



**GAME
HOLLYWOOD**

Digital Hollywood Interactive Limited

遊萊互動集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 2022



**2017 Annual Report
2017年度報告**

* 僅供識別 For identification purposes only

CONTENTS

目錄

2	DEFINITIONS 釋義
7	CORPORATE PROFILE 公司資料
10	MILESTONES 里程碑
11	FINANCIAL HIGHLIGHTS 財務摘要
12	FINANCIAL SUMMARY 財務概要
13	CHAIRMAN'S STATEMENT 主席報告
16	PROFILE OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層資料
23	MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析
32	CORPORATE GOVERNANCE REPORT 企業管治報告
43	DIRECTORS' REPORT 董事會報告
63	INDEPENDENT AUDITOR'S REPORT 獨立核數師報告
78	FINANCIAL STATEMENTS AND NOTES TO THE FINANCIAL STATEMENTS 財務報表及財務報表附註

DEFINITIONS

釋義

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

在本年報內，除文義另有規定外，下列詞彙具有以下涵義：

“2018 AGM”

「二零一八年度股東週年大會」

the AGM to be held on June 22, 2018

本公司將於二零一八年六月二十二日舉行的股東週年大會

“AGM”

「股東週年大會」

annual general meeting of the Company

本公司的股東週年大會

“Angame”

「Angame」

Angame Inc., a company incorporated in BVI with limited liability on July 5, 2005, which is a wholly-owned subsidiary of our Company

Angame Inc.，一家於二零零五年七月五日在英屬處女群島註冊成立的有限公司，為本公司的全資附屬公司

“Articles” or “Memorandum and Articles of Association”

「組織章程細則」或「細則」或
「組織章程大綱及細則」

the memorandum and articles of association as amended from time to time

本公司經不時修訂的組織章程大綱及細則

“Audit Committee”

「審核委員會」

the audit committee of the Board

董事會轄下審核委員會

“Board Committees”

「董事委員會」

the Audit Committee, the Remuneration Committee and the Nomination Committee

審核委員會、薪酬委員會及提名委員會

“Board of Directors” or “Board”

「董事會」

our board of Directors

本公司董事會

“BVI”

「英屬處女群島」

British Virgin Islands

英屬處女群島

“CG Code”

「企業管治守則」

the “Corporate Governance Code” as contained in Appendix 14 to the Listing Rules

上市規則附錄十四所載的「企業管治守則」

“China” or “PRC”

「中國」

the People's Republic of China, which for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan

中華人民共和國，僅就本年報及地理提述而言，不包括香港、澳門及台灣

DEFINITIONS (Continued)

釋義 (續)

“Company”, “our Company”, “Digital Hollywood”, “Group”, “our Group”, “we”, “our” or “us”	Digital Hollywood Interactive Limited (遊萊互動集團有限公司)*, a company incorporated under the laws of the Cayman Islands with limited liability on November 24, 2014 and except where the context indicated otherwise (1) our subsidiaries and (2) with respect to the period before our Company became the holding company of our present subsidiaries, the business operated by our present subsidiaries or (as the case may be) their predecessors
「本公司」、「遊萊」、「本集團」或「我們」	Digital Hollywood Interactive Limited (遊萊互動集團有限公司)*，一家於2014年11月24日根據開曼群島法律註冊成立的有限公司，以及除文義另有所指外，(1)我們的附屬公司及(2)就於本公司成為現有附屬公司的控股公司前的期間而言，由現有附屬公司或(視情況而定)其前身公司所經營的業務
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. LU Yuanfeng, Ms. LUO Simin, Mr. HUANG Guozhan, Mr. HUANG Deqiang, LYF Digital Holdings Limited, Angel Age Limited, LXT Digital Holdings Limited and HDQ Digital Holdings Limited
「控股股東」	具有上市規則所賦予的涵義，除文義另有所指，指陸源峰先生、駱思敏女士、黃國湛先生、黃德強先生、LYF Digital Holdings Limited、Angel Age Limited、LXT Digital Holdings Limited及HDQ Digital Holdings Limited
“Director(s)”	the director(s) of the Company or any one of them
「董事」	本公司董事或其中任何一名董事
“Guangzhou SYND”	Guangzhou Suiyue Niandai Software Technology Company Limited (廣州歲月年代軟件科技有限公司), a company established in the PRC with limited liability on June 12, 2010, which is an indirectly wholly-owned subsidiary of our Company
「廣州歲月年代」	廣州歲月年代軟件科技有限公司，一家於二零一零年六月十二日在中國成立的有限公司，為本公司的間接全資附屬公司
“Guangzhou You Lai”	Guangzhou You Lai Information Technology Company Limited (廣州遊萊信息科技有限公司), a company established in the PRC with limited liability on May 13, 2015, which is an indirectly wholly-owned subsidiary of our Company
「廣州遊萊」	廣州遊萊信息科技有限公司，一家於二零一五年五月十三日在中國成立的有限公司，為本公司的間接全資附屬公司
“HK\$” or “Hong Kong dollars”	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
「港元」	香港法定貨幣港元
“Hollywood BVI”	Digital Hollywood International Limited, a company incorporated in the BVI with limited liability on November 25, 2014, which is a wholly-owned subsidiary of our Company
「Hollywood BVI」	Digital Hollywood International Limited，一家於二零一四年十一月二十五日在英屬處女群島註冊成立的有限公司，為本公司的全資附屬公司

DEFINITIONS (Continued)

釋義 (續)

“Hollywood HK” 「Hollywood HK」	Game Hollywood Hong Kong Limited, a company established in Hong Kong with limited liability on December 5, 2014, which is an indirectly wholly-owned subsidiary of our Company Game Hollywood Hong Kong Limited, 一家於二零一四年十二月五日在香港成立的有限公司, 為本公司的間接全資附屬公司
“Hong Kong” 「香港」	the Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“Hong Kong Share Registrar” 「香港股份過戶登記處」	Tricor Investor Services Limited 卓佳證券登記有限公司
“IFRS” 「國際財務報告準則」	International Financial Reporting Standards 國際財務報告準則
“IPO” 「首次公开发售」	the initial public offering of the Company, having become unconditional in all aspects on December 15, 2017 在各方面成為無條件後, 本公司於二零一七年十二月十五日進行的首次公开发售
“Listing” 「上市」	the listing of the Shares on the Main Board of the Stock Exchange 股份在聯交所主板上市
“Listing Date” 「上市日期」	December 15, 2017, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange 二零一七年十二月十五日, 即股份於聯交所上市及自此獲准於聯交所進行買賣的日期
“Listing Rules” 「上市規則」	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) 香港聯合交易所有限公司證券上市規則 (經不時修訂)
“Model Code” 「標準守則」	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules 上市規則附錄十所載「上市發行人董事進行證券交易的標準守則」
“Nomination Committee” 「提名委員會」	the nomination committee of the Board 董事會轄下提名委員會

DEFINITIONS (Continued)

釋義 (續)

“Now To Play Game”	Now To Play Game Limited, a company incorporated in Hong Kong with limited liability on March 29, 2011, which is an indirectly wholly-owned subsidiary of our Company
「Now To Play Game」	Now To Play Game Limited，一家於二零一一年三月二十九日在香港註冊成立的有限公司，為本公司的間接全資附屬公司
“Now To Play Game (Spain)”	Now To Play Game Sucursal En Espana, a branch office established in Spain on July 24, 2014 by Now To Play Game, which is an indirectly wholly-owned subsidiary of our Company
「Now To Play Game (西班牙)」	Now To Play Game Sucursal En Espana，一家由Now To Play Game於二零一四年七月二十四日在西班牙成立的分支機構，為本公司的間接全資附屬公司
“Post-IPO Share Option Scheme”	the share option scheme conditionally adopted by the Company on May 27, 2017
「首次公開發售後購股權計劃」	本公司於二零一七年五月二十七日有條件採納的購股權計劃
“Prospectus”	the prospectus of the Company dated December 5, 2017
「招股章程」	本公司日期為二零一七年十二月五日的招股章程
“Proficient City”	Proficient City Limited, a company incorporated in the BVI with limited liability on January 25, 2011, which is a wholly-owned subsidiary of our Company
「Proficient City」	Proficient City Limited，一家於二零一一年一月二十五日在英屬處女群島註冊成立的有限公司，為本公司的全資附屬公司
“Remuneration Committee”	the remuneration committee of the Board
「薪酬委員會」	董事會轄下薪酬委員會
“RMB”	Renminbi, the lawful currency of the PRC
「人民幣」	中國法定貨幣人民幣
“Share(s)”	ordinary share(s) of US\$0.001 each in the share capital of the Company
「股份」	本公司股本中每股面值0.001美元的普通股
“Shareholder(s)”	holder(s) of Shares
「股東」	股份持有人
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
「聯交所」	香港聯合交易所有限公司
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
「美元」	美國法定貨幣美元

DEFINITIONS (Continued)

釋義 (續)

“VR”

「虛擬實境」

virtual reality, a computer technology that uses certain equipment to generate realistic images, sounds and other sensations that simulate a user's physical presence in a virtual or imaginary environment

虛擬實境，使用若干設備來模擬使用者像實際處身於虛擬或幻想的環境中，從而產生真實影像、聲音及其他感覺之電腦技術

“7Road”

「第七大道」

Shenzhen 7Road Technology Co., Ltd. (深圳第七大道科技有限公司), a company established in the PRC on January 22, 2008, one of our game developer partners

深圳第七大道科技有限公司，一家於二零零八年一月二十二日在中國成立的公司，為我們的遊戲開發商夥伴之一

“%”

「%」

per cent.

百分比

* For identification purposes only

* 謹供識別

CORPORATE PROFILE

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. LU Yuanfeng (*Chairman and Chief Executive Officer*)
Mr. HUANG Guozhan
Mr. HUANG Deqiang

Non-executive Director

Mr. MENG Shuqi

Independent Non-executive Directors

Mr. Darren Raymond SHAW
Mr. LI Yi Wen
Ms. Imma LING Kit-sum

JOINT COMPANY SECRETARIES

Mr. YU Ching Ming
Ms. KO Nga Kit

AUTHORISED REPRESENTATIVES

Mr. LU Yuanfeng
Ms. KO Nga Kit

AUDIT COMMITTEE

Ms. Imma LING Kit-sum (*Chairman*)
Mr. Darren Raymond SHAW
Mr. LI Yi Wen

REMUNERATION COMMITTEE

Mr. LI Yi Wen (*Chairman*)
Mr. Darren Raymond SHAW
Mr. LU Yuanfeng

NOMINATION COMMITTEE

Mr. LU Yuanfeng (*Chairman*)
Mr. Darren Raymond SHAW
Mr. LI Yi Wen

董事會

執行董事

陸源峰先生 (*主席兼首席執行官*)
黃國湛先生
黃德強先生

非執行董事

孟書奇先生

獨立非執行董事

邵在純先生
李毅文先生
凌潔心女士

聯席公司秘書

余精明先生
高雅潔女士

授權代表

陸源峰先生
高雅潔女士

審核委員會

凌潔心女士 (*主席*)
邵在純先生
李毅文先生

薪酬委員會

李毅文先生 (*主席*)
邵在純先生
陸源峰先生

提名委員會

陸源峰先生 (*主席*)
邵在純先生
李毅文先生

CORPORATE PROFILE (Continued)

公司資料（續）

AUDITOR

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 134, Xiaogang Middle Road
Haizhu District
Guangzhou, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

11/F, Tai Sang Bank Building
784 Nathan Road
Kowloon, Hong Kong

PRINCIPAL BANKERS

Hongkong and Shanghai Banking Corporation
BBVA Compass Bank, Spain
Bank of Guangzhou

COMPLIANCE ADVISER

Messis Capital Limited
Room 1606, 16th Floor, Tower 2
Admiralty Centre
18 Harcourt Road
Hong Kong

HONG KONG LEGAL ADVISER

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F, Jardine House
1 Connaught Place, Central
Hong Kong

核數師

羅兵咸永道會計師
香港中環
太子大廈22樓

註冊辦事處

Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

總部及中國主要營業地點

中國
廣州市海珠區
曉港中馬路134號

香港主要營業地點

香港九龍
彌敦道784號
大生銀行大廈11樓

主要往來銀行

香港上海滙豐銀行
BBVA Compass Bank · 西班牙
廣州銀行

合規顧問

大有融資有限公司
香港
夏慤道18號
海富中心
2座16樓1606室

香港法律顧問

威爾遜·桑西尼·古奇·羅沙迪律師事務所
香港
中環康樂廣場1號
怡和大廈15樓1509室

CORPORATE PROFILE (Continued)

公司資料（續）

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

Stock Code: 2022

WEBSITE

www.gamehollywood.com

主要股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

股份代號

股份代號：2022

網站

www.gamehollywood.com

MILESTONES

里程碑

Year 年份	Events 事件
2010 二零一零年	<ul style="list-style-type: none"> Our founders became the beneficial shareholders of our first operating entity, Guangzhou SYND 我們的創辦人成為我們首家營運實體廣州歲月年代的實益股東
2011 二零一一年	<ul style="list-style-type: none"> Proficient City was established to develop overseas operation 成立Proficient City以發展海外業務
2012 二零一二年	<ul style="list-style-type: none"> Launched multiplayer web game <i>Wartune</i> with an exclusive license for overseas publishing in English-speaking markets 發佈多玩家網頁遊戲<i>Wartune</i>，並持有在英語市場的獨家海外發行權
2013 二零一三年	<ul style="list-style-type: none"> Proficient City was granted the “Facebook’s Excellent Game-Advertiser Award” Proficient City獲頒發「Facebook優秀遊戲廣告主大獎」 <i>Wartune</i> was granted the “Facebook Staff Favorites Recognition” <i>Wartune</i>獲頒發「Facebook員工最喜愛遊戲獎」 Launched <i>Stallion Race</i> on Facebook 於Facebook發佈<i>Stallion Race</i> We were granted the “Best Overseas Publisher Award” by 7Road 我們榮獲第七大道頒發「最佳海外遊戲發行商大獎」
2014 二零一四年	<ul style="list-style-type: none"> Established Now To Play (Spain) as our liaison office in Europe 成立Now To Play（西班牙）作為我們在歐洲的聯絡辦事處
2015 二零一五年	<ul style="list-style-type: none"> Launched several successful casual shooting games, including a special edition featuring sports figures and scenes licensed from Barcelona Football Club 發佈數個成功的休閒射擊遊戲，包括加入巴塞隆拿足球會授權的體壇人物及場景的特別版
2016 二零一六年	<ul style="list-style-type: none"> Launched our cross-platform Wing SDK 發佈跨平台Wing SDK Entered into the VR market with our investment in a VR studio in China 透過投資中國一家虛擬實境製作公司，進軍虛擬實境市場
2017 二零一七年	<ul style="list-style-type: none"> Launched <i>Lord of Star</i>, a mobile game in cross-platform format on Gameroom 於Gameroom發佈跨平台格式的手機遊戲<i>Lord of Star</i> Shares were listed on the Main Board of the Stock Exchange (Stock code: 2022) on December 15, 2017 股份於二零一七年十二月十五日在聯交所主板上市（股份代號：2022）

FINANCIAL HIGHLIGHTS

財務摘要

Revenue for the year ended December 31, 2017 amounted to approximately US\$28.6 million, representing an increase of 0.7% from approximately US\$28.4 million recorded in 2016.

Gross profit for the year ended December 31, 2017 amounted to approximately US\$15.9 million, representing an increase of 2.6% from approximately US\$15.5 million recorded in 2016.

Profit attributable to owners of the Company for the year ended December 31, 2017 amounted to approximately US\$1.7 million, representing a decrease of 75.4% from approximately US\$6.9 million in 2016.

Non-IFRS adjusted profit attributable to owners of the Company for the year ended December 31, 2017 amounted to approximately US\$6.5 million, representing a decrease of 14.5% as compared with approximately US\$7.6 million in 2016.

截至二零一七年十二月三十一日止年度的收入約為28.6百萬美元，較二零一六年錄得的約28.4百萬美元增加0.7%。

截至二零一七年十二月三十一日止年度的毛利約為15.9百萬美元，較二零一六年錄得的約15.5百萬美元增加2.6%。

截至二零一七年十二月三十一日止年度本公司擁有人應佔溢利約為1.7百萬美元，較二零一六年約6.9百萬美元減少75.4%。

截至二零一七年十二月三十一日止年度本公司擁有人應佔非國際財務報告準則經調整溢利約為6.5百萬美元，較二零一六年約7.6百萬美元減少14.5%。

FINANCIAL SUMMARY

財務概要

For the Year Ended December 31,

截至十二月三十一日止年度

		2014	2015	2016	2017
		二零一四年	二零一五年	二零一六年	二零一七年
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Revenue	收入	22,776	28,008	28,446	28,621
Gross profit	毛利	19,991	17,969	15,535	15,926
Profit before income tax	除所得稅前溢利	9,147	6,481	8,552	3,982
Income tax expense	所得稅開支	2,082	1,931	1,613	2,255
Profit for the year	年內溢利	7,066	4,550	6,940	1,727
Profit attributable to:	以下應佔溢利：				
Owners of the Company	本公司擁有人	7,502	4,474	6,940	1,727
Non-Controlling interests	非控股權益	(437)	76	–	–
Unaudited adjusted net profit ^{Note}	未經審核經調整純利 ^{附註}	7,350	6,196	7,565	6,516

As at December 31,

於十二月三十一日

		2014	2015	2016	2017
		二零一四年	二零一五年	二零一六年	二零一七年
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Total assets	總資產	29,666	32,212	26,524	63,830
Total liabilities	總負債	17,663	27,782	15,732	13,767
Equity attributable to the owners of the company	本公司擁有人應佔權益	12,604	4,429	10,791	50,063

Note: To supplement our consolidated financial statements which are presented in accordance with IFRS, we also use unaudited adjusted net profit 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. Our unaudited net profit was derived from our profit for the year excluding share-based compensation expenses, listing-related expenses and costs for merger and acquisition, if any.

附註：為補充我們根據國際財務報告準則呈列的合併財務報表，我們亦使用未經審核經調整純利作為額外的財務計量，藉此消除我們認為對我們的業務表現並無指標意義的項目之影響，以評估我們的財務業績。我們的未經審核純利乃根據我們的年內溢利計算得出，而不包括以股份為基礎薪酬開支、上市相關開支及合併和收購成本（如有）。

CHAIRMAN'S STATEMENT

主席報告



Dear Shareholders,

On behalf of the board of directors and the management of Digital Hollywood Interactive Limited, I am pleased to present to you the annual report of the Company and its subsidiaries (the Group) for the year ended 31 December 2017.

OVERVIEW OF THE GROUP

We are a leading global online game publisher for China-based game developers, with fast-growing in-house development capabilities for mobile games. Our mission is to bring engaging, differentiated gameplay experience to users across languages, cultures and borders. We offer compelling value proposition to game developers by helping them penetrate the international markets with one-stop solutions, including game redesign, optimization, marketing, distribution, monetization, payment support and other user-related services.

尊敬的各位股東：

本人謹代表遊萊互動集團有限公司董事會及管理層，欣然向閣下提呈本公司及其附屬公司（本集團）截止二零一七年十二月三十一日止年度年報。

集團概覽

我們是一家為中國的遊戲開發商提供服務的全球領先網絡遊戲發行商，擁有快速增長的手機遊戲自主研發能力。我們的使命是將令人投入的和不一樣的遊戲體驗帶給跨語言、跨文化及跨國界的用戶。我們以一站式的解決方案（遊戲重新設計、優化、營銷、發行、變現、付款支持及其他與用戶有關的服務）幫助遊戲發行商滲透國際市場，為其帶來極具吸引力的價值方案。

CHAIRMAN'S STATEMENT (Continued)

主席報告（續）

We began our business as an international web game publisher and grew quickly to become the No. 1 web game publisher with a market share of 8.9% in terms of revenue generated from publishing web games developed by China-based game developers in the international markets in 2016. In recent years, we strategically expanded our business focuses to develop and launch mobile games by enhancing in-house development capabilities to capture the market opportunity from the fast-growing smartphone users, and our mobile games achieved considerable success in a number of regional markets.

RESULTS OF THE GROUP

- As of December 2017, we launched 27 mobile games (of which 14 are proprietary and 12 are currently in operation) and 25 web games (of which 9 are currently in operation) over the world
- As of December 2017, calculating based on IP addresses we recorded, we had cumulative registered users of approximately 55.2 million located in over 168 countries and regions, including registered web game users of approximately 23.1 million and registered mobile game users of approximately 32.1 million
- As of December 2017, our average active users per month (MAUs) for online games were more than 1.8 million
- In 2017, we launched *Lord of Star*, a mobile game in cross-platform format on Gameroom
- We developed and launched various casual shooting games for iOS and Android platforms and achieved considerable success in a number of regional markets, including Southeast Asia and South America
- *Dragon Awaken*, a recent web game of us was immediately displayed in the recommendations feed of Facebook and Gameroom upon its launch in 2017

本集團以國際網頁遊戲發行商身份開展業務，並迅速發展成為雄踞首位的網頁遊戲發行商（於2016年，就於國際市場發行由中國的遊戲開發商開發的網頁遊戲所產生的收入而言，本集團市場份額是8.9%）。近年來，我們還透過增強自主研發能力有策略地擴大業務重點至開發及發布手機遊戲，以抓住智能手機用戶快速增長帶來的市場機遇，而且我們的手機遊戲也在多個地區市場取得了不錯的成績。

集團成績

- 截止二零一七年十二月，我們已於世界各地發佈27款手機遊戲（其中14個作品為自主研發及12個遊戲目前正在運營）和25款網頁遊戲（其中9個遊戲目前正在運營）
- 截止二零一七年十二月，以我們記錄的IP地址計，我們全球有約5,520萬名位於超過168個國家和地區的累計註冊用戶，包括約2,310萬名網頁遊戲註冊用戶及約3,210萬名手機遊戲註冊用戶
- 截止二零一七年十二月，我們的網絡遊戲的平均每月活躍用戶達到180萬以上
- 二零一七年，我們於Gameroom發布跨平台格式的手機遊戲*Lord of Star*
- 我們開發及發布供iOS及Android平台使用的多種休閒射擊遊戲，都在多個地區市場（包括東南亞和南美洲）取得了靚麗的成績
- 我們近期的網頁遊戲作品*Dragon Awaken*於二零一七年發布不久後，即被Facebook及Gameroom展示於其推薦位置

CHAIRMAN'S STATEMENT (Continued)

主席報告（續）

FINANCIAL PERFORMANCE OF THE GROUP

Revenue of the Group slightly increased by 0.7% from US\$28.4 million for the year ended December 31, 2016 to approximately US\$28.6 million for the year ended December 31, 2017.

Our web-based games revenue slightly increased by 2.9% from approximately US\$10.2 million for the year ended December 31, 2016 to approximately US\$10.5 million for the year ended December 31, 2017. Our mobile game revenue increased by 1.7% from approximately US\$17.4 million for the year ended December 31, 2016 to approximately US\$17.7 million for the year ended December 31, 2017.

PROSPECTS AND STRATEGIES OF THE GROUP

Carrying on its strategising in the HTML5 game sector in 2017, in 2018, the Company will launch a number of HTML5 game products including *Puzzle and Heroes*, an English casual game, on international official platforms such as Facebook Messenger. The Company will also build and launch a globalised HTML5 game distribution platform on our own to continue our undertakings in the emerging HTML5 game sector.

In the traditional web game sector, the Company will focus on the two major offerings of MMORPGs and casual tournament games globally, striving to make greater breakthroughs in terms of the number of users and revenue from game operations.

In addition, on the basis of consolidating its global distribution, the Company will step up its efforts in Southeast Asia, Latin America and other regions with a rapid growth in population and economy to expand local game markets.

APPRECIATION

On behalf of the board of directors, I would like to take this opportunity to thank the management of the Group and all our staff for their hard work over the past year. I would also like to extend my sincere gratitude to our shareholders, business partners and stakeholders for their continued support.

LU Yuanfeng

Chairman and Chief Executive Officer

Hong Kong, March 28, 2018

集團財務表現

本集團的收入從截至二零一六年十二月三十一日年度的約28.4百萬美元稍微上升0.7%至截至二零一七年十二月三十一日止年度的約28.6百萬美元。

本集團的網頁遊戲收入從截至二零一六年十二月三十一日年度的約10.2百萬美元稍微上升2.9%至截至二零一七年十二月三十一日止年度的約10.5百萬美元；手機遊戲收入從截至二零一六年十二月三十一日年度的約17.4百萬美元增加1.7%至截至二零一七年十二月三十一日止年度的約17.7百萬美元。

集團展望及策略

承接二零一七年在HTML5領域的佈局，在二零一八年，公司將會推出包括英語休閒遊戲*Puzzle and Heroes*在內的多款HTML5遊戲產品，登陸Facebook Messenger等國際官方平台外，還將自主搭建並上線全球化HTML5遊戲分發平台，繼續深耕新興的HTML5遊戲領域。

在傳統網頁遊戲手機遊戲領域，公司將於全球範圍內專注MMORPG及休閒競技遊戲兩大品類，力爭在用戶數量及遊戲運營收入上得到更大的突破。

另外，在鞏固公司全球發行的基礎上，公司將會在東南亞，拉丁美洲地區等人口、經濟增長快速的市場加大開拓力度，進一步拓展當地遊戲市場。

致謝

本人謹代表董事會借此機會，感謝本集團管理層成員及全體員工過去一年的辛勤付出。本人亦對我們的股東，合作伙伴及利益相關者的繼續支持致以摯誠謝意。

陸源峰

主席兼首席執行官

香港，二零一八年三月二十八日

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層資料

Below are the brief profiles of the current Directors and senior management of the Group.

以下為本集團現任董事及高級管理層的簡要資料。

DIRECTORS

The Board currently comprises seven Directors, of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors. The following table sets forth information regarding the Directors.

董事

董事會現時由七名董事組成，包括三名執行董事、一名非執行董事及三名獨立非執行董事。下表載列有關董事的資料。

Name 姓名	Age 年齡	Position 職位	Date of Appointment as Director 獲委任為董事的日期
Executive Directors 執行董事			
Mr. LU Yuanfeng 陸源峰先生	38	Chairman, executive Director and chief executive officer	November 24, 2014 二零一四年十一月二十四日
Mr. HUANG Guozhan 黃國湛先生	38	Executive Director and chief operating officer	November 2, 2015 二零一五年十一月二日
Mr. HUANG Deqiang 黃德強先生	44	Executive Director and chief technology officer	June 28, 2017 二零一七年六月二十八日
Non-executive Director 非執行董事			
Mr. MENG Shuqi 孟書奇先生	39	Non-executive Director	November 2, 2015 二零一五年十一月二日
Independent non-executive Directors 獨立非執行董事			
Mr. Darren Raymond SHAW 邵在純先生	52	Independent non-executive Director	November 24, 2017 二零一七年十一月二十四日
Mr. LI Yi Wen 李毅文先生	47	Independent non-executive Director	November 24, 2017 二零一七年十一月二十四日
Ms. Imma LING Kit-sum 凌潔心女士	63	Independent non-executive Director	November 24, 2017 二零一七年十一月二十四日

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料（續）

EXECUTIVE DIRECTORS

Mr. LU Yuanfeng, aged 38, is an executive Director, our chief executive officer and the chairman of our Board. Mr. LU is mainly responsible for the overall development, operation and management of the Company. Mr. LU founded our Group in June 2010 and was appointed as an executive Director on November 24, 2014. He also serves as a director of Proficient City, Angame, Hollywood BVI, Hollywood HK and Guangzhou You Lai.

Mr. LU has over 15 years' experience in the game industry.

Prior to founding our Group, Mr. LU founded Guangzhou Blue Power Digital Technology Company Limited ("Guangzhou Blue Power") which is primarily engaged in software development in May 2001 and served as its chief executive officer from 2004 to January 2011, mainly responsible for development, publication and operation of various games. From June 2001 to February 2004, Mr. LU served in various positions up to the chief editor of the game channel at 21.com operated by 21CN Corporation Limited which is primarily engaged in the provision of information technology services.

Mr. LU graduated from Guangdong University of Technology with a bachelor degree in architectural engineering on June 30, 2001.

Mr. HUANG Guozhan, aged 38, is an executive Director and our chief operating officer. Mr. HUANG is responsible for the operation and marketing of the Company. Mr. HUANG joined our Group in June 2010 and was appointed as an executive Director on November 2, 2015. He also serves as a director of Now To Play Game, Beijing You Tang, Guangzhou SYND and Beijing You Lai.

Mr. HUANG has over 10 years' experience in the game industry.

Prior to joining our Group, Mr. HUANG served as a video game operation and planning officer at Guangzhou Blue Power from January 2006 to January 2011. From February 2003 to January 2006, he served as a radio host at Guangzhou Sheng Se Chuan Bo Entertainment and Production Co., Ltd. which is primarily engaged in installation services of stage lighting and audio equipment and cultural communication, mainly responsible for hosting and planning radio programs.

Mr. HUANG graduated from Guangdong University of Technology with a bachelor degree in architectural engineering on June 30, 2002. Mr. HUANG obtained a certificate as a host issued by the State Administration of Radio, Film and Television on February 12, 2005.

執行董事

陸源峰先生，38歲，為執行董事、首席執行官及董事會主席。陸先生主要負責本公司的整體發展、營運及管理。陸先生於二零一零年六月創立本集團，並於二零一四年十一月二十四日獲委任為執行董事。彼亦擔任Proficient City、Angame、Hollywood BVI、Hollywood HK及廣州遊萊的董事。

陸先生於遊戲行業有超過15年經驗。

於創立本集團前，陸先生於二零零一年五月創立廣州市藍色動力數碼科技有限公司（「廣州藍色動力」，主要從事軟件開發），並於二零零四年至二零一一年一月任職其首席執行官，主要負責各種遊戲的開發、發行及營運。於二零零一年六月至二零零四年二月，陸先生曾於世紀龍信息網絡有限責任公司（主要從事提供資訊科技服務）營運的21.com擔任多個不同職位直至晉升為遊戲頻道總編輯。

陸先生於二零零一年六月三十日畢業於廣東工業大學，獲得建築工程學士學位。

黃國湛先生，38歲，為執行董事及首席運營官。黃先生負責本公司的營運及營銷。黃先生於二零一零年六月加入本集團，並於二零一五年十一月二日獲委任為執行董事。彼亦擔任Now To Play Game、北京遊堂、廣州歲月年代及北京遊萊的董事。

黃先生於遊戲行業有超過10年經驗。

於加入本集團前，黃先生於二零零六年一月至二零一一年一月於廣州藍色動力任職影像遊戲營運及策劃主任。於二零零三年二月至二零零六年一月，彼於廣州聲色傳播娛樂製作有限公司（主要從事舞台燈光及音響設備安裝服務以及文化通訊）任職電台主持，主要負責主持及策劃電台節目。

黃先生於二零零二年六月三十日畢業於廣東工業大學，獲得建築工程學士學位。黃先生於二零零五年二月十二日獲得由國家廣播電影電視總局發出的主持證書。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料（續）

Mr. HUANG Deqiang, aged 44, is an executive Director and our chief technology officer. Mr. HUANG is responsible for developing information technology and managing the research and development of the Company. Mr. HUANG joined our Group in June 2010 and was appointed as an executive Director and the chief technology officer on June 28, 2017.

