries (Note 32(a))	出售附屬公司(附註32(a))	—	(10)	—	—	—	(10)
Acquisition of a subsidiary (Note 31(a))	收購附屬公司(附註31(a))	—	—	38	—	—	38
Depreciation	折舊	(8,858)	(17,252)	(5,046)	(524)	—	(31,680)
Exchange differences	匯兌差額	(24)	(501)	(559)	—	—	(1,084)
Closing net book amount	年末賬面淨值	13,559	26,474	9,357	2,018	39,125	90,533
At 31 December 2017	於二零一七年十二月三十一日						
Cost	成本	32,503	86,174	23,431	3,098	39,125	184,331
Accumulated depreciation and impairment losses	累計折舊及減值虧損	(18,944)	(59,700)	(14,074)	(1,080)	—	(93,798)
		13,559	26,474	9,357	2,018	39,125	90,533

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

11. PROPERTY, PLANT AND EQUIPMENT (Continued)

11. 物業、廠房及設備(續)

Depreciation charges recognised is analysed as follows:

已確認折舊費用分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of revenue	收入成本	10,355	12,809
Selling and marketing expenses	銷售及市場推廣費用	7,711	6,157
Administrative expenses	行政開支	11,850	4,474
Research and development expenses	研發費用	1,764	1,637
		31,680	25,077

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. INTANGIBLE ASSETS

12. 無形資產

		Computer software 電腦軟件 RMB'000 人民幣千元	Game intellectual properties, trademark and licenses 遊戲知識產權、商標及許可證 RMB'000 人民幣千元	Brand name 品牌名稱 RMB'000 人民幣千元	Programmes and film rights 節目及電影版權 RMB'000 人民幣千元	Unfinished contracts 未完成合約 RMB'000 人民幣千元	Development costs 開發成本 RMB'000 人民幣千元	Customer relationships 客戶關係 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日								
Cost	成本	10,397	84,397	99,093	57,092	29,914	22,871	—	303,764
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(5,740)	(42,678)	(6,614)	(5,651)	(8,504)	—	—	(69,187)
Net book amount	賬面淨值	4,657	41,719	92,479	51,441	21,410	22,871	—	234,577
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	4,657	41,719	92,479	51,441	21,410	22,871	—	234,577
Transfers	轉撥	—	30,661	—	—	—	(30,661)	—	—
Additions	添置	5,202	9,011	—	44,231	—	42,064	—	100,508
Acquisition of a subsidiary (Note 31(b))	收購附屬公司(附註31(b))	—	—	—	—	—	—	47,357	47,357
Disposal of subsidiaries (Note 32 (b) & (c))	出售附屬公司(附註32(b)及(c))	—	(2,165)	—	—	—	(1,849)	—	(4,014)
Amortisation	攤銷	(2,819)	(18,181)	(13,535)	(24,000)	(13,509)	—	(1,579)	(73,623)
Exchange differences	匯兌差額	64	—	5,718	4,404	866	—	—	11,052
Closing net book amount	年末賬面淨值	7,104	61,045	84,662	76,076	8,767	32,425	45,778	315,857
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日								
Cost	成本	15,889	121,727	105,608	107,170	31,376	32,425	47,357	461,552
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(8,785)	(60,682)	(20,946)	(31,094)	(22,609)	—	(1,579)	(145,695)
Net book amount	賬面淨值	7,104	61,045	84,662	76,076	8,767	32,425	45,778	315,857
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度								
Opening net book amount	年初賬面淨值	7,104	61,045	84,662	76,076	8,767	32,425	45,778	315,857
Transfers	轉撥	—	39,304	—	—	—	(39,304)	—	—
Additions	添置	443	6,926	6,772	93,591	—	32,399	—	140,131
Acquisition of a subsidiary (Note 31(a))	收購附屬公司(附註31(a))	—	371	—	—	—	—	—	371
Disposal	出售	—	(3,455)	—	—	—	—	—	(3,455)
Amortisation	攤銷	(2,530)	(28,929)	(13,885)	(57,957)	(5,409)	—	(7,868)	(116,578)
Exchange differences	匯兌差額	—	—	(4,733)	(4,417)	(330)	—	—	(9,480)
Closing net book amount	年末賬面淨值	5,017	75,262	72,816	107,293	3,028	25,520	37,910	326,846
At 31 December 2017	於二零一七年十二月三十一日								
Cost	成本	16,332	164,343	112,380	200,761	31,376	25,520	47,357	598,069
Accumulated amortisation and impairment losses	累計攤銷及減值虧損	(11,315)	(89,081)	(39,564)	(93,468)	(28,348)	—	(9,447)	(271,223)
Net book amount	賬面淨值	5,017	75,262	72,816	107,293	3,028	25,520	37,910	326,846

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

12. INTANGIBLE ASSETS (Continued)

The development costs represented all direct costs incurred in the development of webgames, mobile games and software products.

Amortisation charges recognised is analysed as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of revenue	收入成本	30,119	43,541
Selling and marketing expenses	銷售及市場推廣費用	8,127	1,614
Administrative expenses	行政開支	78,315	28,421
Research and development expenses	研發費用	17	47
		116,578	73,623

12. 無形資產(續)

開發成本指網頁遊戲、移動遊戲及軟件產品開發產生的所有直接成本。

已確認攤銷費用分析如下：

13. GOODWILL

The carrying amount of goodwill mainly arose from the acquisition of the Peerless Group in 2015 and the acquisition of Beijing Zhangzhong Qiji Technology Co., Limited during the year ended 31 December 2017 (Note 31(a)). The net carrying amount of goodwill can be analysed as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	104,050	97,412
Acquisition of a subsidiary (Note 31(a))	收購附屬公司(附註31(a))	34,409	—
Net exchange differences	匯兌差額淨值	(9,016)	6,638
At 31 December	於十二月三十一日	129,443	104,050

13. 商譽

商譽賬面值主要來源於二零一五年收購 Peerless Group 及截至二零一七年十二月三十一日止年度收購北京掌中奇跡科技有限公司(附註31(a))。商譽賬面淨值可分析如下：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

13. GOODWILL (Continued)

The carrying amount of goodwill, net of any impairment loss, is allocated to the cash generating units of the following segments:

13. 商譽(續)

商譽之賬面值(扣除任何減值虧損)分配至以下分部之現金產生單位：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Online games business — Lianzhong Group 線上遊戲業務－聯眾集團	34,609	200
Online games business — Peerless Group 線上遊戲業務－Peerless Group	94,834	103,850
	129,443	104,050

The recoverable amounts of goodwill relating to the segment of Online games business — Peerless Group of RMB94,834,000 [2016: RMB103,850,000] were determined based on value-in-use calculations, using an annual cash flow budget plan covering a five-year period with estimated long-term growth rate of 2.3% [2016: 2.3%] per annum for the operation. A discount factor of 16.0% [2016: 16.0%] per annum was applied in the value in use model.

與線上遊戲業務－Peerless Group分部相關之商譽之可回收金額人民幣94,834,000元(二零一六年：人民幣103,850,000元)乃根據使用價值計算，並採用五年期年度現金流預測計劃及估計長期營運年增長率2.3%(二零一六年：2.3%)釐定。使用價值模式所應用之年貼現率為16.0%(二零一六年：16.0%)。

The recoverable amounts of goodwill relating to the segment of Online games business — Lianzhong Group acquired during the year ended 31 December 2017 of RMB34,409,000 were determined based on value-in-use calculations, using an annual cash flow budget plan covering a five-year period with estimated long-term growth rate of 2.9% per annum for the operations. A discount factor of 23.4% per annum was applied in the value in use model.

截至二零一七年十二月三十一日止年度，收購線上遊戲業務－聯眾集團分部相關之商譽之可回收款項人民幣34,409,000元乃根據使用價值計算，並採用五年期年度現金流預測計劃及估計長期營運年增長率2.9%釐定。使用價值模式所應用之年貼現率為23.4%。

The key assumptions include stable profit margins, which have been determined based on the expectations for market share after taking into consideration current economic environment and market forecast. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amounts are based would not cause the carrying amounts of the units to exceed their respective aggregate recoverable amounts.

主要假設包括穩定之利潤率，利潤率乃根據經考慮現時經濟環境及市場預測後之預期市場份額釐定。董事認為可收回金額所基於之任何主要假設發生合理可能變更均不會導致單位賬面值超過其可收回金額總額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2017 and 2016 are as follows:

14. 於附屬公司的權益

於二零一七年及二零一六年十二月三十一日主要附屬公司詳情如下：

Name of company	Country/Place and date of incorporation/establishment	Type of legal entity	Issued and paid in capital/ registered capital 已發行及 實繳資本/ 註冊資本	Equity interest held	Principal activities and place of operation
公司名稱	註冊成立／設立的國家／ 地點及日期	法人類別		持有股權	主要業務及運營地點
Directly held by the Company 本公司直接持有					
Lianzhong Holdings (Hong Kong) Limited 聯眾控股(香港)有限公司	Hong Kong/ 18 December 2013 香港／ 二零一三年十二月十八日	Limited liability company 有限責任公司	100 ordinary shares 100股普通股	100%	Investment holding 投資控股
Noble Link Global Limited	British Virgin Islands ("BVI")/ 5 May 2016 英屬維爾京群島 ([英屬維爾京群島])/ 二零一六年五月五日	Limited liability company 有限責任公司	100 ordinary shares 100股普通股	100%	Investment holding 投資控股
Huge Grace Holdings Limited	Hong Kong/18 November 2016 香港／ 二零一六年十一月十八日	Limited liability company 有限責任公司	1 ordinary share 1股普通股	100% (2016: nil) (二零一六年：無)	Investment holding 投資控股
Indirectly held by the Company 本公司間接持有					
Beijing Lianzhong Garden Network Technology Co., Ltd. 北京聯眾家園網絡科技有限責任公司	PRC/21 January 2014 中國／ 二零一四年一月二十一日	Limited liability company 有限責任公司	US\$350,000 350,000美元	100%	Provision of computer related technical support, in PRC 於中國提供計算機相關 技術支援
Beijing Lianzhong Co., Ltd.	PRC/23 March 1998	Limited liability company	RMB72,000,000	100%	Development and operation of online card and board games, in PRC 於中國開發及運營在線棋 牌遊戲
北京聯眾互動網絡股份有限公司	中國／ 一九九八年三月二十三日	有限責任公司	人民幣72,000,000元		
Shanghai Yaozhong Culture Broadcast Co., Ltd.	PRC/ 6 July 2012	Limited liability company	RMB2,000,000	51%*	Provision of cultural events organisation and consulting services, in PRC 於中國提供文化活動組織 及諮詢服務
上海姚眾互動文化傳播有限責任公司	中國／二零一二年七月六日	有限責任公司	人民幣2,000,000元		
Lianzhong International Company Limited 聯眾國際有限公司	BVI/ 11 July 2011 英屬維爾京群島／ 二零一一年七月十一日	Limited liability company 有限責任公司	US\$1,780,000 1,780,000美元	100%	PC games operation, in PRC 於中國運營PC遊戲
Shanghai Lianzhong Garden Computer Technology Co., Ltd. 上海聯眾家園電腦技術有限責任公司	PRC/ 23 October 2013 中國／ 二零一三年十月二十三日	Limited liability company 有限責任公司	RMB10,000,000 人民幣10,000,000元	100%	Mobile games operation, in PRC 於中國運營移動遊戲

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES (Continued)

14. 於附屬公司的權益(續)

Name of company	Country/Place and date of incorporation/establishment	Type of legal entity	Issued and paid in capital/registered capital 已發行及實繳資本/ 註冊資本	Equity interest held	Principal activities and place of operation
公司名稱	註冊成立/設立的國家/ 地點及日期	法人類別		持有股權	主要業務及運營地點
Indirectly held by the Company (Continued) 本公司間接持有(續)					
Nanjing Shouyou Interactive Network Co., Ltd. 南京首游互動網絡有限公司	PRC/ 24 February 2014 中國/ 二零一四年二月二十四日	Limited liability company 有限責任公司	RMB10,000,000 人民幣10,000,000元	100%	Mobile games operation, in PRC 於中國運營移動遊戲
Tianjin Zhangzhongshangku Technology Co., Ltd. 天津掌中尚酷科技有限公司	PRC/9 April 2014 中國/ 二零一四年四月九日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Tianjin Wanlianshifang Technology Co., Ltd. 天津萬聯十方科技有限公司	PRC/9 April 2014 中國/二零一四年四月九日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Tianjin Juxian Tongchuang Technology Development Co., Ltd. 天津聚賢同創科技發展有限公司	PRC/31 October 2014 中國/ 二零一四年十月三十一日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Tianjin Miaoshou Kuyou Information Technology Co., Ltd. 天津妙手酷遊信息技術有限公司	PRC/31 October 2014 中國/ 二零一四年十月三十一日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Tianjin Shouyou Shikong Information Technology Co., Ltd. 天津首遊時空信息技術有限公司	PRC/31 October 2014 中國/ 二零一四年十月三十一日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Tianjin Lianzhong Yidong Technology Development Co., Ltd. 天津聯眾逸動科技發展有限公司	PRC/11 November 2014 中國/ 二零一四年十一月十一日	Limited liability company 有限責任公司	RMB10,000,000 人民幣10,000,000元	100%	PC and mobile games development and operation, in PRC 於中國開發及運營PC及移動遊戲
Tianjin Lianzhong Enjoyment Technology Development Limited 天津聯眾樂趣科技發展有限公司	PRC/4 December 2014 中國/ 二零一四年十二月四日	Limited liability company 有限責任公司	RMB100,000,000 人民幣100,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES (Continued)

14. 於附屬公司的權益(續)

Name of company	Country/Place and date of incorporation/establishment	Type of legal entity	Issued and paid in capital/ registered capital 已發行及實繳資本/ 註冊資本	Equity interest held	Principal activities and place of operation
公司名稱	註冊成立/設立的國家/ 地點及日期	法人類別		持有股權	主要業務及運營地點
Indirectly held by the Company (Continued) 本公司間接持有(續)					
Dalian Zhangzhong Youshi Technology Development Co., Ltd. 大連掌中優勢科技發展有限公司	PRC/9 December 2014 中國/二零一四年十二月九日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Beijing Guangyao Hudong Technology Development Co., Ltd. 北京光耀互動科技發展有限公司	PRC/7 December 2016 中國/ 二零一六年十二月七日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100% (2016: nil) (二零一六年: 無)	Investment holding, in PRC 於中國投資控股
Tianjin Shengyou Times Technology Development Co., Ltd. 天津盛遊時代科技發展有限公司	PRC/21 July 2015 中國/二零一五年七月二十一日	Limited liability company 有限責任公司	RMB1,000,000 人民幣1,000,000元	100%	Investment holding, in PRC 於中國投資控股
Beijing Wangyu Lianzhong Internet Service Co., Ltd. 北京網魚聯眾互聯網上網服務有限公司	PRC/12 August 2015 中國/ 二零一五年八月十二日	Limited liability company 有限責任公司	RMB30,000,000 人民幣30,000,000元	69.45%** (2016: 60.45%) (二零一六年: 60.45%)	Operation of an internet cafe, in PRC 於中國經營一家網吧
Tianjin Allied Esports Internet Technology Co., Ltd. ("Tianjin Allied Esports") 天津聯盟電競互聯網科技有限公司 ("天津聯盟電競")	PRC/25 December 2015 中國/ 二零一五年十二月二十五日	Limited liability company 有限責任公司	RMB67,918,000 人民幣67,918,000元	69.45% (2016: 60.45%) (二零一六年: 60.45%)	Investment holding, in PRC 於中國投資控股
Beijing Zhangzhong Qiji Technology Co., Limited ("北京掌中奇跡科技有限公司", "Beijing Zhangzhong Qiji") 北京掌中奇跡科技有限公司 ("北京掌中奇跡")	PRC/26 December 2014 中國/ 二零一四年十二月二十六日	Limited liability company 有限責任公司	RMB666,700 人民幣666,700元	100% (2016: nil) (二零一六年: 無)	PC and mobile games development and operation, in PRC 於中國開發及運營PC及移動遊戲
Peerless Media Limited	Gibraltar/27 September 2004 直布羅陀/ 二零零四年九月二十七日	Limited liability company 有限責任公司	2,200 ordinary shares 2,200股普通股	100%	Television production, brand licensing and tour management, in Gibraltar 於直布羅陀從事電視內容製作、品牌授權及比賽管理
Club Service Inc.	US/3 March 2010 美國/ 二零一零年三月三日	Limited liability company 有限責任公司	1 ordinary share 1股普通股	100%	PC and mobile games development and operation, in US 於美國開發及運營PC及移動遊戲

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES (Continued)

14. 於附屬公司的權益(續)

Name of company	Country/Place and date of incorporation/establishment	Type of legal entity	Issued and paid in capital/registered capital 已發行及實繳資本/ 註冊資本	Equity interest held	Principal activities and place of operation
公司名稱	註冊成立/設立的國家/ 地點及日期	法人類別		持有股權	主要業務及運營地點
Indirectly held by the Company (Continued) 本公司間接持有(續)					
WPT Enterprise Inc.	US/ 16 October 2009 美國/ 二零零九年十月十六日	Limited liability company 有限責任公司	1 ordinary share 1股普通股	100%	Television production, brand licensing and tour management, in US 於美國從事電視內容製作、品牌授權及比賽管理
Allied Esports International Holdings Limited	US/5 October 2017 美國/二零一七年十月五日	Limited liability company 有限責任公司	EUR1 1歐元	69.45%** (2016: nil) (二零一六年: 無)	Investment holding, in US 於美國投資控股
Allied Esports International, Inc.	US/25 January 2017 美國/二零一七年一月二十五日	Limited liability company 有限責任公司	— —	69.45%** (2016: nil) (二零一六年: 無)	Operation of eSports activities, in US 於美國運營電競業務
ELC Gaming Limited	Ireland/11 July 2016 愛爾蘭/二零一六年七月十一日	Limited liability company 有限責任公司	EUR100 100歐元	48.61%	Operation of eSports activities, in Europe 於歐洲運營電競業務
ELC Gaming GmbH	Germany/2 June 2016 德國/二零一六年六月二日	Limited liability company 有限責任公司	EUR25,000 25,000歐元	48.61%	Operation of eSports activities, in Europe 於歐洲運營電競業務
Champ Creation International Limited	HK/8 November 2016 香港/二零一六年十一月八日	Limited liability company 有限責任公司	1 ordinary share 1股普通股	69.45%**	Investment holding, in HK 於香港投資控股

* The directors of the Company consider that the non-controlling interests in each of these subsidiaries during the years ended 31 December 2016 and 2017 were not individually material to the Group and thus no separate financial information of each of these non-wholly owned subsidiaries are presented.