Mr. HUANG has over 10 years' experience in the game industry.

Prior to joining our Group, Mr. HUANG served as the manager of the technology department of Guangzhou Blue Power from October 2004 to January 2011.

Mr. HUANG graduated from Guangdong Financial and Trade Cadre Academy with a college degree in financial management in July 1997. He was enrolled in Aptech Certified Computer Professional, an IT career program taught by Aptech Beida Jade Bird, from December 2001 to June 2003. Mr. HUANG obtained a national certificate as an intermediate programmer and a national certificate as a software engineer in December 2002 and June 2003, respectively, both issued by the Ministry of Labor and Social Security of the People's Republic of China (now known as the Ministry of Human Resources and Social Security of the People's Republic of China). In August 2003, he was also certified as a Sun Certified Programmer by Sun Microsystems, Inc..

NON-EXECUTIVE DIRECTOR

Mr. MENG Shuqi, aged 39, is a non-executive Director of our Company. Mr. MENG is responsible for providing business guidance in relation to the game industry to our Group. He was appointed as a non-executive Director on November 2, 2015. Mr. MENG has approximately 10 years' experience in the information technology industry. Mr. MENG has been the chairman of the board of director and the chief executive officer of 7Road since January 2015, mainly responsible for its overall management. He served as the chief operating officer of 7Road from June 2009 to May 2014. From May 2004 to October 2006, he served as a business manager in A8 Music Group, which is primarily engaged in value-added telecommunication service.

黃德強先生，44歲，為執行董事及首席技術官。黃先生負責本公司的資訊科技開發及研發管理。黃先生於二零一零年六月加入本集團，並於二零一七年六月二十八日獲委任為執行董事及首席技術官。

黃先生於遊戲行業有超過10年經驗。

於加入本集團前，黃先生於二零零四年十月至二零一一年一月於廣州藍色動力任職技術部經理。

黃先生於一九九七年七月畢業於廣東省財貿管理幹部學院，獲得財務管理大專學位。彼於二零零一年十二月至二零零三年六月修讀Aptech Certified Computer Professional 課程（由Aptech Beida Jade Bird教授的資訊科技職業規劃項目）。黃先生分別於二零零二年十二月及二零零三年六月取得中級程式員國家證書及軟件工程師國家證書，兩者均由中華人民共和國勞動和社會保障部（現稱中華人民共和國人力資源和社會保障部）發出。於二零零三年八月，彼亦獲太陽微系統公司認證為昇陽認證程式員。

非執行董事

孟書奇先生，39歲，為本公司的非執行董事。孟先生負責向本集團提供有關遊戲行業的業務指引。彼於二零一五年十一月二日獲委任為非執行董事。孟先生於資訊科技行業有約10年經驗。孟先生自二零一五年一月起擔任第七大道的董事會主席及首席執行官，主要負責其整體管理。彼於二零零九年六月至二零一四年五月擔任第七大道的首席運營官。於二零零四年五月至二零零六年十月，彼任職A8音樂集團（主要從事電訊增值服務）業務經理。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料 (續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Darren Raymond SHAW, aged 52, is an independent non-executive Director of our Company. Mr. SHAW was appointed as an independent non-executive Director on November 24, 2017.

Mr. SHAW has been involved in the TMT business sector for over 13 years. Mr. SHAW served as the executive chairman of Pacific Media Plc from 2004 to 2006, a UK-listed online and TV home shopping enterprise with operations in Greater China. From 2011 to 2014, he was a director of Shaw Brothers (Hong Kong) Limited (currently known as Clear Water Bay Land Company Limited), which is primarily engaged in the production and distribution of films. Mr. SHAW has been an adviser to Red Bee Media (formally the broadcasting arm of the British Broadcasting Corporation). He is currently a member of the Hong Kong advisory board of the British Academy of Film and Television Arts (BAFTA).

Mr. SHAW graduated in economics from University College London of University of London in 1987.

Mr. Li Yi Wen, aged 47, is an independent non-executive Director of our Company. Mr. LI was appointed as an independent non-executive Director on November 24, 2017.

Mr. LI has over 10 years' experience in the information technology industry.

Mr. LI serves as a director of Ningbo Lehui International Engineering Equipment Co., Ltd. which is primarily engaged in development, manufacturing of industrial equipment since March 2016. He also serves as a director of Aleo BME, Inc. which is primarily engaged in biotechnology research and development since January 2016. From January 2011 to October 2013, he served as a director, chief financial supervisor and secretary of the board at Guiyang Longmaster Information & Technology Co., Ltd., a company listed on the Shenzhen Stock Exchange (stock code: 300288) which is primarily engaged in wireless games and Internet medical service. He served as the general manager of Sina Net Technology (China) Co., Ltd. which is primarily engaged in wireless games and deputy manager of Guangzhou Xunlong Technology Co., Ltd. which is primarily engaged in wireless games from October 2002 to February 2004 and June 2001 to October 2002, respectively.

獨立非執行董事

邵在純先生，52歲，為本公司的獨立非執行董事。邵先生於二零一七年十一月二十四日獲委任為獨立非執行董事。

邵先生參與科技、媒體及電訊業務超過13年。邵先生於二零零四年至二零零六年擔任Pacific Media Plc（一家英國上市的家居網上及電視購物企業，於大中華區設有業務）的執行主席。於二零一一年至二零一四年，彼擔任邵氏兄弟（香港）有限公司（現稱清水灣土地有限公司，主要從事電影製作及發行）的董事。邵先生為Red Bee Media（前為英國廣播公司的廣播部門）的顧問。彼目前為英國電影電視藝術學院(BAFTA)的香港顧問委員會成員。

邵先生於一九八七年於倫敦大學的倫敦大學學院經濟系畢業。

李毅文先生，47歲，為本公司的獨立非執行董事。李先生於二零一七年十一月二十四日獲委任為獨立非執行董事。

李先生於資訊科技行業有超過10年經驗。

李先生自二零一六年三月起擔任寧波樂惠國際工程裝備股份有限公司（主要從事工業設備研發及製造）的董事。彼亦自二零一六年一月起擔任Aleo BME, Inc.（主要從事生物科技研發）的董事。於二零一一年一月至二零一三年十月，彼於貴陽朗瑪信息技術股份有限公司（一家於深圳證券交易所上市的公司（股份代號：300288），主要從事無線遊戲及互聯網醫療服務）擔任董事、財務總監及董事會秘書。彼於二零零二年十月至二零零四年二月及於二零零一年六月至二零零二年十月分別擔任新浪網技術（中國）有限公司（主要從事無線遊戲）的總經理及廣州市訊龍科技有限公司（主要從事無線遊戲）的副經理。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料（續）

Ms. Imma LING Kit-sum, aged 63, is an independent non-executive Director of our Company. Ms. LING was appointed as an independent non-executive Director on November 24, 2017.

Ms. LING has over 30 years' experience in the auditing industry, and retired as a partner in PricewaterhouseCoopers in June 2013. Ms. LING has served as a Council member of The Education University of Hong Kong since April 2015, a board member of Estate Agents Authority since November 2015, an Executive Committee member of Hong Kong Youth Hostels Association since May 2001 and a Council member of The Hong Kong Federation of Youth Groups since October 2014. Ms. LING has also served as a member of Hospital Governing Committee of Hospital Authority since April 2015 and a member of Appeal Board Panel (Town Planning) since October 2016. She also served as a member of The Employees Compensation Assistance Fund Board from July 2006 to June 2012.

Ms. LING is a certified public accountant and a member of Hong Kong Institute of Certified Public Accountants, Association of Chartered Certified Accountants, Chartered Professional Accountants, Canada and Chartered Institute of Management Accountants. She is an Accredited General Mediator of Hong Kong Mediation Accreditation Association Limited. Ms. LING is also a member of Auditing and Assurance Standards Working Committee of the Association of Hong Kong Accountants, a member of Professional Development Committee of Hong Kong Business Accountants Association and an executive committee member of Regulatory Committee of The Hong Kong Independent Non-Executive Director Association. Ms. LING was awarded as an Outstanding Accountant Ambassador by Hong Kong Institute of Certified Public Accountants in 2003.

Ms. LING studied accountancy diploma course at The Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) and graduated in 1977. She received a master degree in corporate governance and directorship from Hong Kong Baptist University in 2014.

凌潔心女士，63歲，為本公司的獨立非執行董事。凌女士於二零一七年十一月二十四日獲委任為獨立非執行董事。

凌女士於審計行業有超過30年經驗，並於二零一三年六月退任羅兵咸永道會計師事務所合夥人。凌女士自二零一五年四月起擔任香港教育大學校董會成員，自二零一五年十一月起擔任地產代理監管局董事局成員，自二零一一年五月起擔任香港青年旅舍協會執行委員會成員及自二零一四年十月起擔任香港青年協會理事會委員。凌女士亦自二零一五年四月起擔任醫院管治委員會成員及自二零一六年十月起擔任上訴委員會（城市規劃）成員。彼亦於二零零六年七月至二零一二年六月擔任僱員補償援助基金管理局成員。

凌女士為執業會計師，以及香港會計師公會、英國特許公認會計師公會、加拿大特許專業會計師協會及英國特許管理會計師公會的會員。彼為香港調解資歷評審協會有限公司的認可綜合調解員。凌女士亦為香港會計師專業協會核數與核證準則委員會成員、香港商界會計師協會專業發展委員會成員，以及香港獨立非執行董事協會法規委員會的執行委員會成員。於二零零三年，凌女士獲香港會計師公會選為傑出會計師大使。

凌女士於香港理工學院（現稱香港理工大學）修讀會計文憑課程，並於一九七七年畢業。彼於二零一四年於香港浸會大學取得公司管治及董事學碩士學位。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料（續）

SENIOR MANAGEMENT

Mr. LU Yuanfeng, see “— Executive Directors” for details.

Mr. HUANG Guozhan, see “— Executive Directors” for details.

Mr. HUANG Deqiang, see “— Executive Directors” for details.

Mr. LIU Jiahua, aged 37, joined our Group as our chief financial officer on March 21, 2014. He is primarily responsible for the investment and the overall management of the finance of our Group. He also serves as the chief financial officer at Proficient City since March 2014.

Mr. LIU has over 10 years of experience in the field of financial management.

Mr. LIU served as the finance controller at Moonbasa E-commerce Group which is primarily engaged in the online sales of women apparels from September 2010 to March 2014. From April 2009 to August 2010, he served as a financial director at China Nepstar Chain Drugstore Ltd. which is primarily engaged in pharmaceutical retail, a company previously listed on the New York Stock Exchange (stock code: NPD). From November 2004 to February 2009, Mr. LIU served in PricewaterhouseCoopers Zhong Tian LLP.

Mr. LIU graduated from Sun Yat-sen University with a bachelor degree in international finance on June 24, 2003.

高級管理層

陸源峰先生，詳情見「一執行董事」。

黃國湛先生，詳情見「一執行董事」。

黃德強先生，詳情見「一執行董事」。

劉嘉華先生，37歲，於二零一四年三月二十一日加入本集團擔任首席財務官。彼主要負責本集團的投資及整體財務管理。彼亦自二零一四年三月起於Proficient City擔任首席財務官。

劉先生於財務管理領域有逾10年經驗。

劉先生於二零一零年九月至二零一四年三月於夢芭莎電子商務集團（主要從事網上銷售女性服裝）擔任財務總監。於二零零九年四月至二零一零年八月，彼於中國海王星辰連鎖藥店有限公司（一家曾於紐約證券交易所上市的公司（股份代號：NPD），主要從事藥品零售）擔任財務總監。於二零零四年十一月至二零零九年二月，劉先生於普華永道中天會計師事務所任職。

劉先生於二零零三年六月二十四日畢業於中山大學，獲得國際金融學士學位。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT (Continued)

董事及高級管理層資料（續）

Mr. SHI Lijia, aged 34, joined our Group as a vice president on August 17, 2015. He is primarily responsible for the overall management of the research and development of the Group.

Mr. SHI has over 7 years of experience in the game industry.

Prior to joining our Group, Mr. SHI served as the game producer in 7Road which is one of our game developer partners from March 2010 to April 2015, mainly responsible for game development and general administration.

Mr. SHI graduated from Lanzhou University with a bachelor degree in Information and Computing Sciences in 2007.

Mr. CHEN Yangzhao, aged 40, was appointed as our vice president on July 1, 2015. He is primarily responsible for the overall operation and management of our Group.

Mr. CHEN has over 15 years' experience in technology and software engineering of game industry.

Prior to joining our Group, Mr. CHEN served as the technology manager of Guangzhou Tianya Internet Technology Co., Ltd. which is primarily engaged in software development from January 2009 to March 2010. He served from a platform development team member to a senior developer at Beijing Bokee Net Information Technology Co., Ltd. which is primarily engaged in technology service from October 2005 to November 2008. He served as the senior software engineer at Guangzhou Ruixun Computer Technology Co., Ltd. which is primarily engaged in development and manufacture of computers' hardware and software from September 2002. He briefly served as a software engineer at Asiainfo Technologies (China) Inc., a Nasdaq-listed company (stock code: ASIA) which is primarily engaged in development of network system from April 2002. Mr. CHEN started his career in July 2002 with Guangdong Xiantong Digital Technology Co., Ltd. as a software engineer.

Mr. CHEN graduated from South China University of Technology with a bachelor degree in computer science and technology on July 1, 2001.

石立家先生，34歲，於二零一五年八月十七日加入本集團擔任副總裁。彼主要負責本集團的整體研發管理。

石先生在遊戲行業擁有逾7年經驗。

於加入本集團前，石先生擔任第七大道的遊戲製作人。該公司為我們於二零一零年三月至二零一五年四月的遊戲開發商夥伴之一。石先生主要負責遊戲開發及一般行政管理。

石先生於二零零七年畢業於蘭州大學，獲信息與計算科學學士學位。

陳陽照先生，40歲，於二零一五年七月一日獲委任為副總裁。彼主要負責本集團的整體營運及管理。

陳先生於遊戲技術及軟件工程行業有逾15年經驗。

加入本集團前，陳先生於二零零九年一月至二零一零年三月擔任廣州天涯網絡科技有限公司（主要從事軟件開發）的技術經理。彼於二零零五年十月至二零零八年十一月擔任北京博客網信息技術有限公司（主要從事技術服務）一名高級開發師的平台開發團隊成員。彼自二零零二年九月起擔任廣州銳訊計算機科技有限公司（主要從事開發及生產電腦硬件及軟件）的高級軟件工程師。彼自二零零二年四月起曾短暫擔任亞信科技（中國）有限公司（一家納斯達克上市公司（股份代號：ASIA），主要從事開發網絡系統）的軟件工程師。陳先生於二零零二年七月開始其職業生涯，在廣州仙童數碼科技有限公司擔任軟件工程師。

陳先生於二零零一年七月一日畢業於華南理工大學，獲得計算機科學與技術學士學位。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

In spite of the fierce competition in the game industry, all our key financial and operating indicators for the year ended December 31, 2017 were basically satisfactory as compared with the corresponding period in 2016. Revenue of the Group slightly increased by 0.7% from US\$28.4 million for the year ended December 31, 2016 to approximately US\$28.6 million for the year ended December 31, 2017, of which, our web-based games revenue slightly increased by 2.9% from approximately US\$10.2 million for the year ended December 31, 2016 to approximately US\$10.5 million for the year ended December 31, 2017; our mobile game revenue increased by 1.7% from approximately US\$17.4 million for the year ended December 31, 2016 to approximately US\$17.7 million for the year ended December 31, 2017; our non-game revenue declined by 50% from approximately US\$0.8 million for the year ended December 31, 2016 to approximately US\$0.4 million for the year ended December 31, 2017. Our profit attributable to owners of the Company declined by 75.4% to approximately US\$1.7 million for the year ended December 31, 2017 from approximately US\$6.9 million for the year ended December 31, 2016. Our non-IFRS adjusted profit attributable to owners of the Company declined by 14.5% to approximately US\$6.5 million for the year ended December 31, 2017 from approximately US\$7.6 million for the year ended December 31, 2016. At the same time, our active users per month (MAUs) increased by 38.5% from approximately 1.3 million for the year ended December 31, 2016 to approximately 1.8 million for the year ended December 31, 2017; our paying users per month (MPUs) increased by 8.5% from 76,330 for the year ended December 31, 2016 to 82,797 for the year ended December 31, 2017; our average revenue per month per paying user (ARPPU) declined by 6.7% from US\$30.0 for the year ended December 31, 2016 to US\$28.0 for the year ended December 31, 2017.

In 2017, Digital Hollywood continued to engage in the research and development and distribution of games and achieved outstanding results.

In 2017, the Company launched four web game products and four mobile game products (including one HTML5 game) online in language versions covering Chinese, English, Spanish, Portuguese and Turkish, establishing a presence in the global market. The Company's long-running games were also recognised by global official platforms, of which, *Omega Zodiac* and *Dragon Awaken*, licensed web game products distributed by Digital Hollywood, were successively recommended by Facebook and Gameroom in 2017, and *Dragon Awaken* was even strongly recommended by Facebook officially on a global scale.

業務回顧

儘管遊戲行業競爭非常激烈，相比二零一六年同期，我們於截至二零一七年十二月三十一日止年度的所有主要財務及經營指標基本令人滿意，本集團的收入從截至二零一六年十二月三十一日年度的約28.4百萬美元稍微上升0.7%至截至二零一七年十二月三十一日止年度的約28.6百萬美元。其中，網頁遊戲收入從截至二零一六年十二月三十一日年度的約10.2百萬美元稍微上升2.9%至截至二零一七年十二月三十一日止年度的約10.5百萬美元；手機遊戲收入從截至二零一六年十二月三十一日年度的約17.4百萬美元增加1.7%至截至二零一七年十二月三十一日止年度的約17.7百萬美元；非遊戲收入從截至二零一六年十二月三十一日年度的約0.8百萬美元下降50%至截至二零一七年十二月三十一日止年度的約0.4百萬美元。本公司擁有人應佔溢利從截至二零一六年十二月三十一日年度的約6.9百萬美元下降75.4%至截至二零一七年十二月三十一日止年度的約1.7百萬美元。本公司擁有人應佔非國際財務報告準則經調整溢利從截至二零一六年十二月三十一日止年度的約7.6百萬美元下降14.5%至截至二零一七年十二月三十一日止年度的約6.5百萬美元。同時，每月活躍用戶從截至二零一六年十二月三十一日止年度的1.3百萬名增加38.5%至截至二零一七年十二月三十一日止年度的1.8百萬名；每月付費用戶從截至二零一六年十二月三十一日止年度的76,330名增加8.5%至截至二零一七年十二月三十一日止年度的82,797名；付費用戶月均收入從截至二零一六年十二月三十一日止年度的30.0美元減少6.7%至截至二零一七年十二月三十一日止年度的28.0美元。

遊萊互動二零一七年遊戲的研發與發行工作繼續並駕齊驅，成績斐然。

公司在二零一七年新上線網頁遊戲產品4個、手機遊戲產品4個（包括HTML5遊戲1個），語言版本囊括中文、英語、西班牙語、葡萄牙語及土耳其語，輻射全球市場。公司長期運營的遊戲也深受全球官方平台認可，其中由遊萊互動代理發行的網頁遊戲產品*Omega Zodiac*及*Dragon Awaken*在2017年先後獲Facebook Gameroom推薦，*Dragon Awaken*更是獲得Facebook官方在全球範圍內的大力推薦。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

In addition, the Company continued to operate its proprietary products worldwide. In 2017, *DDTank Brasil*, *MMOG DDTank*, *BOOMZ DDTank* and *Gunny Mobi*, proprietary products of the Company, were repeatedly recommended by Google and Apple Store in countries including Brazil, Singapore, Malaysia, Thailand and Vietnam, of which *Gunny Mobi* ranked top amongst free games on Vietnam's App Store in July 2017.

In addition to web games and mobile games, in 2017, the Company distributed a HTML5 game product to *Wulin Community* in the South East Asian region, which was the Company's first appearance in the HTML5 game sector.

INDUSTRY OUTLOOK AND GROUP STRATEGIES

Please refer to the section headed "Chairman's Statement – Prospects and strategies of the Group" in this annual report for the industry outlook and Group strategies.

PRINCIPAL RISKS AND UNCERTAINTIES

Our operations and prospects and future financial results involve, and could be materially and adversely affected by, certain risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- A small number of games have contributed a substantial majority of our revenue.
- We work with game distribution platforms to distribute our games, and our business may be materially and adversely affected if they breach their contractual obligations, or if we fail to maintain relationships with a sufficient number of platforms, or if the platforms lose popularity among Internet users.
- Our growth prospects will suffer if we are unable to successfully implement our game development strategies on mobile games.
- Our businesses rely on our data analysis capabilities, any impact on which would materially and adversely affect our ability to formulate appropriate business strategies.
- Our steady growth during the past years may not be indicative of our future growth, and our limited operating history makes it difficult to evaluate our growth prospects and future financial results.

除此之外，公司自研產品在全球範圍內繼續運營，二零一七年公司自研遊戲*DDTank Brasil*、*MMOG DDTank*、*BOOMZ DDTank*以及*Gunny Mobi*在巴西、新馬、泰國、越南等地獲得谷歌及蘋果商店多次推薦，其中，*Gunny Mobi*更是在二零一七年七月榮登越南App Store遊戲免費榜榜首。

除了網頁遊戲及手機遊戲，二零一七年，遊萊互動在東南亞地區發行HTML5遊戲產品*放置武林*，成為公司在HTML5領域的首次亮相。

行業前景及集團策略

有關行業前景及集團策略，請參閱本年報「主席報告 – 集團展望及策略」一節。

主要風險及不明朗因素

我們的營運及前景以及未來財務業績涉及若干風險，該等風險或會對我們的營運及前景以及未來財務業績造成重大不利影響，以下載列本集團面臨的主要風險摘要（並非全面）：

- 我們絕大部分收入是由少數遊戲貢獻。
- 我們與遊戲發行渠道合作發行遊戲，倘彼等違反其合約責任，或倘我們未能與足夠數目的平台維持關係，或倘有關平台在互聯網用戶中失去人氣，則我們的業務可能受到重大不利影響。
- 倘我們無法順利實施於手機遊戲方面的遊戲開發策略，我們的增長前景將受到影響。
- 我們的業務依賴數據分析能力，若這方面受到任何影響均會對我們制定合適業務策略的能力造成重大不利影響。
- 我們於過去多年的穩定增長不能作為未來增長的指標，我們的經營歷史有限，因而難以評估我們的增長前景及未來財務業績。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析（續）

- If we fail to successfully execute our growth strategies, including launching games of new genres, themes or operating formats and investing in new technologies, our future results of operations and growth prospects may be materially and adversely affected.

To mitigate the identified risks, the Company improves its management capability and adaptability and further ensures the realisation of the business objectives and sustainable growth. We aim at implementing the following strategies to further capture players and enhance profitability of our games:

- Our growth also depends on our ability to continuously launch new games that attract and retain a significant number of users, in order to grow our revenue and maintain our competitive position.
- We strengthen our relationships with major international game publishing and distribution partners to expand the reach of our games to new countries and regions.
- We further strengthen and expand our mobile games portfolio by developing additional high-quality mobile games, and offer more mobile specific value-adding features to enrich users' game experience on mobile devices.
- Our team members can utilise our various data analysis engines to collect and store all user behavior data in a timely manner.
- We manage our expanding business, continue to offer new games and enhance our existing games, maintain and expand our collaboration with game distribution platforms, anticipate and adapt to evolving user interests, industry trends and market conditions.
- We have expanded our product offerings to attract a demographically diverse user community and will continue to identify new genres with high monetization potential from game developers, meanwhile we actively enhance our in-house research and development capabilities.

- 倘我們未能成功執行增長策略，包括發佈新種類、主題或操作格式的遊戲及投資於新技術，我們的未來經營業績及增長前景或會受到重大不利影響。

本公司通過改善其管理能力及適應能力以降低已識別風險及進一步確保實現業務目標及可持續增長。我們旨在實施以下策略以進一步吸引玩家並增加我們遊戲帶來的收益：

- 我們的增長亦取決於我們能否不斷發佈可吸引及留住大量用戶的新遊戲，以增加收入及保持具競爭力的地位。
- 鞏固與國際主要遊戲發行及分銷合作方的關係以將我們的遊戲擴展至新的國家及地區。
- 透過開發新增優質手機遊戲進一步增強及擴張我們的手機遊戲組合，提供更多手機特色增值功能以豐富移動設備的用戶遊戲體驗。
- 我們各團隊可以利用各類數據分析引擎及時地收集並儲存所有用戶行為數據。
- 管理我們不斷拓展的業務，繼續提供新遊戲及增強先有遊戲，保持及擴大我們與遊戲開發渠道的合作，預測及適應不斷演變的用戶興趣、行業趨勢及市場狀況。
- 我們已擴大產品種類以吸引多遠結構的用戶社群，並繼續從遊戲開發商物色高變現潛力的新種類，自身亦積極提升自主研發能力。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

FINANCIAL REVIEW

Overview

In 2017, profit attributable to owners of the Company amounted to approximately US\$1.7 million, representing a decrease of approximately US\$5.2 million from 2016. Non-IFRS adjusted profit⁽¹⁾ attributable to owners of the Company amounted to approximately US\$6.5 million, representing a decrease of approximately US\$1.1 million as compared with approximately US\$7.6 million in 2016.

Revenue

In 2017, revenue of the Group amounted to approximately US\$28.6 million, representing a slight increase of approximately US\$0.2 million or 0.7% as compared with approximately US\$28.4 million in 2016. The slight increase was due to the increase in game revenue.

In 2017, the revenue from web-based games amounted to approximately US\$10.5 million, representing a slight increase of approximately US\$0.3 million or 2.9% as compared with approximately US\$10.2 million in 2016. Mobile games revenue increased by 1.7% from approximately US\$17.4 million for the year ended December 31, 2016 to approximately US\$17.7 million for the year ended December 31, 2017. Other revenue amounted to approximately US\$0.4 million in 2017, representing a decrease of approximately US\$0.4 million or 50% as compared with approximately US\$0.8 million in 2016.

Cost of Revenue and Gross Profit Margin

In 2017, cost of revenue of the Group amounted to approximately US\$12.7 million, representing a decrease of approximately US\$0.2 million or 1.6% as compared with US\$12.9 million in 2016. The resulting gross profit margin increased to 56% in 2017 from 55% in 2016.

財務回顧

概覽

於二零一七年，本公司擁有人應佔溢利約為1.7百萬美元，較二零一六年減少了約5.2百萬美元。本公司擁有人應佔非國際財務報告準則經調整溢利⁽¹⁾約為6.5百萬美元，較二零一六年的約7.6百萬美元減少約1.1百萬美元。

收入

於二零一七年，本集團收入為28.6百萬美元，較二零一六年的約28.4百萬美元輕微增加約0.2百萬美元或0.7%。收入輕微增加，是由於遊戲收入增加所致。

於二零一七年，來自網頁遊戲的收入約為10.5百萬美元，較二零一六年的約10.2百萬美元輕微增加約0.3百萬美元或2.9%。手機遊戲收入由截至二零一六年十二月三十一日止年度的約17.4百萬美元，增加1.7%至截至二零一七年十二月三十一日止年度的約17.7百萬美元。於二零一七年的其他收入約為0.4百萬美元，較二零一六年的約0.8百萬美元減少約0.4百萬美元或50%。

收入成本及毛利率

於二零一七年，本集團的成本約為12.7百萬美元，較二零一六年的約12.9百萬美元減少約0.2百萬美元或1.6%。毛利率則由二零一六年的55%上升至二零一七年的56%。

⁽¹⁾ Non-IFRS adjusted profit attributable to owners of the Company was derived from the profit for the year excluding listing expenses for the IPO.

⁽¹⁾ 本公司擁有人應佔非國際財務報告準則經調整溢利乃從年內溢利計算得出，不包括有關本公司的首次公開發售的上市開支。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

Other (losses)/gains, net

In 2017, other losses of the Group amounted to approximately US\$0.5 million, representing a decrease of approximately US\$1.5 million or 150% as compared with other gain amounted to approximately US\$1.0 million in 2016. This was primarily due to foreign exchange losses for transactions conducted in currencies appreciated against USD.

Selling and Marketing Expenses

In 2017, selling and marketing expenses of the Group amounted to approximately US\$3.4 million, representing an increase of approximately US\$0.1 million or 3% from approximately US\$3.3 million in 2016. The increase in selling and marketing expenses for the year under review was mainly due to the launch of new games and more advertising activities.

Administrative Expenses

In 2017, administrative expenses of the Group amounted to approximately US\$7.5 million, representing an increase of approximately US\$4.1 million or 120.6% compared with approximately US\$3.4 million in 2016. The increase in administrative expenses for the year under review was mainly due to listing expenses of USD4.8 million incurred for the IPO.

Research and Development Expenses

In 2017, research and development expenses of the Group amounted to approximately US\$0.5 million, representing a decrease of approximately US\$0.7 million or 58.3% compared with approximately US\$1.2 million in 2016. The decrease in research and development expenses for the year under review was mainly due to improved efficiency and our greater control over the research process.