** Held under Tianjin Allied Esports

The English name of certain companies referred herein represent management's best effort at translating the Chinese names of these companies as no English name has been registered.

* 本公司董事認為於該等附屬公司之非控股權益於截至二零一六年及二零一七年十二月三十一日止年度單獨對本集團而言並不重大，故並未就該等非全資附屬公司單獨呈列財務資料。

** 天津聯盟電競所持有

本報表所提述的若干公司的英文名稱乃由管理層盡最大之努力由該等公司之中文名稱翻譯而來，因其並無法定英文名稱。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES (Continued)

The following table list out the financial information related to Tianjin Allied Esports and its subsidiaries, of which the Group has material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

14. 於附屬公司的權益(續)

下表載列有關天津聯盟電競及其附屬公司(本集團擁有重大非控股權益)的財務資料。下文呈列的財務資料概要指於任何公司間抵銷前的款項。

		Tianjin Allied Esports Group 天津聯盟電競集團	
		2017	2016
		二零一七年	二零一六年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Proportion of ownership interests and voting rights held by the non-controlling shareholders (note)	非控股股東所持有擁有權及投票權比例(附註)	30.55%	39.55%
Current assets	流動資產	142,483	17,186
Non-current assets	非流動資產	100,941	25,729
Current liabilities	流動負債	(15,616)	(21,216)
Non-current liabilities	非流動負債	(194,178)	—
Net assets	資產淨值	33,630	21,699
Revenue	收入	20,095	6,186
Other income	其他收入	402	17
Total expenses	開支總額	(74,615)	(25,377)
Loss for the year	年內虧損	(54,118)	(19,174)
Other comprehensive income for the year	年內其他全面收益	2,810	54
Total comprehensive loss for the year	年內全面虧損總額	(51,308)	(19,120)
Loss attributable to equity holders of the Company	本公司股權持有人應佔虧損	(35,158)	(9,786)
Loss attributable to non-controlling shareholders	非控股股東應佔虧損	(18,960)	(9,388)
		(54,118)	(19,174)
Total comprehensive loss attributable to equity holders of the Company	本公司股權持有人應佔全面虧損總額	(32,683)	(9,763)
Total comprehensive loss attributable to non-controlling shareholders	非控股股東應佔全面虧損總額	(18,625)	(9,357)
		(51,308)	(19,120)
Net cash flows (used in)/from operating activities	經營活動(所用)/所得現金流量淨值	(86,579)	2,790
Net cash flows used in investing activities	投資活動所用現金流量淨值	(138,093)	(11,358)
Net cash flows from financing activities	融資活動所得現金流量淨值	254,178	15,000
Net cash inflows	現金流入淨值	29,506	6,432

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

14. INTERESTS IN SUBSIDIARIES (Continued)

Note: In July 2017, the Group entered into an equity transfer agreement with the non-controlling shareholder of Tianjin Allied Esports, pursuant to which, the Group acquired additional 9% equity interest in Tianjin Allied Esports held by the non-controlling shareholder. As a result of the equity transfer, the Group's equity interest in Tianjin Allied Esports was increased from 60.45% to 69.45%.

14. 於附屬公司的權益(續)

附註：於二零一七年七月，本集團與天津聯盟電競的非控股股東訂立一份股權轉讓協議，據此，本集團購買非控股股東所持天津聯盟電競9%股權。由於股權轉讓，本集團於天津聯盟電競的股權從60.45%增至69.45%。

15. INTEREST IN ASSOCIATES

15. 於聯營公司的權益

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	75,894	13,768
Additions	添置	36,778	54,845
Disposal	出售	(6,236)	—
Reclassification from interest in a subsidiary (note c)	自附屬公司權益重新分類(附註c)	1,033	12,011
Share of loss of associates	分佔聯營公司虧損	(4,554)	(503)
Provision for impairment of interest in associates	於聯營公司之權益減值撥備	—	(4,227)
At 31 December	於十二月三十一日	102,915	75,894
Share of net assets	分佔資產淨值	41,218	14,777
Goodwill	商譽	61,697	61,117
		102,915	75,894

Movement in the provision for impairment of interest in associates is as follows:

於聯營公司之權益減值撥備變動如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	4,227	—
Provision for impairment for the year	年內減值撥備	—	4,227
At 31 December	於十二月三十一日	4,227	4,227

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. INTEREST IN ASSOCIATES (Continued)

As at 31 December 2017, the Group had interests in the following associates, all of which are considered not individually material to the Group:

15. 於聯營公司的權益(續)

於二零一七年十二月三十一日，本集團擁有以下被認為單獨對本集團並不重大的聯營公司權益：

Name of company	Country of establishment	Paid in capital	Attributable equity interest held by the Group 本集團持有的應佔股權	Principal activities and place of operation
公司名稱	設立的國家	實繳股本		主要業務及運營地點
Beijing Linghegu Online Technology Co., Ltd. ("Beijing Linghegu") (notes a & e)	PRC	RMB1,371,429	14.21%	Provision of technology development and consultation services, in PRC
北京零穀網絡科技有限責任公司 (「北京零穀」)(附註a及e)	中國	人民幣1,371,429元		於中國提供技術開發及諮詢服務
Tianjin Huandu Network Technology Co., Ltd ("Tianjin Huandu")	PRC	RMB127,692	27.3%	Operation of billiards business and development of mobile games, in PRC
天津歡度網絡科技有限公司 (「天津歡度」)	中國	人民幣127,692元		於中國經營檯球業務及開發移動遊戲
Chengdu ZhiWeiXing Network Technology Co., Ltd. ("ZhiWeiXing") (note a)	PRC	RMB1,000,000	15.0%	Mobile game development and operation, in PRC
成都指微星網絡科技有限公司 (「指微星」)(附註a)	中國	人民幣1,000,000元		於中國開發及營運移動遊戲
Tianjing Zhongqi Weiye Sports Development Co., Ltd. ("Tianjing Zhongqi Weiye") (note b)	PRC	RMB10,526,320	40.6% (2016: 45.6%)	Mobile games development and operation, in PRC
天津中棋惟業體育發展有限公司 (「天津中棋惟業」)(附註b)	中國	人民幣10,526,320元	(二零一六年：45.6%)	於中國開發及營運移動遊戲
Beijing Zhijing Zhonghe Cultural Media Co., Ltd. ("Beijing Zhijing Zhonghe")	PRC	RMB3,950,000	35.0%	Mobile games development and operation, in PRC
北京智競眾合文化傳媒有限公司 (「北京智競眾合」)	中國	人民幣3,950,000元		於中國開發及營運移動遊戲
Beijing Zhangwanbao Information Technology Co., Ltd. ("Beijing Zhangwanbao")	PRC	RMB5,750,000	35.0%	Mobile games development and operation, in PRC
北京掌萬寶信息技術有限公司 (「北京掌萬寶」)	中國	人民幣5,750,000元		於中國開發及營運移動遊戲

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

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15. INTEREST IN ASSOCIATES (Continued)

15. 於聯營公司的權益(續)

Name of company	Country of establishment	Paid in capital	Attributable equity interest held by the Group 本集團持有的應佔股權	Principal activities and place of operation 主要業務及運營地點
公司名稱	設立的國家	實繳股本		
Beijing Xunteng Tianxia Technology Co., Ltd. ("Beijing Xunteng Tianxia") 北京訊騰天下科技有限公司 (「北京訊騰天下」)	PRC 中國	RMB1,250,000 人民幣1,250,000元	20.0%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Hainan Tichuang Lianzhong Sport Cultural Co., Ltd. ("Hainan Tichuang Lianzhong") 海南體窗聯眾體育文化有限公司 (「海南體窗聯眾」)	PRC 中國	RMB5,000,000 人民幣5,000,000元	45.0%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Beijing Shuimu Zhiyu Technology Co., Ltd. ("Beijing Shuimu Zhiyu") 北京水木智娛科技有限公司 (「北京水木智娛」)	PRC 中國	RMB1,538,460 人民幣1,538,460元	23.88%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Beijing Shiqi Zhiyi Culture Broadcast Co., Ltd. ("Beijing Shiqi Zhiyi") 北京世棋智奕文化傳播有限責任公司 (「北京世棋智奕」)	PRC 中國	RMB50,000 人民幣50,000元	40.0%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Beijing Weichu Information Technology Co., Ltd. ("Beijing Weichu") 北京微觸信息技術有限公司 (「北京微觸」)	PRC 中國	RMB1,538,460 人民幣1,538,460元	35.0%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Zhike Zongheng Cultural Media (Beijing) Co., Ltd. ("Zhike Zongheng") 智客縱橫文化傳媒(北京)有限公司 (「智客縱橫」)	PRC 中國	RMB289,465 人民幣289,465元	20.0%	Mobile games development and operation, in PRC 於中國開發及營運移動遊戲
Beijing Chinese Racing Pigeon Sports Culture Development Co., Ltd. ("Beijing Chinese Racing Pigeon") 北京中競鴿體育文化發展有限公司 (「北京中競鴿」)	PRC 中國	RMB10,000,000 人民幣10,000,000元	42.5% (2016: nil) (二零一六年：無)	Operation of racing pigeon sports competitions, in PRC 於中國運營競鴿體育競賽

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. INTEREST IN ASSOCIATES (Continued)

15. 於聯營公司的權益(續)

Name of company	Country of establishment	Paid in capital	Attributable equity interest held by the Group 本集團持有的應佔股權	Principal activities and place of operation 主要業務及運營地點
公司名稱	設立的國家	實繳股本		
Beijing Yiqu Hucai Technology Co., Ltd. [“Beijing Yiqu Hucai”] 北京奕趣互彩科技有限公司 [「北京奕趣互彩」]	PRC 中國	RMB1,000,000 人民幣1,000,000元	30.0% [2016: nil] (二零一六年：無)	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Beijing Boyue Ledong Technology Co., Ltd. [“Beijing Boyue Ledong”] 北京博悅樂動科技有限公司 [「北京博悅樂動」]	PRC 中國	RMB50,000,000 人民幣50,000,000元	30.0% [2016: nil] (二零一六年：無)	Mobile games development and operation, in PRC 於中國開發及運營移動遊戲
Shenzhen Seg Lianzhong Internet Technology Co., Ltd. [“Shenzhen Seg Lianzhong”] 深圳賽格聯眾互聯網科技有限公司 [「深圳賽格聯眾」]	PRC 中國	RMB24,800,000 人民幣24,800,000元	45.0% [2016: nil] (二零一六年：無)	Operation of eSports stadium, in PRC 於中國經營電競館
eSports Arena LLC [“eSports Arena”] [note a]	US	US\$2,809,000	18% [2016: nil]	Organising and broadcasting video gaming competitions and entertainment events in the eSports industry, in US
eSports Arena LLC [「eSports Arena」] (附註a)	美國	2,809,000美元	(二零一六年：無)	於美國組織廣播電子遊戲比賽及電競行業的娛樂項目

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. INTEREST IN ASSOCIATES (Continued)

Notes:

- (a) Management has assessed the level of influence that the Group has on certain associates, with a total carrying amount of RMB14,880,000 as at 31 December 2017 (2016: RMB3,488,000), and determined that it has significant influence even though the respective shareholding is below 20% because of the board representation. Consequently, these investments have been classified as the Group's associates.
- (b) In December 2017, the Group has disposed of 5% equity interests in Tianjing Zhongqui Weiye for a cash consideration of RMB35,000,000. The key terms are as follows:

Profit Guarantee

Pursuant to the disposal agreement, the Group undertook that the audited net profit of Tianjing Zhongqui Weiye for the year ending 31 December 2017 and 31 December 2018 shall not be less than RMB20,000,000 and RMB50,000,000 respectively (the "Tianjing Zhongqui Weiye's Guarantee Profit"). If the audited net profits are less than the guaranteed amount, the Group shall transfer to the buyer a maximum of 5% equity interests in Tianjing Zhongqui Weiye at nil consideration.

Option to acquire further interest in the Tianjing Zhongqui Weiye

The Group has granted an option to the buyer an option to acquire a further 5% equity interest in the Tianjing Zhongqui Weiye at a cash consideration of RMB35,000,000 within twelve months of the disposal date (the "Tianjing Zhongqui Weiye's Call Option").

The directors, with assistance of a professional valuer, have determined the fair values of the Tianjing Zhongqui Weiye's Guarantee Profit and the Tianjing Zhongqui Weiye's Call Option amounting to RMB2,422,000 at the date of the acquisition. The amount is recognised as contingent consideration payable of the Group (Note 21).

15. 於聯營公司的權益(續)

附註：

- (a) 管理層已評估本集團對若干於二零一七十二月三十一日賬面值總額人民幣14,880,000元(二零一六年：人民幣3,488,000元)的聯營公司的影響水平作出評估，並釐定，儘管相關持股量低於20%，但由於其在董事會的影響，其對聯營公司仍有重大影響。因此，該等投資被分類為本集團聯營公司。
- (b) 於二零一七年十二月，本集團已出售天津中棋惟業5%股權，現金代價為人民幣35,000,000元。主要條款如下：

溢利擔保

根據出售協議，本集團承諾截至二零一七年十二月三十一日及二零一八年十二月三十一日止年度天津中棋惟業經審核溢利淨額分別不得少於人民幣20,000,000元及人民幣50,000,000元(「天津中棋惟業擔保溢利」)。倘經審核溢利淨額少於擔保金額，本集團無償向買家轉讓天津中棋惟業最高5%股權。

收購天津中棋惟業額外權益之購股權

本集團向買方授出一項購股權，以現金代價人民幣35,000,000元收購天津中棋惟業額外5%之股權(「天津中棋惟業認購期權」)。

董事獲專業估值師的協助於收購日期釐定天津中棋惟業擔保溢利及天津中棋惟業認購期權的公允值人民幣2,422,000元。該金額已確認為本集團應付或然代價(附註21)。

RMB'000
人民幣千元

Consideration receivable	應收代價	35,000
Net assets disposed of	出售資產淨值	(4,946)
Fair values of Tianjing Zhongqui Weiye's Guarantee Profit and Tianjing Zhongqui Weiye's Call Option (Note 21)	天津中棋惟業擔保溢利及天津中棋惟業認購期權的公允值(附註21)	(2,422)
Gain on partial disposal of an associate (Note 5)	出售一間聯營公司之部分收益(附註5)	27,632

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. INTEREST IN ASSOCIATES (Continued)

Notes: (Continued)

(b) (Continued)

A gain on disposal of partial interest of RMB27,632,000 was recognised in profit or loss during the year ended 31 December 2017.

(c) Upon the Group disposed of 12.5% equity interest in Beijing Chinese Racing Pigeon Sports Culture Development Co., Ltd. ("Beijing Chinese Racing Pigeon") in July 2017, the Group's equity interest in Beijing Chinese Racing Pigeon was reduced to 42.5%, resulting in loss of control over Beijing Chinese Racing Pigeon. Accordingly, the fair value of the retained interest in Beijing Chinese Racing Pigeon amounting to RMB1,033,000 was reclassified as interest in associates (Note 32(a)).

Set out below are the summarised financial information of each of the material associate which are accounted for using the equity method:

15. 於聯營公司的權益(續)

附註：(續)

(b) (續)

截至二零一七年十二月三十一日止年度，出售部分權益之收益人民幣27,632,000元已於損益內確認。

(c) 於二零一七年七月本集團出售北京中競鴿體育文化發展有限公司(「北京中競鴿」)12.5%股權後，本集團於北京中競鴿之股權減至42.5%，導致失去對北京中競鴿的控制權。因此，於北京中競鴿的保留權益的公允值人民幣1,033,000元重新分類為於聯營公司的權益(附註32a)。

下表載列各重要聯營公司使用權益法入賬之財務資料概要：

		Beijing Weichu 北京微觸		Tianjing Zhongqi Weiye 天津中棋惟業		eSports Arena
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Current assets	流動資產	15,617	23,206	56,193	23,206	4,519
Non-current assets	非流動資產	205	344	10,007	344	21,813
Current liabilities	流動負債	(259)	(1,903)	(25,950)	(1,903)	(22,694)
Net assets	資產淨值	15,563	21,647	40,250	21,647	3,638
Revenue	收益	7,956	21	50,255	6,719	13,188
Total expenses	開支總額	(12,759)	(14,654)	(29,910)	(12,117)	(24,397)
Profit/(Loss) before tax	除稅前溢利/(虧損)	(4,803)	(14,633)	20,345	(5,398)	(11,209)
Income tax expense	所得稅開支	—	—	—	—	—
Profit/(Loss) for the year	年內溢利/(虧損)	(4,803)	(14,633)	20,345	(5,398)	(11,209)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

15. INTEREST IN ASSOCIATES (Continued)

A reconciliation of the above summarised financial information to the carrying amount of each of the investments in associate is set out below:

15. 於聯營公司的權益(續)

上文概述的財務資料與投資於聯營公司賬面值對賬載列如下：

		Beijing Weichu 北京微觸		Tianjing Zhongqi Weiye 天津中棋惟業		eSports Arena
		2017	2016	2017	2016	2017
		二零一七年	二零一六年	二零一七年	二零一六年	二零一七年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total net assets of associates	聯營公司之資產淨值總額	15,563	21,647	40,250	21,647	3,638
Proportion of ownership interests held by Group	本集團持有擁有權益比例	35.0%	35.0%	40.6%	45.6%	18.0%
Goodwill	商譽	27,424	27,424	—	—	10,895
Carrying amount of the interest in associates in the consolidated financial statements	於綜合財務報表內之聯營公司權益之賬面值	32,871	35,000	16,342	9,871	11,550

Aggregate information of associates that are not individually material:

並非個別重大之聯營公司匯總資料：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	於綜合財務報表內並非個別重大之聯營公司之賬面值總額	42,152	28,883
Aggregate amounts of the Group's share of those associates: Profit/(Loss) and total comprehensive income/(loss) for the year	本集團應佔該等聯營公司下列各項之總額： 年內溢利／(虧損)及全面收益／(虧損)總額	(10,133)	(503)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

16. LOANS TO THIRD PARTIES

16. 給予第三方之貸款

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current portion	非即期部分		
Loans	貸款	13,890	44,600
Interest receivables	應收利息	540	7,976
		14,430	52,576
Current portion	即期部分		
Loans	貸款	46,000	1,500
Interest receivables	應收利息	12,735	—
		58,735	1,500
		73,165	54,076

As at 31 December 2017, long-terms loans amounting to RMB13,890,000 (2016: RMB44,600,000) are secured by unlisted equity interest in companies of the debtors incorporated in the PRC with interest at rates ranging from 4.75% to 12% (2016: 4.75% to 12%) per annum and repayable in 2019.

As at 31 December 2017, the loans to third parties of RMB46,000,000 (2016: RMB1,500,000) become due within next 12 months and are included in current portion, of which, the amount of RMB40,000,000 is secured by unlisted equity interest in company of the debtor incorporated in the PRC with interest rate at 12% (2016: 12%) per annum. The remaining balances amounting to RMB5,000,000 and RMB1,000,000 are unsecured with interest rate at 4.35% (2016: nil) and interest-free respectively. The carrying amount of the amounts due approximate their fair values.

於二零一七年十二月三十一日，人民幣13,890,000元(二零一六年：人民幣44,600,000元)之長期貸款由於中國註冊成立的債務人公司之非上市股權擔保，年利率介乎4.75%至12%(二零一六年：4.75%至12%)且須於二零一九年償還。

於二零一七年十二月三十一日，給予第三方之貸款人民幣46,000,000元(二零一六年：人民幣1,500,000元)將於未來十二個月內到期且包括即期部分，其中人民幣40,000,000元之金額由於中國註冊成立的債務人公司之非上市股權擔保，年利率為12%(二零一六年：12%)。人民幣5,000,000元及人民幣1,000,000元之餘下結餘並無擔保，年利率為4.35%(二零一六年：無)且免息。該到期款項之賬面值與其公允值相若。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

17. INVENTORIES

17. 存貨

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Finished goods	製成品	1,235	1,248

For the year ended 31 December 2017, the cost of inventories recognised as expense and included in selling and marketing expenses amounted to RMB1,708,000 (2016: RMB3,928,000).

截至二零一七年十二月三十一日止年度，確認為開支並計入銷售及市場推廣費用的存貨成本為人民幣1,708,000元(二零一六年：人民幣3,928,000元)。

18. TRADE AND OTHER RECEIVABLES

18. 貿易及其他應收款項

		Notes 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	(a)		
From third parties	應收第三方		215,356	210,066
Less: provision for impairment of trade receivables	減：貿易應收款項減值撥備		(10,133)	(10,133)
			205,223	199,933
Other receivables	其他應收款項	(b)		
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項		143,575	92,417
Advances to employees	向僱員作出的墊款		25,872	16,780
Amounts due from associates	應收聯營公司款項		28,730	2,780
Interest receivables	應收利息		—	155
			198,177	112,132
Less: provision for impairment of other receivables	減：其他應收款項減值撥備		(1,000)	(1,000)
			197,177	111,132
			402,400	311,065

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

本集團董事認為貿易及其他應收款項的公允價值與彼等賬面值並無重大差異，此乃由於該等金額於產生後短期內到期。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables

Trade receivables were arising from the operation of online card and board games. The credit terms of trade receivables granted to distribution channels and payment vendors are usually 30 to 90 days. Ageing analysis based on recognition date of the gross trade receivables at the reporting dates is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
0-30 days	0至30日	71,976	71,345
31-60 days	31至60日	26,273	15,136
61-90 days	61至90日	6,424	18,666
91-180 days	91至180日	34,547	54,331
181-365 days	181至365日	6,545	35,950
Over 1 year	超過1年	69,591	14,638
		215,356	210,066

The movement in the provision for impairment of trade receivables is as follows:

貿易應收款項減值撥備變動如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Balance at the beginning of the year	年初結餘	10,133	2,889
Provision for impairment	減值撥備	—	7,244
Balance at the end of the year	年末結餘	10,133	10,133

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

At each reporting date, the Group reviews for evidence of impairment on both an individual and collective basis. As at 31 December 2017, the Group has determined trade receivables of RMB10,133,000 (2016: RMB10,133,000) as individually impaired. Based on this assessment, provision for impairment loss has been recognised accordingly and has been included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income. The impaired trade receivables are due from distribution channels and payment vendors experiencing financial difficulties that were in default or delinquency of payments. The Group did not hold any collateral as security or other credit enhancements over the impaired trade receivables, whether determined on an individual or collective basis.

The ageing analysis of the Group's trade receivables that were past due as at the reporting date but not impaired, based on due date is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
1-90 days past due	逾期1至90日	56,121	43,648
91-180 days past due	逾期91至180日	6,684	55,301
181-365 days past due	逾期181至365日	36,963	8,078
Over 1 year past due	逾期超過1年	27,208	4,505
		126,976	111,532

As at 31 December 2017, trade receivables that were neither past due nor impaired were RMB78,247,000 (2016: RMB88,401,000). These related to a number of distribution channels and payment vendors for whom there was no recent history of default.

18. 貿易及其他應收款項(續)

(a) 貿易應收款項(續)

於各報告日期，本集團已審閱個別及共同減值的證據。於二零一七年十二月三十一日，本集團釐定個別減值的貿易應收款項人民幣10,133,000元(二零一六年：人民幣10,133,000元)。根據此項評估，減值虧損撥備已獲確認並已計入綜合損益及其他全面收益表「行政開支」內。應收分銷渠道及支付供應商的已減值貿易應收款項乃正遭遇財政困難，違約或拖欠付款。本集團並未就已減值的貿易應收款項(不論個別或共同釐定)持有任何抵押品作擔保或其他信用增級。

本集團的貿易應收款項於報告日期已逾期但未減值，按到期日的賬齡分析如下：

於二零一七年十二月三十一日，未逾期亦未減值的貿易應收款項為人民幣78,247,000元(二零一六年：人民幣88,401,000元)。該等款項與近期並無違約記錄的多名分銷渠道及支付供應商相關。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Trade receivables that were past due but not impaired related to a number of distribution channels and third-party payment vendors that had a good track record of credit with the Group. Based on past credit history, management believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. The Group does not hold any collateral in respect of trade receivables past due but not impaired.

As at 31 December 2017, 32% (2016: 32%) of trade receivables are due from three (2016: three) major distribution channels and payment vendors in cooperation with the Group's online card and board games business.

(b) Other receivables

Advances to employees mainly represent advances for various expenses to be incurred in the ordinary course of business. These advances are unsecured, interest-free and repayable on demand.

There were no movement in the provision for impairment of other receivables during the years ended 31 December 2017 and 2016.

18. 貿易及其他應收款項(續)

(a) 貿易應收款項(續)

已逾期但未減值的貿易應收款項與本集團擁有良好信貸記錄的分銷渠道及第三方支付供應商有關。根據過往信貸記錄，管理層認為由於彼等信貸質素並未發生重大變動，且該等結餘仍被視作可悉數收回，故無須就該等結餘作出任何減值準備。本集團並未就已逾期但未減值的貿易應收款項持有任何抵押品。

於二零一七年十二月三十一日，32% (二零一六年：32%) 的貿易應收款項乃應收自三家 (二零一六年：三家) 與本集團有在線棋牌遊戲業務合作的主要分銷渠道及支付供應商。

(b) 其他應收款項

向僱員作出的墊款主要指於日常業務過程中所產生各種開支的墊款。該等墊款為無抵押、免息且須按要求償還。

截至二零一七年及二零一六年十二月三十一日止年度，其他應收款項減值撥備概無變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

18. TRADE AND OTHER RECEIVABLES (Continued)

(c) Loans to associates

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current portion	非即期部分		
Loans	貸款	21,979	—
Current portion	即期部分		
Loans	貸款	6,800	—
Interest receivables	應收利息	331	—
		7,132	—
		29,111	—

As at 31 December 2017, the loans to associates of RMB27,179,000 (2016: nil) are unsecured, interest-bearing at rates ranging from 4.4% to 6% (2016: nil) per annum and repayable from 2018 to 2021.

As at 31 December 2017, the loan to an associate of RMB1,600,000 (2016: nil) are secured by unlisted equity interest in an investment of that associate incorporated in the PRC, interest-bearing at 4.8% (2016: nil) per annum and repayable within one year.

18. 貿易及其他應收款項(續)

(c) 給予聯營公司之貸款

於二零一七年十二月三十一日，給予聯營公司之貸款人民幣27,179,000元(二零一六年：無)為無抵押，按年利率4.4%至6%(二零一六年：無)計息，並須於二零一八年至二零二一年償還。

於二零一七年十二月三十一日，給予聯營公司之貸款人民幣1,600,000元(二零一六年：無)由在中國註冊成立之聯營公司投資的非上市股權擔保，按年利率4.8%(二零一六年：無)計息，並須於一年內償還。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

19. 可供出售金融資產

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Included in non-current assets	計入非流動資產		
Unlisted equity investments, at cost less impairment losses	非上市股本投資，按成本扣除減值虧損	154,344	110,759
Included in current assets	計入流動資產		
Unlisted financial products, at fair value	非上市金融產品，按公允值計	20,000	70,000
		174,344	180,759

The unlisted equity investments are stated at cost less impairment losses as these investments do not have quoted market prices in an active market and the range of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

The certain investments in unlisted equity securities have been measured at fair value as described in Note 33(g).

非上市股本投資按成本扣除減值虧損列賬，因為該等投資未有活躍市場的報價，且估計公允值的合理範圍相當重大，本公司董事認為其公允值不能可靠地計量。

於非上市股本證券之若干投資按附註33(g)所述公允值計量。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

20. BANK BALANCES AND CASH

20. 銀行結餘及現金

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash at bank and on hand	銀行及手頭現金	187,110	196,802
Restricted bank balances	受限制銀行結餘	52,410	—
Term deposits with banks	定期銀行存款	7,846	86,796
Bank balances and cash per the consolidated statement of financial position	綜合財務狀況表中銀行結餘及現金	247,366	283,598
Less: Restricted bank balances	減：受限制銀行結餘	(52,410)	—
Cash and cash equivalents per the consolidated statement of cash flows	綜合現金流量表中現金及現金等價物	194,956	283,598

The Group's major subsidiaries are based in the PRC and majority of their transactions are denominated in RMB. Included in bank balances and cash of the Group is RMB95,417,000 (2016: RMB172,316,000) of bank balances denominated in Renminbi ("RMB") placed with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As of 31 December 2017 and 2016, other than the restriction from exchange control regulations, there is no significant restriction on the Group.

Restricted bank balances represented cash held under an escrow account to be used for construction of property, plant and equipment in the United States.

本集團的主要附屬公司均位於中國，且其大部份交易以人民幣計值。本集團的銀行結餘及現金包括存放於中國的銀行以人民幣(「人民幣」)計值之人民幣95,417,000元(二零一六年：人民幣172,316,000元)的銀行結餘。人民幣兌換外幣受到中國政府頒佈的外匯管制條例及規章的規管。截至二零一七年及二零一六年十二月三十一日，除受到外匯管制條例的限制外，本集團並無遭遇任何重大限制。

受限制銀行結餘指以託管賬戶持有之現金，乃用於在美國構建物業、廠房及設備。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. TRADE AND OTHER PAYABLES

21. 貿易及其他應付款項

		Note 附註	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	貿易應付款項			
To third parties	應付第三方		33,404	38,715
To an associate	應付一間聯營公司		1,293	1,740
			34,697	40,455
Other payables	其他應付款項			
Receipts in advance	預收款項		231	177
Other payables and accrued charges	其他應付款項及應計費用		40,042	17,226
Other tax liabilities	其他稅項負債		4,873	4,151
Staff costs and welfare accruals	應計員工成本及福利		7,675	12,802
Contingent consideration payable (Note 31(b))	應付或然代價(附註31(b))		—	18,889
Deferred income related to government grants	有關政府補助金的遞延收入		—	750
Contingent consideration payable for profit guarantee and further acquisition option in relation to the acquisition of Tianjing Zhonggui Weiye (Note 15(b))	收購天津中棋惟業相關溢 利擔保及進一步收購期 權之應付或然代價 (附註15(b))		2,422	—
Contingent consideration payable for profit guarantee in relation to the acquisition of Beijing Zhangzhong Qiji (Note 31(a))	收購北京掌中奇跡相關溢 利擔保之應付或然代價 (附註31(a))		906	—
			56,149	53,995
			90,846	94,450

All amounts are short-term and hence the carrying values of trade and other payables as at 31 December 2017 and 2016 were considered to be a reasonable approximation of its fair value.

所有款項均為短期，因此，於二零一七年及二零一六年十二月三十一日之貿易及其他應付款項的賬面值被視為其公允值之合理約數。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

21. TRADE AND OTHER PAYABLES (Continued)

Trade payables primarily related to the purchase of services for server custody, outsourcing game development and the revenue sharing of licensed and third-party operated PC games and which is payable to cooperated game developers according to respective cooperation agreements. The credit terms granted are usually 30 to 90 days.

The ageing analysis of trade payables based on recognition date is as follows:

21. 貿易及其他應付款項(續)

貿易應付款項主要與就服務器託管、外包遊戲開發及根據各自合作協議就特許遊戲及第三方經營PC遊戲應付研發商的收入分成有關。已授出信貸期通常為30至90日。

貿易應付款項按確認日期的賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
0-30 days	0至30日	15,278	18,270
31-60 days	31至60日	6,401	9,138
61-90 days	61至90日	576	7,869
91-180 days	91至180日	1,895	2,294
181-365 days	181至365日	5,142	1,105
Over 1 year	超過一年	4,112	1,779
		33,404	40,455

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

22. OTHER NON-CURRENT RECEIVABLE/ PAYABLE

22. 其他非流動應收款項／應付款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current receivable	非流動應收款項		
Current portion	即期部分	38,872	25,285
Non-current portion	非即期部分	256	13,759
		39,128	39,044
Non-current payable	非流動應付款項		
Current portion	即期部分	38,872	25,285
Non-current portion	非即期部分	256	13,759
		39,128	39,044

In 2015, the Group has acquired the non-current receivable and payable through the acquisition of Peerless Group. Other non-current payable represents a contingent consideration payable to a third party by Peerless and a subsidiary of bwin.party digital entertainment plc ("bwin.party") for the then acquisition of the WPT brand in 2009 and subsequent buy-out in 2012 of the contingent revenue share element. Subject to certain conditions, including subsequent changes in legislation in the US, the maximum aggregate contingent consideration payable by Peerless Group and bwin.party's subsidiary amounted to US\$6,500,000 (equivalent to approximately RMB42,208,000).

於二零一五年，本集團通過收購Peerless Group獲得非流動應收款項及應付款項。其他非流動應付款項指Peerless及bwin.party digital entertainment plc(「bwin.party」)一間附屬公司應付第三方於二零零九年收購WPT品牌之或然代價，及隨後於二零一二年收購其股份或然收益部分。根據若干條件(包括美國法律的隨後變動)，Peerless Group及bwin.party的附屬公司應付合共或然代價最高為6,500,000美元(相當於約人民幣42,208,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

22. OTHER NON-CURRENT RECEIVABLE/ PAYABLE (Continued)

As at 31 December 2017, other non-current payable represents the directors' current best estimate of the amount payable which they consider is likely to be paid within and after twelve months from the reporting date, after the effects of discounting at the effective interest rate of 10.3% (2016: 10.3%). The directors of the Group consider that the fair values are not materially different from their carrying amounts. As at 31 December 2017, there has been no change in the amount recognised since its acquisition (except for unwinding of the discount and exchange differences of approximately RMB2,351,000 (2016: RMB3,646,000) and RMB2,267,000 (2016: RMB2,262,000) respectively) and the non-discounted book value for the contingent consideration amounted to approximately US\$6,119,000 (equivalent to approximately RMB39,983,000).

Pursuant to the relevant share purchase agreement, the selling shareholder of Peerless Group (the "Seller") and bwin.party (the "Seller's Guarantor", a company listed on the London Stock Exchange) had contractually agreed to indemnify the Group against any loss and undertake the repayment of all liabilities in connection with the contingent consideration payable as detailed above. In this respect, the Group has recognised an indemnification asset as other non-current receivable at an amount equivalent to the fair value of the indemnified liability.

23. DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the game players for the Group's online games in the forms of prepaid game cards, Virtual Currencies and virtual goods, for which the related services had not been rendered at the reporting dates.