其他 (虧損) / 收益淨額

於二零一七年，本集團的其他虧損約為0.5百萬美元，較二零一六年的其他收益約1.0百萬美元減少約1.5百萬美元或150%。主要由於進行交易的貨幣兌美元升值而引致匯兌虧損。

銷售及營銷開支

於二零一七年，本集團的銷售及營銷開支約為3.4百萬美元，較二零一六年的約3.3百萬美元增加約0.1百萬美元或3%。回顧年度內銷售及營銷開支增加，主要由於推出新遊戲及有更多廣告活動所致。

行政開支

於二零一七年，本集團的行政開支約為7.5百萬美元，較二零一六年的約3.4百萬美元增加約4.1百萬美元或120.6%。回顧年度內行政開支增加，主要由於有關首次公開發售的上市開支4.8百萬美元所致。

研發開支

於二零一七年，本集團的研發開支約為0.5百萬美元，較二零一六年的約1.2百萬美元減少約0.7百萬美元或58.3%。回顧年度內研發開支減少，主要由於我們的效率改善及對研究程序加強控制所致。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

Profit Attributable to Owners of the Company

In 2017, profit attributable to owners of the Company amounted to approximately US\$1.7 million, representing a decrease of approximately US\$5.2 million or 75.4% compared with approximately US\$6.9 million in 2016. The decrease was primarily due to a significant increase in listing expenses and foreign exchange losses.

Non-IFRS adjusted profit attributable to owners of the Company

To supplement this annual results announcement which is presented in accordance with the IFRS, we also use unaudited non-IFRS adjusted profit⁽¹⁾ attributable to owners 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 profit attributable to owners of the Company amounted to approximately US\$6.5 million, representing a decrease of approximately US\$1.1 million or 14.5% as compared with approximately US\$7.6 million in 2016. This was primarily due to the foreign exchange losses in relation to transactions conducted in currencies appreciated against USD. Our non-IFRS adjusted profit attributable to owners of the Company for 2017 and 2016 was derived from profit attributable to owners of the Company for the respective years excluding the listing expenses of approximately US\$4.8 million in 2017 and approximately US\$0.7 million in 2016, respectively.

Income Tax Expense

In 2017, income tax expense of the Group amounted to approximately US\$2.3 million, representing an increase of approximately US\$0.7 million or 43.8% as compared with approximately US\$1.6 million in 2016. The increase in income tax expense was primarily due to a significant amount of non-tax deductible listing expenses and foreign exchange losses resulting in the increase of effective tax rate from 19% to 57%.

本公司擁有人應佔溢利

於二零一七年，本公司擁有人應佔溢利約為1.7百萬美元，較二零一六年的約6.9百萬美元減少約5.2百萬美元或75.4%。上述減少主要是由於上市開支及匯兌虧損大幅增加所致。

本公司擁有人應佔非國際財務報告準則經調整溢利

為補充此份根據國際財務報告準則呈列的全年業績公告，我們亦使用本公司擁有人應佔未經審核非國際財務報告準則經調整溢利⁽¹⁾作為額外的財務計量，藉此消除我們認為對我們的業務表現並無指標意義的項目之影響，以評估我們的財務業績。

於二零一七年，本公司擁有人應佔非國際財務報告準則經調整溢利約為6.5百萬美元，較二零一六年的約7.6百萬美元減少約1.1百萬美元或14.5%。上述減少主要是由於進行交易的貨幣兌美元升值而引致匯兌虧損。我們於二零一七年及二零一六年的本公司擁有人應佔非國際財務報告準則經調整溢利乃根據有關年度本公司擁有人應佔溢利計算得出，而不包括二零一七年及二零一六年的上市開支分別約4.8百萬美元及0.7百萬美元。

所得稅開支

於二零一七年，本集團所得稅開支約為2.3百萬美元，較二零一六年的約1.6百萬美元增加約0.7百萬美元或43.8%。所得稅開支增加，主要由於不可扣稅的上市開支與外匯虧損金額龐大，使實際稅率由19%上升至57%。

⁽¹⁾ Non-IFRS adjusted profit attributable to owners of the Company was derived from the profit for the year excluding the listing expense.

⁽¹⁾ 本公司擁有人應佔非國際財務報告準則經調整溢利乃根據年內溢利計算得出，而不包括上市開支。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

Liquidity and Source of Funding and Borrowing

As at December 31, 2017, the Group's total bank balances and cash increased by 443.2% from US\$8.1 million as at December 31, 2016 to US\$44.0 million. The increase in total bank balances and cash during the year under review was primarily resulted from the IPO proceed.

As at December 31, 2017, the current assets of the Group amounted to approximately US\$62.0 million, including approximately US\$44.0 million in bank balances and cash, and other current assets of approximately US\$18.0 million. Current liabilities of the Group amounted to approximately US\$13.7 million, of which approximately US\$8.0 million were trade payables and deferred revenue, and other current liabilities of approximately US\$5.7 million. As at December 31, 2017, the current ratio (the current assets to current liabilities ratio) of the Group was 4.5 as compared with 1.6 as at December 31, 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 does not have any bank borrowings and other debt financing obligations as at December 31, 2017 and the resulting gearing ratio is nil (2016: nil). The Group intends to finance the expansion, investments and business operations with internal resources.

Material Investments

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

Material Acquisitions

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

流動資金及融資和借款來源

於二零一七年十二月三十一日，本集團的銀行結餘及現金總額約為44.0百萬美元，較二零一六年十二月三十一日的約8.1百萬美元增加443.2%。回顧年內銀行結餘及現金總額增加，主要由於首次公開發售所致。

於二零一七年十二月三十一日，本集團的流動資產約為62.0百萬美元，包括銀行結餘及現金約44.0百萬美元以及其他流動資產約18.0百萬美元。本集團的流動負債約為13.7百萬美元，包括貿易應付款項及遞延收入約8.0百萬美元以及其他流動負債約5.7百萬美元。於二零一七年十二月三十一日，本集團的流動比率（按流動資產除以流動負債計算）為4.5，而於二零一六年十二月三十一日則為1.6。

資產負債比率乃根據借款總額（經扣除現金及現金等價物）除以本集團的權益總額計算。本集團於二零一七年十二月三十一日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）。本集團有意以內部資源為擴展、投資及業務營運提供所需資金。

重大投資

本集團於截至二零一七年十二月三十一日止年度並無任何新進行的重大投資。

重大收購

本集團於截至二零一七年十二月三十一日止年度並無任何重大收購。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析（續）

Material Disposals

The Group did not have any material disposals of subsidiaries or associated companies during the year ended December 31, 2017.

Pledge of Assets

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

Contingent Liabilities

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

Foreign Exchange Exposure

During the year ended December 31, 2017, the Group mainly operated in the global market and majority of its transactions were settled in U.S. dollars, being the functional currencies of the group entities to which the transactions relate. We currently do not hedge transactions undertaken in foreign currencies but manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currencies exposures. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the entity's functional currency. We have certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of our foreign operations is low. As at December 31, 2017, the Group did not have significant foreign currency exposure from its operations.

重大出售

本集團於截至二零一七年十二月三十一日止年度並無任何有關附屬公司或聯營公司的重大出售。

資產抵押

於二零一七年十二月三十一日，本集團並無任何資產作抵押（二零一六年：無）。

或然負債

本集團於二零一七年十二月三十一日並無重大或然負債（二零一六年：無）。

匯兌風險

於截至二零一七年十二月三十一日止年度，本集團主要在全球市場營運，而其大部分交易均以美元結算，而美元為交易相關的集團實體的功能貨幣。我們現時並無就以外幣進行的交易進行對沖，而是透過定期監察管理風險，以盡可能限制外幣風險的金額。當未來商業交易及經確認資產及負債的計值貨幣並非該實體的功能貨幣，則會出現外匯風險。我們於境外營運有若干投資，其淨資產面臨外幣換算風險。由境外營運淨資產所產生的貨幣風險較低。於二零一七年十二月三十一日，本集團並無因其營運而面對重大外幣風險。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

管理層討論及分析 (續)

Events Occurred since the end of the year ended December 31, 2017

On February 15, 2018, the Board approved to grant share options from the Post-IPO Share Option Scheme to eligible directors and employees for their past contribution to the success of the Group, and to provide incentives to them to further contribute to the Group, the details of which are set out in the announcement of the Company dated February 20, 2018.

The options are conditionally vested upon satisfying specified service vesting condition, which is mutually agreed by the employees and the Company.

The Group has no legal or constructive obligations to repurchase or settle the options in cash.

On February 15, 2018, 49,498,610 share options, which are to be satisfied solely by the Shares held by Epic City Limited, were granted under the Post-IPO Share Option Scheme. No new Share will be allotted to satisfied such share options.

The vesting period of the share options granted is three years and the vesting schedule is 33.33% after twelve months from the grant date, 33.33% after twenty-four months from the grant date, and 33.34% after thirty-six months from the grant date.

Use of Proceeds from the IPO

The net proceeds raised by the Company from the IPO are approximately HK\$276.7 million (after deduction of the underwriting commissions in respect of the offering and other estimated expenses). As at the date of this announcement, the net proceeds from the IPO had not yet been utilised and all of the net proceeds has been deposited into short-term demand deposits in a bank account maintained by the Group. In 2018, the Company will start utilising the net proceeds from the IPO and for the purpose consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

於截至二零一七年十二月三十一日止年度完結後發生之事項

於二零一八年二月十五日，董事會批准根據首次公開發售後購股權計劃向合資格董事及僱員授出購股權，以肯定他們過往對本集團的成功所作貢獻，並激勵他們進一步向本集團作出貢獻，有關詳情載於本公司日期為二零一八年二月二十日的公告。

該等購股權乃於滿足特定服務歸屬條件時有條件歸屬，此乃由僱員與本公司共同協定。

本集團並無購回或以現金結算購股權的法定或推定責任。

於二零一八年二月十五日，共有49,498,610份購股權根據首次公開發售後購股權計劃授出，而該等購股權將純粹以Epic City Limited股份滿足。概不會發行新股份以滿足該等購股權。

所授出購股權的歸屬期為三年，而歸屬時間為於授出日期起十二個月後歸屬33.33%，於授出日期起二十四個月後歸屬33.33%，及於授出日期起三十六個月後歸屬33.34%。

首次公開發售所得款項用途

本公司收取的首次公開發售所得款項淨額（經扣除有關發售的包銷佣金以及其他估計開支）約為276.7百萬港元。於本公告日期，我們自首次公開發售的所得款項淨額尚未動用，且全部所得款項淨額已存入本集團所持有銀行賬戶的短期活期存款。於二零一八年，本公司將開始動用自首次公開發售所得款項淨額並用於與招股章程「未來計劃及所得款項用途」一節所載列者一致的用途。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to achieving and maintaining high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound corporate governance policies and measures, and the Board is responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code and Corporate Governance Report (the “Code”) set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

During the year ended December 31, 2017, the Company has complied with the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules other than code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. LU Yuanfeng is our chairman and chief executive officer. With extensive experience in the internet industry, Mr. LU Yuanfeng is responsible for the overall strategic planning and general management of the Group and is instrumental to the Company's growth and business expansion since its establishment on November 24, 2014. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced individuals. The Board currently comprises three executive Directors, including Mr. LU Yuanfeng, one non-executive Director and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

本公司透過專注於持正、問責、透明、獨立、盡責及公平原則，致力於達致及維持高水平的企業管治。本公司已制定及實行良好的企業管治政策及措施，並由董事會負責執行該等企業管治職責。董事會將參考上市規則附錄十四所載的《企業管治守則》及《企業管治報告》（「該守則」）以及其他適用法例及監管規定，持續檢討及監督本公司的企業管治狀況以及多項內部政策及程序（包括但不限於適用於僱員及董事的該等政策及程序），以維持本公司高水準的企業管治。

於截至二零一七年十二月三十一日止年度，本公司已遵守上市規則附錄十四所載該守則的適用守則條文，惟守則條文第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則除外。

陸源峰先生為本公司的主席兼首席執行官。陸源峰先生在互聯網行業擁有豐富經驗，負責本集團整體戰略規劃及整體管理，且自本公司於二零一四年十一月二十四日成立以來對本公司成長及業務擴張貢獻良多。董事會認為，主席及首席執行官的角色由同一人擔任有利於本集團。由經驗豐富的人才組成的高級管理層及董事會營運可確保權力與職權平衡。董事會目前由三名執行董事（包括陸源峰先生）、一名非執行董事及三名獨立非執行董事組成，因此其構成的獨立程度相當大。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

BOARD OF DIRECTORS

The Board is responsible for leadership and the internal control of the Company and oversees 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 has general powers for the management and is conducting the Company's business. The day-to-day operations and management are delegated by the Board to the management of the Company, who will implement the strategy and direction as determined by the Board.

The Board currently consists of seven Directors, namely Mr. LU Yuanfeng (chairman and chief executive officer), Mr. HUANG Guozhan and Mr. HUANG Deqiang as executive Directors, Mr. MENG Shuqi (Mr. MENG) as non-executive Director, and Mr. Darren Raymond SHAW (Mr. SHAW), Mr. LI Yi Wen (Mr. LI) and Ms. Imma LING Kit-sum (Ms. LING) as independent non-executive Directors. None of the Directors has a relationship (including financial, family or other substantial or related relationship) with each other. The Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

The biographies of the Directors the Company are set out on pages 16 to 20 of this annual report.

Each of the executive Directors of the Company has entered into a service contract with the Company and the Company has issued letters of appointment to each of the independent non-executive Directors. Mr. MENG was appointed as a non-executive Director on November 24, 2017. Mr. SHAW, Mr. LI and Ms. LING were appointed as an independent non-executive Director on November 24, 2017. All of the executive Directors, non-executive Directors and independent non-executive Directors shall hold offices until the conclusion of the next annual general meeting of the Company.

Code provision A.4.1 of the CG Code stipulates that non-executive Directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 states that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

董事會

董事會負責本公司的領導及內部監控，和監督本集團的業務、戰略決策及表現，並共同負責透過指導及監督本公司事務，促進本公司的成功。董事會擁有管理及開展本公司業務的一般權力。董事會將日常經營及管理授權予本公司管理層負責，管理層將執行董事會釐定的策略及方針。

董事會目前由七名董事組成，即執行董事陸源峰先生（主席兼首席執行官）、黃國湛先生及黃德強先生、非執行董事孟書奇先生（「孟先生」）以及獨立非執行董事邵在純先生（「邵先生」）、李毅文先生（「李先生」）及凌潔心女士（「凌女士」）。董事之間概無關係（包括財務、家屬或其他重大或相關關係）。董事會具備本公司業務所需的適當技能及經驗。

本公司董事履歷載於本年報第16至20頁。

本公司執行董事各自與本公司訂立服務合約，而本公司則向各獨立非執行董事發出委任函。孟先生已於二零一七年十一月二十四日獲委任為非執行董事。邵先生、李先生及凌女士已於二零一七年十一月二十四日獲委任為獨立非執行董事。所有執行董事、非執行董事及獨立非執行董事的任期直至本公司下屆股東週年大會結束時為止。

企業管治守則的守則條文第A.4.1條規定，非執行董事應按特定任期獲委任，並可重選連任，惟守則條文第A.4.2條列明，為填補臨時空缺而獲委任的所有董事應於獲委任後首個股東大會上由股東重選，而每名董事（包括按特定任期獲委任者）應至少每三年輪席退任一次。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

In accordance with the Articles of Association, all the directors are subject to retirement by rotation at least once every three years. Any new director appointed by the Board (i) to fill a casual vacancy in the Board shall hold office only until the first general meeting of the Company following his appointment and shall be subject to re-election at such meeting; and (ii) as an addition to the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Each of the non-executive Directors and independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years or until the third annual general meeting of the Company since the Listing Date (whichever is sooner) and is subject to retirement by rotation at an annual general meeting at least once every three years. These service contracts and letters of appointment are subject to termination in accordance with their respective terms. Mr. MENG, Mr. Shaw, Mr. LI and Ms. LING will be for a term of three years start from the date on which dealings in shares of the Company commence on the Stock Exchange, renewable by mutual consent. The term of the service contracts and the letters of appointment may be renewed in accordance with the articles of association of the Company, the Listing Rules and other applicable laws.

The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) payable to the Directors of the Company for the year ended December 31, 2017 was approximately USD0.2 million.

The remuneration of the Directors of the Company is determined with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group. Details of the remuneration of the Directors and senior management for the year ended December 31, 2017 are set out in note 32 and note 28(C) to the consolidated financial statements.

The company has arranged appropriate insurance cover in respect of legal proceedings against the Directors of the Company.

The procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense as required pursuant to Code A.1.6 of the Code.

根據組織章程細則，所有董事應至少每三年輪席退任一次。獲董事會委任(i)以填補董事會臨時空缺的任何新董事應僅任職至其獲委任後的本公司首個股東大會為止，而屆時可在該大會上重選連任；及(ii)出任新增董事會席位的任何新董事可任職至本公司下一屆股東週年大會為止，屆時將合資格重選連任。

各非執行董事及獨立非執行董事已與本公司簽訂委任函，初步任期為三年或自上市日期至本公司第三屆股東週年大會為止（以較早者為準），並須至少每三年在股東週年大會上輪席退任一次。該等服務合約及委任函可根據彼等各自的條款終止。孟先生、邵先生、李先生及凌女士的任期自本公司股份在聯交所上市起計為期三年，並可經雙方同意而續期。服務合約及委任函年期可根據本公司組織章程細則、上市規則及任何其他適用法例重續。

截至二零一七年十二月三十一日止年度，應付本公司董事的總薪酬（包括袍金、薪金、養老金計劃供款、以股份為基礎的薪酬開支、酌情花紅、住房及其他津貼以及其他實物福利）合共約為0.2百萬美元。

本公司董事薪酬乃參考可資比較公司所支付的薪金、董事投入的時間及職責以及本集團的表現釐定。截至二零一七年十二月三十一日止年度的董事及高級管理層的薪酬詳情載於合併財務報表附註32及附註28(c)。

本公司已就針對本公司董事的法律行動安排適當的保險。

董事會已同意守則第A.1.6條所規定的程序，讓董事可在提出合理要求時，在適當情況下尋求獨立專業意見，有關費用由本公司承擔。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

During the year ended December 31, 2017 and up to the date of this annual report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors, representing one-third of the Board, of whom Ms. LING Kit-sum is the Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has received a written confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

Directors have access to the services of the company secretary to ensure that the Board procedures are followed. The joint company secretaries of the Company are Mr. Yu Ching Ming and Ms. Ko Nga Kit. In compliance with Rule 3.29 of the Listing Rules, Mr. Yu Ching Ming and Ms. Ko Nga Kit have undertaken no less than 15 hours of relevant professional training during the year ended December 31, 2017. Ms. Ko Nga Kit is the vice president of SW Corporate Services Group Limited and appointed as the joint company secretary. Before February 28, 2018, Ms. Hui Yin Shan is one of our joint company secretaries. Subsequently, Ms. Ko Nga Kit replaced Ms. Hui Yin Shan as the joint company secretary of the Company with effect from February 28, 2018. Ms. Hui is in compliance with Rule 3.29 of the Listing Rules and has undertaken no less than 15 hours of relevant professional training during the year ended December 31, 2017. After the aforesaid service termination, Mr. Yu Ching Ming and Ms. Ko Nga Kit continued to act as the joint company secretaries of the Company. Ms. Ko Nga Kit has the necessary qualifications and experience as required under Rule 3.28 and 8.17 of the Listing Rules. The main contact person of Ms. Ko Nga Kit in the Company is Mr. Lu Yuanfeng.

All Directors attended various trainings in the reporting period, including trainings regarding the updating of the Listing Rules, the responsibilities and continuous obligations of Directors and the Environmental, Social and Governance Reporting Guide. The Company had arranged suitable trainings for all Directors in order to develop and refresh their knowledge and skills as part of their continuous professional development.

The Company is committed to continuously reviewing and improving its internal systems, including those in relation to internal supervision and control, and risk management.

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，董事會已一直符合上市規則有關委任最少三名獨立非執行董事（佔董事會三分之一）之規定，其中凌潔心女士具有所需的合適專業資格或會計或相關財管理專業知識。

本公司已遵守上市規則第3.10A條有關委任佔董事會至少三分之一的獨立非執行董事的規定。

本公司已根據上市規則第3.13條收到各獨立非執行董事的獨立性書面確認，並認為彼等為獨立人士。

董事可獲得公司秘書的服務，以確保遵循董事會程序。本公司的現任聯席公司秘書為余精明先生及高雅潔女士。根據上市規則第3.2條，余精明先生及高雅潔女士於截至二零一七年十二月三十一日止年度已參加不少於15小時相關專業培訓。高雅潔女士為信永方圓企業服務集團有限公司的總裁，並獲委任為聯席公司秘書。自二零一八年二月二十八日起，我們其中一位前聯席公司秘書許燕珊女士不再擔任本公司聯席公司秘書，而高雅潔女士自二零一八年二月二十八日起取代許燕珊女士成為本公司聯席秘書。許女士已遵守上市規則3.29條的規定，於截至二零一七年十二月三十一日止年度內參加不少15小時的相關專業培訓。於上述職務終止後，余精明先生以及高雅潔女士繼續擔任本公司的聯席公司秘書。高雅潔女士具有上市規則3.28條及第8.17條所規定的必要資格及經驗。高雅潔女士於本公司的主要聯絡人為陸源峰先生。

於報告期內，所有董事均參與多項培訓，包括關於上市規則修訂、董事責任及持續義務及《環境、社會及管治報告指引》等培訓。本公司已為全體董事安排合適的培訓，旨在作為彼等持續專業發展的一部分及更新其知識及技能。

本公司將持續對本公司之內部系統，包括有關內部監督、控制及風險管理的系統，進行檢討和改善。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

Board Meeting

The Company adopts a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance with the matters to be discussed specified in agenda of the meeting. For other Board and committee meetings, reasonable notice is generally served. Agendas or relevant documents of the Board or committee meetings shall be despatched to the Directors or members of the committees at least 3 days prior to the convening of the meetings to ensure that they have sufficient time to review the relevant documents and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting. The minutes are kept by the joint company secretaries of the Company and the copies are circulated to all Directors for reference and record purpose.

The minutes of the Board meetings and committees thoroughly were recorded all matters under consideration and decisions made including any problems raised by the Directors. Draft minutes of each board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. Directors have a right to review the minutes of the Board meetings and the committee meetings.

According to code provision A.1.1 of the Code, board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

As the Company's Shares were only listed on the Stock Exchange on December 15, 2017, no board meeting was held from that date to December 31, 2017. A Board meeting was held on March 28, 2018 to consider and approve the final results announcement and annual report for the year ended December 31, 2017 of the Group and to convene the AGM of the Company. The Company expects to convene at least four regular board meetings in each financial year at approximately quarterly intervals in accordance with code provision A.1.1 of the Code.

董事會會議

本公司採納定期舉行董事會會議的慣例，即每年至少舉行四次會議及大致按季度舉行會議。董事會例行會議的通知會於會議舉行前至少14日送呈全體董事，並於會議的議程內列明有關事宜。就其他董事會及委員會會議而言，本公司一般會發出適當通知。議程及相關董事會或委員會文件將於會議召開前至少3日發送予董事或委員會成員，以確保彼等有充足時間審閱有關文件及有充份準備出席會議。倘董事或委員會成員未能出席會議，則彼等會獲告知將予討論的事宜及於會議召開前有機會知會主席有關彼等的意見。會議紀錄由本公司聯席公司秘書保存，而副本會議全體董事傳閱，以供參考及記錄。

董事會會議及董事委員會會議的會議記錄會詳盡記錄董事會及董事委員會所考慮的事宜及所達致的決定，包括董事提出的任何問題。各董事會會議及董事委員會會議的會議記錄草擬本將於會議舉行當日之後的合理時間內發送予各董事，以供彼等評注。董事有權查閱董事會會議及董事委員會會議的會議記錄。

根據企業管治守則的守則條文第A.1.1條，董事會會議應最少一年舉行四次，大概每季度舉行一次，而大部分董事均須踴躍參與，可親身或透過電子通訊方式出席會議。

由於本公司股份於二零一七年十二月十五日才上市，因此由該日起至二零一七年十二月三十一日並無舉行董事會會議。董事會會議於二零一八年三月二十八日舉行，以審議及批准本集團截至二零一七年十二月三十一日止年度之末期業績公告及年度報告以及召開本公司的股東特別大會。本公司預期根據守則第A.1.1條，於每個財政年度內至少於大約每個季度召開四次常規董事會會議。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

BOARD COMMITTEES

The Company has three principal Board committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company and that of the Stock Exchange.

Audit Committee

The Company establishes an Audit Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Company has also updated the terms of reference of the Audit Committee reflecting the changes to the Code in respect of the Company's risk management and internal control systems, and which become effective on November 24, 2017. The Audit Committee consists of three members, namely Mr. Darren Raymond Shaw, Mr. Li Yi Wen and Ms. Imma Ling Kit-sum, our independent non-executive Directors. Ms. Imma Ling Kit-sum has been appointed as the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise, and provide an independent view of the effectiveness of, the financial reporting process and the risk management and internal control systems of the Group, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

The Audit Committee did not hold any meetings during the year ended December 31, 2017. A meeting of the Audit Committee was held on January 30, 2018 to review the audit plan. A meeting of the Audit Committee was held on March 28, 2018 to review the final results announcement and annual report for the year ended December 31, 2017 of the Group, internal control policy and risk management systems, etc..

董事委員會

本公司設有三個主要董事委員會，即審核委員會、提名委員會及薪酬委員會。各個董事委員會均按其職權範圍運作。董事委員會的職權範圍於本公司及聯交所網站可供查閱。

審核委員會

本公司根據上市規則附錄十四所載該守則成立審核委員會，並訂立書面職權範圍。本公司亦已更新審核委員會的職權範圍，反映對守則中有關本公司的風險管理及內部控制系統的修訂，並自二零一七年十一月二十四日起生效。審核委員會由三名成員組成，即獨立非執行董事邵在純先生、李毅文先生及凌潔心女士。凌潔心女士為審核委員會的主席。審核委員會的主要職責為檢討及監督本集團的財務報告流程、風險管理及內部控制系統並就有關事項的有效性提供獨立意見、監察審計流程，以及履行董事會指派的其他職責及責任。

於截至二零一七年十二月三十一日止年度，審核委員會並無舉行會議。於二零一八年一月三十日，審核委員會就檢討審核計劃舉行了一次會議。審核委員會於二零一八年三月二十八日舉行會議，以審閱本集團截至二零一七年十二月三十一日止年度的末期業績公告及年度報告、內部監控政策及風險管理系統等。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

Nomination Committee

The Company establishes a Nomination Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Nomination Committee consists of two independent non-executive Directors, being Mr. Darren Raymond Shaw and Mr. Li Yi Wen, and one executive Director, being Mr. Lu Yuanfeng, who is the chairman of the Nomination Committee.

The Nomination Committee is responsible for reviewing and assessing the composition of the Board and the independence of the independent non-executive Directors and making recommendations to the Board on appointment and removal of Directors. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regards to the benefits of diversity on the Board in accordance with the board diversity policy adopted by the Company. Diversity of the Board will be considered from a number of perspectives, including but not limited to gender, age, cultural and educational background, industry experience, technical and professional skills and/or qualifications, knowledge, length of services and time to be devoted as a Director. The Company will also take into account factors relating to its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee did not hold any meetings during the year ended December 31, 2017. A meeting of the Nomination Committee was held on March 28, 2018 to review composition of the Board, assess the independence of independent non-executive Directors and recommend the Board on the re-election of Directors.

Remuneration Committee

The Company establishes a Remuneration Committee with written terms of reference in compliance with the Code as set out in Appendix 14 to the Listing Rules. The Remuneration Committee has three members, comprising two independent non-executive Directors, namely Mr. Darren Raymond Shaw and Mr. Li Yi Wen, and one executive Director, namely Mr. Lu Yuanfeng. Mr. Li Yi Wen is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations to the Board on employee benefit arrangement.

The Remuneration Committee did not hold any meetings during the year ended December 31, 2017. A meeting of the Remuneration Committee was held on March 28, 2018 to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

提名委員會

本公司根據上市規則附錄十四所載該守則成立提名委員會，並訂立書面職權範圍。提名委員會由兩名獨立非執行董事（即邵在純先生及李毅文先生）及一名執行董事（即陸源峰先生）組成。陸源峰先生為提名委員會的主席。

提名委員會負責檢討及評估董事會的組成及獨立非執行董事的獨立性，以及就委任及罷免董事向董事會提供推薦意見。於推薦人選以委任加入董事會時，提名委員會將根據本公司所採納的董事會多元化政策按客觀條件考慮人選，並適度顧及董事會成員多元化的裨益。董事會成員多元化將從多個方面進行考慮，包括但不限於性別、年齡、文化及教育背景、行業經驗、技術及專業技能及／或資格、知識、服務年期及擔任董事的時間。本公司亦將計及與其本身業務模式及不時的具體需求有關的因素。最終決定將以用人唯才為原則，並考慮所挑選的人選將對董事會作出的貢獻。

於截至二零一七年十二月三十一日止年度，提名委員會並無舉行任何會議。提名委員會於二零一八年三月二十八日舉行會議，以檢討董事會的組成、評估獨立非執行董事的獨立性，並就重選董事向董事會作出推薦建議。

薪酬委員會

本公司根據上市規則附錄十四所載該守則成立薪酬委員會，並訂立書面職權範圍。薪酬委員會擁有三名成員，包括二名獨立非執行董事（即邵在純先生及李毅文先生）及一名執行董事（即陸源峰先生）。李毅文先生為薪酬委員會的主席。薪酬委員會的主要職責為建立並檢討董事及高級管理層薪酬的政策及架構，以及就僱員福利安排作出推薦建議。

於截至二零一七年十二月三十一日止年度，薪酬委員會並無舉行任何會議。薪酬委員會於二零一八年三月二十八日舉行會議，以審閱薪酬政策及架構，並就釐定執行董事及高級管理層及其他相關事宜向董事會作出推薦建議。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuer” (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group’s senior management, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company’s securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year under review. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year under review.

FRAMEWORK FOR DISCLOSURE OF INSIDE INFORMATION

The Company has in place a policy on handling and dissemination of inside information (the “**Policy**”) which sets out the procedures and internal controls for handling and dissemination of inside information in a timely manner in such a way so as not to place any person in a privileged dealing position and to allow time for the market to determine the price of the listed securities of the Company with the latest available information. This Policy also provides guidelines to staff of the Company to ensure proper safeguards exist to prevent the Company from breaching the statutory disclosure requirements. It also includes appropriate internal control and reporting systems to identify and assess potential inside information. Dissemination of inside information of the Company shall be conducted by publishing the relevant information on the websites of the Stock Exchange and the Company, according to the requirements of the Listing Rules.

EXTERNAL AUDITOR

PricewaterhouseCoopers has been appointed as the external auditor of the Company with effect from December 8, 2017.

For the year ended December 31, 2017, the fees paid/payable to PricewaterhouseCoopers for audit, audit-related (primarily related to the IPO) and non-audit services (primarily related to tax advisory services) are approximately USD418,000, USD1,426,000 and USD225,000, respectively.

證券交易的標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「**標準守則**」）作為董事、本集團高級管理層和僱員（彼等因有關職位或受僱工作而可能擁有有關本集團或本公司證券之內幕消息）買賣本公司證券的行為守則。

經作出具體查詢後，全體董事均確認彼等於回顧年度內已遵守標準守則。此外，本公司並未獲悉本集團高級管理層於回顧年度內有任何不遵守標準守則之情況。

內幕消息披露框架

本公司訂立處理及發佈內幕消息政策（「**政策**」），當中載有處理及發佈內幕消息的程序及內部監控，使內幕消息得以適時處理及發佈，而不會導致任何人士在證券交易上處於佔優的地位，亦讓市場有時間定出能反映現有實況的本公司上市證券價格。該政策亦為本公司員工提供指引，確保設有適當措施以預防本公司違反法定披露規定。該政策亦載有適當的內部監控及匯報制度，以識別及評估潛在的內幕消息。本公司內幕消息之發佈方法乃根據上市規則規定，於聯交所及本公司網站刊載相關消息。

外部核數師

羅兵咸永道會計師事務所已獲委任為本公司的外部核數師，自二零一七年十二月八日起生效。

截至二零一七年十二月三十一日止年度，就審計、審計相關（主要關於首次公開發售）及非審計服務（主要關於稅務諮詢服務）已付／應付予羅兵咸永道會計師事務所的費用分別約為418,000美元、1,426,000美元及225,000美元。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

ACCOUNTABILITY AND AUDIT

The Directors of the Company are responsible for overseeing the preparation of the financial statements which give a true and fair view of the state of affairs of the Group and of the results and cash flow during the reporting period. A statement from the auditor about its reporting responsibilities on the financial statements is set out on pages 63 to 70 of this annual report. In preparing the financial statements for the year ended December 31, 2017, the Directors of the Company have selected suitable accounting policies and applied them consistently, made judgments and estimated that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

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

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the "Management Discussion and Analysis" set out on pages 23 to 31 of this annual report.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and Shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. 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. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the Guidelines on Disclosure of Inside Information.

問責及審計

本公司董事負責監督財務報表的編製工作，以真實公平地反映本集團的財務狀況以及報告期的業績及現金流量。核數師就其對財務報表的申報責任的聲明乃載於本年報第63至70頁。於編製截至二零一七年十二月三十一日止年度的財務報表時，本公司董事已選擇合適的會計政策並貫徹應用；作出審慎、公平及合理的判斷及估計；並按持續基準編製財務報表。

董事並不知悉任何可能會嚴重影響本集團持續經營能力的重大不明朗事件或情況。

本公司長期產生或保存價值的基準及達成目標的策略詳述於本年報第23至31頁所載「管理層討論及分析」。

內部控制及風險管理

董事會負責維持健全和有效的內部控制及風險管理系統，以保障本集團的資產及股東的利益，亦負責每年監控本集團的內部控制及風險管理系統的有效性，以確保現行的內部控制及風險管理系統為充分足夠。有關系統旨在管理而非消除未能達致業務目標之風險，僅可就重大錯誤陳述或損失提供合理而非絕對保障。本公司亦有內部審核職能，主要負責對本公司的風險管理及內部控制系統之充分性和有效性進行分析及獨立評核，並（至少按年度）向董事會報告結果。本公司根據所制定的《上市內幕信息披露制度》所規定之相應程序進行內幕信息之處理及嚴格執行。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

The Group's internal control system includes a well-established organisational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

During the year ended December 31, 2017, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Articles was conditionally adopted by the Board on November 24, 2017 and became effective on the Listing Date. A copy of the Articles Since is available on the website of the Company and the Stock Exchange. Since the Listing Date up to the date of this annual report, there was no significant change in constitutional documents of the Company.

SHAREHOLDERS

The Company is incorporated in the Cayman Islands. Pursuant to the articles of association of the Company, general meetings shall also be convened on the written requisition of any one or more members of the Company 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. Such meeting should be held within two months after the deposit of such requisition.

本集團的內部控制系統包括完善、具清晰界定責任及權限的組織架構。部門的日常營運由個別部門運作，且各部門就其各自的操守和表現負責，按授予的權限進行個別部門業務，執行及謹守本公司不時訂立的策略和政策。各部門亦須要定期就部門業務的重要發展及董事會訂立的政策和策略之實行情況向董事會通報，以及及時識別、評估及管理重大風險。

於截至二零一七年十二月三十一日止年度內，董事會已檢討本集團內部監控及風險管理制度的有效性，以確保管理層根據協定程序及標準維持及管理一個運作良好的體系。檢討範圍應涵蓋所有重大控制（包括財務、營運及合規控制及風險管理職能）。尤其是，董事會認為本公司在會計、內部審計及財務申報職能方面擁有充足的資源、員工資格及經驗，以及員工所接受的培訓課程及有關預算亦相當充足。有關檢討已經由本公司管理層、外部及內部核數師討論以及由審核委員會進行評核。董事會認為現行的風險管理及內部控制系統（尤其就財務報告以及遵守上市規則方面）及解決內部監控缺失（如有）為足夠及有效。

章程文件變動

組織章程細則由董事會於二零一七年十一月二十四日有條件採納，並自上市日期起生效。組織章程細則的副本可於本公司及聯交所網站查閱。自上市日期起直至本年報日期，本公司的章程文件並無任何重大變動。

股東

本公司於開曼群島註冊成立。根據本公司的組織章程細則，本公司任何一名或以上於提請要求當日持有不少於本公司繳足股本（賦有權利在本公司股東大會投票）十分之一的股東向本公司香港主要辦事處（倘本公司不再設置主要辦事處，則為註冊辦事處）發出書面要求後亦可召開股東大會，有關書面提請須列明大會事項並由提請人簽署。有關大會應於該要求送達後兩個月內舉行。

CORPORATE GOVERNANCE REPORT (Continued)

企業管治報告 (續)

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the election of individual Directors. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Under Article 58 of the Articles, any one or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may at all times have the right, by a written requisition to the Board or the company secretary of the Company, to require the convening of an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If, within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The Board is not aware of any provisions allowing the shareholders of the Company to put forward proposals at general meetings of the Company under the Articles and the Companies Law of the Cayman Islands. Shareholders who wish to put forward proposals at general meetings may refer to the preceding paragraph to make a written requisition to require the convening of an extraordinary general meeting of the Company.

Detailed procedures for Shareholders to propose a person for election as a Director of the Company are published on the Company's website.

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company as follows:

Address: No. 134, Xiaogang Middle Road, Haizhu District, Guangzhou, PRC
Attention: Office of the Board

The Company will not normally deal with verbal or anonymous enquiries.

為保障股東權益及權利，於股東大會上，各項重大獨立議題（包括選舉個別董事）均以個別決議案作出提呈。所有於股東大會上提呈的決議案將根據上市規則以股數投票方式進行表決，投票結果將於各股東大會後刊載於本公司及聯交所網站。

根據組織章程細則第58條，一名或多名於遞呈請求當日持有不少於本公司有權於股東大會上投票之已繳股本十分之一的股東，於任何時候均有權以書面請求書形式向本公司的董事會或公司秘書提呈請求，以要求董事會就該請求書所指定的任何事務交易召開股東特別大會，而該大會須於遞呈該請求書後兩個月內舉行。倘於有關遞呈後21日內，董事會未有召開該大會，則遞呈請求人士可以相同方式召開大會，而本公司須向遞呈請求人士償付所有由遞呈請求人士因董事會未能召開大會而產生的所有合理開支。

董事會並不知悉組織章程細則及開曼群島公司法有任何條文允許本公司股東於本公司的股東大會上提呈議案。股東擬於股東大會上提呈議案，可參照前段所述遞呈請求書以要求召開本公司股東特別大會。

有關股東提名候選董事的程序詳情已刊載於本公司網站內。

關於向董事會作出任何查詢，股東可將書面查詢發送至本公司，地址如下：

地址：中國廣州市海珠區曉港中馬路134號
經辦人：董事會辦公室

本公司通常不會處理口頭或匿名的查詢。

DIRECTORS' REPORT

董事會報告

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

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on November 24, 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Group is a leading global online game publisher for China-based game developers, with fast-growing in-house development capabilities for mobile games.

The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the year, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this annual report. In addition, a discussion on relationships with its key stakeholders is included in the section headed "Management Discussion and Analysis". The review and discussion form part of this directors' report.

RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended December 31, 2017 are set out on pages 71 to 168 of this annual report.

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2017.

董事會欣然提呈本公司截至二零一七年十二月三十一日止年度年報連同經審核合併財務報表。

主要業務

本公司於二零一四年十一月二十四日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。本集團是一家為中國的遊戲開發商提供服務的全球領先網絡遊戲發行商，擁有快速增長的手機遊戲自主研發能力。

本公司附屬公司業務及詳情載於合併財務報表附註1。本集團按主要業務劃分之年度收入及經營溢利分析載於本年報「管理層討論及分析」一節及合併財務報表附註5。

業務回顧

本集團年度業務回顧（包括本集團面對的主要風險及不明朗因素的討論、使用財務關鍵績效指標進行的本集團表現分析、影響本集團的年內重要事件詳情及預期本集團業務未來的發展的說明）可參閱本年報「主席報告」、「管理層討論及分析」及「企業管治報告」等節。此外，有關與本集團主要持份者關係的討論載於本年報「管理層討論及分析」。該等回顧及討論內容為本董事報告的組成部分。

業績及股息

本集團截至二零一七年十二月三十一日止年度綜合業績載於本年報第71至168頁。

董事會決議不派發截至二零一七年十二月三十一日止年度的任何末期股息。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from June 19, 2018 to June 22, 2018, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2018 AGM. In order to be eligible to attend and vote at the 2018 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 pm on June 15, 2018.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last four financial years is set out on page 12 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended December 31, 2017 are set out in note 6 to the consolidated financial statements on page 121 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended December 31, 2017 to be published in due course.

暫停辦理股份過戶登記

為確定股東可出席二零一八年度股東週年大會及於會上投票的資格，於二零一八年六月十九日至二零一八年六月二十二日(包括首尾兩日)將暫停辦理股份過戶登記手續。為符合資格出席二零一八年度股東週年大會及於會上投票，股東須將所有股份過戶文件連同有關股票於二零一八年六月十五日下午四時三十分之前送達本公司之香港股份過戶登記處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心22樓)，以辦理登記手續。

財務摘要

本集團過去四個財政年度的已刊發業績及資產、負債及非控股權益摘要，載於本年報第12頁。

物業、廠房及設備

本集團截至二零一七年十二月三十一日止年度物業及設備變動詳情，載於本年報第121頁合併財務報表附註6。

環保政策及表現

本集團深明環境保護的重要性，而在其業務方面(包括健康及安全、工場條件、僱傭及環境)並無發現不符合相關法律法規的情況。本集團已實行環保措施，並已鼓勵員工在工作時注重環保，按實際需要而耗用電力和紙張，以節省能源消耗及盡量減少不必要浪費。有關本集團的環保政策及表現之進一步詳情，在本公司於適當時候發表的截至二零一七年十二月三十一日止年度的環境、社會及管治報告中披露。

DIRECTORS' REPORT (Continued)

董事會報告（續）

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended December 31, 2017 are set out in note 15 to the consolidated financial statements on page 138 to 139 of this annual report.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended December 31, 2017 are set out in note 16 to the consolidated financial statements on page 140 of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2017, the Company's distributable reserves were US\$38.4 million.

BORROWINGS

As at December 31, 2017, the Company did not have any bank borrowings.

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

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

股本

本公司截至二零一七年十二月三十一日止年度股本變動詳情載於本年報第138至139頁合併財務報表附註15。

儲備

本集團及本公司截至二零一七年十二月三十一日止年度儲備變動詳情載於本年報第140頁合併財務報表附註16。

可分派儲備

於二零一七年十二月三十一日，本公司可分派儲備為38.4百萬美元。

借款

於二零一七年十二月三十一日，本公司並無任何銀行借款。

購買、出售或贖回本公司上市證券

於截至二零一七年十二月三十一日止年度，本公司或其附屬公司概無購買、出售或贖回任何本公司上市證券。

優先認購權

組織章程或開曼群島法律概無載列優先認購權條文，使本公司須按比例向現有股東發售新股份。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

USE OF NET PROCEEDS FROM THE IPO

The net proceeds from the IPO amounted to HK\$276.7 million after deducting share issuance costs and listing expenses. As at December 31, 2017, the proceeds raised by the Company from the IPO have not been utilised. During the Period, such net proceeds were applied in accordance with the proposed applications as set out in the section headed "Future Plan and Use of Proceeds" in the Prospectus. In 2018, the Company will use the proceeds raised from the IPO in accordance with its development strategies, market conditions and intended use of such proceeds.

DIRECTORS

The Board currently consists of the following seven Directors:

Executive Directors

Mr. LU Yuanfeng (*Chairman*)
Mr. HUANG Guozhan
Mr. HUANG Deqiang

Non-executive Director

Mr. MENG Shuqi

Independent Non-executive Directors

Mr. Darren Raymond SHAW
Mr. LI Yi Wen
Ms. Imma LING Kit-sum

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Group as at the date of this annual report are set out on pages 16 to 22 in the section headed "Profile of Directors and Senior Management" to this annual report.

首次公開發售所得款項淨額用途

首次公開發售所得款項淨額為276.7百萬港元(扣除股份發行成本及上市開支)。於二零一七年十二月三十一日,本公司從首次公開發售所籌集款項仍未動用。該等所得款項淨額於本期間根據載於招股章程「未來計劃及所得款項用途」一節的擬定用途而使用。二零一八年,本公司將根據其發展策略、市場情況及首次公開發售所得款項的擬定用途,使用該等款項。

董事

於本期間至本年報日期,董事會由以下七名董事組成:

執行董事

陸源峰先生(主席)
黃國湛先生
黃德強先生

非執行董事

孟書奇先生

獨立非執行董事

邵在純先生
李毅文先生
凌潔心女士

董事及高級管理層履歷詳情

本年報日期的本集團董事及高級管理層履歷細節載於本年報第16至22頁「董事及高級管理層履歷」一節。

DIRECTORS' REPORT (Continued)

董事會報告（續）

DIRECTORS' SERVICE CONTRACTS

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

Each of the non-executive Directors and the independent non-executive Directors has signed an appointment letter with the Company for an initial term of three years commencing from his/her respective appointment date, which may be terminated by not less than three months' notice in writing served by either of the Director or the Company. Under the respective appointment letters, each of the independent non-executive Directors is entitled to a fixed Director's fee while non-executive Directors are not entitled to any remuneration.

The appointments of the Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

Save as disclosed above, none of the Directors has entered into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the Company within one year without payment of compensation, other than statutory compensation).

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in the section headed "Related Party Transactions" in Note 28 to the consolidated financial statements contained in this annual report, no contract of significance was entered into between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2017 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended December 31, 2017 or subsisted at the end of the year.

董事服務合約

各執行董事均與本公司訂立服務合約，據此，彼等同意自上市日期當日起三年的初步任期內擔任執行董事，惟執行董事或本公司可發出不少於三個月通知期的書面通知終止該等合約。

各非執行董事及獨立非執行董事已與本公司簽署委任書，初步任期為彼等各自獲委任當日起三年，董事或本公司可發出不少於三個月通知期的書面通知終止該等合約。各獨立非執行董事根據各自委任書，可獲發定額董事袍金，而非執行董事則各自不會獲發任何薪酬。

董事委任須遵守細則下董事退任及輪值的規定。

除上文披露者外，概無董事與本公司或其任何附屬公司訂立任何服務合約（不包括於一年內屆滿或本公司可於一年內免付賠償（法定賠償除外）予以終止的服務合約）。

控股股東合約

除本年報合併財務報表附註28「關連人士交易」一節披露者外，於截至二零一七年十二月三十一日止年度或年底，本公司或其任何附屬公司概無與任何控股股東或其任何附屬公司訂立重大合約，本公司亦沒有訂立有關由控股股東或其任何附屬公司向本公司或其任何附屬公司提供服務的重大合約。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

DIRECTOR'S INTEREST IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Other than disclosed in the section headed "Related Party Transactions" in Note 28 to the consolidated financial statements contained in this annual report, no transaction, arrangement and contract of significance to the business of the Group which the Company or any of its subsidiaries was a party, and in which a Director or any entity connected with such a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2017.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the Group's operating results, individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 22 to the consolidated financial statements on pages 146 to 147 of this annual report.

For the year ended December 31, 2017, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended December 31, 2017.

Except as disclosed above, no other payments have been made or are payable, for the year ended December 31, 2017, by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

董事於重大交易、安排或合約的權益

除本年報合併財務報表附註28「關連人士交易」一節披露者外，於本年年底或截至二零一七年十二月三十一日止年度內任何時間，本公司或其任何附屬公司並非任何就有關本集團業務且其董事或與任何該董事的關連實體擁有直接或間接重大權益的重大交易、安排或合約的訂約方。

董事及高級管理層薪酬

董事會參考薪酬委員會提供的建議並考慮本集團經營業績、個別人士表現及可比擬市場統計資料釐定本集團董事及高級管理層薪酬。

本集團董事酬金及五名最高薪酬人士詳情載於本年報合併財務報表第146至147頁附註22。

截至二零一七年十二月三十一日止年度，本集團概無向任何董事或五名最高薪酬人士的任何人士發放薪酬，作為加盟本集團或加盟本集團時的獎金或作為離職補償。截至二零一七年十二月三十一日止年度，概無董事放棄任何薪酬。

除上文披露者外，截至二零一七年十二月三十一日止年度，本集團概無向任何董事或代表任何董事支付或應付任何其他款項。

董事於競爭業務的權益

年內，概無董事或彼等各自的緊密聯繫人（定義見上市規則）在與本集團的業務競爭或可能競爭的業務中擁有任何權益（擔任本公司及／或其附屬公司董事除外）。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

DEED OF NON-COMPETITION

On November 24, 2017, each of the Controlling Shareholders entered into the deed of non-competition (“**Deed of Non-competition**”) in favor of the Company, pursuant to which the Controlling Shareholders have irrevocably, jointly and severally given certain non-competition undertakings to the Company. Details of the Deed of Non-competition are set out in the section headed “Relationship with our Controlling Shareholders – Deed of Non-competition” in the Prospectus.

The Controlling Shareholders confirmed that they have complied with the Non-competition Deed for the year ended December 31, 2017. The independent non-executive Directors have conducted such review for the year ended December 31, 2017 and also reviewed the relevant undertakings and are satisfied that the Deed of Non-competition has been fully complied with.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended December 31, 2017.

EQUITY-LINKED AGREEMENTS

During the year ended December 31, 2017, other than the Post-IPO Share Option Scheme as set out in the section under “Post-IPO Share Option Scheme” and Note 15 to the consolidated financial statements, the Company has not entered into any equity-linked agreement.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2017.

LOAN AND GUARANTEE

During the year ended December 31, 2017, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected persons.

根據上市規則持續披露責任

除本年報披露者外，本公司並無上市規則第13.20、13.21及13.22條項下的任何其他披露責任。

不競爭契據

於二零一七年十一月二十四日，控股股東以本公司為受益人訂立不競爭契據（「**不競爭契據**」）。據此，各控股股東已不可撤回地共同及個別向本公司作出若干不競爭承諾。不競爭契據詳情載於招股章程「與我們的控股股東關係 – 不競爭契據」一節。

控股股東確認，截至二零一七年十二月三十一日止年度，彼等已遵守不競爭契據。獨立非執行董事已就截至二零一七年十二月三十一日止年度進行有關審閱並檢討相關承諾及信納已完全遵守不競爭契據。

管理合約

除董事服務合約及委任書外，於年底或截至二零一七年十二月三十一日止年度期間任何時間，概無訂立或存在與本集團整體或任何重大部分業務的管理及行政事務有關的合約。

股權掛鈎協議

於截至二零一七年十二月三十一日止年度，除「首次公開發售後購股權計劃」一節及合併財務報表附註15所載的首次公開發售後購股權計劃外，本公司並無訂立任何股權掛鈎協議。

重大法律訴訟

截至二零一七年十二月三十一日止年度，本集團概無涉及任何重大法律訴訟。

貸款及擔保

截至二零一七年十二月三十一日止年度，本集團並無貸款或就任何貸款直接或間接向本公司董事、高級管理層、控股股東或其相關關連人士作出擔保。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

POST-IPO SHARE OPTION SCHEME

On May 27, 2017, the Company adopted the Post-IPO Share Option Scheme approved by the resolutions of our Shareholders. The purpose of the Share Option Scheme is to attract, retain and motivate employees, Directors and other participants, and to provide a means of compensating them through the grant of options pursuant to the terms of the Post-IPO Share Option Scheme (“**Options**”) for their contribution to the growth and profits of the Group, and to allow such employees, Directors and other persons to participate in the growth and profitability of the Group.

Our Board has appointed The Core Trust Company Limited as the trustee (“**Trustee**”) for the administration of the Post-IPO Share Option Scheme and to hold the Shares which may be granted under the Options through Epic City Limited (“**Nominee**”) a wholly-owned subsidiary of the Trustee. The Trustee shall act in accordance and cooperate with our Board for the purpose of the Post-IPO Share Option Scheme. Our Company will use Shares held by the Nominee and new Shares to be allotted by us to satisfy the Options upon exercise.

The Shares which may be transferred from the Nominee upon exercise of all Options to be granted under the Post-IPO Share Option Scheme shall not exceed 149,999,973 Shares (i.e. being the Shares held by the Nominee representing 7.5% of the enlarged issued share capital of our Company as of the Listing Date). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating this limit.

The new Shares which may be issued by our Company upon exercise of all Options to be granted under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 200,000,000 Shares, (i.e. 10% of the aggregate of the Shares in issue on the Listing Date (“**Scheme Mandate Limit**”). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating this Scheme Mandate Limit.

首次公開發售後購股權計劃

於二零一七年五月二十七日，本公司採納首次公開發售後購股權計劃並經股東通過決議案批准。此購股權計劃旨在吸引、挽留及鼓勵僱員、董事及其他參與者，並透過根據首次公開發售後購股權計劃的條款授出購股權（「購股權」）酬謝彼等對本集團的增長及溢利所作出的貢獻，以及讓該等僱員、董事及其他人士參與本集團的增長及盈利能力。

董事會已委任The Core Trust Company Limited 作為受託人（「受託人」），管理首次公開發售後購股權計劃及透過Epic City Limited（「代名人」，受託人的全資附屬公司）持有根據購股權可能授出的股份。受託人須根據董事會就首次公開發售後購股權計劃的目的行事及與董事會合作。本公司將使用由代名人持有的股份及將由我們配發的新股份，滿足行使購股權時的需要。

因行使根據首次公開發售後購股權計劃將予授出的所有購股權而可能從代名人轉讓的股份數目不得超過149,999,973股股份（即由代名人持有的股份，相當於截至上市日期本公司經擴大已發行股本的7.5%）。根據首次公開發售後購股權計劃的條款失效的購股權不被納入此上限的計算內。

本公司因行使根據首次公開發售後購股權計劃及本公司其他購股權計劃（及上市規則條文適用者）將予授出的所有購股權而可能發行的新股份不得超過200,000,000股股份（即上市日期已發行股份總數的10%）（「計劃授權上限」）。根據首次公開發售後購股權計劃的條款失效的購股權不被納入此計劃授權上限的計算內。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible person under the Share Option Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

An Option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme at any time during the period to be determined by our Board at its absolute discretion and notified by our Board to each grantee of the Options (the "Grantee") as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Post-IPO Share Option Scheme. Options may be vested over such period(s) as determined by the Board in its absolute discretion subject to compliance with the requirements under any applicable laws, regulations or rules.

The exercise price ("Exercise price") shall be such price as determined by our Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option), but in the case that any Share would be allotted and issued to a Grantee upon the exercise of an Option in accordance with the terms of the Post-IPO Share Option Scheme, the Exercise Price shall not be less than the higher of (a) the closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a Business Day, (b) the average closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five (5) Business Days immediately preceding the date of grant, and (c) the nominal value of a Share. For the avoidance of doubt, in the case that the Share would be transferred from the Trustee to a Grantee upon the exercise of an Option in accordance with the terms of the Post-IPO Share Option Scheme, the Exercise Price shall be determined by the Board, as it may think fit taking into account the Grantee's contribution to the development and growth of the Group.

A summary of the terms of the Post-IPO Share Incentive Option Scheme, including the information as required to be disclosed in this annual report pursuant to Rule 17.09 of the Listing Rules, has been set out in the section headed "D. Share Incentive Scheme" in Appendix IV of the Prospectus.

No Option was granted during the year ended December 31, 2017.

於任何12個月期間，因行使根據購股權計劃授予或將授予各合資格人士的購股權（包括已行使、已註銷及未行使的購股權）而已發行及將予發行的股份總數，不得超過已發行股份的1%。

購股權可於董事會全權酌情釐定及向各購股權承授人（「承授人」）通知的期間（即購股權可行使期間）內任何時間，隨時根據首次公開發售後購股權計劃的條款行使；於任何情況下，該期間將不超過任何個別購股權根據首次公開發售後購股權計劃授出當日起計10年。購股權可於董事會全權酌情釐定的期間歸屬，惟須遵守任何適用法律、法規或規則的規定。

行使價（「行使價」）須為由董事會於授出有關購股權當時全權酌情釐定的有關價格（且應在載有授出購股權要約的函件內註明），惟倘於根據首次公開發售後購股權計劃的條款行使購股權後，將向承授人配發及發行任何股份，則行使價不得低於以下的較高者：(a) 股份於授出日期在聯交所每日報價表所列的收市價，而該日須為營業日；(b) 緊接授出日期前五(5)個營業日，股份於聯交所每日報價表所列的平均收市價；及(c) 股份面值。為免生疑問，倘於根據首次公開發售後購股權計劃的條款行使購股權後，股份將由受託人轉讓予承授人，董事會於計及承授人對本集團發展及增長作出的貢獻後釐定其可能認為適當的行使價。

首次公開發售後購股權激勵計劃條款之概要，包括根據上市規則第17.09條須予披露的資料，載於招股章程附錄四「D. 股份獎勵計劃」一節。

截至二零一七年十二月三十一日，概無購股權售出。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at December 31, 2017, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

董事及行政總裁於證券的權益

於二零一七年十二月三十一日，本公司董事及行政總裁於本公司及相聯法團（定義見證券及期貨條例第XV部）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及第8分部須知會本公司及聯交所（包括根據證券及期貨條例的條文，被當作或視為擁有的權益或淡倉）；(b)或根據證券及期貨條例第352條須記入該條例所指的登記冊中；(c)或根據標準守則須知會本公司及聯交所的權益或淡倉如下：

於本公司股份或相關股份的權益

Name of Director	Nature of Interest	Number of ordinary shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital 佔本公司已發行股本的概約百分比
董事姓名	權益性質	擁有權益的普通股數 ⁽¹⁾	
Mr. LU Yuanfeng ⁽²⁾ 陸源峰先生 ⁽²⁾	Interest in controlled corporation, interest of spouse, interest held jointly with another person 受控制法團權益、配偶權益、與另一人士共同持有的權益	989,226,387 (L)	49.46%
Mr. HUANG Guozhan ⁽³⁾ 黃國湛先生 ⁽³⁾	Interest in controlled corporation, interest held jointly with another person 受控制法團權益、與另一人士共同持有的權益	989,226,387 (L)	49.46%
Mr. HUANG Deqiang 黃德強先生	Interest in controlled corporation, interest held jointly with another person 受控制法團權益、與另一人士共同持有的權益	989,226,387 (L)	49.46%

DIRECTORS' REPORT (Continued)

董事會報告 (續)

Note:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Under the SFO, Mr. LU Yuanfeng is deemed to be interested in all Shares held by LYF Digital Holdings Limited, a company which is wholly-owned by him. Mr. LU is also deemed to be interested in all Shares held by (1) Ms. LUO Simin as Ms. LUO is the spouse of Mr. LU; and (2) Mr. HUANG Guozhan and Mr. HUANG Deqiang as they are parties acting in concert.
- (3) Under the SFO, Mr. HUANG Guozhan is deemed to be interested in all Shares held by (1) LXT Digital Holdings Limited, a company which is wholly-owned by him; and (2) Mr. LU Yuanfeng, Ms. LUO Simin and Mr. HUANG Deqiang as they are parties acting in concert.
- (4) Under the SFO, Mr. HUANG Deqiang is deemed to be interested in all Shares held by (1) HDQ Digital Holdings Limited, a company which is wholly-owned by him; and (2) Mr. LU Yuanfeng, Ms. LUO Simin and Mr. HUANG Guozhan as they are parties acting in concert.