22. 其他非流動應收款項／應付款項(續)

於二零一七年十二月三十一日，其他非流動應付款項指董事對其認為自報告日期起十二個月內或之後可獲支付且考慮按10.3% (二零一六年：10.3%) 實際利率貼現之貼現影響後對當前應付款項的最佳估計。本集團董事認為有關公允值與其賬面值之間並無重大差異。於二零一七年十二月三十一日，收購後已確認之金額(不包括貼現及匯兌差額分別約人民幣2,351,000元(二零一六年：人民幣3,646,000元)及人民幣2,267,000元(二零一六年：人民幣2,262,000元))及或然代價未貼現賬面值達約6,119,000美元(相當於約人民幣39,983,000元)並無變動。

根據相關股份購買協議，Peerless Group之售股股東(「賣方」)與bwin.party(「賣方擔保人」，於倫敦交易所上市的公司)已就上文所詳述的應付或然代價，同意按合約賠償本集團承擔的任何損失及償還所有負債。就此而言，本集團已確認按相等於補償負債之公允值金額確認補償資產為其他非流動應收款項。

23. 遞延收入

遞延收入指本集團網絡遊戲的遊戲玩家以預付遊戲卡、虛擬貨幣及虛擬物品的形式預付的服務費，而本集團於報告日期尚未提供相關服務。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

24. DEFERRED TAXATION

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

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	(1,726)	(1,726)
Deferred tax liabilities	遞延稅項負債	4,181	6,078
		2,455	4,352

The gross movement of deferred income tax account is as follows:

24. 遞延稅項

遞延稅項資產與延遲稅項負債分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	4,352	10,054
Exchange differences	匯兌差額	(291)	503
Acquisition of a subsidiary (Note 31(a))	收購附屬公司(附註31(a))	93	—
Recognised in profit or loss (Note 7)	於損益中確認(附註7)	(1,699)	(6,399)
Effect on deferred tax balances resulting from a change in tax rate	因稅率變動導致的遞延稅項結餘的影響	—	194
At 31 December	於十二月三十一日	2,455	4,352

遞延所得稅賬之總變動如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	4,352	10,054
Exchange differences	匯兌差額	(291)	503
Acquisition of a subsidiary (Note 31(a))	收購附屬公司(附註31(a))	93	—
Recognised in profit or loss (Note 7)	於損益中確認(附註7)	(1,699)	(6,399)
Effect on deferred tax balances resulting from a change in tax rate	因稅率變動導致的遞延稅項結餘的影響	—	194
At 31 December	於十二月三十一日	2,455	4,352

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

24. DEFERRED TAXATION (Continued)

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

Deferred tax liabilities

24. 遞延稅項(續)

於年內遞延所得稅資產及負債的變動(未計及與同一稅務司法管轄區內的結餘抵銷)如下:

遞延稅項負債

Fair value adjustment on
business combination
業務合併公允值調整
RMB'000
人民幣千元

At 1 January 2016	於二零一六年一月一日	10,637
Exchange differences	匯兌差額	503
Recognised in profit or loss	於損益中確認	(5,062)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	6,078
Exchange differences	匯兌差額	(291)
Acquisition of a subsidiary	收購附屬公司	93
Recognised in profit or loss	於損益中確認	(1,699)
At 31 December 2017	於二零一七年十二月三十一日	4,181

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

24. DEFERRED TAXATION (Continued)

Deferred tax assets

		Provision for impairment of receivables 應收款項 減值撥備 RMB'000 人民幣千元	Others 其他 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	583	—	583
Recognised in profit or loss	於損益中確認	724	613	1,337
Effect on deferred tax balances resulting from a change in tax rate	因稅率變動導致的遞延 稅項結餘的影響	(194)	—	(194)
At 31 December 2016 and 1 January 2017	於二零一六年 十二月三十一日及 二零一七年一月一日	1,113	613	1,726
Recognised in profit or loss	於損益中確認	—	—	—
At 31 December 2017	於二零一七年 十二月三十一日	1,113	613	1,726

As at 31 December 2017, no deferred tax liability had been provided for the PRC withholding tax that would be payable on the unremitted earnings of approximately RMB463,496,000 (2016: RMB457,928,000). Such earnings are expected to be retained by the PRC subsidiaries to operate and expand its business in the PRC and not to be remitted to a foreign investor in the foreseeable future.

Deferred income tax assets are recognised for tax loss carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2017, the Group has unrecognised tax losses of approximately RMB116,525,000 (2016: RMB49,051,000) to carry forward against future taxable income. These tax losses do not expire under current legislation except losses of approximately RMB65,305,000 (2016: RMB31,107,000) that may be carried forward for 5 years from the year of incurring the loss.

於二零一七年十二月三十一日，並無就須繳納中國預扣稅的未匯予盈利約人民幣463,496,000元(二零一六年：人民幣457,928,000元)計提任何遞延稅項負債。有關盈利預期將由中國附屬公司保留以經營及擴張其於中國的業務，並於可見未來不會匯予外國投資者。

已就結轉的稅項虧損確認遞延所得稅資產，惟僅以有關稅項收益可能透過日後的應課稅溢利變現者為限。於二零一七年十二月三十一日，本集團並未就可透過結轉抵銷日後應課稅收入確認稅項虧損約人民幣116,525,000元(二零一六年：人民幣49,051,000元)。除可能自產生虧損之年度起結轉五年之虧損約人民幣65,305,000元(二零一六年：人民幣31,107,000元)外，根據目前法規，該等稅項虧損尚未屆滿。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

25. SHARE CAPITAL

The movements in the share capital of the Company are as follows:

25. 股本

本公司股本變動如下：

			Number of shares 股份數目	Nominal value of shares 股份面值 US\$'000 千美元	Equivalent nominal value of shares 股份的 等值面額 RMB'000 人民幣千元
Authorised:	法定：				
<i>Ordinary shares of the Company:</i>	<i>本公司普通股：</i>				
At 31 December 2016 and 2017	於二零一六年及二零一七年十二月三十一日		10,000,000,000	500	
Issued and fully paid:	已發行及繳足：				
<i>Ordinary shares:</i>	<i>普通股：</i>				
At 1 January 2016	於二零一六年一月一日		786,912,624	39	240
Repurchased shares cancelled	註銷回購股份	(i)	(512,000)	—	—
Exercise of share options	行使購股權	(ii)	392,750	—	—
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日		786,793,374	39	240
Exercise of share options	行使購股權	(ii)	130,000	1	—
Conversion of Convertible Notes into shares	可換股票據轉換為股份	(iii)	64,864,864	3	22
Issuance of new shares	發行新股份	(iv)	71,351,351	4	23
At 31 December 2017	於二零一七年十二月三十一日		923,139,589	47	285

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

25. SHARE CAPITAL (Continued)

Notes:

(i) Repurchase of shares

During the year ended 31 December 2016, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	購回月份	Number of shares repurchased 購回股份數目	Highest price paid per share 每股最高成交價 HK\$ 港元	Lowest price paid per share 每股最低成交價 HK\$ 港元	Aggregate consideration paid 已付合共代價 HK\$'000 千港元	Equivalent aggregate consideration paid 已付合共代價等值 RMB'000 人民幣千元
July 2016	於二零一六年七月	512,000	3.03	2.74	1,484	1,278

The 512,000 shares repurchased in 2016 were cancelled on 10 August 2016.

(ii) Exercise of share options

During the year ended 31 December 2017, options were exercised to subscribe for 130,000 ordinary shares (2016: 392,750) of the Company at a consideration of approximately RMB314,000 (2016: RMB959,000), of which RMB31 (2016: RMB100) was credited to share capital and the balance of approximately RMB314,000 (2016: RMB959,000) was credited to the share premium account. As a result of the exercise of options, RMB91,000 (2016: RMB257,000) has been transferred from the share option reserve to the share premium account in accordance with the accounting policy set out in Note 2.19.

(iii) Conversion of Convertible Notes into shares

On 28 December 2017, 64,864,864 shares were issued upon conversion of the Convertible Notes (Note 35).

(iv) Issuance of new shares

On 28 December 2017, the Company issued 71,351,351 ordinary shares to an independent subscriber, Noumena Innovations (BVI) LTD. at an issue price of HK\$1.85 per share. The proceeds was approximately RMB110,526,000 (equivalent to HK\$132,000,000). The proceeds are intended to be used for further developing the eSports business and the WPT business, revamping and updating the Group's core mobile product portfolio, acquiring and/or developing China regional card and board games platforms and replenishing working capital.

25. 股本(續)

附註：

(i) 購回股份

截至二零一六年十二月三十一日止年度，本公司於聯交所購回其普通股如下：

Month of repurchase	購回月份	Number of shares repurchased 購回股份數目	Highest price paid per share 每股最高成交價 HK\$ 港元	Lowest price paid per share 每股最低成交價 HK\$ 港元	Aggregate consideration paid 已付合共代價 HK\$'000 千港元	Equivalent aggregate consideration paid 已付合共代價等值 RMB'000 人民幣千元
July 2016	於二零一六年七月	512,000	3.03	2.74	1,484	1,278

於二零一六年購回之512,000股股份已於二零一六年八月十日註銷。

(ii) 行使購股權

於截至二零一七年十二月三十一日止年度內，已行使購股權認購本公司130,000股普通股(二零一六年：392,750股)，代價為約人民幣314,000元(二零一六年：人民幣959,000元)，其中人民幣31元(二零一六年：人民幣100元)計入股本及約人民幣314,000元(二零一六年：人民幣959,000元)結餘計入股份溢價賬。由於行使購股權，根據附註2.19所載會計政策，人民幣91,000元(二零一六年：人民幣257,000元)已自購股權儲備轉撥至股份溢價賬。

(iii) 可換股票據轉換為股份

於二零一七年十二月二十八日，本公司於轉換可換股票據後發行64,864,864股股份(附註35)。

(iv) 發行新股份

於二零一七年十二月二十八日，本公司按每股1.85港元的發行價向一名獨立認購人(Noumena Innovations (BVI) LTD.)發行71,351,351股股份。所得款項為約人民幣110,526,000元(相當於132,000,000港元)。該所得款項打算用於進一步發展電競業務及WPT業務，改進及升級本集團的核心移動產品組合，收購及/或開發中國地區棋牌遊戲平台及補充運營資金。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

26. RESERVES

(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the shares of the Company over its par value, less any dividends paid out of the share premium account and any premium paid for the repurchase of shares of the Company.

(b) Statutory reserve

In accordance with the relevant laws and regulations for the Company's subsidiaries incorporated in the PRC, it is required to appropriate 10% of its annual net profit determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

(c) Share option reserve

Share option reserve represents the fair value of share options granted by the Company to employees recognised and is dealt with in accordance with the accounting policy set out in Note 2.19.

(d) Other reserve

Other reserve represent (i) capital reserve arises from capital contribution by the controlling shareholders (including share-based compensation expense arising from the 2014 Blink Milestones Share Options under Note 27(a)); and (ii) the difference between the consideration and the carrying amount of the net assets attributable to the additional and reduction of interests in companies comprising the Group being acquired from and disposed to non-controlling equity holders respectively.

26. 儲備

(a) 股份溢價

股份溢價為本公司發行股份的所得款項淨額超出其面值部分，減去任何從股份溢價賬戶撥付的股息以及本公司購回股份支付的任何溢價。

(b) 法定儲備

根據相關法律法規，本集團於中國註冊成立的本公司附屬公司須按照中國財政部頒佈的中國企業會計準則規定，在抵銷任何過往年度虧損後，將其年度淨利潤的10%分配至法定儲備。當該儲備結餘達各公司註冊資本的50%，股東可酌情決定任何進一步的分配。法定儲備可用於彌補過往年度虧損(如有)且可按股東現有持股比例或增加彼等現有所持股份的面值通過發行新股予股東轉成股本，惟儲備剩餘結餘在該等發行後須不少於註冊資本25%。法定儲備不可分派。

(c) 購股權儲備

購股權儲備為已確認本公司授予僱員的購股權之公允值，且根據附註2.19載列的會計政策進行處理。

(d) 其他儲備

其他儲備為(i)控股股東注資所產生的資本儲備(包括附註27(a)所述二零一四年Blink Milestones購股權產生之以股份為基礎的酬金開支);及(ii)分別自非控股權益持有人購入及向其出售組成本集團成員公司權益增加或減少的應佔資產淨額的代價與賬面值之間的差額。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS

(a) The 2014 Replacement Share Options issued by Blink Milestones Limited (“Blink Milestones”)

In 2014, 12,152,381 share options were granted by Blink Milestones (the “2014 Blink Milestones Share Options”) as the replacement of the share awards granted by Beijing Tongshengcheng Investment Management Center (LLP) (“Tongshengcheng”) to certain employees of the Group (the “Participants”) in 2012. The share options are valid for a period of 10 years from 20 February 2014 to 19 February 2024 with an exercise price of RMB0.2625 per share (subject to adjustment) and are subject to a vesting scale in equal proportions of 25% on every anniversary date of the date of listing of the Company’s shares on any internationally recognised stock exchange, starting from the first anniversary date until the fourth, and for the Participants remaining an employee of the Group until and on the relevant vesting dates. Blink Milestones is an investment holding company and owned 12.43% equity interest in the Company at the date of grant. Upon the completion of the capitalisation issue on 30 June 2014, the number of share options and exercise price per share has been adjusted to 25,009,600 options in total, at an exercise price of RMB0.1276 per share, respectively.

The Group has no legal or constructive obligation to repurchase or settle the 2014 Blink Milestones Share Options in cash. The 2014 Blink Milestones Share Options entitle participants to obtain existing issued shares in the Company held by Blink Milestones and will not involve the Company issuing any new shares, the 2014 Blink Milestones Share Options were accounted for as a share-based compensation transaction by way of capital contribution from the shareholders.

27. 以股份為基礎的酬金交易

(a) 於二零一四年Blink Milestones Limited (「Blink Milestones」)發行的購股權置換

於二零一四年，Blink Milestones授出12,152,381份購股權(「二零一四年Blink Milestones購股權」)，以置換北京同盛成投資管理中心(有限合夥)(「同盛成」)於二零一二年向本集團若干僱員(「參與者」)授出的獎勵股份。購股權自二零一四年二月二十日起至二零二四年二月十九日止十年內有效，行使價為每股人民幣0.2625元(可予調整)並於本公司股份在任何國際認可的證券交易所上市日期後之各週年日，自第一個週年日至第四個週年日每年按相等於25%的比例等額歸屬，且參與者須在各相關歸屬日期仍為本集團僱員。Blink Milestones為一家投資控股公司，並於授出日期擁有本公司12.43%的股權。資本化發行於二零一四年六月三十日完成後，購股權數目及每股行使價分別調整為合共25,009,600份購股權，行使價為每股人民幣0.1276元。

本集團並無法定或推定責任以現金方式回購或清償二零一四年Blink Milestones購股權。二零一四年Blink Milestones購股權授予參與者獲得由Blink Milestones持有的本公司現有已發行股份，且將不涉及發行本公司任何新股。二零一四年Blink Milestones購股權通過股東注資的方式入賬為以股份為基礎的酬金交易。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(a) The 2014 Replacement Share Options issued by Blink Milestones Limited ("Blink Milestones") (Continued)

Movements in the number of 2014 Blink Milestones Share Options are as follows:

		Average exercise price in RMB per share option 以人民幣計值 之每份購股權 之平均行使價 RMB 人民幣	Number of share options 購股權數目
At 1 January 2016	於二零一六年一月一日		20,540,798
Exercised during the year	年內行使	0.1276	[5,135,199]
Forfeited during the year	年內沒收		(176,401)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日		15,229,198
Exercise during the year	年內行使		(10,152,798)
At 31 December 2017	於二零一七年十二月三十一日		5,076,400

(b) Management Pre-IPO Share Option Scheme of the Company in 2014

Pursuant to an unanimous written resolution of the Board on 7 March 2014, a share option scheme ("Management Pre-IPO Share Option Scheme") and respective share options granted by the Company on 20 February 2014 was adopted and ratified by the Board. The Management Pre-IPO Share Option Scheme was adopted for the purpose of providing participants an opportunity to acquire proprietary interests in the Company and help motivate such participants to optimise their performance and efficiency, and also to help retain the participants for the continual growth and development of the Group. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Management Pre-IPO Share Option Scheme must not in aggregate exceed 6% of the issued share capital of the Company after an IPO, as defined. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

27. 以股份為基礎的酬金交易 (續)

(a) 於二零一四年Blink Milestones Limited (「Blink Milestones」) 發行的購股權置換(續)

二零一四年Blink Milestones購股權數目的變動如下：

(b) 本公司於二零一四年的管理層首次公開發售前購股權計劃

根據董事會於二零一四年三月七日一致通過的書面決議案，董事會已採納且追認由本公司於二零一四年二月二十日授出的一項購股權計劃(「管理層首次公開發售前購股權計劃」)及相應購股權。採納管理層首次公開發售前購股權計劃乃為參與者提供一個收購本公司專有權益之機會，且有助於激勵該等參與者提升彼等的表現及效率，亦有助於挽留該等參與者於本集團持續發展。按規定，根據管理層首次公開發售前購股權計劃，已授出但尚未行使的購股權獲悉數行使後將予發行的最高股份數目，合共最高不得超過本公司於首次公開發售後已發行股本的6%。本集團並無法定或推定責任以現金購回或清償該等購股權。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(b) Management Pre-IPO Share Option Scheme of the Company in 2014 (Continued)

During the year ended 31 December 2014, share options (in aggregate to purchase 6% of the issued share capital of the Company after an IPO) were granted by the Company on 20 February 2014 to senior management of the Group with estimated total fair value of approximately RMB52,870,000. The exercise price of the share options granted is US\$0.34398035 per share (subject to adjustment). The share options are valid for a period of 10 years from 20 February 2014 to 19 February 2024. Twenty five percent (25%) of options granted shall vest on the first anniversary of the grant date, and the remaining options granted shall vest on 36 equal monthly instalments with the first instalment vesting upon the 13th monthly anniversary of the grant date and each of the remaining instalments vesting on each monthly anniversary of the 13th monthly anniversary of the grant date, and for the participant continuing to be an employee of the Group or director of the Company until and on the relevant vesting dates. In addition, the share options are only exercisable after the completion of an IPO.