附註：

- (1) 字母「L」指該人士於股份的好倉。
- (2) 根據證券及期貨條例，陸源峰先生被視為為LYF Digital Holdings Limited (彼全資擁有的公司) 所持全部股份中擁有權益。陸先生亦被視為為(1)駱思敏女士 (由於駱女士為陸先生的配偶)；及(2)黃國湛先生及黃德強先生 (由於彼等為一致行動人士) 所持有的全部股份中擁有權益。
- (3) 根據證券及期貨條例，黃國湛先生被視為為(1)LXT Digital Holdings Limited (彼全資擁有的公司)；及(2)陸源峰先生、駱思敏女士及黃德強先生 (由於彼等為一致行動人士) 所持全部股份中擁有權益。
- (4) 根據證券及期貨條例，黃德強先生被視為為(1)HDQ Digital Holdings Limited (彼全資擁有的公司)；及(2)陸源峰先生、駱思敏女士及黃國湛先生 (由於彼等為一致行動人士) 所持全部股份中擁有權益。

Interest in associated corporation

於相聯法團的權益

Name of Director 董事姓名	Associated Corporation 相關法團	Capacity/nature of interest 身份／權益性質	Number of Shares 股份數目	Approximate percentage of shareholding interest 概約股權百分比
Mr. LU Yuanfeng 陸源峰先生	LYF Digital Holdings Limited	Beneficial owner 實益擁有人	100	100%
Mr. HUANG Guozhan 黃國湛先生	LXT Digital Holdings Limited	Beneficial owner 實益擁有人	100	100%
Mr. HUANG Deqiang 黃德強先生	HDQ Digital Holdings Limited	Beneficial owner 實益擁有人	100	100%

Note:

- (1) Under the SFO, a holding company is regarded as an "associated corporation." Immediately following the Completion of the Global Offering (without taking into account the Shares to be issued upon the exercise of the Over-allotment Option, the Shares to be issued upon the exercise of options granted under the Post-IPO Share Option Scheme), LYF Digital Holdings Limited, LXT Digital Holdings Limited and HDQ Digital Holdings Limited will hold 27.64%, 4.91% and 4.91% of our issued share capital and thus is our associated corporation.

附註：

- (1) 根據證券及期貨條例，控股公司被視為「相聯法團」。緊隨全球發售完成後 (不計及因超額配股權獲得行使而將予發行的股份，以及根據首次公開發售後購股權計劃授出的購股權獲得行使而將予發行的股份)，LYF Digital Holdings Limited、LXT Digital Holdings Limited及HDQ Digital Holdings Limited將持有我們的已發行股本的27.64%、4.91%及4.91%，因此是我們的相聯法團。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

Save as disclosed above and in the section headed "Post-IPO Share Option Scheme" and to the best knowledge of the Directors, as at December 31, 2017, none of the Directors or the chief executive of the Company has any interests and/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 he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as our Directors are aware, as of the Latest Practicable Date and immediately following completion of the Global Offering (assuming the Over-allotment Option (as defined in the Prospectus) or any options which may be granted under the Post-IPO Share Option Scheme are not exercised), the following persons will have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial shareholders of our Company under the Listing Rules:

除上文及「首次公開發售後購股權計劃」一節披露者及據董事所深知，於二零一七年十二月三十一日，概無本公司董事或行政總裁於本公司及其相聯法團（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根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所（包括根據證券及期貨條例的條文，被當作或視為擁有的權益或淡倉）、根據證券及期貨條例第352條須記入該條例所指的登記冊中及根據標準守則須知會本公司及聯交所的權益及／或淡倉。

主要股東於證券的權益

就董事所知，截至最後可行日期及緊隨全球發售完成後（假設超額配股權（定義見招股章程）或根據首次公開發售後購股權計劃可能授出的任何購股權不獲行使），下列人士將於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須予披露的權益或淡倉，或將直接或間接擁有附有權利可在任何情況下在本公司的股東大會上投票的任何類別股本面值10%或以上的權益，因此根據上市規則被視為本公司主要股東：

Name of Director	Nature of Interest	Number of ordinary shares interested ⁽¹⁾	Approximate percentage of the Company's issued share capital
董事姓名	權益性質	擁有權益的普通股數目 ⁽¹⁾	佔本公司已發行股本的概約百分比
Mr. LU Yuanfeng ⁽²⁾	Interest in a controlled corporation; interests of spouse; interest held jointly with another person	989,226,387 (L)	49.46%
陸源峰先生 ⁽²⁾	受控制法團權益；配偶權益；與另一人士共同持有的權益		
LYF Digital Holdings Limited	Beneficial owner; interests held jointly with another person	989,226,387 (L)	49.46%
LYF Digital Holdings Limited	實益擁有人；與另一人士共同持有的權益		

DIRECTORS' REPORT (Continued)

董事會報告（續）

Name of Director 董事姓名	Nature of Interest 權益性質	Number of ordinary shares interested ⁽¹⁾ 擁有權益的普通股數目 ⁽¹⁾	Approximate percentage of the Company's issued share capital 佔本公司已發行股本的概約百分比
Ms. LUO Simin ⁽³⁾ 駱思敏女士 ⁽³⁾	Interest in a controlled corporation; interests of spouse; interest held jointly with another person 受控制法團權益；配偶權益；與另一人士共同持有的權益	989,226,387 (L)	49.46%
Angel Age Limited Angel Age Limited	Beneficial owner; interests held jointly with another person 實益擁有人；與另一人士共同持有的權益	989,226,387 (L)	49.46%
Mr. HUANG Guozhan ⁽⁴⁾ 黃國湛先生 ⁽⁴⁾	Interest in a controlled corporation; interest held jointly with another person 受控制法團權益；與另一人士共同持有的權益	989,226,387 (L)	49.46%
LXT Digital Holdings Limited LXT Digital Holdings Limited	Beneficial owner; interests held jointly with another person 實益擁有；與另一人士共同持有的權益	989,226,387 (L)	49.46%
Mr. HUANG Deqiang ⁽⁵⁾ 黃德強先生 ⁽⁵⁾	Interest in a controlled corporation; interest held jointly with another person 受控制法團權益；與另一人士共同持有的權益	989,226,387 (L)	49.46%
HDQ Digital Holdings Limited HDQ Digital Holdings Limited	Beneficial owner; interests held jointly with another person 實益擁有人；與另一人士共同持有的權益	989,226,387 (L)	49.46%
7Road ⁽⁶⁾ 第七大道 ⁽⁶⁾	Interest in a controlled corporation 受控制法團權益	310,496,901 (L)	15.52%

DIRECTORS' REPORT (Continued)

董事會報告 (續)

Name of Director	Nature of Interest	Number of ordinary shares interested ⁽¹⁾ 擁有權益的普通股數目 ⁽¹⁾	Approximate percentage of the Company's issued share capital 佔本公司已發行股本的概約百分比
董事姓名	權益性質		
7 Road International Group Limited ("7 Road International")	Beneficial owner	310,496,901 (L)	15.52%
7 Road International Group Limited ("7 Road International")	實益擁有人		
The Core Trust Company Limited ⁽⁷⁾	Trustee	149,999,973 (L)	7.50%
The Core Trust Company Limited ⁽⁷⁾	受託人		
Epic City Limited Epic City Limited	Nominee for another person 另一人士的代名人	149,999,973 (L)	7.50%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Under the SFO, Mr. LU Yuanfeng is deemed to be interested in all Shares held by LYF Digital Holdings Limited, a company which is wholly-owned by him. Mr. LU is also deemed to be interested in all Shares held by (i) Ms. LUO Simin as Ms. LUO is the spouse of Mr. LU; and (ii) Mr. HUANG Guozhan and Mr. HUANG Deqiang, as they are parties acting in concert.
- (3) Under the SFO, Ms. LUO Simin is deemed to be interested in all Shares held by Angel Age Limited, a company which is wholly-owned by her. Ms. LUO is also deemed to be interested in all Shares held by (i) Mr. LU Yuanfeng as Mr. LU is the spouse of Ms. LUO; and (ii) Mr. HUANG Guozhan and Mr. HUANG Deqiang, as they are parties acting in concert.
- (4) Under the SFO, Mr. HUANG Guozhan is deemed to be interested in all Shares held by (i) LXT Digital Holdings Limited, a company which is wholly-owned by him; and (ii) Mr. LU Yuanfeng, Ms. LUO Simin and Mr. HUANG Deqiang as they are parties acting in concert.

附註：

- (1) 字母「L」表示該人士於股份中的好倉。
- (2) 根據證券及期貨條例，陸源峰先生被視為於LYF Digital Holdings Limited (彼全資擁有的公司) 持有的全部股份中擁有權益。陸先生亦被視為於(i)駱思敏女士 (由於駱女士為陸先生的配偶) 及(ii)黃國湛先生及黃德強先生 (由於彼等為一致行動人士) 持有的全部股份中擁有權益。
- (3) 根據證券及期貨條例，駱思敏女士被視為於Angel Age Limited (彼全資擁有的公司) 持有的全部股份中擁有權益。駱女士亦被視為於(i)陸源峰先生 (由於陸先生為駱女士的配偶) 及(ii)黃國湛先生及黃德強先生 (由於彼等為一致行動人士) 持有的全部股份中擁有權益。
- (4) 根據證券及期貨條例，黃國湛先生被視為於(i)LXT Digital Holdings Limited (彼全資擁有的公司) 及(ii)陸源峰先生、駱思敏女士及黃德強先生 (由於彼等為一致行動人士) 持有的全部股份中擁有權益。

DIRECTORS' REPORT (Continued)

董事會報告（續）

- (5) Under the SFO, Mr. HUANG Deqiang is deemed to be interested in all Shares held by (i) HDQ Digital Holdings Limited, a company which is wholly-owned by him; and (ii) Mr. LU Yuanfeng, Ms. LUO Simin and Mr. HUANG Guozhan as they are parties acting in concert.
- (6) Under the SFO, 7Road is deemed to be interested in all Shares held by 7 Road International, a company which is wholly-owned by 7Road.
- (7) The Core Trust Company Limited, being the trustee of Post-IPO Share Option Scheme, directly holds the entire issued share capital of Epic City Limited, which holds Shares underlying the options to be granted under the scheme for the benefit of eligible participants pursuant to such scheme.
- (5) 根據證券及期貨條例，黃德強先生被視為為於(i)HDQ Digital Holdings Limited（彼全資擁有的公司）及(ii)陸源峰先生、駱思敏女士及黃國湛先生（由於彼等為一致行動人士）持有的全部股份中擁有權益。
- (6) 根據證券及期貨條例，第七大道被視為為於7 Road International（第七大道全資擁有的公司）持有的全部股份中擁有權益。
- (7) The Core Trust Company Limited（即首次公開發售後購股權計劃的受託人）直接持有Epic City Limited的全部已發行股本，而Epic City Limited則根據該計劃為合資格參與者的利益持有根據該計劃將授出的購股權涉及的股份。

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Global Offering (assuming the Over-allotment Option or any options which may be granted under the Post-IPO Share Option Scheme are not exercised), have interests or short positions in Shares or underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Post-IPO Share Option Scheme, at no time during the year under review was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

除本報告披露者外，董事並不知悉緊隨全球發售完成後（假設超額配股權或根據首次公開發售後購股權計劃可能授出的任何購股權不獲行使），任何人士將於股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須予披露的權益或淡倉，或將直接或間接擁有附有權利可在任何情況下在本公司的股東大會上投票的任何類別股本面值10%或以上的權益。董事概不知悉於其後日期可能導致本公司控制權變動的任何安排。

購買股份或債權證安排

除首次公開發售後購股權計劃外，本公司、其控股公司或任何附屬公司概無於回顧年度任何時間訂立任何安排，致使董事可透過購買本公司或任何其他法人團體股份或債務證券（包括債權證）而獲益。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group's largest customers accounted for 23% of the Group's total revenue. The Group's five largest customers accounted for 61.6% of the Group's total revenue.

In the year under review, the Group's largest suppliers accounted for 36.2% of the Group's total purchase. The Group's five largest suppliers accounted for 63.0% of the Group's total purchase.

None of the Directors or any of their close associates (as defined under the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) has any beneficial interest in the Group's five largest suppliers or the Group's five largest customers.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders of the Company by reason of their holding of the Company's securities.

HUMAN RESOURCES

As at December 31, 2017, the Group had 136 employees (2016: 169), 29 of which were responsible for game development and maintenance, 70 for game operation and offline events organization, 37 for general administration and corporate management. The total remuneration expenses, excluding share-based compensation expense, for the year ended December 31, 2017 were US\$2.8 million, representing a decrease of 26.3% as compared to the year ended December 31, 2016. The Group enters into employment contracts with its employees to cover matters such as position, term of employment, wage, employee benefits and liabilities for breaches and grounds for termination.

Remuneration of the Group's employees includes basic salaries, allowances, bonus, share options and other employee benefits, and is determined with reference to their experience, qualifications and general market conditions. The emolument policy for the employees of the Group is set up by the Board on the basis of their merit, qualification and competence. We provide regular training to our employees in order to improve their skills and knowledge. The training courses range from further educational studies to skill training to professional development courses for management personnel.

主要供應商及客戶

於回顧年度內，本集團的最大客戶佔本集團總收入23%。本集團的五大客戶佔本集團總收入61.6%。

於回顧年度內，本集團的最大供應商佔本集團採購總額36.2%。本集團的五大供應商佔本集團採購總額63.0%。

概無董事或其任何緊密聯繫人(定義見上市規則)或任何據董事所深知擁有本公司已發行股本多於5%的股東於本集團的五大供應商或五大客戶擁有任何實益權益。

上市證券持有人的稅務優惠或豁免

本公司並不知悉本公司股東因持有本公司證券而可獲得的任何稅務優惠或豁免。

人力資源

於二零一七年十二月三十一日，本集團聘有136名僱員(二零一六年：169名)，其中29名負責遊戲開發及維護，70名負責遊戲營運及線下活動統籌，而37名負責行政及企業管理。截至二零一七年十二月三十一日止年度的總薪酬開支約為2.8百萬美元，較截至二零一六年十二月三十一日止年度減少26.3%。本集團與僱員訂立僱傭合約，訂明職位、僱用年期、工資、僱員福利、違約責任及終止理由等事宜。

本集團僱員的薪酬包括基本薪金、津貼、花紅、購股權及其他僱員福利，並參考彼等之經驗、資歷及一般市場狀況釐定。本集團僱員的薪酬政策由董事會根據僱員的長處、資歷及能力而制定。我們向僱員提供定期培訓，以改善他們的技巧及知識。培訓課程涵蓋持續教育進修至技能訓練，並為管理人員提供專業發展課程。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

RETIREMENT BENEFITS SCHEME

The Group's employees in Hong Kong have all participated in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in note 22 to the consolidated financial statements in this annual report.

CONNECTED TRANSACTIONS

Continuing connected transactions for the period from December 15, 2017 to December 31, 2017

退休福利計劃

本集團香港僱員均參與了香港強制性公積金。中國附屬公司的僱員均為中國政府運作的國家管理退休福利計劃成員。中國附屬公司的僱員須按其薪酬的若干百分比向退休福利計劃供款，以撥付有關福利所需的款項。就此退休福利計劃而言，本集團的唯一責任乃根據該計劃作出規定的供款。

本公司退休金責任詳情載於本年報合併財務報表附註22。

關連交易

由二零一七年十二月十五日至二零一七年十二月三十一日期間之持續關連交易

		Amount	Annual cap (Note a)
		金額	年度上限
		USD	USD
		美元	美元
Royalty fees charged by 7Road International Group Limited ("7Road") arising from content distribution agreements (Note b)	因內容發行協議產生由7Road International Group Limited (「第七大道」) 收取之版權費 (附註b)	139,708	400,000
License fees and royalty fees charged by 7Road arising from IP licensing agreements (Note c)	因知識產權許可協議產生由第七大道收取之許可費及版權費 (附註c)	15,648	100,000

(a) The cap is for the period from December 15, 2017, the listing date of the Company, to December 31, 2017, has been apportioned according to the annual cap as stated in the prospectus of the Company dated December 5, 2017.

(b) The Group has entered into content distribution agreements with 7Road with respect to three particular game series originally developed by 7Road, namely the Wartune series, the DDTank series and the Sword Saga series (the "7Road Games"), under which 7Road granted the Group the right to distribute its web games in specified language versions or geographical markets. On July

(a) 該上限是由二零一七年十二月十五日 (本公司上市日期) 至二零一七年十二月三十一日期間的上限，乃根據本公司日期為二零一七年十二月五日的招股章程所述的年度上限分配。

(b) 本集團已與第七大道訂立內容發行協議 (其涉及三個由第七大道原創的特定遊戲系列，分別為Wartune系列、DDTank系列及Sword Saga系列 (「第七大道遊戲」))，據此，第七大道授予本集團以指定語言版本或於指定地域市場發行其網頁遊戲的權利。於二零一七年七

DIRECTORS' REPORT (Continued)

董事會報告 (續)

6, 2017, the Group entered into a content distribution framework agreement with 7Road (the "Framework Agreement"), pursuant to which 7Road agreed to grant the right to publish the 7Road Games or other games developed by 7Road from time to time. 7Road generally received a commission of approximately 15.0% to 23.0% of the gross billings derived from web games.

- (c) The Group entered into IP licensing agreements with 7Road on February 1, 2013 (as further amended by a supplemental agreements dated September 1, 2013, January 21, 2014, June 1, 2014, July 10, 2015, August 3, 2015 and July 5, 2017), pursuant to which the Group obtained an IP license and developed several casual shooting games in mobile formats until January 31, 2021. The Group paid 7Road royalty fees consisting of a fixed advance payment and a revenue sharing arrangement based on a range of 3.0% to 15.0% of the gross billings generated from the self-developed games which adopted its IP.

Save as disclosed above, during the year ended December 31, 2017, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

Save as disclosed under the section headed "Related Party Transactions" stated in Note 28 to the consolidated financial statements, no contract of significance in relation to the Group's business to which the Group was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the year ended December 31, 2017.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended December 31, 2017 are set out in note 28 to the consolidated financial statements contained herein.

None of the related party transactions constitutes a connected transaction or continuing connected transaction subject to independent Shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the Listing Rules.

月六日，本集團與第七大道訂立一項內容發行框架協議（「框架協議」），據此，第七大道同意授予發行第七大道遊戲或第七大道不時開發的其他遊戲的權利。第七大道一般收取網頁遊戲所產生總流水賬額約15.0%至23.0%作為佣金。

- (c) 本集團於二零一三年二月一日與第七大道訂立知識產權許可協議（經日期為二零一三年九月一日、二零一四年一月二十一日、二零一四年六月一日、二零一五年七月十日、二零一五年八月三日及二零一七年七月五日的補充協議進一步修訂），據此，本集團取得知識產權許可，並開發數個手機格式的休閒射擊遊戲，直至二零二一年一月三十一日止。本集團支付第七大道的版權費包括固定的預付款以及收入分攤安排（按我們自主開發的遊戲（其採用了彼等的知識產權）所產生的總流水賬額中的3.0%至15.0%計算）。

除上文披露者外，截至二零一七年十二月三十一日止年度，本集團並無訂立任何須根據上市規則第14A.71條規定須作出披露的其他關連交易或持續關連交易。

除合併財務報表附註28內「關聯方交易」一節披露者外，於截至二零一七年十二月三十一日止年度內並無存在本集團參與訂立而董事在其中擁有直接或間接權益的有關本集團業務之重大合約。

關聯方交易

有關本集團截至二零一七年十二月三十一日止年度關聯方交易的詳情，載於本年報合併財務報表的附註28。

概無關聯方交易構成上市規則第14A章下需待股東批准、進行年度檢討並遵守所有披露規定的關連交易或持續關連交易。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this annual report, the Company has maintained the public float as required under the Listing Rules.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) in relation to the director's and officer's liability insurance is currently in force and was in force during the Period.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the CG Code as its own code to govern its corporate governance practices.

In the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the Period.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on page 32 to 42 of this annual report.

DONATIONS

In year 2017, the Company has participated in a donation campaign named "Free Lunch" and obtained a donation certificate. The donation campaign was initiated by Deng Fei in partnership with 500 journalists, dozens of domestic mainstream media and the China Social Welfare Fund, to raise money for a public fund program which advocates providing free lunch for needy children every day.

Save as disclosed above, during the year ended December 31, 2017, the Group did not make any charitable donations.

足夠公眾持股量

根據本公司所獲得的公開資料及就董事會所知，於本年報日期，本公司已維持上市規則規定的公眾持股量。

董事的彌償保證

於目前及本期間均已就有關董事及高級職員的責任保險實施獲准許的彌償條文（定義見香港公司條例）。

企業管治

本公司肯定良好企業管治對改善本公司管理及保護整體股東利益的重要性。本集團已採納載於企業管治守則的守則條文，作為管治其企業管治常規的守則。

董事認為，本公司已於本期間遵守載於企業管治守則的相關守則條文。

董事會將繼續檢討及監察本公司運作，旨在維持高企業管治水平。

有關本公司所採納的企業管治常規的資料，載於本年報第32至42頁的企業管治報告。

捐款

遊萊互動集團有限公司於二零一七年參與《免費午餐》捐贈，獲得捐贈證書。免費午餐是由鄧飛聯合500名記者、國內數十家主流媒體，和中國社會福利基金發起免費午餐基金公募計劃，倡議每天為貧困學童提供免費午餐。

除上述披露者外，截至二零一七年十二月三十一日止年度，本集團並無作出任何慈善捐款。

DIRECTORS' REPORT (Continued)

董事會報告 (續)

AUDITOR

The Shares were only listed on the Stock Exchange on December 15, 2017, and there has been no change in auditors since the Listing Date. The consolidated financial statements for the year ended December 31, 2017 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who are proposed for reappointment at the forthcoming AGM.

COMPLIANCE WITH LAWS AND REGULATIONS

For the year ended 31 December 2017, the Company is in compliance with the relevant laws and regulations that have a significant impact on the Company.

On behalf of the Board

LU Yuanfeng

Chairman and Chief Executive Officer

Hong Kong, March 28, 2018

核數師

由於股份於二零一七年十二月十五日才剛上市，故自上市日期起概無核數師變動。本公司截至二零一七年十二月三十一日止年度合併財務報表經執業會計師羅兵咸永道會計師事務所審核，並會於即將舉行的股東週年大會上重新委任該核數師。

法律及法規合規情況

截至二零一七年十二月三十一日止年度，本公司已遵守對本公司有重大影響的相關法律及法規。

代表董事會

陸源峰

主席兼首席執行官

香港，二零一八年三月二十八日

Independent Auditor's Report

獨立核數師報告

To the Shareholders of Digital Hollywood Interactive Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Digital Hollywood Interactive Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 168, which comprise:

- the consolidated balance sheet as at December 31, 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 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") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致遊萊互動集團有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

遊萊互動集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第71至168頁的合併財務報表,包括:

- 於二零一七年十二月三十一日的合併資產負債表;
- 截至該日止年度的合併全面收益表;
- 截至該日止年度的合併權益變動表;
- 截至該日止年度的合併現金流量表;及
- 合併財務報表附註,包括主要會計政策概要。

我們的意見

我們認為,該等合併財務報表已根據《國際財務報告準則》真實而中肯地反映了貴集團於二零一七年十二月三十一日的財務狀況及彼等截至該日止年度的財務表現及現金流量,並已遵照《香港公司》條例的披露規定妥為擬備。

Independent Auditor's Report (Continued)

獨立核數師報告 (續)

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter identified in our audit is summarised as follows:

- Revenue recognition – estimates of lifespan of in-game virtual items with reference to expected playing period of paying players ("Player Relationship Period") in the Group's online game service

意見的基礎

我們已根據《國際審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表須承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

獨立性

根據國際會計師專業操守理事會頒佈的《專業會計師道德守則》(以下簡稱「道德守則」)，我們獨立於貴集團，並已履行專業守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期合併財務報表的審計最為重要的事項。這些事項是在我們審計整體合併財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項概要如下：

- 收入確認 – 參考貴集團的遊戲產品服務中玩家關係持續時間(「玩家關係期」)，估計遊戲虛擬道具的使用壽命。

Independent Auditor's Report (Continued)

獨立核數師報告（續）

Key Audit Matter

關鍵審計事項

Revenue recognition – estimates of lifespan of in-game virtual items with reference to expected playing period of paying players (“Player Relationship Period”) in the Group’s online game service.

收入確認 – 參考貴集團的遊戲產品服務中玩家關係持續時間（「玩家關係期」），估計遊戲虛擬道具的使用壽命。

Refer to Note 5 and 19 to the consolidated financial statements

請參閱合併財務報表附註5和附註19

During the year ended December 31, 2017, the Group’s revenue from online games amounted to USD28,265,058, representing 99% of the Group’s total revenue. It was mainly derived from the sales of in-game virtual items. The amount of associated deferred revenue amounted to USD3,378,368 as at December 31, 2017, representing 25% of the Group’s total liabilities as at that date.

截至二零一七年十二月三十一日止年度，貴集團來自網絡遊戲的收入為28,265,058美元，佔貴集團總收入的99%。收入主要來自銷售遊戲虛擬道具。於二零一七年十二月三十一日相關的遞延收入金額為3,378,368美元，佔本集團於該日的總負債25%。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

We understood, evaluated and validated the key controls in relation to the recognition of revenue from in-game virtual items, including oversight exercised by management in assessing the Player Relationship Periods and computing the monthly revenue of game virtual items performed by management; inspection of evidence of management’s review; testing of the integrity and system logic of data and information for supporting the determination of the Player Relationship Periods, on a sample basis.

我們了解、評估和驗證有關確認來自遊戲虛擬道具的收入之主要監控，包括管理層評估玩家關係期及計算遊戲虛擬道具的每月收入時管理層所進行的監督；檢查管理層進行審閱的證據；以抽樣方式測試用作支持釐定玩家關係期的數據及資料的完整性及系統邏輯性。

We discussed with management and evaluated their judgements and estimations made in determining the Player Relationship Period for each game. We also assessed the accuracy of the management’s judgements and estimations by comparing to historical patterns on a sample basis.

我們曾與管理層討論，並評價了彼等就每個遊戲釐定玩家關係期所作的判斷及假設。我們亦透過以抽樣方式與歷史模式作比較，評估了管理層所作判斷及估計的準確性。

Independent Auditor's Report (Continued)

獨立核數師報告（續）

Key Audit Matter

關鍵審計事項

The Group's in-game virtual items are categorised as both consumable virtual items and durable items. Revenue derived from consumable items in its online game service are recognised once they are consumed. Revenue derived from durable virtual items in its online game services are recognised ratably over the lifespan of durable virtual items with reference to Player Relationship Period (defined in Note 2.21), on a game by game basis. If the Group does not have the ability to differentiate revenue attributable to durable items from consumable items for a specific game, the Group recognises revenue from both durable and consumable items for that game ratably over the Player Relationship Period. During the year ended December 31, 2017, all in-game virtual items were treated as durable items by the Group.

貴集團的遊戲虛擬道具歸類為消耗類虛擬道具及耐用類虛擬道具。來自其網絡遊戲服務內消耗類道具的收入乃於消耗時確認。來自其網絡遊戲服務內耐用類虛擬道具的收入，乃以逐個遊戲為基準，參考玩家關係期（定義見附註2.21）於耐用類虛擬道具的使用壽命內按比例確認。倘就某特定遊戲而言，貴集團無法分辨收入乃來自耐用類道具還是消耗類道具，則貴集團就該遊戲於玩家關係期內，按比例確認來自耐用及消耗類道具兩者的收入。於截至二零一七年十二月三十一日止年度，所有遊戲虛擬道具均被貴集團視為耐用類道具。

The determination of the Player Relationship Period for relevant game virtual items requires significant judgement and estimates. It is made taking into account all known and relevant information available to the Group at the time of assessment. Thus, specific audit focus was placed in this area.

就相關遊戲虛擬道具釐定玩家關係期，須作出重大判斷及估計，而此乃考慮到貴集團於進行評估當時可得的相關資料作出。因此，此方面屬於特別審計關注重點。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

We also recalculated the deferred revenue balance based on the respective Player Relationship Period of each game on a sample basis.

我們已以抽樣方式，根據每個遊戲各自的玩家關係期重新計算了遞延收入結餘。

Based on the above, we found that the significant judgement and estimates involved in determining the Player Relationship Periods adopted by management in the revenue recognition of in-game virtual items of the Group were supported by the evidence we obtained.

基於以上理據，我們發現管理層釐定就貴集團的遊戲虛擬道具作收入確認時採納的玩家關係期所作之重大判斷及估計，得到我們所獲提供證據的支持。

Independent Auditor's Report (Continued)

獨立核數師報告（續）

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

就我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就合併財務報表須承擔的責任

貴公司董事須負責根據《國際財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表，並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

在擬備合併財務報表時，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的事項，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。

審核委員會須負責監督貴集團的財務報告過程。

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 scepticism 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.

核數師就審計合併財務報表須承擔的責任

我們的目標，是對合併財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照《國際審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響合併財務報表使用者依賴合併財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《國際審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

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的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們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合併財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

We communicate with the Audit Committee, 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.

除其他事項外，我們與審核委員會就計劃的審計範圍、時間安排、重大審計發現等進行了溝通，包括我們在審計中識別出內部控制的任何重大缺陷。

我們亦向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們就有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下相關的防範措施進行了溝通。

Independent Auditor's Report (Continued)

獨立核數師報告（續）

From the matters communicated with 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.

The engagement partner on the audit resulting in this independent auditor's report is Fong Wan Huen.

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是方蘊萱。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, March 28, 2018

羅兵咸永道會計師事務所
執業會計師

香港，二零一八年三月二十八日

Consolidated Balance Sheet

合併資產負債表

As at December 31, 2017 於二零一七年十二月三十一日

		Note	2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
		附註		
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment, net	物業、廠房及設備淨額	6	270,592	401,507
Intangible assets, net	無形資產淨額	7	461,101	68,748
Investment in an associate	於聯營公司的投資	10	681,625	684,873
Prepayments and other receivables	預付款及其他應收款項	13	191,005	50,000
Deferred income tax assets	遞延所得稅資產	11	239,452	147,891
			1,843,775	1,353,019
Current assets	流動資產			
Trade receivables	貿易應收款項	12	4,192,093	3,834,112
Prepayments and other receivables	預付款及其他應收款項	13	13,796,638	13,206,541
Cash and cash equivalents	現金及現金等價物	14	43,997,614	8,130,169
			61,986,345	25,170,822
Total assets	總資產		63,830,120	26,523,841
EQUITY AND LIABILITIES	權益及負債			
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	15	2,000,000	10,000
Shares held for the Share Option Scheme	就購股權計劃持有的股份	15	(150,000)	—
Reserves	儲備	16	35,933,689	(394,315)
Retained earnings	保留盈利		12,279,521	11,175,806
Total equity	總權益		50,063,210	10,791,491

Consolidated Balance Sheet (Continued)

合併資產負債表 (續)

As at December 31, 2017 於二零一七年十二月三十一日

		Note 附註	2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Liabilities	負債			
Non-current liabilities	非流動負債			
Deferred revenue	遞延收入	19	–	17,347
Deferred income tax liabilities	遞延所得稅負債	11	43,573	27,362
			43,573	44,709
Current liabilities	流動負債			
Trade payables	貿易應付款項	17	4,522,484	6,248,178
Deferred revenue	遞延收入	19	3,436,567	3,731,483
Receipt in advance	預收款項		740,726	650,434
Other payables and accruals	其他應付款項及應計費用	18	4,322,401	3,193,451
Current income tax liabilities	即期所得稅負債		701,159	1,864,095
			13,723,337	15,687,641
Total liabilities	總負債		13,766,910	15,732,350
Total equity and liabilities	總權益及負債		63,830,120	26,523,841

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

以上合併資產負債表應與隨附的附註一併閱讀。

The financial statements on pages 71 to 168 were approved by the Board of Directors on March 28, 2018 and were signed on its behalf.