On 30 June 2014, upon the completion of the capitalisation issue and the Listing on the Main Board of the Stock Exchange, the total number of share options granted equate to 50,042,553 share options at an adjusted exercise price of US\$0.16714303 per share.

27. 以股份為基礎的酬金交易 (續)

(b) 本公司於二零一四年的管理首次公開發售前購股權計劃(續)

於截至二零一四年十二月三十一日止年度，本公司於二零一四年二月二十日向本集團高級管理層授出的購股權(合計購買本公司於首次公開發售後已發行股本的6%)估計總公允值約為人民幣52,870,000元。已授出購股權的行使價為每股0.34398035美元(可予調整)。購股權為自二零一四年二月二十日至二零二四年二月十九日止十年內有效。已授出購股權的百分之二十五(25%)將於授出日期的第一個週年日歸屬，餘下已授出的購股權須於36個月內按月等額分期歸屬，第一個分期歸屬為授出日期的第13個月週年日，而剩餘的購股權在授出日期第13個月週年日後每月分期歸屬，且參與者於直至有關歸屬日期(包括該日)仍為本集團的僱員或本公司的董事。此外，購股權僅可於首次公開發售完成後行使。

於二零一四年六月三十日，完成資本化發行及於聯交所主板上市後，已按經調整行使價每股0.16714303美元授出的購股權總數為50,042,553份購股權。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(b) Management Pre-IPO Share Option Scheme of the Company in 2014 (Continued)

Movements in the number of share options during the year are as follows:

2017

	Exercisable period	Exercise price per share	Outstanding as at 1 January	Granted during the year	Exercised during the year	Outstanding as at 31 December
	行使期	每股行使價 US\$ 美元	於一月一日 尚未行使	年內授出	年內行使	於十二月三十一日 尚未行使
Directors	1 July 2017 to 30 June 2026	0.16714303	41,702,128	—	—	41,702,128
董事	二零一七年七月一日至 二零二六年六月三十日					
Employee	20 February 2015 to 19 February 2024	0.16714303	4,517,801	—	—	4,517,801
僱員	二零一五年二月二十日至 二零二四年二月十九日					
			46,219,929	—	—	46,219,929
Weighted average exercise price per share (US\$)			0.16714303			0.16714303
每股加權平均行使價(美元)			1.16			1.09
— Equivalent to approximately RMB per share						
— 每股相當於約人民幣元						
Weighted average remaining contractual life of options outstanding at 31 December 2017						6.1 years
於二零一七年十二月三十一日尚未行使購股權加權 平均剩餘合約有效期						6.1年
Number of options exercisable at 31 December 2017						47,957,447
於二零一七年十二月三十一日可行使購股權數目						
Weighted average exercise price per share of options exercisable at 31 December 2017 (US\$)						0.16714303
於二零一七年十二月三十一日可行使購股權之 每股加權平均行使價(美元)						1.09
— Equivalent to approximately RMB per share						
— 每股相當於約人民幣元						

27. 以股份為基礎的酬金交易 (續)

(b) 本公司於二零一四年的管理首次公開發售前購股權計劃(續)

年內購股權數目變動如下：

二零一七年

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(b) Management Pre-IPO Share Option Scheme of the Company in 2014 (Continued)

2016

	Exercisable period	Exercise price per share	Outstanding as at 1 January	Granted during the year	Exercised during the year	Outstanding as at 31 December
	行使期	每股行使價 US\$ 美元	於一月一日 尚未行使	年內授出	年內行使	於十二月三十一日 尚未行使
Directors	1 July 2017 to 30 June 2026	0.16714303	41,702,128	—	—	41,702,128
董事	二零一七年七月一日至 二零二六年六月三十日					
Employee	20 February 2015 to 19 February 2024	0.16714303	4,517,801	—	—	4,517,801
僱員	二零一五年二月二十日至 二零二四年二月十九日					
			46,219,929	—	—	46,219,929
Weighted average exercise price per share (US\$)			0.16714303			0.16714303
每股加權平均行使價(美元)						
— Equivalent to approximately RMB per share			1.09			1.16
— 每股相當於約人民幣元						
Weighted average remaining contractual life of options outstanding at 31 December 2016						7.1 years
於二零一六年十二月三十一日尚未行使的購股權加權 平均剩餘合約有效期						7.1年
Number of options exercisable at 31 December 2016						31,624,184
於二零一六年十二月三十一日可行使購股權數目						
Weighted average exercise price per share of options exercisable at 31 December 2016 (US\$)						0.16714303
於二零一六年十二月三十一日可行使購股權之每股加權 平均行使價(美元)						
— Equivalent to approximately RMB per share						1.16
— 每股相當於約人民幣元						

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(b) Management Pre-IPO Share Option Scheme of the Company in 2014 (Continued)

As at 31 December 2017, the Group had 46,219,929 (2016: 46,219,929) share options outstanding under the Management Pre-IPO Share Option Scheme of the Company in 2014, which represented approximately 5.01% (2016: 5.87%) of the issued ordinary shares of the Company as at 31 December 2017.

(c) Share Option Scheme adopted by the Company in November 2014

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 19 November 2014, a share option scheme was adopted by the Company and is valid and effective for a period of ten years from 19 November 2014 (the "2014 Share Option Scheme").

The purpose of the 2014 Share Option Scheme is to provide eligible participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. All directors, full-time employees and any other person who, in the sole discretion of the Board, have contributed or will contribute to the Group are eligible to participate in the 2014 Share Option Scheme. Each grant of options to any director of the Company, the chief executive officer or substantial shareholder of the Company must first be approved by the independent non-executive directors of the Company.

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the 2014 Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company from time to time.

27. 以股份為基礎的酬金交易 (續)

(b) 本公司於二零一四年的管理首次公開發售前購股權計劃(續)

於二零一七年十二月三十一日，根據本公司於二零一四年的管理層首次公開發售前購股權計劃，本公司擁有46,219,929份(二零一六年：46,219,929份)尚未行使購股權，佔本公司於二零一七年十二月三十一日已發行普通股的約5.01%(二零一六年：5.87%)。

(c) 本公司於二零一四年十一月採納的購股權計劃

根據本公司於二零一四年十一月十九日舉行之股東特別大會通過的普通決議案，本公司採納一項購股權計劃，於二零一四年十一月十九日起計十年內有效(「二零一四年購股權計劃」)。

二零一四年購股權計劃旨在向合資格參與者提供購入本公司專有權益之機會，並鼓勵參與者為本公司及股東之整體利益努力以提升本公司及其股份之價值。所有曾經或將會對本集團有所貢獻之董事、全職僱員及由董事會酌情認為之任何其他人士均符合資格參與二零一四年購股權計劃。向本公司任何董事、行政總裁或本公司主要股東授予之每一項購股權須事先取得本公司獨立非執行董事之批准。

根據二零一四年購股權計劃及本公司任何其他購股權計劃授出但尚未行使的全部購股權獲行使後將予發行之股份最高數目不得超過本公司不時已發行股本之30%。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

Shares which may be issued upon exercise of all options to be granted under the 2014 Share Option Scheme or any other share option schemes adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of adoption (the "Option Scheme Mandate Limit").

The Option Scheme Mandate Limit may be refreshed at any time by obtaining approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules. However, the refreshed Option Scheme Mandate Limit cannot exceed 10% of the total number of shares of the Company in issue as at the date of such approval.

Unless approved by shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of the options granted to each participant (including both exercised and unexercised options) under the 2014 Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the issued share capital of the Company.

The period within which the options must be exercised will be specified by the Company at the time of grant. The options may be exercised up to 25% for each year after the first anniversary of the date of grant for four consecutive years.

At the time of grant of the options, the Company may specify a minimum period for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part. The offer of a grant of share options may be accepted within 20 business days from the date of offer, the offer is delivered to that participant and the amount payable on acceptance of options is RMB1.

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃(續)

根據二零一四年購股權計劃及本公司採納的任何其他購股權計劃授出之全部購股權獲行使後將予發行之股份總數不可超過於採納日期本公司已發行股份之10% (「購股權計劃授權上限」)。

購股權計劃授權上限可隨時根據本公司股東於股東大會上之批准及／或上市規則規定之其他要求予以更新。惟經更新購股權計劃授權上限不得超過取得批准當日本公司已發行股份總數之10%。

除非獲本公司股東批准，於任何十二個月期間內，就行使根據二零一四年購股權計劃或本公司採納之任何其他購股權計劃而授予單一參與者之購股權(包括已行使及尚未行使之購股權)，而發行及將予發行之本公司股份總數，不得超過本公司已發行股本之1%。

購股權之行使期限由本公司於授出購股權時列明。購股權可於自授出日期起計第一週年後連續四年每年獲行使最多達25%。

於授出購股權時，本公司可在全部或部分行使購股權前訂明購股權之最短持有期限及／或須達至的任何最低表現目標。參與者可於授出購股權之建議當日起計20個營業日內接納該建議，授出購股權之建議會寄發予參與者，而接納購股權之應付款項為人民幣1元。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

The subscription price for the shares under the 2014 Share Option Scheme shall be a price determined by the Board, but not less than the greater of (i) the closing price of shares as stated on the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of grant; and (iii) the nominal value of the shares.

No options may be granted under the 2014 Share Option Scheme after the date of the tenth anniversary of its adoption.

During the year ended 31 December 2017, 1,440,000 options were granted on 28 April 2017 with estimated total fair values of approximately RMB1,541,000. The exercise price of the share options granted is HK\$2.886 per share. The share options are valid for a period of 10 years and subject to a vesting scale in equal proportions of 25% on every anniversary date of the date of grant, starting from the first anniversary date until the fourth.

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃 (續)

根據二零一四年購股權計劃而發行之股份認購價由董事會釐定，但不得低於以下三者之較高金額：(i) 本公司股份於授出建議日期在聯交所上所列之收市價；(ii) 本公司股份於緊接授出建議日期前五個營業日在聯交所每日報價表上所列之平均收市價；及(iii) 本公司股份面值。

於採納二零一四年購股權計劃十週年後，概不可根據二零一四年購股權計劃授出購股權。

截至二零一七年十二月三十一日止年度，本公司於二零一七年四月二十八日授出1,440,000份購股權，估計公允值總額約為人民幣1,541,000元。所授出購股權的行使價為每股2.886港元。購股權於十年期內有效，且於各授出日期週年日(第一個週年日至第四個週年日)按25%等額歸屬。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

During the year ended 31 December 2016, 7,840,000 options, 3,000,000 options and 2,000,000 options were granted on 8 January 2016, 17 May 2016 and 7 September 2016 with estimated total fair values of approximately RMB16,759,000, RMB3,897,000 and RMB3,012,000 respectively. The exercise price of the share options granted is HK\$5.506 per share, HK\$3.684 per share and HK\$3.95 per share for option lots of 7,840,000 options, 3,000,000 options and 2,000,000 options respectively. The share options are valid for a period of 10 years and subject to a vesting scale in equal proportions of 25% on every anniversary date of the date of grant, starting from the first anniversary date until the fourth.

The fair values were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

		8 January 2016 二零一六年 一月八日	17 May 2016 二零一六年 五月十七日	7 September 2016 二零一六年 九月七日	28 April 2017 二零一七年 四月二十八日
Exercise price	行使價	HK\$5.506 5.506港元	HK\$3.684 3.684港元	HK\$3.95 3.95港元	HK\$2.886 2.886港元
Expected volatility	預期波動	50%	55%	50%	50%
Expected life	預期有效期	10 years 10年	10 years 10年	10 years 10年	10 years 10年
Risk-free rate	無風險利率	1.589%	1.297%	0.875%	1.48%
Expected dividend yield	預期股息率	—	—	—	—

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃 (續)

於截至二零一六年十二月三十一日止年度，本公司於二零一六年一月八日、二零一六年五月十七日及二零一六年九月七日分別授出7,840,000份、3,000,000份及2,000,000份購股權，估計公允值總額分別為約人民幣16,759,000元、人民幣3,897,000元及人民幣3,012,000元。就7,840,000份、3,000,000份及2,000,000份購股權而言，所授出購股權的行使價分別為每股5.506港元、每股3.684港元及每股3.95港元。購股權有十年有效期，且於各授出日期週年日（第一個週年日至第四個週年日）按25%等額歸屬。

公允值使用二項式期權定價模式計算。該模式的輸入值如下：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

Movements in the number of share options during the year are as follows:

2017

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃(續)

年內購股權數目之變動如下：

二零一七年

	Exercisable period 行使期	Exercise price per share 每股行使價	Outstanding as at 1 January 於一月一日尚未行使	Granted during the year 年內授出	Forfeited during the year 年內沒收	Exercised during the year 年內行使	Outstanding as at 31 December 於十二月三十一日尚未行使	Exercise date 行使日期	Weighted average share price at exercise date 於行使日期之股份加權平均價
		HK\$ 港元							HK\$ 港元
Directors 董事	1 July 2017 to 30 June 2026 二零一七年七月一日至 二零二六年六月三十日	2.67	23,520,000	—	—	—	23,520,000		
	1 July 2017 to 30 June 2026 二零一七年七月一日至 二零二六年六月三十日	5.506	7,840,000	—	—	—	7,840,000		
Employees 僱員	5 January 2016 to 4 January 2025 二零一六年一月五日至 二零二五年一月四日	2.67	22,489,750	—	(1,386,250)	(130,000)	20,973,500	16 March 2017 and 6 April 2017 二零一七年三月十六日 至二零一七年四月六日	2.97
	9 July 2016 to 8 July 2025 二零一六年七月九日至 二零二五年七月八日	4.402	22,365,000	—	(425,000)	—	21,940,000		
	17 May 2016 to 16 May 2026 二零一六年五月十七日至 二零二六年五月十六日	3.684	2,620,000	—	(190,000)	—	2,430,000		
	7 September 2017 to 6 September 2026 二零一七年九月七日至 二零二六年九月六日	3.95	1,850,000	—	—	—	1,850,000		
	28 April 2017 to 27 April 2027 二零一七年四月二十八日 至二零二七年四月二十七日	2.886	—	1,440,000	(220,000)	—	1,220,000		
			80,684,750	1,440,000	(2,221,250)	(130,000)	79,773,500		
Weighted average exercise price per share (HK\$) 每股加權平均行使價(港元)		3.49		2.89	3.11	2.08	3.50		
— Equivalent to approximately RMB per share — 每股相當於約人民幣元		3.12		2.58	2.50	1.84	2.92		
Weighted average remaining contractual life of options outstanding at 31 December 2017 於二零一七年十二月三十一日尚未行使的購股權加權平均剩餘合約有效期							7.4 years 7.4年		
Number of options exercisable at 31 December 2017 於二零一七年十二月三十一日可行使購股權數目							20,146,250		
Weighted average exercise price per share of options exercisable at 31 December 2017 (HK\$) 於二零一七年十二月三十一日可行使購股權之每股加權平均行使價(港元)							3.49		
— Equivalent to approximately RMB per share — 每股相當於約人民幣元							2.92		

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

2016

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃 (續)

二零一六年

	Exercisable period	Exercise price per share	Outstanding as at 1 January	Granted during the year	Forfeited during the year	Exercised during the year	Outstanding as at 31 December	Exercise date	Weighted average share price at exercise date
	行使期	每股行使價 HK\$ 港元	於一月一日 尚未行使	年內授出	年內沒收	年內行使	於十二月三十一日 尚未行使	行使日期	於行使日期 之股份 加權平均價 HK\$ 港元
Directors	1 July 2017 to 30 June 2026	2.67	23,520,000	—	—	—	23,520,000		
董事	二零一七年七月一日至 二零二六年六月三十日								
	1 July 2017 to 30 June 2026	5.506	—	7,840,000	—	—	7,840,000		
	二零一七年七月一日至 二零二六年六月三十日								
Employees	5 January 2016 to 4 January 2025	2.67	23,460,000	—	(577,500)	(392,750)	22,489,750	5 January 2016 to 12 September 2016	4.87
僱員	二零一六年一月五日至 二零二五年一月四日							二零一六年一月五日至 二零一六年九月十二日	
	9 July 2016 to 8 July 2025	4.402	23,520,000	—	(1,155,000)	—	22,365,000		
	二零一六年七月九日至 二零二五年七月八日								
	17 May 2017 to 16 May 2026	3.684	—	3,000,000	(380,000)	—	2,620,000		
	二零一七年五月十七日至 二零二六年五月十六日								
	7 September 2017 to 6 September 2026	3.95	—	2,000,000	(150,000)	—	1,850,000		
	二零一七年九月七日至 二零二六年九月六日								
			70,500,000	12,840,000	(2,262,500)	(392,750)	80,684,750		
	Weighted average exercise price per share (HK\$)		3.25	4.84	3.82	2.67	3.49		
	每股加權平均行使價(港元)								
	— Equivalent to approximately RMB per share		2.72	4.10	3.09	2.44	3.12		
	— 每股相當於約人民幣元								
	Weighted average remaining contractual life of options outstanding at 31 December 2016						8.3 years		
	於二零一六年十二月三十一日尚未行使的 購股權加權平均剩餘合約有效期						8.3年		
	Number of options exercisable at 31 December 2016						17,071,000		
	於二零一六年十二月三十一日可行使購股權 數目								
	Weighted average exercise price per share of options exercisable at 31 December 2016 (HK\$)						3.25		
	於二零一六年十二月三十一日可行使購股權之 每股加權平均行使價(港元)								
	— Equivalent to approximately RMB per share						2.90		
	— 每股相當於約人民幣元								

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(c) Share Option Scheme adopted by the Company in November 2014 (Continued)

As at 31 December 2017, the Group had 79,773,500 (2016: 80,684,750) share options outstanding under the Share Option Scheme adopted by the Company in November 2014, which represented approximately 8.64% (2016: 10.25%) of the issued ordinary shares of the Company as at 31 December 2017.

(d) Share Award Scheme adopted by the Company in May 2017

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2017, a share award scheme was adopted by the Company (the "Share Award Scheme").

The purpose of the Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group. All directors, full-time employees and any other person who, in the sole discretion of the board of directors, have contributed or will contribute to the Group are eligible to participate in the Share Award Scheme. Each grant of award to any director of the Company, the chief executive officer or substantial shareholder of the Company must first be approved by the independent non-executive directors of the Company.

27. 以股份為基礎的酬金交易 (續)

(c) 本公司於二零一四年十一月採納的購股權計劃 (續)

於二零一七年十二月三十一日，本集團根據本公司於二零一四年十一月採納的購股權計劃有79,773,500份(二零一六年：80,684,750股)購股權尚未行使，佔於二零一七年十二月三十一日本公司已發行普通股的約8.64%(二零一六年：10.25%)。

(d) 本公司於二零一七年五月採納的股份獎勵計劃

根據本公司於二零一七年五月十九日舉行之股東週年大會上通過之普通決議案，本公司採納一項股份獎勵計劃(「股份獎勵計劃」)。

股份獎勵計劃旨在透過股份擁有權、股息及其他就股份作出的分派及／或提升股份價值，使合資格參與人士之利益與本集團之利益一致，並鼓勵及挽留合資格參與人士為本集團的長期增長及溢利作出貢獻。所有曾經或將會對本集團有所貢獻之董事、全職僱員及由董事會酌情認為之任何其他人士均符合資格參與股份獎勵計劃。向本公司任何董事、本公司行政總裁或主要股東授予之每一項獎勵須事先取得本公司獨立非執行董事之批准。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

27. SHARE-BASED COMPENSATION TRANSACTIONS (Continued)

(d) Share Award Scheme adopted by the Company in May 2017 (Continued)

The maximum number of shares to be granted must not exceed 7% of the issued share capital of the Company from time to time (the "Share Award Scheme Limit"). The Share Award Scheme Limit may be refreshed at any time by obtaining approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). At the time of grant of the awards, the Company may specify any minimum performance target(s) that must be achieved, before the awards can be vested in whole or in part.

During the year ended 31 December 2017, the Company has purchased 300,000 Shares amounting to RMB514,000 through its trustee on the Stock Exchange. No award was granted under the Share Award Scheme during the year ended 31 December 2017. The acquired Shares was recognised and accumulated in equity under the heading of "Shares held under Share Award Scheme".

- (e) The Group recognised a total expense of RMB24,929,000 (2016: RMB42,746,000) for the year in relation to the above share options granted by the shareholders or the Company, and the share-based compensation expense were shown as a separate item on the face of the consolidated statement of profit or loss and other comprehensive income.

27. 以股份為基礎的酬金交易 (續)

(d) 本公司於二零一七年五月採納的股份獎勵計劃(續)

將予授出之股份最高數目必須不超過本公司不時已發行股本之7% (「股份獎勵計劃限額」)。股份獎勵計劃限額可於任何時間通過取得本公司股東於股東大會上之批准及／或根據聯交所證券上市規則 (「上市規則」) 訂明的有關其他規定予以更新。於授出獎勵時，本公司可指明在獎勵全部或部分歸屬前必須達到的任何最低業績目標。

截至二零一七年十二月三十一日止年度，本公司透過其受託人於聯交所購買300,000股股份，金額為人民幣514,000元。截至二零一七年十二月三十一日止年度，概無根據股份獎勵計劃授出獎勵。已收購股份於「股份獎勵計劃項下所持股份」一節項下權益中確認及累計。

- (e) 本集團於年內確認的總開支為人民幣24,929,000元(二零一六年：人民幣42,746,000元)，此乃與股東或本公司授出的上述股份購股權有關，而以股份為基礎的酬金開支於綜合損益及其他全面收益表列為單獨項目。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY 28. 本公司財務狀況表

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Interest in subsidiaries	於附屬公司的權益	291,541	51,528
Intangible assets	無形資產	38,140	46,106
Available-for-sale financial assets	可供出售金融資產	30,000	30,000
Loan to a subsidiary	給予一間附屬公司之貸款	191,570	—
Loan to a third party	給予第三方之貸款	10,890	35,740
		562,141	163,374
Current assets	流動資產		
Other receivables	其他應收款項	8,326	2,275
Loan to a third party	給予第三方之貸款	39,340	—
Amount due from an associate	應收一間聯營公司款項	200	—
Amounts due from subsidiaries	應收附屬公司款項	92,654	401,201
Bank balances and cash	銀行結餘及現金	65,532	91,559
		206,052	495,035
Current liabilities	流動負債		
Other payables	其他應付款項	7,188	20,429
Amounts due to subsidiaries	應付附屬公司款項	—	36,144
		7,188	56,573
Net current assets	流動資產淨值	198,864	438,462
Net assets	資產淨值	761,005	601,836
EQUITY	權益		
Share capital	股本	285	240
Reserves (Note)	儲備(附註)	760,720	601,596
Total equity	權益總額	761,005	601,836

Approved and authorised for issue by the board of directors on 27 March 2018.

董事會於二零一八年三月二十七日批准及授權刊發。

Yang Eric Qing
楊慶
Director
董事

Ng Kwok Leung Frank
伍國樑
Director
董事

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

28. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

28. 本公司財務狀況表(續)

Note:

附註：

The movement of the Company's reserves are as follows:

本公司儲備變動如下：

		Share premium	Shares held under Share Award Scheme	Share option reserve	Other reserve	Accumulated losses	Total reserves
		股份溢價 RMB'000 人民幣千元	股份獎勵計劃項下 所持股份 RMB'000 人民幣千元	購股權儲備 RMB'000 人民幣千元	其他儲備 RMB'000 人民幣千元	累計虧損 RMB'000 人民幣千元	儲備總額 RMB'000 人民幣千元
Balance at 1 January 2016	於二零一六年一月一日之結餘	574,723	—	65,541	—	(57,259)	583,005
Loss for the year	年內虧損	—	—	—	—	(22,139)	(22,139)
Share-based compensation (Note 27)	以股份為基礎的酬金(附註27)	—	—	41,049	—	—	41,049
Exercise of share options (Note 25(ii))	行使購股權(附註25(ii))	1,216	—	(257)	—	—	959
Transfer upon forfeiture of share options	於沒收購股權時轉撥	—	—	(561)	—	561	—
Share repurchased and cancelled (Note 25(ii))	股份回購及註銷(附註25(ii))	(1,278)	—	—	—	—	(1,278)
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日之結餘	574,661	—	105,772	—	(78,837)	601,596
Loss for the year	年內虧損	—	—	—	—	(77,141)	(77,141)
Share-based compensation (Note 27)	以股份為基礎的酬金(附註27)	—	—	21,713	—	—	21,713
Exercise of share options (Note 25(ii) & Note 27)	行使購股權(附註25(ii)及附註27)	405	—	(91)	—	—	314
Transfer upon forfeiture of share options	於沒收購股權時轉撥	—	—	(1,502)	—	1,502	—
Issuance of Convertibles Notes (Note 35)	發行可換股票據(附註35)	—	—	—	695	—	695
Issuance of shares (Note 25(iv))	發行股份(附註25(iv))	110,503	—	—	—	—	110,503
Conversion of Convertible Notes into shares (Note 35)	可換股票據轉換為股份(附註35)	104,249	—	—	(695)	—	103,554
Purchase of shares for Share Award Scheme (Note 27(d))	就股份獎勵計劃購回股份(附註27(d))	—	(514)	—	—	—	(514)
Balance at 31 December 2017	二零一七年十二月三十一日之結餘	789,818	(514)	125,892	—	(154,476)	760,720

As at 31 December 2017, the aggregate amount of reserves available for distribution to equity holders of the Company was RMB635,342,000 [2016: RMB495,824,000].

於二零一七年十二月三十一日，可供分配予本公司權益持有人的儲備合共為人民幣635,342,000元(二零一六年：人民幣495,824,000元)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

29. COMMITMENTS

(a) Capital commitments

At the reporting date, the Group had the following capital commitments:

29. 承擔

(a) 資本承擔

於報告日期，本集團有以下資本承擔：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Contracted but not provided for:	已訂約但未撥備：		
Expenditure in respect of acquisition of intangible assets	有關收購無形資產之支出	1,355	130,637
Expenditure in respect of acquisition of property, plant and equipment	有關收購物業、廠房及設備之支出	32,326	—
Expenditure in respect of investments in associates	有關投資聯營公司之支出	21,918	15,168
Expenditure in respect of investments in available-for-sale financial assets	有關投資可供出售金融資產之支出	25,000	12,000
		80,599	157,805

(b) Operating lease commitments

The Group leases its servers, lines, offices and various residential properties under non-cancellable operating lease agreements. The leases have varying lease terms and renewal rights. At the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

(b) 經營租賃承擔

本集團根據不可撤銷經營租賃協議租賃其服務器、線路、辦公室及各種住宅物業。租賃具有不同租期且可續期。於報告日期，本集團根據不可撤銷經營租賃的未來最低租賃費付款總額如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	29,544	14,431
In the second to fifth year inclusive	二到五年(包含首尾兩年)	72,591	24,921
After fifth year	超過五年	4,182	—
		106,317	39,352

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following material transactions with related parties:

(a) Key management personnel remuneration

Key management of the Group are members of the Board and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

30. 重大關聯方交易

除於綜合財務報表其他地方所披露之交易／資料外，年內本集團與其關聯方進行的重大交易如下：

(a) 主要管理層人員酬金

本集團主要管理層為董事會成員及高級管理層。納入僱員福利開支之主要管理層人員酬金載列如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	4,962	3,149
Discretionary bonus	酌情花紅	1,453	1,684
Retirement benefit scheme contributions	退休福利計劃供款	248	201
Share-based compensation expense	以股份為基礎的酬金	11,888	22,298
		18,551	27,332

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Related party transactions

30. 重大關聯方交易(續)

(b) 關聯方交易

Name of related companies 關聯公司名稱	Related party relationship 關聯方關係	Nature of transactions 交易性質	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Shanghai Dacheng Network Technology Co., Ltd. 上海大承網絡技術有限公司	a company under controlled by substantial shareholders of the Group 由本集團主要股東控制之公司	Event service income 賽事服務收入	1,220	—
Irena Group Co., Ltd. 體育之窗文化股份有限公司	Substantial shareholders of the Group 本集團主要股東	Event service income 賽事服務收入	981	—
Beijing Shuimu Zhiyu 北京水木智娛	An associate of the Group 本集團聯營公司	Event service income 賽事服務收入	116	—
Tianjing Zhongqi Weiye 天津中棋惟業	An associate of the Group 本集團聯營公司	Event service income 賽事服務收入	13	—
Beijing Boyue Ledong 北京博悅樂動	An associate of the Group 本集團聯營公司	Consultancy service income 諮詢服務收入	207	—
Beijing Yiqu Hucui 北京奕趣互彩	An associate of the Group 本集團聯營公司	Consultancy service income 諮詢服務收入	269	—
Tianjin Huandu 天津歡度	An associate of the Group 本集團聯營公司	Interest income 利息收入	72	—
Beijing Zhangwanbao 北京掌萬寶	An associate of the Group 本集團聯營公司	Interest income 利息收入	51	—
Beijing Chinese Racing Pigeon 北京中競鴿	An associate of the Group 本集團聯營公司	Interest income 利息收入	3	—
eSports Arena eSports Arena	An associate of the Group 本集團聯營公司	Interest income 利息收入	200	—
Beijing Zhangwanbao 北京掌萬寶	An associate of the Group 本集團聯營公司	Disposal of intangible assets 出售無形資產	3,985	—

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. ACQUISITION OF A SUBSIDIARY

- (a) On 11 October 2017, the Group acquired 100% of the issued share capital of Beijing Zhangzhong Qiji Technology Co., Limited ("Beijing Zhangzhong Qiji") at a total cash consideration of RMB36,000,000 (the "Consideration"). As part of the Group's strategy is to actively seek investment opportunities that would bring strategic resources to expand the Group's portfolio and user base, the directors believes that the acquisition presents an opportunity for the Group to complement and enlarge China national games platforms. In view of the existing card and board games developed and operated by Beijing Zhangzhong Qiji and the market share of Beijing Zhangzhong Qiji in China, and the experiences of the members of the core management team in the Target in developing and operating card and board games, the directors believes that the acquisition will further consolidate the Group's leading position in its domestic China card and board games business and enhance its brand influence.

The following summarises the consideration paid for Beijing Zhangzhong Qiji and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

31. 收購附屬公司(續)

- (a) 於二零一七年十月十一日，本集團收購北京掌中奇跡科技有限公司(「北京掌中奇跡」)全部已發行股本，現金代價總額為人民幣36,000,000元(「代價」)。作為策略的一部分，本集團積極尋求能夠帶來策略資源擴大本集團組合及用戶基礎的投資機會，董事認為，上述收購乃補足及擴大本集團國內遊戲平台的機會。鑒於北京掌中奇跡開發及運營的現有紙牌遊戲以及北京掌中奇跡於中國的市場份額，目標公司核心管理層團隊於開發及運營紙牌遊戲方面的經驗，董事認為，上述收購將進一步鞏固本集團於國內紙牌遊戲業務的領先地位並提升其品牌影響力。

以下概述北京掌中奇跡已付代價以及已收購資產及所承擔負債於收購日期之確認金額：

**Fair value of net identifiable
assets and liabilities acquired**
已收購可識別資產及
負債之公允值
RMB'000
人民幣千元

Property, plant and equipment	物業、廠房及設備	38
Intangible assets	無形資產	371
Trade and other receivables	貿易及其他應收款項	5,200
Bank balances and cash	銀行結餘及現金	262
Trade and other payables	貿易及其他應付款項	(3,281)
Deferred tax liabilities	遞延稅項負債	(93)
Net identifiable assets acquired	已獲得可識別資產淨值	2,497
Contingent consideration payable for profit guarantee	就溢利擔保應付或然代價	(906)
Goodwill	商譽	34,409
		36,000
Satisfied by:	支付方式：	
Cash	現金	36,000

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. ACQUISITION OF A SUBSIDIARY (Continued)

(a) (Continued)

Profit Guarantee

Pursuant to the acquisition agreement, the vendors undertook that the audited net profit of Beijing Zhangzhong Qiji for the next twelve months upon completion of acquisition shall not be less than RMB6,000,000 (the "Beijing Zhangzhong Qiji's Guarantee Profit").

Adjustments to the Consideration

In the event that the Beijing Zhangzhong Qiji does not meet the performance guarantee, the vendors shall compensate to the Group in cash in accordance with the following formula:

$$\text{Compensation Amount} = (\text{Beijing Zhangzhong Qiji's Guarantee Profit} - \text{audited net profit}) \times 8$$

In the event that the Beijing Zhangzhong Qiji exceeds the Performance Guarantee, the Group shall pay additional amount to the vendors in cash in accordance with the following formula:

$$\text{Additional Amount} = (\text{Audited net profit} - \text{Beijing Zhangzhong Qiji's Guarantee Profit}) \times 8$$

In no events shall the sum of the Consideration and the Additional Amount exceeds RMB48,000,000.

If the difference between the Beijing Zhangzhong Qiji's Guarantee Profit and the audited net profit is within +/-5%, the vendors and the Group shall not compensate or pay each other.

Goodwill of RMB34,409,000 arose in the above business combination as the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

31. 收購附屬公司(續)

(a) (續)

溢利擔保

根據收購協議，賣方承諾於收購完成後十二個月內北京掌中奇跡的經審計溢利淨額將不會少於人民幣6,000,000元(「北京掌中奇跡擔保溢利」)。

代價調整

倘北京掌中奇跡未實現業績擔保，賣方須根據下列公式向本集團賠償現金：

$$\text{賠償金額} = (\text{北京掌中奇跡擔保溢利} - \text{經審計溢利淨額}) \times 8$$

倘北京掌中奇跡超過業績擔保，本集團須根據下列公式向賣方支付額外現金金額：

$$\text{額外金額} = (\text{經審計溢利淨額} - \text{北京掌中奇跡擔保溢利}) \times 8$$

無論如何，代價金額及額外金額總和不可超過人民幣48,000,000元。

倘北京掌中奇跡擔保溢利與經審計溢利淨額之差額在+/-5%之間，則賣方及本集團將不用相互賠償或支付。

上述業務合併產生之商譽人民幣34,409,000元為合併成本，包括控制溢價。此外，就合併已有效支付之代價包括有關預期協同效應、收入增加、未來市場發展及配套員工利益相關之金額。該等利益並無與商譽分別確認，乃由於其並未達到可識別無形資產確認標準。

預計上述收購產生之商譽不可用作扣除稅項用途。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. ACQUISITION OF A SUBSIDIARY (Continued)

(a) (Continued)

An analysis of the cash flows in respect of the acquisition is as follows:

		2017 二零一七年 RMB'000 人民幣千元
Cash consideration paid	已付現金代價	(36,000)
Less: Bank balances and cash acquired	減：已取得銀行結餘及現金	262
Net outflow of cash and cash equivalents included in the cash flows from investing activities	計入投資活動所得現金流之現金及現金等價物之流出淨值	(35,738)

The revenue and profit included in the consolidated statement of profit or loss and other comprehensive income since 11 October 2017 to 31 December 2017 contributed by the Beijing Zhangzhong Qiji was RMB17,123,000 and RMB1,486,000 respectively.