第71至168頁的財務報表已由董事會於二零一八年三月二十八日批准並代為簽署。

Director
董事

Director
董事

Consolidated Statement of Comprehensive Income

合併全面收益表

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

		Note	2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
		附註		
Revenue	收入	5	28,620,609	28,445,686
Cost of revenue	成本	21	(12,694,912)	(12,910,243)
Gross profit	毛利		15,925,697	15,535,443
Selling and marketing expenses	銷售及營銷開支	21	(3,424,909)	(3,267,798)
Administrative expenses	行政開支	21	(7,536,629)	(3,368,894)
Research and development expenses	研發開支	21	(452,743)	(1,232,660)
Other (losses)/gains, net	其他(虧損)/收益淨額	20	(539,913)	976,497
Operating profit	經營溢利		3,971,503	8,642,588
Finance income	財務收入	23	97,298	2,501
Finance costs	財務成本	23	(39,388)	(56,277)
Finance income/(costs), net	財務收入/(成本)淨額	23	57,910	(53,776)
Share of loss of an associate	分佔聯營公司的虧損	10	(47,274)	(36,666)
Profit before income tax	除所得稅前溢利		3,982,139	8,552,146
Income tax expense	所得稅開支	24	(2,255,465)	(1,612,619)
Profit for the year	年內溢利		1,726,674	6,939,527
Other comprehensive income	其他全面收益			
Items that may be reclassified subsequently to profit or loss	可能於期後重新分類至損益的項目			
– Currency translation differences	– 貨幣換算差額		557,128	(577,510)
Total comprehensive income for the year	年內全面收益總額		2,283,802	6,362,017

Consolidated Statement of Comprehensive Income (Continued)

合併全面收益表（續）

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

			2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
		Note 附註		
Profit attributable to:	以下應佔溢利：			
Owners of the Company	本公司擁有人		1,726,674	6,939,527
Total comprehensive income attributable to:	以下應佔全面收益總額：			
Owners of the Company	本公司擁有人		2,283,802	6,362,017
Earnings per share (expressed in USD cents per share)	每股盈利 (以每股美仙列示)			
– Basic	– 基本	25	0.13	0.51
– Diluted	– 攤薄		0.13	0.51
Dividends	股息	26	–	–

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

以上合併全面收益表應與隨附的附註一併閱讀。

Consolidated Statement of Changes in Equity

合併權益變動表

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

		Attributable to owners of the Company 本公司擁有人應佔					
		Share capital	Option Scheme 就購股權計劃持有之股份	Reserves 儲備	Retained earnings 保留盈利	Total 總計	
		USD 美元	USD 美元	USD 美元	USD 美元	USD 美元	
		Note 附註					
Balance at January 1, 2017	於二零一七年一月一日的結餘		10,000	–	(394,315)	11,175,806	10,791,491
Profit for the year	年內溢利		–	–	–	1,726,674	1,726,674
Other comprehensive income – currency translation differences	其他全面收益 – 貨幣換算差額	16	–	–	557,128	–	557,128
Total comprehensive income for the year	年內全面收益總額		–	–	557,128	1,726,674	2,283,802
Transaction with owners in their capacity as owners	與擁有人(以擁有人身份)的交易						
Shares allotted for the share incentive scheme	就股份激勵計劃配發股份		1,111	(1,111)	–	–	–
Capitalisation issue	資本化發行	15(b)	1,488,889	(148,889)	(1,340,000)	–	–
Shares issued pursuant to the IPO	根據首次公開發售發行股份	15(c)	500,000	–	36,487,917	–	36,987,917
Appropriation to statutory reserves	轉撥至法定儲備	16(a)	–	–	622,959	(622,959)	–
Balance at December 31, 2017	於二零一七年十二月三十一日的結餘		2,000,000	(150,000)	35,933,689	12,279,521	50,063,210

Consolidated Statement of Changes in Equity (Continued)

合併權益變動表（續）

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

		Note 附註	Attributable to owners of the Company 本公司擁有人應佔			
			Share capital 股本 USD 美元	Reserves 儲備 USD 美元	Retained earnings 保留盈利 USD 美元	Total 總計 USD 美元
Balance at January 1, 2016	於二零一六年 一月一日的結餘		10,000	122,401	4,297,073	4,429,474
Profit for the year	年內溢利		–	–	6,939,527	6,939,527
Other comprehensive income	其他全面收益					
– currency translation differences	– 貨幣換算差額	16	–	(577,510)	–	(577,510)
Total comprehensive income for the year	年內全面收益 總額		–	(577,510)	6,939,527	6,362,017
Transaction with owners in their capacity as owners	與擁有人（以擁有人 身份）的交易					
Appropriation to statutory reserves	轉撥至法定儲備	16(a)	–	60,794	(60,794)	–
Balance at December 31, 2016	於二零一六年 十二月三十一日 的結餘		10,000	(394,315)	11,175,806	10,791,491

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

以上合併權益變動表應與隨附的附註一併閱讀。

Consolidated Statement of Cash Flows

合併現金流量表

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

		Note	2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
		附註		
Cash flows from operating activities	來自經營活動的現金流量			
Cash generated from operations	經營所得現金	27	1,313,529	4,793,053
Income tax paid	已付所得稅		(3,570,061)	(4,543,141)
Net cash generated from operating activities	經營活動所得現金淨額		(2,256,532)	249,912
Cash flows from investing activities	來自投資活動的現金流量			
Purchases of property, plant and equipment	購置物業、廠房及設備		(94,510)	(75,554)
Purchases of intangible assets	購置無形資產		(573,000)	–
Prepayment for the right to equity purchase	股權購買權預付款		–	(50,000)
Payment of investment in associate	於聯營公司投資的付款		–	(720,000)
Net cash used in investing activities	投資活動所用現金淨額		(667,510)	(845,554)
Cash flows from financing activities	來自融資活動的現金流量			
Proceed from IPO and over-allotment	首次公開發售及 超額配發所得款項		40,320,000	–
Distribution to owners	向擁有人作出的分派		–	(7,853,656)
Proceeds from shareholder's borrowings	股東借款所得款項		–	2,146
Repayments of shareholder's borrowings	股東借款還款		–	(2,146)
Payment for deferred IPO costs	遞延首次公開發售成本付款		(1,541,678)	(124,720)
Net cash generated from/(used in) financing activities	融資活動所得/(所用) 現金淨額		38,778,322	(7,978,376)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物 增加/(減少)淨額		35,854,280	(8,574,018)
Cash and cash equivalents at beginning of year	年初的現金及 現金等價物		8,130,169	16,812,751
Exchange gains/(losses) on cash and cash equivalents	現金及現金等價物的 匯兌收益/(虧損)		13,165	(108,564)
Cash and cash equivalents at end of the year	年末的現金及 現金等價物		43,997,614	8,130,169

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

以上合併現金流量表應與隨附的附註一併閱讀。

Notes to the Consolidated Financial Statements

合併財務報表附註

1 GENERAL INFORMATION

Digital Hollywood Interactive Limited (the “Company”) was incorporated in the Cayman Islands on November 24, 2014 as an exempted company with limited liability. The address of the Company’s registered office is P.O. Box 2075, George Town, Grand Cayman KY1-1105, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the development, operations and publishing of web-based games and mobile games business (“Game Business”) in North America, Europe, The People’s Republic of China (the “PRC”) and other regions.

On December 15, 2017, the Company completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited (the “IPO”).

The Group’s Game Business is carried out through several operating companies, namely Proficient City Limited (“PCL”), a limited liability company incorporated in the British Virgin Islands (“BVI”), Angame Inc. (“Angame”), a limited liability company incorporated in the BVI, Game Hollywood Hong Kong Limited (“Hollywood HK”), a limited liability company incorporated in Hong Kong, Now To Play Game Limited (“N2PG”), a limited liability company incorporated in Hong Kong, Guangzhou Suiyue Niandai Software Technology Company Limited, (“Guangzhou Suiyue Niandai”), a limited company incorporated in the PRC, Guangzhou You Lai Information Technology Company Limited, (“Guangzhou You Lai”), a limited company incorporated in the PRC and Guangzhou Zhang Ying Kong Information Technology Company Limited, (“Zhang Ying Kong”), a limited company incorporated in the PRC. Mr. Lu Yuanfeng, Mr. Huang Deqiang and Mr. Huang Guozhan (collectively as the “Founders”) are the founders of the Group.

The financial statements are presented in United States Dollars (“USD”), unless otherwise stated, and have been approved for issue by the Company’s Board of Directors on March 28, 2018.

1 一般資料

遊萊互動集團有限公司（「本公司」）於二零一四年十一月二十四日在開曼群島註冊成立為獲豁免有限公司。本公司的註冊辦事處地址為P.O. Box 2075, George Town, Grand Cayman KY1-1105, Cayman Islands。

本公司為一家投資控股公司。本公司及其附屬公司（統稱為「本集團」）主要於北美洲、歐洲、中華人民共和國（「中國」）及其他地區從事網頁遊戲及手機遊戲的開發、經營及發行業務（「遊戲業務」）。

於二零一七年十二月十五日，本公司在香港聯合交易所有限公司主板完成其首次公開發售（「首次公開發售」）。

本集團的遊戲業務透過數家營運公司進行，該等公司為Proficient City Limited（「PCL」，於英屬處女群島（「英屬處女群島」）註冊成立的有限公司）、Angame Inc.（「Angame」，於英屬處女群島註冊成立的有限公司）、Game Hollywood Hong Kong Limited（「Hollywood HK」，於香港註冊成立的有限公司）、Now To Play Game Limited（「N2PG」，於香港註冊成立的有限公司）、廣州市歲月年代軟件科技有限公司（「廣州歲月年代」，於中國註冊成立的有限公司）、廣州遊萊信息科技有限公司（「廣州遊萊」，於中國註冊成立的有限公司）及廣州掌贏控信息科技有限公司（「掌贏控」，於中國註冊成立的有限公司）。陸源峰先生、黃德強先生及黃國湛先生（合稱「創辦人」）為本集團的創辦人。

除另有指定外，財務報表以美元（「美元」）呈列，並已於二零一八年三月二十八日由本公司董事會批准刊發。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. 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 Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the disclosure requirements of the Hong Kong Companies ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. 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 4 below.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the year ended December 31, 2017:

- *Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12, and*
- *Disclosure initiative – amendments to IAS 7*

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and will also not affect the current or future periods.

The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities, see Note 27.

2 主要會計政策概要

本附註載列編製此等合併財務報表時採納之主要會計政策。除另有指定外，該等政策已貫徹應用於呈列的所有年度。

2.1 編製基準

本集團的合併財務報表乃按國際財務報告準則（「國際財務報告準則」）及香港公司條例（第622章）的披露規定編製。合併財務報表乃根據歷史成本常規編製。

編製符合國際財務報告準則的合併財務報表要求運用若干重要的會計估計。其亦要求管理層於應用本集團的會計政策過程中作出判斷。涉及較多判斷或較大複雜性的範疇，或當中的假設及估計對於合併財務報表而言屬重大的範疇，於下文附註4披露。

2.1.1 本集團採納之新訂及經修訂準則

本集團已就截至二零一七年十二月三十一日止年度應用以下準則及修訂：

- *就未變現虧損確認遞延稅項資產 – 國際會計準則第12號修訂版；及*
- *披露措施 – 國際會計準則第7號修訂版*

採納該等修訂對以往期間確認的金額並無任何影響，亦不會對現行或未來期間造成影響。

國際會計準則第7號修訂版要求披露融資活動所產生的負債變動，請參閱附註27。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards, amendments to existing standards and interpretations not yet adopted

The following new standards, amendments and interpretations to existing standards, which are relevant to the Group, have been issued and are effective for further reporting periods and have not been early adopted by the Group.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.2 尚未採納之新準則、對現有準則之修訂及詮釋

以下與本集團有關的新準則、對現有準則之修訂及詮釋經已頒佈並於往後報告期間生效，而本集團並無提前採納。

		Effective for annual periods beginning on or after 於下列日期或之後開始的年度期間生效
IFRS 2 (Amendment) (Note(a))	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
國際財務報告準則第2號(修訂版)(附註(a))	以股份支付的交易的分類及計量	二零一八年一月一日
IFRS 15 (Note(b))	Revenue from Contracts with Customers	January 1, 2018
國際財務報告準則第15號(附註(b))	來自客戶合約的收入	二零一八年一月一日
IFRS 15 (Amendment) (Note(b))	Clarifications to IFRS 15	January 1, 2018
國際財務報告準則第15號(修訂版)(附註(b))	國際財務報告準則第15號的澄清	二零一八年一月一日
IFRS 9 (Note(c))	Financial Instruments	January 1, 2018
國際財務報告準則第9號(附註(c))	金融工具	二零一八年一月一日
IFRIC 22 (Note(a))	Foreign Currency Transactions and Advance Consideration	January 1, 2018
國際財務報告詮釋委員會第22號(附註(a))	外幣交易及預付代價	二零一八年一月一日
Annual Improvements to IFRSs 2014-2016 Cycle (Note(a))	Retirement of Short-term Exemptions in IFRS 1	January 1, 2018
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(附註(a))	收回國際財務報告準則第1號的短期豁免	二零一八年一月一日
Amendment to IAS 28 (Note(a))	Clarifying Measurement of Investments under IAS 28	January 1, 2018
國際會計準則第28號修訂版(附註(a))	澄清國際會計準則第28號項下的投資計量	二零一八年一月一日
IFRIC 23 (Note(a))	Investments in Associates and Joint Ventures	January 1, 2018
國際財務報告詮釋委員會第23號(附註(a))	於聯營公司及合營公司的投資	二零一八年一月一日
IFRS 16 (Note(d))	Uncertainty over Income Tax Treatments	January 1, 2019
國際財務報告準則第16號(附註(d))	所得稅處理的不確定性	二零一九年一月一日
IFRS 10 and IAS 28 (Amendments) (Note(a))	Leases	January 1, 2019
國際財務報告準則第10號及國際會計準則第28號(修訂版)(附註(a))	租賃	二零一九年一月一日
	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
	投資者與其聯營公司或合營公司之間的資產出售或注資	待決定

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards, amendments to existing standards and interpretations not yet adopted (Continued)

- (a) The Group has already commenced an assessment of the impact of these new or revised standards, and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and positions of the Group is expected when they become effective.
- (b) IFRS 15 establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5-step approach to revenue recognition:

- (a) Step 1: Identify the contract(s) with a customer
- (b) Step 2: Identify the performance obligations in the contract
- (c) Step 3: Determine the transaction price
- (d) Step 4: Allocate the transaction price to each performance obligation
- (e) Step 5: Recognise revenue when each performance obligation is satisfied

2 主要會計政策概要（續）

2.1 編製基準（續）

2.1.2 尚未採納之新準則、對現有準則之修訂及詮釋（續）

- (a) 本集團已開始評估該等新訂或經修訂準則以及修訂版的影響，當中若干與本集團的業務有關。根據董事的初步評估，預期該等準則及修訂生效後，將不會對本集團的財務表現及狀況造成重大影響。
- (b) 國際財務報告準則第15號確立單一的收入確認框架。該框架的核心原則為：一家實體應確認收入以描述已承諾商品或服務對客戶的轉移，而確認金額應反映該實體預期從該等商品及服務應得的代價。國際財務報告準則第15號取代現有的收入確認指引，包括國際會計準則第18號收入、國際會計準則第11號建築合約及相關詮釋。

國際財務報告準則第15號規定應用五步驟的方法以確認收入：

- (a) 步驟1：識別與客戶的合約
- (b) 步驟2：識別合約的履約責任
- (c) 步驟3：釐定交易價
- (d) 步驟4：將交易價攤分至每項履約責任
- (e) 步驟5：當每項履約責任達成時確認收入

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards, amendments to existing standards and interpretations not yet adopted (Continued)

The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an 'earnings processes' to an 'asset-liability' approach based on transfer of control. IFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact on the revenue recognition may arise when multiple performance obligations are identified. The new standard is not expected to apply until the financial year beginning on January 1, 2018.

Under IFRS 15, an entity normally recognises revenue when a performance obligation is satisfied. Impact of IFRS 15 on the revenue recognition may take into consideration when multiple performance obligations are identified. Based on the preliminary assessment, the Group has not identified multiple performance obligations and expects no material impact upon adoption of IFRS 15 to the financial statements other than the presentation of additional disclosure.

2 主要會計政策概要（續）

2.1 編製基準（續）

2.1.2 尚未採納之新準則、對現有準則之修訂及詮釋（續）

其核心原則為實體應確認收入，以述明已向客戶承諾的貨品或服務的轉移，而確認金額應反映實體預期自該等貨品或服務應得的代價。該準則從基於「盈利過程」的收入確認模式轉為基於控制權轉移的「資產－負債」法。國際財務報告準則第15號就合約成本資本化及許可安排提供具體指引。其亦包含一套關於實體的客戶合約所產生的收入及現金流量的性質、金額、時間及不確定因素的嚴密的披露規定。根據國際財務報告準則第15號，實體一般在履約責任達成時確認收入。倘識別到多項履約責任，或會對收入確認造成影響。預期此新準則將於二零一八年一月一日開始的財政年度始會適用。

根據國際財務報告準則第15號，實體一般在履約責任達成時確認收入。倘識別到多項履約責任，國際財務報告準則第15號對收入確認造成的影響或會予以考慮。根據初步評估，本集團並無識別到多項履約責任，並且預期除呈列額外披露外，採納國際財務報告準則第15號後不會對財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards, amendments to existing standards and interpretations not yet adopted (Continued)

- (c) IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which cannot be recycled. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under IFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.2 尚未採納之新準則、對現有準則之修訂及詮釋 (續)

- (c) 國際財務報告準則第9號「金融工具」針對金融資產和金融負債的分類、計量和確認。國際財務報告準則第9號的完整版本在二零一四年七月發佈。其取代國際會計準則第39號中有關金融工具分類和計量的指引。國際財務報告準則第9號保留但簡化金融資產的混合計量模式，並建立三個主要的計量類別：按已攤銷成本、按公平值計入損益。此分類基準取決於實體的業務模式，以及金融資產的合約現金流量特點。於權益工具的投資必須按公平值計入損益，並可於初始時作出不可撤銷的選擇以在其他全面收益內呈列公平值的變動，但不可循環入賬。新減值模式要求按預期信貸虧損（預期信貸虧損）確認減值撥備，而不像根據國際會計準則第39號僅按已產生信貸虧損確認。其適用於按已攤銷成本分類的金融資產、以按公平值計入其他全面收益方式計量的債務工具、國際財務報告準則第15號「來自客戶合約的收入」項下的合約資產、應收租賃款項、貸款承擔及若干財務擔保合約。儘管本集團尚未詳細評估新模式將如何影響其減值撥備，其有可能導致提早確認信貸虧損。對於金融負債，就指定為按公平值計入損益的負債，除卻於其他全面收益內確認本身信貸風險的變動外，分類和計量並無任何變動。國際財務報告準則第9號放寬對沖有效性的規定，取代了明確的對沖有效性測試。其要求被對沖項目與對沖工具之間的經濟關係以及「對沖比率」須與管理層實際用作風險管理目的者相同。該準則仍要求編製同期文件，但與目前根據國際會計準則第39號編製的不同。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.2 New standards, amendments to existing standards and interpretations not yet adopted (Continued)

During the year ended December 31, 2017, all of the Group's financial assets and financial liabilities were carried at amortised costs or fair value through profit or loss which would likely continue to be measured on the same basis under IFRS 9. While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

- (d) The Group is a lessee of certain office spaces and servers which are currently classified as operating leases. The Group's current accounting policy for such leases, as set out in Note 2.23, is to record the rental expenses in the Group's consolidated statement of comprehensive income for the current year with the related operating lease commitments being separately disclosed in Note 29(b). IFRS 16 provides new provisions for the accounting treatment of leases which no longer allows lessees to recognise leases outside of the balance sheet. Instead, all non-current leases must be recognised in the form of assets (for the right of use) and financial liabilities (for the payment obligations) in the Group's consolidated balance sheet. Short-term leases of less than twelve months and leases of low-value assets are exempt from such reporting obligation. The new standard will therefore result in a derecognition of prepaid operating leases, increase in right-of-use assets and increase in lease liabilities in the consolidated balance sheet. In the consolidated statement of comprehensive income, as a result, the annual rental and amortisation expenses of prepaid operating lease under otherwise identical circumstances will decrease, while amortisation of right-of-use of assets and interest expense arising from the lease liabilities will increase. The new standard is not expected to apply until the financial year beginning on or after January 1, 2019. As at December 31, 2017, the operating lease commitments of the Group amounted to USD2,024,084, the impact of adoption of IFRS 16 is therefore not expected to have a significant effect on the financial statements of the Group.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.2 尚未採納之新準則、對現有準則之修訂及詮釋 (續)

於截至二零一七年十二月三十一日止年度，本集團所有金融資產及金融負債乃按已攤銷成本或按公平值計入損益而列賬，根據國際財務報告準則第9號，其可能繼續按相同基準計量。儘管本集團尚未對金融資產的分類及計量進行詳細評估，本集團預期該項新指引不會對其金融資產的分類及計量造成重大影響。

- (d) 本集團為若干辦公場地及伺服器的承租人，該等租賃目前歸類為經營租賃。本集團就該等租賃的現行會計政策（如附註2.23所載）乃於本集團的合併全面收益表內記錄租賃開支，而相關經營租賃承擔則在附註29(b)分開披露。國際財務報告準則第16號訂明有關租賃的會計處理的新規定，其不再允許承租人在資產負債表外確認租賃。相反，所有非即期租賃必須以資產（就使用權而言）及金融負債（就付款責任而言）形式於本集團的合併資產負債表內確認。少於12個月的短期租賃及低價值資產的租賃均獲豁免該等報告責任。因此，該項新準則將導致於合併資產負債表內取消確認預付經營租賃、使用權資產增加以及租賃負債增加。故此，在其他相同情況下，於合併綜合收益表內，預付經營租賃的年度租賃及攤銷開支應會減少，而使用權資產的攤銷及租賃負債產生的利息開支應會增加。預期該項新準則將不會於二零一九年一月一日或之後開始的財政年度前適用。於二零一七年十二月三十一日，本集團的經營租賃承擔為2,024,084美元，因此，採納國際財務報告準則第16號的影響預計將不會對本集團的財務報表造成重大影響。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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 consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(a) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in a 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 amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 主要會計政策概要（續）

2.2 附屬公司

2.2.1 合併入賬

附屬公司是指本集團擁有控制權的實體（包括結構性實體）。當本集團承受因其於實體的參與而產生的可變回報，或對該等回報享有權利，並有能力透過其對該實體的權力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移至本集團之日起合併入賬，並自控制權終止之日起取消合併入賬。

集團內公司間的交易、結餘及交易的未變現收益均予以對銷。未變現虧損亦予以對銷，除非該項交易提供已轉讓資產減值的證據則作別論。如有需要，附屬公司呈報的金額已作調整，以符合本集團的會計政策。

(a) *於附屬公司的擁有權權益變動而控制權不變*

與非控股權益的交易若不會導致喪失控制權，則入賬列為權益交易 – 即列為與附屬公司擁有人（以擁有人身份）的交易。任何已付代價的公平值與所得附屬公司淨資產賬面值的相關應佔部分之間的差額，均記錄為權益。向非控股權益出售產生的收益或虧損亦記錄為權益。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investment in an associate are accounted 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 investment in an associate include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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 主要會計政策概要（續）

2.2 附屬公司（續）

2.2.2 獨立財務報表

於附屬公司的投資入賬列為成本減減值。成本亦包括直接應佔投資成本。附屬公司業績由本公司按已收及應收股息的基準入賬。

在以下情況，於附屬公司的投資須於從該等投資收取股息後進行減值測試：倘股息超過宣派該股息的期間該附屬公司的全面收益總額，或倘於獨立財務報表的投資賬面值超過於合併財務報表內的受投資公司的淨資產（包括商譽）賬面值。

2.3 聯營公司

聯營公司是指本集團擁有重大影響力但無控制權的實體，一般附帶涉及20%至50%表決權的股權。於聯營公司的投資採用權益會計法入賬。根據權益法，投資初步按成本確認，而賬面值將予以增加或減少以確認於收購日期後投資者應佔受投資公司的損益。本集團於聯營公司的投資包括於收購時識別的商譽。於收購一家聯營公司的擁有權權益時，聯營公司成本與本集團應佔聯營公司的可識別資產及負債的淨公平值之間的任何差額，入賬列為商譽。

倘於聯營公司的擁有權權益減少但保留重大影響力，僅先前於其他全面收益表內確認的金額的相稱比例重新分類至損益（如適用）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the statement of 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 losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has 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 the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of profit or loss.

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.

Gains or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2 主要會計政策概要 (續)

2.3 聯營公司 (續)

本集團應佔收購後的損益於損益表內確認，而其應佔收購後的其他全面收益變動則在其他全面收益內確認，並對該投資的賬面值作出相應調整。倘本集團應佔聯營公司的虧損等於或超過其於聯營公司的權益（包括任何其他無抵押應收款項），則本集團不會確認進一步虧損，除非其已代表該聯營公司產生法定或推定責任或作出付款則作別論。

本集團於各報告日期釐定是否有任何客觀證據證明於聯營公司的投資已減值。倘有，本集團會將減值金額計算為該聯營公司的可收回金額與其賬面值之間的差額，並於損益表內的「採用權益法入賬的應佔投資溢利」旁確認該金額。

本集團與其聯營公司之間的上游及下游交易產生的損益於本集團的財務報表內確認，惟以非關聯投資者於聯營公司的權益為限。未變現虧損予以對銷，除非該項交易提供所轉讓資產減值的證據則作別論。聯營公司的會計政策已按需要作出變動，以確保與本集團採納的政策一致。

於聯營公司的股權攤薄產生的收益或虧損於損益表內確認。

2.4 分部報告

經營分部按提供予主要經營決策人的內部報告一致的方式呈報。主要經營決策人負責經營分部的資源分配及表現評估，已被識別為作出策略決定的執行董事。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation

- (a) Functional and presentation currency
- Items included in the consolidated 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"). Consolidated financial statements are presented in USD, 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 statement of comprehensive income.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within "other (losses)/gains – net".

2 主要會計政策概要（續）

2.5 外幣換算

- (a) 功能及呈報貨幣
- 本集團旗下各實體的合併財務報表內所載項目均採用該實體經營所在主要經濟環境的貨幣（「功能貨幣」）計量。合併財務報表以美元（即本公司的功能貨幣及本集團的呈報貨幣）呈列。
- (b) 交易及結餘
- 外幣交易以交易或估值（倘項目重新計量）日期的現行匯率換算為功能貨幣。因結算該等交易及因按年末匯率換算以外幣計值的貨幣資產及負債而產生的匯兌收益及虧損，乃於全面收益表內確認。

與現金及現金等價物相關的匯兌收益及虧損於合併全面收益表內的「財務收入或成本」項內呈列。所有其他匯兌收益及虧損則於合併全面收益表內的「其他（虧損）／收益淨額」項內呈列。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Foreign currency translation (Continued)

(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 balance sheet item presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive income item 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
- all resulting exchange differences are recognised in other comprehensive income.

2 主要會計政策概要（續）

2.5 外幣換算（續）

(c) 集團公司

所有採用有別於呈報貨幣的功能貨幣的集團實體（當中概無擁有超通脹經濟體的貨幣），其業績及財務狀況均按下列方式換算為呈報貨幣：

- 就各資產負債表項目呈列的資產及負債，按該結算日的收市匯率換算；
- 就各全面收益表項目的收入及開支，按平均匯率換算（除非該平均值並非交易日期的現行匯率累計影響的合理約值，在該情況下，收入及開支按交易日期的匯率換算）；及
- 所有由此產生的匯兌差額均在其他全面收益內確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, 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 repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs over their estimated useful lives, as follows:

Leasehold improvements	Shorter of estimated useful lives or remaining lease term
Office equipment	5 years
Computers	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in the consolidated statement of comprehensive income.

2 主要會計政策概要（續）

2.6 物業、廠房及設備

物業、廠房及設備按歷史成本減累計折舊及減值列賬。歷史成本包括與收購項目直接相關的支出。

其後的成本計入資產的賬面值內或確認為獨立資產（如適用），惟僅限於與該項目相關的未來經濟利益有可能流入本集團及該項目的成本能可靠地計量的情況。已替換零件的賬面值取消確認。所有其他維修保養於其產生的財務期間在全面收益表內扣除。

物業、廠房及設備以直線法計算折舊以於其估計可用年內分攤其成本如下：

租賃物業裝修	估計可用年期或餘下租期（以較短者為準）
辦公室設備	5年
電腦	3年

資產的剩餘價值及可用年期於各報告期末予以檢討，並在適當時作出調整。

倘資產的賬面值大於其估計可收回金額，則資產的賬面值即時撇減至其可收回金額（附註2.9）。

出售產生的收益及虧損乃將所得款項與賬面值比較而釐定，並於合併全面收益表內的「其他（虧損）／收益淨額」項內確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets

- (a) Licenses
Separately acquired licences are shown at historical cost. Licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives of 6 months to 5 years.
- (b) Computer software
Acquired computer software stated at historical cost less amortisation. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software, and are amortised over their estimated useful lives of three years.
- (c) Research and development expenditures
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled. These criteria includes: (1) it is technically feasible to complete the game product so that it will be available for use; (2) management intends to complete the game product and use or sell it; (3) there is an ability to use or sell the game product; (4) it can be demonstrated how the game product will generate probable future economic benefits; (5) adequate technical, financial and other resources to complete the development and to use or sell the game product are available; and (6) the expenditure attributable to the game product during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. During the year ended December 31, 2017 and 2016, there were no development costs meeting these criteria and capitalised as intangible assets.