Had the combination taken place on 1 January 2017, the revenue and loss of the Group for the year ended 31 December 2017 would have been RMB621,565,000 and RMB42,977,000 respectively. These pro forma information are for illustrative purposes only and are not necessarily an indication of revenue and result of operation of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor are they intended to be a projection of future results.

31. 收購附屬公司(續)

(a) (續)

有關收購事項現金流之分析如下：

自二零一七年十月十一日至二零一七年十二月三十一日，北京掌中奇跡所作之計入綜合損益及全面收益表之收益及溢利分別為人民幣17,123,000元及人民幣1,486,000元。

倘合併於二零一七年一月一日作實，本集團於截至二零一七年十二月三十一日止年度之收益及虧損分別為人民幣621,565,000元及人民幣42,977,000元。備考資料僅供說明，不能作為倘收購於二零一七年一月一日完成本集團實際取得收益及溢利之指示，亦不擬作為未來業績之預測。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

31. ACQUISITION OF A SUBSIDIARY (Continued)

- (b) In November 2016, the Group acquired the entire share capital of Champion Light Holding Limited ("Champion Light") from an independent third party. The only identifiable asset of Champion Light is an intangible asset, which represents game players list. The transactions did not constitute a business combinations as defined in IFRS3 "Business Combinations" and therefore, the acquisition was accounted for as asset acquisition. The consideration for the acquisition consisted of an initial consideration of RMB28,468,000 and contingent consideration of RMB19,579,000, which settlement will be based on the post-acquisition performance of the intangible assets. The directors with assistance of a professional valuer, have determined the fair value of the contingent consideration amounting to RMB18,889,000 at the date of the acquisition. Accordingly, the aggregate amount of RMB47,357,000 was recorded as the initial cost of the intangible asset as "Customers relationship" (Note 12). As at 31 December 2016, the fair value change of the contingent consideration is considered to be immaterial to the financial statements.

During the year ended 31 December 2017. The fair value gain on contingent consideration payable of RMB6,873,000 was recognised in profit or loss (Note 5).

31. 收購附屬公司(續)

- (b) 於二零一六年十一月，本集團向一名獨立第三方收購Champion Light Holding Limited (「Champion Light」) 的全部股本。Champion Light的惟一可識別資產為無形資產(即遊戲玩家名單)。交易並不構成國際財務報告準則第3號「業務合併」界定之業務合併，因此，收購入賬列作資產收購。收購代價包括初步代價人民幣28,468,000元及或然代價人民幣19,579,000元，代價將根據無形資產收購後表現結算。董事基於專業估值師的協助釐定收購日期的或然代價公允值為人民幣18,889,000元。因此，根據「客戶關係」，錄得總額人民幣47,357,000元作為無形資產的初始成本(附註12)。於二零一六年十二月三十一日，或然代價的公允值變動被視為對財務報表並不重大。

截至二零一七年十二月三十一日止年度，應付或然代價的公允值收益人民幣6,873,000元於損益中確認(附註5)。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries with loss of control — Beijing Chinese Racing Pigeon

In July 2017, the Group disposed of 12.5% equity interest in its subsidiary, Beijing Chinese Racing Pigeon Sports Culture Development Co., Ltd. ("Beijing Chinese Racing Pigeon") to independent third parties, resulting in a loss of control over Beijing Chinese Racing Pigeon. Upon the disposal, the Group's interest in Beijing Chinese Racing Pigeon was reduced to 42.5%. Accordingly, the investment in Beijing Chinese Racing Pigeon was reclassified as interest in associates.

The assets and liabilities of Beijing Chinese Racing Pigeon were deconsolidated from the Group's consolidated statement of financial position and the remaining 42.5% equity interest in Beijing Chinese Racing Pigeon has been accounted for as an associate using equity method. The fair value of the 42.5% retained interest in Beijing Chinese Racing Pigeon amounting to RMB1,033,000 at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Beijing Chinese Racing Pigeon as an associate.

32. 出售附屬公司

(a) 出售附屬公司並導致失去控制權—北京中競鴿

於二零一七年七月，本集團向獨立第三方出售其附屬公司北京中競鴿體育文化發展有限公司(「北京中競鴿」)12.5%的股權，因此失去對北京中競鴿的控制權。出售後，本集團於北京中競鴿的權益減至42.5%。因此，於北京中競鴿的投資重新分類為聯營公司的權益。

北京中競鴿的資產及負債不再於本集團的綜合財務狀況表中綜合入賬，而於北京中競鴿餘下的42.5%股權已按權益法入賬列作聯營公司。於失去控制權當日，於北京中競鴿的42.5%保留權益之公允值人民幣1,033,000元被視為初始確認於北京中競鴿(作為聯營公司)的投資成本。

RMB'000
人民幣千元

Fair value of interest retained

保留權益的公允值

1,033

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries with loss of control — Beijing Chinese Racing Pigeon (Continued)

Analysis of assets and liabilities over which control was lost

32. 出售附屬公司(續)

(a) 出售附屬公司並導致失去控制權—北京中競鴿(續)

失去控制權的資產及負債分析

RMB'000
人民幣千元

Non-current assets	非流動資產	
Property, plant and equipment	物業、廠房及設備	10
Current assets	流動資產	
Trade and other receivables	貿易及其他應收款項	1,422
Bank balances	銀行結餘	1,113
Current liabilities	流動負債	
Trade and other payables	貿易及其他應付款項	(113)
Net assets disposed of	已出售的淨資產	2,432

RMB'000
人民幣千元

Consideration receivable	應收代價	1,250
Fair value of retained interests	保留權益的公允值	1,033
Non-controlling interests	非控股權益	(1,381)
Net assets disposed of	已出售的淨資產	(2,432)
Loss on disposal of a subsidiary	出售一家附屬公司之虧損	(1,530)

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES (Continued)

(a) Disposal of subsidiaries with loss of control — Beijing Chinese Racing Pigeon (Continued)

Net cash outflow arising on disposal of a subsidiary

		RMB'000 人民幣千元
Consideration received (note)	已收取代價(附註)	—
Bank balances disposed of	已出售的銀行結餘	(1,113)
		(1,113)

Note: The consideration receivable of RMB1,250,000 was included under other receivables.

32. 出售附屬公司(續)

(a) 出售附屬公司並導致失去控制權—北京中競鴿(續)

出售附屬公司產生的現金淨流出

附註：應收代價人民幣1,250,000元計入其他應收款項。

(b) Disposal of subsidiaries with loss of control — Tianjin Zhongqi Weiye

In April 2016, the Group disposed of 52.0% interest in its wholly-owned subsidiary, Tianjin Zhongqi Weiye Sports Development Co., Ltd. ("Tianjin Zhongqi"), to certain third parties, resulting in a loss of control over Tianjin Zhongqi. Accordingly, the investment in Tianjin Zhongqi was reclassified as interest in an associate.

The assets and liabilities of Tianjin Zhongqi were deconsolidated from the Group's consolidated statement of financial position and the interest in Tianjin Zhongqi has been accounted for as an associate using equity method. The fair value of the 48.0% retained interest in Tianjin Zhongqi amounting to RMB1,662,000 at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Tianjin Zhongqi as an associate.

(b) 出售附屬公司並導致失去控制權—天津中棋惟業

於二零一六年四月，本集團向若干獨立第三方出售其全資附屬公司天津中棋惟業體育發展有限公司（「天津中棋」）52.0%的股權，因此失去對天津中棋的控制權。因此，於天津中棋的投資重新分類為聯營公司的權益。

天津中棋的資產及負債不再於本集團的綜合財務狀況表中綜合入賬，而於天津中棋的權益已按權益法入賬列作聯營公司。於失去控制權當日，於天津中棋的48.0%保留權益之公允值人民幣1,662,000元被視為初始確認於天津中棋（作為聯營公司）的投資成本。

		RMB'000 人民幣千元
Fair value of interest retained	保留權益的公允值	1,662

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of subsidiaries with loss of control — Tianjin Zhongqi Weiye (Continued)

Analysis of assets and liabilities over which control was lost

32. 出售附屬公司(續)

(b) 出售附屬公司並導致失去控制權—天津中棋惟業(續)

失去控制權的資產及負債分析

		RMB'000 人民幣千元
Non-current assets	非流動資產	
Property, plant and equipment	物業、廠房及設備	2,459
Intangible assets	無形資產	2,022
Current assets	流動資產	
Inventories	存貨	208
Trade and other receivables	貿易及其他應收款項	20,718
Bank balances	銀行結餘	465
Current liabilities	流動負債	
Trade and other payables	貿易及其他應付款項	(22,409)
Net assets disposed of	已出售的淨資產	3,463

		RMB'000 人民幣千元
Consideration receivable	應收代價	5,200
Fair value of retained interests	保留權益的公允值	1,662
Net assets disposed of	已出售的淨資產	(3,463)
Gain on disposal of a subsidiary	出售一家附屬公司所得收益	3,399

Net cash outflow arising on disposal of a subsidiary

出售一家附屬公司產生的現金淨流出

		RMB'000 人民幣千元
Consideration received (note)	已收取代價(附註)	—
Bank balances disposed of	已出售的銀行結餘	(465)
		(465)

Note: The consideration receivable of RMB5,200,000 was included under other receivables as at 31 December 2016.

附註：於二零一六年十二月三十一日，應收代價人民幣5,200,000元計入其他應收款項。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES (Continued)

(c) Disposal of subsidiaries with loss of control — Beijing Lianzhong Zhiyu

The Group has disposed of entire interest in its subsidiary, Beijing Lianzhong Zhiyu Technology Co., Ltd. ("Beijing Lianzhong Zhiyu") to an associate of the Group, Beijing Shuimu Zhiyu, in December 2016.

The following summarises the assets and liabilities over which control was lost at the disposal date and cash outflow arising on disposal of a subsidiary:

Analysis of assets and liabilities over which control was lost

32. 出售附屬公司(續)

(c) 出售附屬公司並導致失去控制權—北京聯眾智娛

本集團已於二零一六年十二月向本集團一家聯營公司北京水木智娛出售其附屬公司北京聯眾智娛科技有限公司(「北京聯眾智娛」)之全部權益。

於出售日期失去控制權之資產及負債及出售附屬公司產生的現金淨流出概列如下：

失去控制權的資產及負債分析

		RMB'000 人民幣千元
Non-current assets	非流動資產	
Property, plant and equipment	物業、廠房及設備	24
Intangible assets	無形資產	1,992
Current assets	流動資產	
Trade and other receivables	貿易及其他應收款項	78
Bank balances	銀行結餘	84
Current liabilities	流動負債	
Trade and other payables	貿易及其他應付款項	(666)
Net assets disposed of	已出售的淨資產	1,512

		RMB'000 人民幣千元
Consideration receivable	應收代價	3,200
Non-controlling interests	非控股權益	(546)
Net assets disposed of	已出售的淨資產	(1,512)
Gain on disposal of a subsidiary	出售一家附屬公司所得收益	1,142

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

32. DISPOSAL OF SUBSIDIARIES (Continued)

(c) Disposal of subsidiaries with loss of control — Beijing Lianzhong Zhiyu (Continued)

Net cash outflow arising on disposal of a subsidiary

		RMB'000 人民幣千元
Consideration received (note)	已收取代價(附註)	—
Bank balances disposed of	已出售的銀行結餘	(84)
		(84)

Note: The consideration receivable of RMB3,200,000 was offset against the investment cost payable to Beijing Shuimu Zhiyu.

(d) Disposal of a subsidiary without loss of control — Tianjin Allied Esports

During the year ended 31 December 2016, the Group disposed of 21.5% shareholding in Tianjin Allied Esports to a substantial shareholder of the Company and certain third parties without losing control over the subsidiary. As a result of the disposal, the Group's interest in Tianjin Allied Esports was reduced to 48.5%. The difference of RMB7,617,000 between the consideration received of RMB12,900,000 and the amount of non-controlling interests adjusted of RMB5,283,000 was directly recognised in other reserve.

32. 出售附屬公司(續)

(c) 出售附屬公司並導致失去控制權—北京聯眾智娛(續)

出售附屬公司產生的現金淨流出

(d) 出售附屬公司並未導致失去控制權—天津聯盟電競

截至二零一六年十二月三十一日止年度，本集團向本公司主要股東及若干第三方出售於天津聯盟電競的21.5%股權，而未有失去對附屬公司的控制權。由於該出售，本集團於天津聯盟電競的權益減少至48.5%。已收代價人民幣12,900,000元與經調整非控股權益金額人民幣5,283,000元之差額人民幣7,617,000元直接於其他儲備中確認。

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the Board.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

33. 財務風險管理及公允值計量

本集團於日常業務過程及投資活動中使用金融工具而承擔財務風險。財務風險包括市場風險(包括外匯風險、利率風險及價格風險)、信貸風險及流動資金風險。本集團的整體風險管理策略旨在將對本集團財務表現的潛在不利影響降至最低。風險管理乃由本集團高級管理層執行並經董事會批准。

本集團就財務工具承擔的風險類別或其管理與計量有關風險的方式並無任何改變。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(a) Categories of financial assets and liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities.

33. 財務風險管理及公允值計量(續)

(a) 金融資產與負債分類

綜合財務狀況表所列賬面金額與下列金融資產與金融負債分類有關。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Financial assets	金融資產		
Loans and receivables	貸款及應收款項		
Loans to third parties	給予第三方之貸款	14,430	52,576
Other non-current receivable	其他非流動應收款項	39,128	39,044
Trade and other receivables	貿易及其他應收款項	353,291	261,823
Bank balances and cash	銀行結餘及現金	247,366	283,598
Available-for-sale financial assets	可供出售金融資產	174,344	180,759
		828,559	817,800
Financial liabilities	金融負債		
Financial liabilities at amortised cost	按攤銷成本列賬的金融負債		
Trade and other payables	貿易及其他應付款項	90,615	93,521
Other non-current payable	其他非流動應付款項	39,128	39,044
		129,743	132,565

(b) Foreign currency risk

The Group's subsidiaries mainly operate in the PRC and in the US and majority of the transactions are settled in RMB, USD or EUR, being the functional currency of the group entities to which the transactions relate. Foreign currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. As at 31 December 2017 and 2016, the Group did not have significant foreign currency risk from its operations.

(b) 外匯風險

本集團之附屬公司主要於中國及美國經營，且其大部分交易以人民幣、美元或歐元結算，其為交易有關之集團實體的功能貨幣。外匯風險來自以並非為實體功能貨幣的貨幣計值的未來商業交易及經確認資產及負債。於二零一七年及二零一六年十二月三十一日，本集團業務並無重大外匯風險。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(b) Foreign currency risk (Continued)

Financial assets denominated in a foreign currency, translated into RMB at the closing rates, are as follows:

		2017 二零一七年			
		USD 美元 RMB'000 人民幣千元	EUR 歐元 RMB'000 人民幣千元	HKD 港元 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Bank balances and cash	銀行結餘及現金	12,465	1,801	50,539	64,805
Gross exposure arising from recognised financial assets	已確認金融資產產生之全部風險	12,465	1,801	50,539	64,805

		2016 二零一六年			
		USD 美元 RMB'000 人民幣千元	EUR 歐元 RMB'000 人民幣千元	HKD 港元 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Bank balances and cash	銀行結餘及現金	6,562	402	2,132	9,096
Gross exposure arising from recognised financial assets	已確認金融資產產生之全部風險	6,562	402	2,132	9,096

The following table illustrates the sensitivity of the Group's (loss)/profit after income tax for the year and equity in regard to a 5% (2016: 5%) appreciation in the Group's functional currency against RMB. The rate used represents management's best assessment of the possible change in foreign exchange rates.

下表列示就本集團功能貨幣兌人民幣升值5%(二零一六年: 5%)而言, 本集團年內除所得稅後(虧損)/溢利以及權益之敏感性。所使用利率指管理層對外匯匯率可能變動作出之最佳估計。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(b) Foreign currency risk (Continued)

		2017 二零一七年 RMB'000 人民幣千元
Increase in loss for the year and equity	年內虧損及權益增加	(2,430)
		2016 二零一六年 RMB'000 人民幣千元
Decrease in profit for the year and equity	年內溢利及權益減少	(341)

The same % depreciation in the Group's functional currency against the respective foreign currency would have the same magnitude on the Group's (loss)/profit after income tax for the year and equity but of opposite effect.

The Group does not hedge its foreign currency risk. However, management monitors the foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

(c) Interest rate risk

Other than the interest-bearing bank deposits, the Group has no other significant interest-bearing assets bearing variable rates. The directors of the Company do not anticipate there is any significant impact to these interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

33. 財務風險管理及公允值計量(續)

(b) 外匯風險(續)

本集團之功能貨幣兌相關外幣貶值同等%時，將對本集團年內除所得稅後(虧損)/溢利及權益構成等值但相反之影響。

本集團並無對沖外匯風險。然而，管理層監督外匯風險，並於有需要時考慮對沖重大外匯風險。

(c) 利率風險

除計息銀行存款外，本集團並無其他重大計息資產。本公司董事預期利率變動不會對計息資產構成任何重大影響，原因是預期銀行結餘的利率將不會發生大幅變動。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(d) Price risk

The Group is exposed to price risk in relation to the Group's investment in unlisted financial products which are carried at fair value. The sensitivity analysis is determined based on the exposure to price risk of the unlisted financial products held by the Group at the end of each reporting date. If the fair value of the respective instrument held by the Group had been 5% higher/lower, the profit for the year would have been increased/decreased by RMB1,000,000 (2016: RMB3,500,000) respectively, and no change in post-tax profit would have been expected for the year.

The Group is not exposed to price risk for the Group's equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of reporting date subsequent to initial recognition.

(e) Credit risk

The Group is exposed to credit risk in relation to its bank balances and cash, trade and other receivables and loans to third parties.

The carrying amounts of each class of the financial assets as summarised in Note 33(a) above represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk arising from bank balances and cash, the Group only transacts with state-owned financial institutions and reputable commercial banks which are all high-credit-quality financial institutions in the PRC, Hong Kong and the US. There has been no recent history of default in relation to these financial institutions.

Trade receivables at the end of the year were due from distribution channels and payment vendors in cooperation with the Group. If the strategic relationship with the distribution channels and payment vendors is terminated or scaled-back; or if the distribution channels and payment vendors alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's trade receivables might be adversely affected in terms of recoverability.

33. 財務風險管理及公允值計量(續)

(d) 價格風險

本集團承擔其以公允值計值的非上市信託基金投資的價格風險。敏感度分析乃按本集團所持非上市信託基金於各報告日期承受的價格風險而釐定。倘本集團所持相關工具的公允值增加／減少5%，則年內溢利於年內將增加／減少人民幣1,000,000元(二零一六年：人民幣3,500,000元)，對除稅後利潤不會造成影響。

本集團並未就本集團股本投資承擔價格風險，此乃由於其並無於活躍市場之價格，且其公允值不能可靠地計量。股本投資於初始確認後，以報告日期的成本減任何已識別減值虧損而計量。

(e) 信貸風險

本集團的信貸風險主要關於銀行結餘及現金、貿易及其他應收款項以及給予第三方之貸款。

上述附註33(a)所概述各類金融資產的賬面值為本集團有關金融資產所承擔的最大信貸風險。為管理來自銀行結餘及現金的風險，本集團僅與國有金融機構及聲譽良好的商業銀行(均為中國、香港及美國的高信貸質素金融機構)進行交易。該等金融機構並無近期違規記錄。

於年末的貿易應收款項均來自與本集團合作的分銷渠道及支付供應商。倘與分銷渠道及支付供應商的戰略關係終止或規模削減；或倘分銷渠道及支付供應商更改合作安排；或倘彼等於向本集團付款時面臨財務困難，則本集團貿易應收款項的可收回性可能受到不利影響。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(e) Credit risk (Continued)

To manage this risk, the Group maintains frequent communications with the distribution channels and payment vendors to ensure the effective credit control. In view of the history of cooperation with the distribution channels and payment vendors and the sound collection history of receivables due from them, the directors of the Company believe that the credit risk inherent in the Group's outstanding trade receivable balances due from the distribution channels and payment vendors is low.

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

For the loans to third parties, management makes periodic individual assessment on the recoverability of the amounts and follow up on an ongoing basis. The loans were secured by unlisted equity interests in companies incorporated in the PRC. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of the loans to third parties.

(f) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the Group aims to maintain flexibility in funding by maintaining adequate cash and cash equivalents.

Analysed below is the Group's remaining contractual maturities for its financial liabilities as at 31 December 2017. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

33. 財務風險管理及公允值計量(續)

(e) 信貸風險(續)

為管理有關風險，本集團與分銷渠道及支付供應商保持緊密聯繫，以確保有效的信貸控制。鑒於與分銷渠道及支付供應商的過往合作以及彼等的付款記錄良好，本公司董事相信，本集團應收分銷渠道及支付供應商的所欠貿易應收款項結餘的信貸風險較低。

就其他應收款項而言，管理層根據歷史結算記錄及過往經驗就其他應收款項的可收回性定期作出共同評估及個別評估。本公司董事認為，本集團尚未收回的其他應收款項結餘並無重大信貸風險。

就給予第三方之貸款而言，管理層在可回收金額及在持續跟進基礎上進行週期性單獨評估。該等貸款由在中國註冊成立的公司之非上市權益擔保。本公司董事認為，本集團借予第三方之尚未償還之貸款結餘並無重大信貸風險。

(f) 流動資金風險

穩健的流動資金風險管理旨在維持充裕現金及現金等價物。由於有關業務的動態性質，本集團通過維持足夠現金及現金等價物以維持資金的靈活性。

於二零一七年十二月三十一日的金融負債餘下合約到期日之分析如下。當債權人可選擇債務結算的時間，該債務按本集團可被要求付款之最早日期列賬。當債務是以分期方式結算，每期被分配至本集團承諾支付之最早時期。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(f) Liquidity risk (Continued)

The contractual maturity analysis below is based on the undiscounted cash flows of the financial liabilities.

33. 財務風險管理及公允值計量(續)

(f) 流動資金風險(續)

根據金融負債之未貼現現金流量的合約到期分析如下：

		Within 1 year or on demand 於一年內或 按要求 RMB'000 人民幣千元	Over 1 year but within 5 years 一年以上 五年以內 RMB'000 人民幣千元	Total contractual undiscounted amount 合約未貼現 款項總額 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
At 31 December 2017	於二零一七年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	90,615	—	90,615	90,615
Other non-current payable	其他非流動應付款項	39,698	285	39,983	39,128
At 31 December 2016	於二零一六年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	93,521	—	93,521	93,521
Other non-current payable	其他非流動應付款項	26,364	16,084	42,448	39,044

(g) Fair value measurements

The following table presents financial assets and liabilities measured at fair value in the consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
第一層級：同類資產及負債於活躍市場的報價（未經調整）；

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
第二層級：除第一級計入的報價外，自資產或負債可直接（即價格）或間接（自價格衍生）觀察的輸入數據；及

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
第三層級：並非基於可觀察市場數據（即不可觀察輸入數據）的資產或負債的輸入數據。

(g) 公允值計量

下表根據公允值層級列示綜合財務狀況表中按公允值計量的金融資產及負債。該層級根據用於計量該等金融資產及負債之公允值內重大輸入值的相對可靠性將金融資產及負債分為三個級別。公允值層級如下：

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(g) Fair value measurements (Continued)

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into the fair value hierarchy as follows:

2017

			Level 1 第一層級 RMB'000 人民幣千元	Level 2 第二層級 RMB'000 人民幣千元	Level 3 第三層級 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
		Note 附註				
Assets	資產					
Available-for-sale financial assets	可供出售金融資產					
Unlisted financial products	非上市金融產品	(a)	—	20,000	—	20,000
Liabilities	負債					
Contingent consideration payable for profit guarantee in relation to Tianjing Zhongqui Weiye	天津中棋惟業相關溢利擔保之應付或然代價	(b)	—	—	(285)	(285)
Contingent consideration payable for further acquisition option in relation to Tianjing Zhongqui Weiye	天津中棋惟業相關進一步收購期權之應付或然代價	(b)	—	—	(2,137)	(2,137)
Contingent consideration payable for profit guarantee of Beijing Zhangzhong Qiji	北京掌眾奇跡相關溢利擔保之應付或然代價	(b)	—	—	(906)	(906)
			—	—	(3,328)	(3,328)
Net fair values	公允值淨值		—	20,000	(3,328)	16,672

33. 財務風險管理及公允值計量(續)

(g) 公允值計量(續)

根據對公允值計量有重大影響的輸入值的最低層級按公允值層級將金融資產或金融負債全面加以分類。

綜合財務狀況表中按公允值計量的金融資產及負債被分為如下公允值層級：

二零一七年

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(g) Fair value measurements (Continued)

2016

33. 財務風險管理及公允值計量(續)

(g) 公允值計量(續)

二零一六年

			Level 1 第一層級	Level 2 第二層級	Level 3 第三層級	Total 總額
Note 附註			RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Assets						
	資產					
	Available-for-sale financial assets	可供出售金融資產				
	Unlisted financial products	非上市金融產品	(a)	70,000	—	70,000
Liabilities						
	負債					
	Contingent consideration payable	應付或然代價	—	—	(18,889)	(18,889)
	Net fair values	公允值淨額	—	70,000	(18,889)	51,111

During the year ended 31 December 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2016: nil).

Notes:

(a) Unlisted financial products

The fair value of unlisted financial products is determined by reference to the net asset value of the underlying investment in the financial products.

於截至二零一七年十二月三十一日止年度，第一層級與第二層級之間並無轉撥，亦無轉入或轉出第三層級(二零一六年：無)。

附註：

(a) 非上市金融產品

非上市金融產品的公允值乃經參考於金融產品相關投資的資產淨值而釐定。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

33. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(g) Fair value measurements (Continued)

Notes: (Continued)

(b) Contingent consideration payable

The information about the fair value of contingent consideration payable categorised under Level 3 fair value hierarchy are described below:

As at 31 December 2017

	Valuation technique 估值方法	Unobservable input 不可觀察數據	Range 範圍
Profit guarantee 溢利擔保	Discounted cash flow 折算現金流量	Probability of meeting target 目標概率	30%
Further acquisition option 進一步收購期權	Polynomial option pricing model 多項式期權定價模式	Spot price, volatility 期貨價, 波動	n/a 不適用

The fair value of contingent consideration payable of profit guarantee (Notes 21 and 31) is estimated using present value technique. As at 31 December 2017, the fair value of RMB1,191,000 is estimated by the probability weighting the estimated future cash flows of the earn-out arrangement. No discounting effect is considered given the short term of maturity of one year.

The fair value of contingent consideration payable for further acquisition option (Notes 21 and 31) is estimated using present value technique. As at 31 December 2017, the fair value of RMB2,137,000 is estimated by the option pricing model. No discounting effect is considered given the short term of maturity of one year.

As at 31 December 2016

	Valuation technique 估值方法	Unobservable input 不可觀察數據	Range 範圍
Contingent consideration payable 應付或然代價	Discounted cash flow 折算現金流量	Probability of meeting target 目標概率	100%

The fair value of contingent consideration payable (Notes 21 and 31) is estimated using present value technique. As at 31 December 2016, the fair value of RMB18,889,000 is estimated by the probability weighting the estimated future cash flows of the earn-out arrangement and discounting at 4.9%.

33. 財務風險管理及公允值計量(續)

(g) 公允值計量(續)

附註:(續)

(b) 應付或然代價

有關公允值第三層級項下之應付或然代價公允值之資料如下:

於二零一七年十二月三十一日

溢利擔保之應付或然代價公允值(附註21及31)乃使用現值方法估計。於二零一七年十二月三十一日,公允值人民幣1,191,000元乃通過結果安排之估計未來現金流量之加權可能性估計。鑒於短期到期日為一年,故並未考慮會計影響。

進一步收購期權之應付或然代價公允值(附註21及31)乃使用現值方法估計。於二零一七年十二月三十一日,公允值人民幣2,137,000元乃通過期權定價模式估計。鑒於短期到期日為一年,故並未考慮會計影響。

於二零一六年十二月三十一日

應付或然代價之公允值(附註21及31)使用現時估值方法估計。於二零一六年十二月三十一日,人民幣18,889,000元之公允值通過結果安排之估計未來現金流量之加權可能性按4.9%之貼現率作出估算。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

34. CAPITAL MANAGEMENT

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

The Group monitors capital by regularly reviewing the capital structure. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, issue new shares, repurchase the Company's shares or sell assets to reduce debts.

34. 資本管理

本集團的資本管理目標為保障本集團的持續經營能力，藉以回報股東及為其他權益持有人提供利益，並維持最佳資本結構以提升股東長遠價值。

本集團通過定期檢討資本架構以監察資本。作為該檢討的一部分，本公司董事考慮資金成本及有關已發行股本的風險。本集團可調整向股東派付的股息金額、發行新股份、購回本公司股份或出售資產來減少債務。

35. CONVERTIBLE NOTES

On 28 July 2017, the Company issued convertible notes with an aggregate principal amount of RMB104,076,000 (equivalent to HK\$120,000,000 based on the fixed exchange rate of RMB1 : HK\$1.153 (the "Fixed Exchange Rate") as stated in the subscription agreement) (the "Convertible Notes"). The Convertible Notes carry interest at 6% per annum, payable quarterly in arrears and all interest payments shall be in HK\$ based on the Fixed Exchange Rate. The Convertible Notes will mature in 30 months and the Company shall redeem at 100% of the principal amount on the maturity date. The noteholder shall have the right to convert the Convertible Notes into ordinary shares of the Company at the conversion price of RMB2.312 per share (equivalent to HK\$2.666 per share based on Fixed Exchange Rate) (the "Initial Conversion Price"). The Initial Conversion Price shall be adjusted to equal to the new issue price if the Company issues ordinary shares at a price that is lower than the Initial Conversion Price. The number of ordinary shares to be issued upon conversion at Initial Conversion Price will be 45,011,252 shares.

On 28 December 2017, the noteholder exercised the conversion rights and the Convertible Notes were converted in full into ordinary shares of the Company. The Initial Conversion Price was adjusted to HK\$1.85 per share and the number of ordinary shares issued upon conversion was 64,864,864 shares (Note 25).

35. 可換股票據

於二零一七年七月二十八日，本公司發行合共本金額約人民幣104,076,000元（按認購協議所述之固定匯率（「固定匯率」）人民幣1元兌1.153港元計算，相當於120,000,000港元）的可換股票據（「可換股票據」）。可換股票據按年利率6%計息，按季度後付，且所有利息須以港元支付（按固定匯率計算）。可換股票據將於30個月內到期，本公司將於到期日按本金額的100%贖回。票據持有人有權按每股人民幣2.312元（按固定匯率計算，相當於每股2.666港元）的轉換價（「初步轉換價」）將可換股票據轉換為本公司普通股。倘本公司發行普通股的價格低於初步轉換價，則初步轉換價應調整至相等於新發行價。按初步轉換價轉換後將予發行之普通股數量將為45,011,252股。

於二零一七年十二月二十八日，票據持有人行使轉換權，本公司可換股票據悉數轉換為本公司普通股。初步轉換價調整至每股1.85港元，而轉換後已發行的普通股數量為64,864,864股（附註25）。

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

35. CONVERTIBLE NOTES (Continued)

The movements of Convertible Notes during the year is as follows:

		Liability component	Equity component	Total
		負債部分	權益部分	合計
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	—	—	—
Issue of Convertible Notes	發行可換股票據	103,381	695	104,076
Interest expense (Note 6)	利息開支(附註6)	2,775	—	2,775
Payment of interest expense	利息開支付款	(2,775)	—	(2,775)
Exchange differences	匯兌差額	195	—	195
Conversion of Convertible Notes	轉換可換股票據	(103,576)	(695)	(104,271)
At 31 December 2017	於二零一七年十二月三十一日	—	—	—

35. 可換股票據(續)

可換股票據於年內之變動如下：

The liability component represented the debt component of the Convertible Notes and was initially recognised at fair value.

負債部分指可換股票據之債務部分，於公允值內初步計量。

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The changes in the Group's liabilities arising from financing activities can be classified as follows:

36. 融資活動產生之負債對賬

本集團融資活動產生之負債變動分類如下：

		Convertible Notes
		可換股票據
		RMB'000
		人民幣千元
At 1 January 2017	於二零一七年一月一日	—
Cash-flows:	現金流：	
— Proceeds	— 所得款項	104,076
Non-cash:	非現金：	
— Conversion to ordinary shares	— 轉換為普通股	(104,076)
At 31 December 2017	於二零一七年十二月三十一日	—

Notes to the Consolidated Financial Statements (Continued)

綜合財務報表附註(續)

For the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

37. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2017:

- (i) On 4 January 2018, the Company issued 153,880,037 shares to connected parties at an issue price of HK\$1.85 per share. The gross proceeds was approximately RMB237,111,000 (equivalent to HK\$284,678,000).
- (ii) On 16 January 2018, the Group entered into a share transfer agreement for acquisition of 100% equity interest in Shenzhen Xunyou Internet Technology Co., Ltd. at a consideration of RMB150,000,000, among which RMB75,000,000 shall be settled in cash and RMB75,000,000 shall be settled in issuing consideration shares.
- (iii) On 16 January 2018, the Group entered into a share transfer agreement for acquisition of 100% equity interest in Nanjing Haoyun Meicheng Electronics Co., Ltd. at a consideration of RMB220,000,000, among which RMB136,000,000 shall be settled in cash and RMB84,000,000 shall be settled in issuing consideration shares.
- (iv) On 16 January 2018, the Group entered into a share transfer agreement for acquisition of 100% equity interest in Xiamen Yiwantang Internet Technology Co., Ltd. at a consideration of RMB55,000,000, among which RMB25,000,000 shall be settled in cash and RMB30,000,000 shall be settled in issuing consideration shares.

37. 期後事件

下述重大事項發生於二零一七年十二月三十一日之後：

- (i) 於二零一八年一月四日，本公司按發行價每股1.85港元向關連方發行153,880,037股股份。所得款項總額約為人民幣237,111,000元(相當於284,678,000港元)。
- (ii) 於二零一八年一月十六日，本集團就認購深圳訊遊網絡科技有限公司的全部權益訂立股權轉讓協議，代價為人民幣150,000,000元，其中人民幣75,000,000元以現金結算，人民幣75,000,000元透過發行代價股份結算。
- (iii) 於二零一八年一月十六日，本公司就認購南京好運美成電子科技有限公司的全部權益訂立股權轉讓協議，代價為人民幣220,000,000元，其中人民幣136,000,000元以現金結算，人民幣84,000,000元透過發行代價股份結算。
- (iv) 於二零一八年一月十六日，本公司就認購廈門億玩堂網絡科技有限公司的全部權益訂立股權轉讓協議，代價為人民幣55,000,000元，其中人民幣25,000,000元以現金結算，人民幣30,000,000元透過發行代價股份結算。



聯眾國際控股有限公司

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總部 Headquarter

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