2 主要會計政策概要（續）

2.7 無形資產

- (a) 許可權
單獨購買的許可權按歷史成本顯示。許可權有限定的可用年期，並按成本減累計攤銷列賬。攤銷採用直線法計算以於許可權估計為6個月至5年的可用年期內分攤其成本。
- (b) 電腦軟件
所購得的電腦軟件按歷史成本減攤銷列賬。所購得的電腦軟件許可權按購買及使其達致特定軟件用途所產生的成本予以資本化，並於其估計為三年的可用年期內攤銷。
- (c) 研發開支
研究開支於產生時確認為開支。開發項目（涉及新或改良產品設計及測試）產生的成本於達成確認條件時資本化為無形資產。該等條件包括：(1)完成該遊戲產品致使其可供使用在技術上可行；(2)管理層有意完成該遊戲產品並供使用或銷售；(3)有能力使用或銷售該遊戲產品；(4)能夠表明該遊戲產品將如何產生可能的未來經濟利益；(5)具備足夠的技術、財務及其他資源以完成開發及使用或銷售該遊戲產品；及(6)該遊戲產品於開發期間應佔的開支能可靠地計量。不符合上述該等條件的其他開發開支於產生時確認為開支。於截至二零一七年及二零一六年十二月三十一日止年度，並無開發成本符合該等條件並資本化為無形資產。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Intangible assets (Continued)

- (c) Research and development expenditures (Continued)
Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

Research and development expenses consist primarily of (i) salary and benefits for the Group's research and development personnel, and (ii) the technology outsourcing payment to third-party companies.

During the year ended December 31, 2017, all research and development expenditures were recognised in the statement of comprehensive income as dissatisfaction of the recognition criteria for capitalisation (2016: same).

2.8 Prepaid royalty fees

The Group licenses online games from game developers and pays royalty fees to game developers as sharing of proceeds earned from selling in-game virtual tokens ("Game Tokens") and other virtual items (Note 2.21). Royalty fees are either paid in advance and deferred on the consolidated balance sheet as prepaid royalties or accrued according to the licensed period. These royalty fees are expensed to cost of revenues (where the Group is a principal) or offset against the revenues (where the Group is an agent).

At each balance sheet date, the Group evaluates the recoverability of prepaid royalty fees to determine amounts that it deems unlikely to be realised through revenues generated from the games. This evaluation considers multiple factors, including the term of the agreement, forecasted demand, game life cycle status, game development plans, and current and anticipated game revenue levels, as well as other qualitative factors such as the success of similar games. To the extent that this evaluation indicates that the remaining prepaid royalty payments are not recoverable, the Group records an impairment charge to administrative expenses in the period that impairment is indicated.

2 主要會計政策概要（續）

2.7 無形資產（續）

- (c) 研發開支（續）
先前已確認為開支的開發成本不會於後續期間確認為資產。已資本化的開發成本自該等資產可供使用之時起以直線法於其可用年內攤銷。

研發開支主要包括(i)本集團研發人員的薪金及福利；及(ii)支付予第三方公司的技術外包款項。

於截至二零一七年十二月三十一日止年度，所有研發開支均在全面收益表內確認為不符合資本化的確認條件（二零一六年：相同）。

2.8 預付版權費

本集團特許經營遊戲開發商的網絡遊戲，並向遊戲開發商支付版權費，作為分攤銷售遊戲內虛擬代幣（「遊戲代幣」）及其他虛擬物品所賺取的所得款項（附註2.21）。版權費乃預先支付及於合併資產負債表遞延作為預付版權費或根據特許期累計。該等版權費於收入成本支銷（倘本集團為主事人）或與收入抵銷（倘本集團為代理）。

於各結算日，本集團評估預付版權費的可收回性，以釐定不大可能透過有關遊戲產生的收入變現的金額。該評估考慮多個因素，包括協議年期、預測需求、遊戲生命週期狀態、遊戲開發計劃及現有和預期遊戲收入水平，以及類似遊戲的成功等其他質化因素。倘該評估顯示其餘預付版權付款不可收回，則本集團於顯示減值的期間在行政開支記錄減值開支。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial assets

2.10.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. For the years ended December 31, 2017 and 2016, the Group only had loans and receivables.

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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables" and "cash and cash equivalents" in the consolidated balance sheet.

2 主要會計政策概要（續）

2.9 非金融資產減值

具有無限可使用年期的無形資產或未可供使用的無形資產毋須計算攤銷，並每年測試減值。須予攤銷的資產每當發生事件或情況變化顯示賬面值可能無法收回時，進行減值檢討。減值虧損乃就資產的賬面值超出其可收回金額的金額確認。可收回金額是指資產的公平值減銷售成本與使用價值的較高者。為評估減值，資產乃按有獨立可識別的現金流量的最低層面（現金產生單位）分組。已減值的非金融資產（不包括商譽）於各報告日期檢討可能的減值撥回。

2.10 金融資產

2.10.1 分類

本集團將其金融資產分類為以下類別：貸款及應收款項。是項分類取決於購入金融資產的目的。管理層於初步確認時釐定金融資產的分類。於截至二零一七年及二零一六年十二月三十一日止年度，本集團只有貸款及應收款項。

貸款及應收款項

貸款及應收款項是指附有固定或可釐定的付款，且並無於活躍市場上報價的非衍生金融資產。其包括流動資產，惟不包括於或預期於報告期末後的12個月後結算的款項。該等款項歸類為非流動資產。本集團的貸款及應收款項包括於合併資產負債表內的「貿易應收款項」、「其他應收款項」及「現金及現金等價物」。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Financial assets (Continued)

2.10.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet 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.

2.12 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 主要會計政策概要（續）

2.10 金融資產（續）

2.10.2 確認及計量

正常途徑買賣的金融資產於買賣日期（即本集團承諾購買或出售該資產的日期）確認。就所有並非按公平值計入損益列賬的金融資產而言，投資乃初步按公平值加交易成本確認。倘從投資收取現金流量的權利已屆滿或已轉移及本集團已將擁有權的絕大部分的風險和回報轉移時，則取消確認金融資產。貸款及應收款項其後採用實際利率法按已攤銷成本列賬。

2.11 對銷金融工具

倘有法定可執行權利對銷已確認金額，且有意按淨額基準結算或同步變現資產及結算負債，則金融資產及負債予以對銷，而該淨額乃於合併資產負債表內呈報。法定可執行權利不得取決於未來事件，且必須可於一般業務過程中以及於公司或交易對手方違約、無力償債或破產的情況下強制執行。

2.12 金融資產減值

按已攤銷成本列賬的資產

本集團於各報告期末評估是否有客觀證據證明一項金融資產或一組金融資產已減值。僅於初步確認資產後發生一項或多項事件（「虧損事件」）以致有客觀的減值證據，且該項（該等）虧損事件對一項金融資產或一組金融資產的估計未來現金流量的影響能可靠地計量的情況下，該項金融資產或該組金融資產方為已減值，並產生減值虧損。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Impairment of financial assets (Continued)

Assets carried at amortised cost (Continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, 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. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 主要會計政策概要（續）

2.12 金融資產減值（續）

按已攤銷成本列賬的資產（續）

減值證據可包括債務人或一組債務人正面臨重大財務困難、違約或拖欠利息或本金付款、彼等將進入破產程序或其他財務重組的可能性的跡象，以及有可觀察的數據顯示估計未來現金流量有可計量的減少（如與違約有相關性的欠款或經濟狀況的變動）。

就貸款及應收款項類別而言，虧損金額計量為該資產的賬面值與估計未來現金流量（不包括並未產生的未來信貸虧損）的現值（按該金融資產的原定實際利率貼現）之間的差額。該資產的賬面值予以減少及虧損金額乃於損益內確認。倘貸款設有可變利率，用於計量任何減值虧損的貼現率乃指根據合約釐定的現行實際利率。作為實際權宜之計，本集團可使用可觀察的市價按一項工具的公平值計量減值。

倘於後續期間，減值虧損金額減少，而該項減少可客觀地連繫至一項於確認減值後發生的事件（如債務人的信貸評級改善），則先前已確認的減值虧損撥回乃於合併全面收益表內確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Trade and other receivables

Trade receivables are amounts due from platforms or payment channels for proceeds earned from selling Game Tokens and other virtual items (Please refer to Note 2.21). If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.14 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.15 Share capital and shares held for the Share Option Scheme

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

The consideration paid by Share Scheme Trust (see Note 15) for acquiring the Company's shares, including any directly attributable incremental cost, is presented as "Shares held for the Share Option Scheme" and the amount is deducted from total equity.

When Share Scheme Trust transfers the Company's shares to the awardees upon vesting, the related costs of the awarded shares vested are credited to "Shares held for the Share Option Scheme", with a corresponding adjustment made to "Share premium".

2 主要會計政策概要（續）

2.13 貿易及其他應收款項

貿易應收款項是指就銷售遊戲代幣及其他虛擬物品賺取的所得款項而應收平台或付款渠道的款項（請參閱附註2.21）。倘預期於一年或之內（或於一般業務營運週期內（倘較長））收回貿易及其他應收款項，該等款項歸類為流動資產。否則，呈列為非流動資產。

貿易及其他應收款項初步按公平值確認，其後則採用實際利率法按已攤銷成本減減值撥備計量。

2.14 現金及現金等價物

於合併現金流量表內，現金及現金等價物包括手頭現金及銀行活期存款，以及其他原訂期限為三個月或以下的短期高流動性投資。

2.15 股本及就購股權計劃持有的股份

普通股歸類為權益。與發行新普通股直接相關的遞增成本於權益內顯示為所得款項的扣減（扣除稅項）。

股份計劃信託（見附註15）就收購本公司股份所支付的代價（包括任何直接應佔遞增成本），乃呈列為「就購股權計劃持有的股份」，而該金額從權益總額扣除。

當股份計劃信託將歸屬後的本公司股份轉讓予承授人，已歸屬獎勵股份的相關成本乃計入「就購股權計劃持有的股份」，並對「股份溢價」作出相應調整。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Trade payables

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Deferred revenue and deferred cost

For game publishing service revenues, deferred revenue primarily consists of the unamortised revenue from sales of Game Tokens and virtual items for web-based games and mobile games, where there is still an implied obligation to be provided by the Group and will be recognised as revenue when all of the revenue recognition criteria are met. For licensing revenues, deferred revenues represent the unamortised balance of the initial license fee paid by licensees.

Deferred cost primarily consists of the unamortised commission charges by distribution platforms.

2.18 Receipt in advance

The Group also authorises third parties to operate its online games and receives royalty fees from third parties as sharing of proceeds earned from selling Game Tokens and other virtual items (Note 2.21). Royalty fees from third parties are either paid in advance and deferred on the consolidated balance sheet as receipt in advance or accrued subsequently. These receipt in advance are recognised as revenues when the condition of revenue sharing is met.

2 主要會計政策概要（續）

2.16 貿易應付款項

貿易應付款項是指就於日常業務過程中向供應商購買的服務付款的責任。倘付款乃於一年或之內（或於一般業務營運週期內（倘較長））到期，貿易應付款項歸類為流動負債。否則，呈列為非流動負債。

貿易應付款項初步按公平值確認，其後則採用實際利率法按已攤銷成本計量。

2.17 遞延收入及遞延成本

就遊戲發行服務收入而言，遞延收入主要包括銷售用於網頁遊戲及手機遊戲的遊戲代幣和虛擬物品所得的未攤銷收入，當中本集團仍有隱含的責任須予提供，將於所有收入確認條件達致時確認為收入。至於特許權收入，遞延收入指已由獲授權商支付的初步許可費用的未攤銷結餘。

遞延成本主要包括分銷平台所收取的未攤銷佣金。

2.18 預收款項

本集團亦授權第三方經營其網絡遊戲，並向第三方收取版權費作為攤分銷售遊戲代幣和其他虛擬物品所賺取的所得款項（附註2.21）。來自第三方的版權費乃預先支付及於合併資產負債表遞延作為預收款項或其後累計。該等預收款項於收入攤分條件達成時確認為收入。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 主要會計政策概要（續）

2.19 即期及遞延所得稅

期內的稅項開支包括即期及遞延稅項。所得稅乃於合併全面收益表內確認，惟倘涉及於其他全面收益或直接於權益內確認的項目則除外。在此情況下，稅項亦分別於其他全面收益或直接於權益內確認。

(a) 即期所得稅

即期所得稅支出按本公司的附屬公司經營及產生應課稅收入所在國家於結算日已頒佈或實質已頒佈的稅法計算。管理層定期就適用稅收法規可能受詮釋影響的情況評估於報稅表內採取的狀況。在適當情況下，管理層按預期須向稅收機關繳納的款項建立撥備。

(b) 遞延所得稅

內部基準差異

遞延所得稅乃採用負債法就資產及負債的稅基與其在合併財務報表內的賬面值之間產生的暫時差額而確認。然而，倘遞延稅項負債乃因初步確認商譽而產生，則不予確認；倘遞延所得稅乃因在一項交易（不包括業務合併）中初步確認資產或負債而產生，且於交易當時並不影響會計或應課稅損益，則不予入賬。遞延所得稅乃採用於結算日已頒佈或實質已頒佈及預期於相關遞延所得稅資產變現或遞延所得稅負債結清時適用的稅率（及稅法）而釐定。

遞延所得稅資產僅於可能有未來應課稅溢利可用以抵銷暫時差額時，方予確認。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and an associate, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.20 Employee benefits

(a) Defined contribution plans

The Group's companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Group has no further obligation beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

2 主要會計政策概要（續）

2.19 即期及遞延所得稅（續）

(b) 遞延所得稅（續）

外部基準差異

遞延所得稅負債乃就於附屬公司及一家聯營公司的投資所產生的應課稅暫時差額而計提撥備，惟暫時差額的撥回時間由本集團控制以及暫時差額不可能於可見將來撥回的遞延所得稅負債除外。

遞延所得稅資產乃就於附屬公司的投資所產生的可扣稅暫時差額而確認，惟僅以可能於未來撥回暫時差額以及有足夠應課稅溢利用以抵銷暫時差額的情況為限。

(c) 對銷

倘有法定可執行權利可以即期稅項資產對銷即期稅項負債，以及倘遞延所得稅資產及負債涉及由同一稅收機關就該應課稅實體或不同的應課稅實體徵收的所得稅，且有意按淨額基準結算餘額，則遞延所得稅資產及負債予以對銷。

2.20 僱員福利

(a) 界定供款計劃

本集團於中國註冊成立的公司每月根據僱員薪金的若干百分比向中國相關政府機關籌辦的界定供款退休福利計劃及其他界定供款社會保障計劃作出供款。政府機關承諾承擔該等計劃下對全體現有及未來退休僱員的應付退休福利責任和其他社會保障的款項，除作出供款外，本集團並無其他責任。該等計劃的供款在產生時支銷。計劃的資產由政府機關持有及管理，並獨立於本集團的資產。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Employee benefits (Continued)

- (b) Employee leave entitlements
Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick and maternity leave are not recognised until the time of leave.

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the provision of services in the ordinary course of the Group's activities and is recorded net of value-added tax. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

- (a) Game publishing service revenue
The Group is a publisher of online games developed by third party game developers or its own. The Group licenses online games from game developers and earns game publishing service revenue by making a localised version of the licensed games and publishing them to the game players through distribution platforms, include major social networking websites (such as Facebook), online application stores (such as Apple Inc.'s App Store ("Apple App") and Google Play installed in mobile telecommunications devices), web-based and mobile game portals in certain countries and regions (collectively referred to as "Platforms"), including the Group's websites. The games licensed to the Group are operated under a free-to-play model whereby game players can play the games free of charge and are charged for the purchase of Game Tokens or other virtual items via payment channels, such as the various mobile carriers and third-party internet payment systems (collectively referred to as "payment channels").

2 主要會計政策概要（續）

2.20 僱員福利（續）

- (b) 僱員應享假期
僱員應享的年假乃於應計給僱員時確認。就截至結算日僱員已提供的服務產生的年假的估計負債，則計提撥備。

僱員應享病假及分娩假期直至放假時方予確認。

2.21 收入確認

收入按已收或應收代價的公平值計量，並代表就本集團日常業務過程中提供服務應收的金額，並在扣除增值稅後入賬。如下文所述，本集團在收入金額能夠可靠地計量；當可能有未來經濟利益流入實體；及就本集團各項活動達成特定條件時確認收入。

- (a) 遊戲發行服務收入
本集團為一家網絡遊戲發行商，發行由第三方遊戲開發商或自身開發的網絡遊戲。本集團特許經營遊戲開發商的網絡遊戲，並製作該等授權遊戲的本土化版本及透過發行渠道（包括主要社交網站（如 Facebook）、網上應用程式商店（如安裝在移動電信設備中的 Apple Inc. 的 App Store（「Apple App」）及 Google Play）、若干國家及地區的網頁及移動遊戲門戶網站（統稱為「平台」，包括本集團網站）發行予遊戲玩家，由此賺取遊戲發行服務收入。本集團獲授權的遊戲乃以免費任玩模式經營，據此，遊戲玩家可以免費任玩遊戲及在購買遊戲代幣或其他虛擬物品時透過付款渠道（如各種移動營運商及第三方互聯網支付系統（統稱為「付款渠道」））支付費用。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (a) Game publishing service revenue (Continued)
- (i) *Principal Agent Consideration*
Third party developed games
Proceeds earned from selling Game Tokens and other virtual items are shared between the Group and game developers, with the amount paid to game developers generally calculated based on face value of Game Tokens or other virtual items determined by game developers, after deducting certain deductible fees, multiplied by a predetermined percentage for each game. The deductible fees are predetermined and negotiated game by game, including the fees paid to the payment channels and the Platforms, as well as the credit allowable for deduction for each game.
- 1) The Group acts as Agent
With respect to the Group's game licenses arrangements entered into during the year ended December 31, 2017 and 2016, the Group considered that the (i) game developers are responsible for providing the game product desired by the game players; (ii) the costs incurred by the game developers to develop the games are more than the licensing costs and game localisations costs incurred by the Group; (iii) game developers have the right to determine the pricing of in-game virtual items and the specification, modification or update of the game proposed by the Group. The Group's responsibilities are publishing, providing payment solution and market promotion service, and thus the Group views game developers to be its customers and considers itself as the agent of game developers in the arrangements with game players. Accordingly, the Group records the game publishing service revenue from these licensed games, net of amounts paid to game developers.

2 主要會計政策概要（續）

2.21 收入確認（續）

- (a) 遊戲發行服務收入（續）
- (i) *主要代理代價*
第三方開發的遊戲
透過銷售遊戲代幣及其他虛擬物品賺取的所得款項由本集團與遊戲開發商分攤，而支付予遊戲開發商的金額一般根據遊戲開發商釐定的遊戲代幣或其他虛擬物品的面值計算，經扣除一定的可抵扣費用，再乘以為各個遊戲預先釐定的百分比。可抵扣費用為預先釐定並按遊戲逐一進行協商，包括支付予付款渠道及平台的費用以及就各個遊戲可扣除的抵免額。
- (1) 本集團擔當代理
就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訂立的遊戲授權安排而言，本集團認為：(i)遊戲開發商有責任提供遊戲玩家心儀的遊戲產品；(ii)遊戲開發商開發遊戲所產生的成本多於本集團產生的特許經營成本及遊戲本土化修改成本；(iii)遊戲開發商有權釐定遊戲內虛擬物品的定價以及本集團建議的遊戲規格、改動或更新。本集團的責任為發行、提供付款解決方案及市場推廣服務，因此，本集團視遊戲開發商為其客戶，而其本身則為遊戲開發商的代理，負責與遊戲玩家作出安排。因此，本集團來自該等授權遊戲的遊戲發行服務收入乃於扣除支付予遊戲開發商的金額後入賬。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(a) Game publishing service revenue (Continued)

(i) *Principal Agent Consideration* (Continued)

Third party developed games (Continued)

1) The Group acts as Agent (Continued)

Games operated directly by the Group

Games operated directly by the Group are in the form of self-operation on its own websites and cooperation with Platforms, which the Group is responsible for determining Platforms and payment channels, hosting and maintenance of game servers for game running, providing customer service as well as marketing activities. For games self-operated by the Group, payment channels are responsible for payment collections related to the games. For games cooperated with Platforms, Platforms are responsible for distribution, platform maintenance, paying player authentication and payment collections related to the games.

As the Group is responsible for identifying, contracting with and maintaining the relationships of Platforms and payment channels, commission fees paid to Platforms and payment channels are included in cost of revenues and presented on a gross basis. The Group considers it is the primary obligor to game developers for the reasons identified above as it has been given latitude by game developers in selecting Platform and payment channels for its service to game developers.

2 主要會計政策概要（續）

2.21 收入確認（續）

(a) 遊戲發行服務收入（續）

(i) 主要代理代價（續）

第三方開發的遊戲（續）

(1) 本集團擔當代理（續）

本集團直接經營的遊戲
本集團直接經營的遊戲乃以於其本身網站自主經營及與平台合作的方式經營，本集團負責決定平台及付款渠道、託管及維護讓遊戲運行的遊戲伺服器、提供客戶服務，以及營銷活動。就本集團自主經營的遊戲而言，付款渠道負責收取遊戲相關款項。就與平台合作經營的遊戲而言，平台負責發行、平台維護、付費玩家身份驗證及收取遊戲相關款項。

由於本集團負責識別、外包及維持平台和付款渠道關係，因此支付予平台及付款渠道的佣金費用計入收入成本內並以總額呈列。本集團認為，由於上文所識別的理理由，其本身乃遊戲開發商的主債務人，因為其一直獲遊戲開發商授予自由度可就提供予遊戲開發商的服務選擇平台及付款渠道。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (a) Game publishing service revenue (Continued)
 - (i) *Principal Agent Consideration* (Continued)
 - Third party developed games (Continued)
 - 1) The Group acts as Agent (Continued)
 - Games operated directly by the Group (Continued)

Different from the above analysis, for games cooperated with Facebook if it had been specified by game developers and Apple App, the game developers are fully aware of Facebook and Apple App's roles and responsibilities. The Group considered that Facebook, Apple App and itself provide services to the game developers together, as the Group does not have the latitude in selecting and negotiation with Facebook and Apple App and does not have the primary responsibility to game developers for the service provided by them, commission charges by Facebook and Apple App are deducted from revenue.

2 主要會計政策概要（續）

2.21 收入確認（續）

- (a) 遊戲發行服務收入（續）
 - (i) 主要代理代價（續）
 - 第三方開發的遊戲（續）
 - (1) 本集團擔當代理（續）
 - 本集團直接經營的遊戲（續）

與上述分析有所不同，對於與Facebook（若經已由遊戲開發商指定）和Apple App合作的遊戲而言，遊戲開發商充分知悉Facebook和Apple App的角色和責任。本集團認為，Facebook、Apple App及其本身共同為遊戲開發商提供服務，由於本集團在選擇及與Facebook和Apple App磋商方面並無自由度，且就由彼等提供的服務而言，本集團對遊戲開發商並無主要責任，故Facebook和Apple App收取的佣金乃於收入中扣除。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (a) Game publishing service revenue (Continued)
 - (i) *Principal Agent Consideration* (Continued)
 - Third party developed games (Continued)
 - 1) The Group acts as Agent (Continued)
 - Games subcontracted to Platforms
 - Certain games are subcontracted to Platforms to operate directly. For such subcontracted games, Platforms are responsible for determining secondary Platforms and payment channels, hosting and maintenance of game servers for game running, providing customer service as well as marketing activities. The Group's responsibilities are delivering games to Platforms, and thus the Group views the game developers to be its customers and considers itself as the agent of game developers in the arrangements with Platforms, as the Group does not have the primary responsibility to game developers for the service provided by these Platforms. Accordingly, the Group records revenue on a net basis, amounts paid to game developers and revenue-sharing amounts paid to Platforms or third party payment vendors are deducted from revenue.

2 主要會計政策概要（續）

2.21 收入確認（續）

- (a) 遊戲發行服務收入（續）
 - (i) 主要代理代價（續）
 - 第三方開發的遊戲（續）
 - (1) 本集團擔當代理（續）
 - 分包予平台的遊戲
 - 若干遊戲乃分包予平台由其直接經營。就該等分包遊戲而言，平台負責決定二級平台和付款渠道、託管及維護讓遊戲運行的遊戲伺服器、提供客戶服務，以及營銷活動。本集團的責任為交付遊戲予平台，因此，本集團視遊戲開發商為其客戶，而其本身則為遊戲開發商的代理，負責與平台作出安排，因為本集團就該等平台提供的服務對遊戲開發商並無主要責任。因此，本集團的收入按淨收入入賬，而支付予遊戲開發商的金額及支付予平台或第三方付款服務供應商的收入分攤金額，則從收入中扣除。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(a) Game publishing service revenue (Continued)

(i) *Principal Agent Consideration* (Continued)

Third party developed games (Continued)

2) The Group acts as Principal

During the year ended December 31, 2017 and 2016, there was a game license arrangement under which the Group takes primary responsibilities of further game development and updates, game operation, including determining Platforms and payment channels, providing customer services, hosting game servers, if needed, and controlling game and services specifications and pricing during the license period. Under this type of game license arrangement, the Group considered itself as a principal in this arrangement. Accordingly, the Group records the online game revenue from this third party licensed game on a gross basis. Commission fees paid to Platforms and payment channels and amortisation of license fees paid to third party game developer are recorded as cost of revenues.

2 主要會計政策概要 (續)

2.21 收入確認 (續)

(a) 遊戲發行服務收入 (續)

(i) 主要代理代價 (續)

第三方開發的遊戲 (續)

(2) 集團擔當主事人

於截至二零一七年及二零一六年十二月三十一日止年度，曾有一項遊戲授權安排，據此本集團承擔於許可期間推動遊戲進一步發展及更新、遊戲營運(包括釐定平台及付款渠道)、提供客戶服務、託管遊戲伺服器(如需要)，以及控制遊戲及服務規格和定價的主要責任。根據此類遊戲授權安排，本集團視本身為該安排的主事人。故此，本集團以總額基準記錄來自該第三方授權遊戲的網絡遊戲收入。向平台及付款渠道支付的佣金費用及向第三方遊戲開發商支付的許可費攤銷，則記錄為收入成本。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(a) Game publishing service revenue (Continued)

(i) *Principal Agent Consideration* (Continued)

Third party developed games (Continued)

2) The Group acts as Principal (Continued)

Self-developed games

The Group sometimes enters into license arrangements under which the Group takes primary responsibilities of game development and game operation, including determining Platforms and payment channels, providing customer services, hosting game servers, if needed, and controlling game and services specifications and pricing. Under this type of agreements, the Group considers itself the principal. Accordingly, the Group records the online game revenues from these games on a gross basis. Commission fees paid to Platforms and payment channels and amounts paid to licensor are recorded as cost of revenue.

The Group self-develops mobile games. Revenues derived from self-developed games are recorded on a gross basis as the Group acts as a principal to fulfil most obligations related to the mobile game operation. Commission fees paid to Platforms and payment channels are recorded as cost of revenue.

2 主要會計政策概要（續）

2.21 收入確認（續）

(a) 遊戲發行服務收入（續）

(i) 主要代理代價（續）

第三方開發的遊戲（續）

(2) 集團擔當主事人（續）

自主開發的遊戲

本集團有時候會訂立授權安排，據此，本集團承擔遊戲開發及遊戲經營的主要責任，包括決定平台及付款渠道、提供客戶服務、託管遊戲伺服器（如需要），以及控制遊戲及服務規格和定價。根據這種安排，本集團認為其本身乃主事人。因此，本集團來自該等遊戲的網絡遊戲收入乃以總額入賬。支付予平台及付款渠道的佣金費用以及支付予授權人的款項，則入賬列為收入成本。

本集團自主開發手機遊戲。由於本集團擔任主事人以履行有關手機遊戲營運的大部分責任，因此自主開發遊戲產生的收入以總體基準入賬。支付予平台及付款渠道的佣金費用入賬列為收入成本。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

(a) Game publishing service revenue (Continued)

(ii) *Timing of revenue recognition*

Third party developed games

1) The Group acts as Agent

Games operated directly by the Group

The Group recognises the service revenue when all four of the following criteria are met

(i) the amount of revenue can be measured reliably, (ii) it is probable that the economic benefits associated with the service will flow to the Group, (iii) the stage of completion of the service at the end of the reporting period can be measured reliably and (iv) the costs incurred for the service and costs to complete the service can be measured reliably.

For the purposes of determining when services have been provided to the respective players, the Group has determined the following:

- Consumable virtual items represent items that are extinguished after consumption in the form of fixed charges levied on each round of games played. The paying players will not continue to benefit from the virtual items thereafter. Revenue is recognised (as a release from deferred revenue) when the items are consumed and the related services are rendered.

2 主要會計政策概要 (續)

2.21 收入確認 (續)

(a) 遊戲發行服務收入 (續)

(ii) 收入確認時間

第三方開發的遊戲

(1) 本集團擔當代理

本集團直接經營的遊戲
本集團於以下四個條件均已符合時確認服務收入：(i)收入金額可以可靠地計量；(ii)本集團有可能產生與服務相關的經濟利益流入；(iii)於報告期末的服務完成階段可以可靠地計量；及(iv)服務產生的成本及完成服務所需的成本可以可靠地計量。

為確定向各個遊戲玩家提供服務的時間，本集團已釐定下列各項：

- 消耗類虛擬物品是指按每回已玩的遊戲收取固定費用的形式消耗後不再存在的物品。付費玩家此後將不會繼續得益於該等虛擬物品。收入乃於物品被耗用及提供相關服務時確認(作為遞延收入的解除)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (a) Game publishing service revenue (Continued)
 - (ii) *Timing of revenue recognition* (Continued)
 - Third party developed games (Continued)
 - 1) The Group acts as Agent (Continued)
 - Durable virtual items represent items that are accessible and beneficial to paying players over an extended period of time. Revenue is recognised ratably over the average life of durable virtual items for the applicable game, which the Group makes best estimates to be average playing period of paying players (“Player Relationship Period”).

The Group estimates the Player Relationship Period on a game-by-game basis and re-assesses such periods semi-annually. If there is insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it 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 considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the Player Relationship Period.

If the Group does not have the ability to differentiate revenue attributable to durable virtual items from consumable virtual items for a specific game, the Group recognises revenue from both durable and consumable virtual items for that game ratably over the Player Relationship Period.

2 主要會計政策概要 (續)

2.21 收入確認 (續)

- (a) 遊戲發行服務收入 (續)
 - (ii) 收入確認時間 (續)
 - 第三方開發的遊戲 (續)
 - (1) 本集團擔當代理 (續)
 - 耐用類虛擬物品是指付費玩家可長時期取用及受惠的物品。收入於適用遊戲的耐用類虛擬物品的平均可用時期 (其為本集團就付費玩家玩遊戲的平均遊戲期間所作的最佳估計 (「玩家關係期」)) 內按比例確認。

本集團按個別遊戲逐一估計玩家關係期，並且每半年重估該等期限。倘並無足夠的數據來確定玩家關係期，例如新發佈的遊戲，則根據由本集團或第三方開發商開發的其他相類遊戲來估計玩家關係期，直至新遊戲建立其本身的模式和歷史。在估計玩家關係期時，本集團考慮遊戲概況、目標玩家，以及遊戲對於不同人口組別的玩家吸引力。

倘本集團無法就特定遊戲從消耗類虛擬物品中區分耐用類虛擬物品的應佔收入，則本集團會於玩家關係期內按比例確認該遊戲來自耐用及消耗類虛擬物品的收入。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (a) Game publishing service revenue (Continued)
- (ii) *Timing of revenue recognition* (Continued)
- Third party developed games (Continued)
- 1) The Group acts as Agent (Continued)
- Games subcontracted to Platforms
- Revenue of games subcontracted to Platforms are recognised ratably over the Player Relationship Period, for (i) the Group has a continuous obligation to game developers to coordinate Platforms for providing service to game players, and (ii) the Group does not have the ability to differentiate revenue from games subcontracted to Platforms attributable to durable virtual items from consumable virtual items for a specific game.
- 2) The Group acts as Principal
- Revenue of third party developed games when the Group acts as a Principal are recognised ratably over the Player Relationship Period or as the durable virtual items are consumed, which is similar to the policy of third party developed games operated directly by the Group when the Group acts as an Agent mentioned above.
- Self-developed games
- Revenue of self-developed games are recognised ratably over the Player Relationship Period or as the durable virtual items are consumed, which is similar to the policy of third party developed games when the Group acts as a Principal mentioned above.

2 主要會計政策概要 (續)

2.21 收入確認 (續)

- (a) 遊戲發行服務收入 (續)
- (ii) *收入確認時間* (續)
- 第三方開發的遊戲 (續)
- (1) 本集團擔當代理 (續)
- 分包予平台的遊戲
- 分包予平台的遊戲的收入於玩家關係期內按比例予以確認，因為(i)本集團對遊戲開發商負有持續責任以協調為遊戲玩家提供服務的平台，及(ii)本集團無法就特定遊戲從消耗類虛擬物品中區分耐用類虛擬物品應佔分包予平台的遊戲的收入。
- (2) 本集團擔當主事人
- 本集團擔當主事人期間的第三方開發遊戲收入於玩家關係期內或於耐用類虛擬物品被耗用時按比例予以確認，這與上述由本集團擔當代理直接經營第三方開發遊戲的政策相似。
- 自主開發的遊戲
- 自主開發遊戲的收入於玩家關係期內或於耐用類虛擬物品被耗用時按比例予以確認，這與上述由本集團擔當主事人期間的第三方開發遊戲的政策相似。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Revenue recognition (Continued)

- (b) Licensing revenue
The Group also authorises third parties to operate its online games. The Group receives additional up-front license fees from certain third-party licensee operators who are entitled to an exclusive right to operate the Group's games in specified geographic areas. Since the Group is obligated to provide services during the license period, the initial license fees are recognised as revenue ratably over the license period.
- (c) Server rental revenue
Server rental revenue is derived principally from server rental arrangements. The Group enters into server rental arrangements with third parties to allow them to use the servers rented by the Group over a particular period of time. The Group recognises revenues ratably over the term of the lease.
- (d) Advertising revenue
The Group provides advertising placement for a specified period on the interface of online games. The Group recognises revenue ratably over the period during which the advertising services are provided.

2.22 Interest income

Interest income mainly represents interest income from bank deposits and is recognised using effective interest method.

2.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2 主要會計政策概要（續）

2.21 收入確認（續）

- (b) 特許權收入
本集團亦授權第三方經營其網絡遊戲。本集團向已取得獨家權利於指定地區經營本集團的遊戲的若干第三方特許經營商收取額外前期許可費用。由於本集團有責任於許可期間提供服務，初期許可費用乃於許可期間按比例確認為收入。
- (c) 伺服器租賃收入
伺服器租賃收入主要來自伺服器租用安排。本集團與第三方訂立伺服器租用安排，以便彼等於特定時期內使用本集團出租的伺服器。本集團於租賃期內按比例確認該項收入。
- (d) 廣告收入
本集團於指定期間在網絡遊戲界面上提供廣告投放。本集團於提供廣告服務期間按比例確認該項收入。

2.22 利息收入

利息收入主要指銀行存款的利息收入，並採用實際利率法確認。

2.23 經營租賃

所有權的重大部分風險和回報由出租人保留的租賃，歸類為經營租賃。根據經營租賃作出的付款（扣除任何收取自出租人的激勵）以直線法於租賃期內於合併全面收益表扣除。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 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 directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects on the financial performance of the Group.

Risk management is carried out by the senior management of the Group and approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"). Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities and net investment in foreign operations. The finance department of the Group is responsible for monitoring and managing the net position in each foreign currency. The Group currently does not hedge transactions undertaken in foreign currencies but manages its exposure through constant monitoring to limit as much as possible the amount of its foreign currencies exposures.

2 主要會計政策概要（續）

2.24 股息分派

分派予本公司股東的股息乃於股息獲本公司股東或董事（視乎適用情況而定）批准的期間在本集團及本公司的財務報表內確認為負債。

3 財務風險管理

3.1 財務風險因素

本集團的活動涉及多種財務風險：市場風險（包括貨幣風險及利率風險）、信貸風險及流動資金風險。本集團的整體風險管理策略尋求盡量減低對本集團財務表現產生的潛在不利影響。

風險管理由本集團高級管理層執行並由董事會批准。

(a) 市場風險

(i) 外匯風險

本集團在國際市場經營業務，須承受因各種貨幣風險引致的外匯風險，主要涉及人民幣（「人民幣」）。外匯風險乃因未來商務交易、已確認資產及負債以及於海外業務的淨投資而產生。本集團的財務部負責監察及管理每種外幣的淨額狀況。本集團目前並無對外幣進行對沖交易，但透過不斷監察以盡可能限制其外幣風險金額，從而管理其所承受的風險。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group has certain investments in foreign operations particularly in the PRC, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations considered not material therefore no separated sensitive analysis is included.

For the year ended December 31, 2017, if USD had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax profit for the year would have been USD27,655 (2016: USD44,411) higher/lower, respectively, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated receivables and payables.

(ii) Interest rate risk

Other than interest-bearing bank deposits, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

3 財務風險管理（續）

3.1 財務風險因素（續）

(a) 市場風險（續）

(i) 外匯風險（續）

本集團有若干於海外業務的投資，特別是於中國，該等業務的淨資產涉及外幣換算風險。本集團的海外業務淨資產所產生的貨幣風險被視為不重大，因此並無載入獨立敏感度分析。

截至二零一七年十二月三十一日止年度，倘美元兌人民幣貶值／升值5%而所有其他變數維持不變，則年內除稅後溢利應分別增加／減少27,655美元（二零一六年：44,411美元），主要是由於換算人民幣計值的應收款項及應付款項產生的匯兌收益／虧損。

(ii) 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將不會對計息資產造成任何重大影響，因為銀行結餘的利率預期不會有重大變動。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and bank deposits and trade and other receivables.

The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk arising from cash and bank deposits, the Group only transacts with reputable commercial banks which are all high-credit-quality financial institutions in the PRC and Hong Kong. There has been no recent history of default in relation to these financial institutions.

Individual balances of trade receivables exceeding 10% of the Group's total trade receivables as at December 31, 2017 accounted for approximately 55% (2016: 39%) of the Group's total trade receivables.

Trade receivables and certain other receivables at the end of each reporting period were due from the Platforms and payment channels in cooperation with the Group. If the strategic relationship with the Platforms and payment channels is terminated or scaled-back; or if the Platforms and payment channels alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's game development receivables might be adversely affected in terms of recoverability. To manage this risk, the Group maintains frequent communications with the Platforms and payment channels to ensure the effective credit control. In view of the history of cooperation with the Platforms and payment channels 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 Platforms and payment channels is low.

For other receivables not due from payment channels, 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.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險

本集團涉及與其現金及銀行存款以及貿易及其他應收款項有關的信貸風險。

以上各類金融資產的賬面值即本集團面臨與金融資產有關的最大信貸風險。為管理由現金及銀行存款引致的風險，本集團僅與均為中國及香港高信貸質量金融機構並具良好信譽的商業銀行交易。該等金融機構概無近期拖欠還款的記錄。

於二零一七年十二月三十一日，個別貿易應收款項餘額超過本集團貿易應收款項總額的10%，佔本集團貿易應收款項總額約55%（二零一六年：39%）。

於各報告期末的貿易應收款項及若干其他應收款項乃應收與本集團合作的平台及付款渠道的款項。倘與平台及付款渠道的策略性關係終止或規模縮減；或倘平台及付款渠道更改合作安排；或倘彼等在向本集團還款方面遇到財務困難，本集團的遊戲開發應收款項的可收回性可能受到不利影響。為管理此風險，本集團與平台及付款渠道保持緊密聯繫，確保有效的信貸控制。鑑於與平台及付款渠道的過往合作及向彼等收取應收款項的過往收款記錄良好，本公司董事相信本集團應收平台及付款渠道的未償還貿易應收款項結餘的固有信貸風險為低。

就其他並非由付款渠道結欠的應收款項而言，管理層根據過往結算記錄及過往經驗，對其他應收款項的可收回性作出定期的集體評估以及個別評估。本公司董事相信，本集團其他應收款項的未償還結餘並無固有的重大信貸風險。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 財務風險管理（續）

3.1 財務風險因素（續）

(c) 流動資金風險

本集團旨在保持足夠的現金及現金等價物。由於相關業務的動態性質，本集團的財務部透過保持足夠的現金及現金等價物，以維持資金靈活性。

下表按於結算日至合約到期日的剩餘期間分析本集團按相關到期組別劃分的非衍生金融負債。表內披露的金額為合約未貼現現金流量。

		Less than 1 year 少於1年 USD 美元	Between 1 year and 2 years 1年至2年 USD 美元	Between 2 year and 5 years 2年至5年 USD 美元	Total 總計 USD 美元
At December 31, 2017	於二零一七年 十二月三十一日				
Trade and other payables and accruals (excluding salary and staff welfare payables and taxes payable)	貿易及其他應付款項和應計費用（不包括應付薪金及員工福利及應繳稅項）	6,938,350	505,532	325,415	7,769,297
At December 31, 2016	於二零一六年 十二月三十一日				
Trade and other payables and accruals (excluding salary and staff welfare payables and taxes payable)	貿易及其他應付款項和應計費用（不包括應付薪金及員工福利及應繳稅項）	6,943,782	1,074,883	50,128	8,068,793

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital and capital reserves) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

The Group's financial instruments are carried at fair value as at balance sheet dates, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

3 財務風險管理 (續)

3.2 資本管理

本集團管理資本的目標是保障本集團繼續持續經營的能力，從而為股東提供回報及為其他利益相關者提供利益，以及維持最佳的資本結構以減低資本成本。

本集團透過定期檢討資本結構以監察資本(包括股本及資本儲備)。作為是項檢討的一部分，本公司董事考慮資本成本。為維持或調整資本結構，本集團或會調整向股東派付的股息金額、向股東退還資本、發行新股份或出售資產以減低債務。本公司董事認為，本集團的資本風險低。

3.3 公平值估算

本集團的金融工具乃根據用以計量公平值的估值法的輸入值等級按結算日的公平值列賬。該等輸入值於公平值等級制內分類為三個等級如下：

- 相同資產或負債於活躍市場的報價(未經調整)(第一級)。
- 該資產或負債的可觀察輸入值(不包括第一級所包括的報價)，不論直接(即價格)或間接(即源自價格)(第二級)。
- 就該資產或負債而非基於可觀察的市場數據的輸入值(即不可觀察輸入值)(第三級)。

於活躍市場買賣的金融工具的公平值乃按於結算日的市場報價計算。倘報價隨時及定期可從交易所、交易商、經紀行、行業團體、定價服務，或監管機關取得，而該等價格代表按公平原則實際及定期發生的市場交易，則市場被視為活躍。就本集團所持有的金融資產採用的市場報價乃指當前買入價。該等工具計入第一級內。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required for evaluating the fair value of a financial instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for financial instruments.

No asset instruments carried in level 1 to level 3 for the year ended December 31, 2017.

3 財務風險管理（續）

3.3 公平值估算（續）

並非於活躍市場買賣的金融工具的公平值乃採用估值法釐定。該等估值法盡量使用可觀察的市場數據（如有）及盡可能不依賴實體特定估計。倘評估金融工具公平值所需的所有重大輸入值均可觀察，該工具則計入第二級內。

倘一項或以上的重大輸入值並非基於可觀察的市場數據，該工具計入第三級內。

用於評估金融工具價值的具體估值法包括：

- 交易商就同類工具的報價；及
- 其他方法，如貼現現金流量分析，乃用於釐定金融工具的公平值。

截至二零一七年十二月三十一日止年度，並無資產工具從第一級結轉至第三級。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 addressed below.

(a) Estimates of the Player Relationship Period in the Group's game development

As described in Note 2.21, the Group recognises revenue from durable virtual items ratably over the Player Relationship Period. The determination of Player Relationship Period in each game 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 a semi-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.

4 關鍵會計估計及判斷

估計及判斷會持續予以評估，並以過往經驗及其他因素（包括在某些情況下對未來事件的合理預期）為依據。

4.1 關鍵會計估計及假設

本集團就未來作出估計及假設。根據定義，由此產生的會計估計極少與相關的實際結果相符。很可能引致須於下一個財政年度內對資產及負債的賬面值進行重大調整的估計及假設討論如下。

(a) 對本集團遊戲開發過程中玩家關係期的估計

如附註2.21所述，本集團於玩家關係期按比例確認耐用類虛擬物品的收入。每個遊戲的玩家關係期乃根據本集團的最佳估計釐定，當中計及於評估時所有已知及相關資料。該等估計每半年重新評估一次。因新資料導致玩家關係期變動所引起的任何調整將作為預期的會計估計變動入賬。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

- (b) Provision for impairment of trade receivables
Impairment of trade receivables is made based on an assessment of the recoverability of trade receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact the carrying value of the receivables, and the amount of doubtful debt expenses or write-back of provision for trade receivable in the period in which such estimate has been changed. Based on the Group's assessment on the collectability of trade receivables, impairment provision of USD1,698,689 was made as at December 31, 2017 (2016: USD1,358,953).
- (c) Current and deferred income taxes
The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

4 關鍵會計估計及判斷 (續)

4.1 關鍵會計估計及假設 (續)

- (b) 貿易應收款項減值撥備
貿易應收款項的減值乃基於對貿易應收款項可收回性的評估。識別呆賬需要管理層的判斷及估計。倘有客觀證據表明本集團將無法收回債務，則作出撥備。倘實際結果或未來預期與原來的估計有差異，該等差異將影響於該估計變動期間應收款項的賬面值，以及貿易應收款項呆賬支出或撥備撥回的金額。根據本集團對貿易應收款項可收回性的評估，於二零一七年十二月三十一日，本集團作出的減值撥備為1,698,689美元（二零一六年：1,358,953美元）。
- (c) 即期及遞延所得稅
本集團須在多個司法權區繳納所得稅。於釐定全球所得稅的撥備時須作出重大判斷。多項交易及計算導致未能確定最終所定稅項。本集團根據對會否需要繳納額外稅項的估計，確認對預期稅務審核事宜的負債。倘若該等事宜的最終稅務結果與初步入賬金額有所不同，有關差額將影響作出有關決定期間的即期及遞延稅項資產及負債。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

5 REVENUE AND SEGMENT INFORMATION

5 收入及分部資料

		Year ended December 31, 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Online game revenue	網絡遊戲收入	28,265,058	27,588,973
Licensing revenue	特許權收入	300,398	566,727
Server rental revenue	伺服器租賃收入	39,540	238,770
Advertising revenue	廣告收入	15,613	51,216
		28,620,609	28,445,686

		Year ended December 31, 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Online game revenue	網絡遊戲收入		
Web-based games	網頁遊戲	10,524,455	10,199,039
Mobile games	手機遊戲	17,740,603	17,389,934
		28,265,058	27,588,973

For management purpose, the executive directors of the Company consider that the Group generates revenue primarily from the provision of game services. The executive directors of the Company review the operating results of the business as one segment to make strategic decisions about resources to be allocated. Therefore, the executive directors of the Company consider that there is only one segment of the Group.

The Group has a large number of game players, no individual game players generate revenue which exceeded 10% or more of the Group's revenue for the year ended December 31, 2017 (2016: same).

就管理目的而言，本公司執行董事認為本集團主要通過提供遊戲服務產生收入。本公司執行董事將業務作為一個分部而審閱經營業績，以作出有關資源分配的策略性決定。因此，本公司執行董事認為本集團僅有一個分部。

本集團擁有數目龐大的遊戲玩家，概無個別遊戲玩家產生的收入超過本集團於截至二零一七年十二月三十一日止年度收入的10%或以上（二零一六年：相同）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

5 REVENUE AND SEGMENT INFORMATION

(Continued)

The revenue generated from top five largest revenue collection platforms, accounted for 62% (2016: 55%) of the Group's revenue for the year ended December 31, 2017.

The revenue generated from the games licensed by Shenzhen 7th Road Technology Co., Ltd. ("Shenzhen 7th Road"), the Group's largest game licensor, accounted for 21% (2016: 30%) of the Group's revenue for the year ended December 31, 2017. Besides that, no revenue from games licensed by a single company exceeded 10% or more of the Group's revenue for the year ended December 31, 2017 (2016: same).

Non-current assets other than financial instruments and deferred income tax assets, by country:

5 收入及分部資料 (續)

來自五大收入收款平台的收入佔本集團截至二零一七年十二月三十一日止年度的收入的62% (二零一六年：55%)。

來自本集團最大遊戲授權人深圳第七大道科技有限公司(「深圳第七大道」)授權的遊戲的收入佔本集團截至二零一七年十二月三十一日止年度的收入的21% (二零一六年：30%)。除此之外，於截至二零一七年十二月三十一日止年度，概無來自單一公司授權的遊戲的收入超過本集團收入的10%或以上(二零一六年：相同)。

按國家劃分的非流動資產(金融工具及遞延所得稅資產除外)：

		As at December 31,	
		於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
BVI	英屬處女群島	—	56,255
The PRC	中國	1,042,748	1,085,885
Hong Kong	香港	499,532	169
Other locations	其他地點	62,043	62,819
		1,604,323	1,205,128

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

6 PROPERTY, PLANT AND EQUIPMENT

6 物業、廠房及設備

		Office equipment 辦公室設備 USD 美元	Computers 電腦 USD 美元	Leasehold improvements 租賃物業裝修 USD 美元	Total 總計 USD 美元
Year ended December 31, 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	54,345	80,873	266,289	401,507
Additions	添置	1,759	57,684	-	59,443
Depreciation charge	折舊費用	(26,648)	(38,327)	(146,953)	(211,928)
Currency translation differences	貨幣換算差額	2,775	6,114	12,681	21,570
Closing net book amount	年末賬面淨值	32,231	106,344	132,017	270,592
At December 31, 2017	於二零一七年 十二月三十一日				
Cost	成本	91,335	314,621	452,899	858,855
Accumulated depreciation	累計折舊	(59,104)	(208,277)	(320,882)	(588,263)
Net book amount	賬面淨值	32,231	106,344	132,017	270,592
Year ended December 31, 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	57,307	81,951	385,734	524,992
Additions	添置	9,502	55,832	10,220	75,554
Depreciation charge	折舊費用	(8,708)	(51,460)	(108,753)	(168,921)
Currency translation differences	貨幣換算差額	(3,756)	(5,450)	(20,912)	(30,118)
Closing net book amount	年末賬面淨值	54,345	80,873	266,289	401,507
At December 31, 2016	於二零一六年 十二月三十一日				
Cost	成本	83,908	238,802	424,593	747,303
Accumulated depreciation	累計折舊	(29,563)	(157,929)	(158,304)	(345,796)
Net book amount	賬面淨值	54,345	80,873	266,289	401,507

Depreciation charges were charged to administrative expenses during the year ended December 31, 2017 and 2016.

於截至二零一七年及二零一六年十二月三十一日止年度，折舊費用計入行政開支。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

7 INTANGIBLE ASSETS

7 無形資產

		Licenses 許可權 USD 美元	Computer software 電腦軟件 USD 美元	Total 總計 USD 美元
Year ended December 31, 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	56,255	12,493	68,748
Additions	添置	523,000	-	523,000
Amortisation	攤銷	(129,819)	(2,434)	(132,253)
Currency translation differences	貨幣換算差額	-	1,606	1,606
Closing net book amount	年末賬面淨值	449,436	11,665	461,101
At December 31, 2017		於二零一七年十二月三十一日		
Cost	成本	2,324,875	30,998	2,355,873
Accumulated amortisation	累計攤銷	(1,875,439)	(19,333)	(1,894,772)
Net book amount	賬面淨值	449,436	11,665	461,101
Year ended December 31, 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	617,981	17,865	635,846
Additions	添置	50,000	-	50,000
Amortisation	攤銷	(611,726)	(5,419)	(617,145)
Currency translation differences	貨幣換算差額	-	47	47
Closing net book amount	年末賬面淨值	56,255	12,493	68,748
At December 31, 2016		於二零一六年十二月三十一日		
Cost	成本	1,801,874	28,036	1,829,910
Accumulated amortisation	累計攤銷	(1,745,619)	(15,543)	(1,761,162)
Net book amount	賬面淨值	56,255	12,493	68,748

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

7 INTANGIBLE ASSETS (Continued)

Amortisation charges were expensed in the following categories in the consolidated statement of comprehensive income:

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Cost of revenue	成本	129,819	611,726
Administrative expenses	行政開支	2,434	5,419
		132,253	617,145

7 無形資產（續）

攤銷費用於合併全面收益表內於以下類別支銷：

8 FINANCIAL INSTRUMENTS BY CATEGORIES

		Loans and receivables 貸款及應收款項 USD 美元
Assets per consolidated balance sheet	合併資產負債表所示的資產	
At December 31, 2017	於二零一七年十二月三十一日	
Trade and other receivables (excluding prepayments, deferred cost and deposits)	貿易及其他應收款項（不包括預付款、遞延成本及按金）	16,255,433
Cash and cash equivalents	現金及現金等價物	43,997,614
		60,253,047
At December 31, 2016	於二零一六年十二月三十一日	
Trade and other receivables (excluding prepayments, deferred cost and deposits)	貿易及其他應收款項（不包括預付款、遞延成本及按金）	15,843,883
Cash and cash equivalents	現金及現金等價物	8,130,169
		23,974,052

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

8 FINANCIAL INSTRUMENTS BY CATEGORIES (Continued)

8 按類別劃分的金融工具（續）

		Liabilities at amortised cost 按攤銷成本列賬 的負債 USD 美元
Liabilities per consolidated balance sheet	合併資產負債表所示的負債	
At December 31, 2017	於二零一七年十二月三十一日	
Trade and other payables and accruals (excluding salary and staff welfare payables and taxes payable)	貿易及其他應付款項和應計費用 (不包括應付薪金及員工福利及應繳稅項)	7,769,297
At December 31, 2016	於二零一六年十二月三十一日	
Trade and other payables and accruals (excluding salary and staff welfare payables and taxes payable)	貿易及其他應付款項和應計費用 (不包括應付薪金及員工福利及應繳稅項)	8,068,793

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

9 INVESTMENTS IN SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2017 are set out below:

9 於附屬公司的投資

本集團於二零一七年十二月三十一日的附屬公司詳情如下：

Company Name	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Equity interest held as at December 31, 2017	Principal activities and place of operation
公司名稱	註冊成立/ 成立地點及日期	已發行及實繳 資本/註冊資本	於二零一七年 十二月三十一日 持有的股權	主要業務及經營地點
Directly owned				
直接擁有				
Digital Hollywood International Limited ("Hollywood BVI")	BVI/ November 25, 2014 英屬處女群島/ 二零一四年十一月二十五日	USD100 100美元	100%	Investment holding/BVI 投資控股/英屬處女群島
PCL	BVI/ January 25, 2011 英屬處女群島/ 二零一一年一月二十五日	USD50,000 50,000美元	100%	Operation of web-based and mobile games/Global markets, mainly in North American market 營運網頁及手機遊戲/全球市場，主要在北美市場
Angame	BVI/ July 5, 2005 英屬處女群島/ 二零零五年七月五日	USD100 100美元	100%	Operation of mobile games/mainly in Vietnam and Malaysia 營運手機遊戲/主要在越南及馬來西亞
Indirectly owned				
間接擁有				
Hollywood HK	Hong Kong/ December 5, 2014 香港/ 二零一四年十二月五日	Hong Kong dollar ("HKD") 1 1港元	100%	Operation of online games/mainly in Hong Kong and Taiwan 營運網絡遊戲/主要在香港及台灣
N2PG	Hong Kong/ March 29, 2011 香港/ 二零一一年三月二十九日	HKD10,000 10,000港元	100%	Operation of web-based game overseas/ mainly in North American market 營運網頁遊戲/海外，主要在北美市場

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

9 INVESTMENTS IN SUBSIDIARIES (Continued)

9 於附屬公司的投資（續）

Company Name	Place and date of incorporation/ establishment	Issued and paid-in capital/ registered capital	Equity interest held as at December 31, 2017 於二零一七年十二月三十一日 持有的股權	Principal activities and place of operation
公司名稱	註冊成立/ 成立地點及日期	已發行及實繳 資本/註冊資本		主要業務及經營地點
Guangzhou You Lai	The PRC/ May 13, 2015	USD2,000,000	100%	Technical support services/the PRC
廣州遊萊	中國/ 二零一五年五月十三日	2,000,000美元	100%	技術支援服務/中國
北京遊堂信息科技有限公司 (Beijing You Tang Information Technology Company Limited, "Beijing You Tang")	The PRC/ July 17, 2015	RMB2,000,000	100%	Investment holding/the PRC
北京遊堂信息科技有限公司 (「北京遊堂」)	中國/ 二零一五年七月十七日	人民幣2,000,000元	100%	投資控股/中國
Zhang Ying Kong	The PRC/ March 6, 2013	RMB1,000,000	100%	Development of mobile games/the PRC
掌贏控	中國/ 二零一三年三月六日	人民幣1,000,000元	100%	開發手機遊戲/中國
Guangzhou Suiyu Niandai	The PRC/ June 12, 2010	RMB500,000	100%	Marketing and technical support service/ the PRC
廣州歲月年代	中國/ 二零一零年六月十二日	人民幣500,000元	100%	市場營銷及技術支援服務/中國
北京遊萊信息科技有限公司 (Beijing You Lai Information Technology Company Limited, "Beijing You Lai")	The PRC/ November 14, 2014	RMB1,000,000	100%	Investment holding/the PRC
北京遊萊信息科技有限公司 (「北京遊萊」)	中國/ 二零一四年十一月十四日	人民幣1,000,000元	100%	投資控股/中國

Notes: The Company has set up a structured entity ("Share Scheme Trust") solely for the purpose of administering and holding the Company's shares for the Share Option Scheme (Note 15), the Company has the power to direct the relevant activities of Share Scheme Trust and it has the ability to use its power over Share Scheme Trust to affect its exposure to returns. Therefore, the assets and liabilities of Share Scheme Trust are included in the Group's balance sheet and the shares it held are presented as a deduction in equity as shares held for the Share Option Scheme.

附註：本公司已設立一家結構性實體（「股份計劃信託」），僅用作管理及持有本公司就購股權計劃持有的股份（附註15）。本公司有權指示股份計劃信託的相關活動，並有能力對股份計劃信託運用權力以影響其風險回報。因此，股份計劃信託的資產及負債載列於本集團資產負債表，而其所持有的股份乃以就購股權計劃持有的股份呈列為權益減少。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

10 INVESTMENT IN AN ASSOCIATE

The amounts recognised in the balance sheet are as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Associate	聯營公司	681,625	684,873
The losses recognised in the statement of profit or loss are as follows:	於損益表內確認的虧損如下：		
Associate	聯營公司	47,274	36,666

Investment in an associate

Set out below are the details of the associate of the Group. The associate as listed below has share capital consisting solely of registered capital, which are held directly by the Group.

Details of investment in an associate as at December 31, 2017 and 2016:

Name of entity 實體名稱	Place of business/country of incorporation 營業地點／註冊成立國家	% of ownership interest 所有權權益百分比(%)	Nature of the relationship 關係性質	Measurement method 計量方法
上海集鷹科技有限公司 (Shanghai Jiying Technology Company Limited, "Shanghai Jiying")	The PRC	20	(i) and (ii)	Equity
上海集鷹科技有限公司 (「上海集鷹」)	中國	20	(i)及(ii)	權益

- (i) The Group has designated a member in the Board of Directors which enables the Group to exercise significant influence in Shanghai Jiying through the participation in operational, investing and financing actions. Consequently, Shanghai Jiying has been accounted for as an associate.

Shanghai Jiying is a private company engaged in game operation and there is no quoted market price available for its equity.

- (ii) There were no contingent liabilities relating to the Group's interest in the associate.

10 於聯營公司的投資

於資產負債表內確認的金額如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元

Associate	聯營公司	681,625	684,873
The losses recognised in the statement of profit or loss are as follows:	於損益表內確認的虧損如下：		
Associate	聯營公司	47,274	36,666

於聯營公司的投資

以下載列本集團聯營公司的資料。下文所列聯營公司的股本僅包括註冊股本，有關註冊股本由本集團直接持有。

於二零一七年及二零一六年十二月三十一日於一家聯營公司的投資的詳情。

Name of entity 實體名稱	Place of business/country of incorporation 營業地點／註冊成立國家	% of ownership interest 所有權權益百分比(%)	Nature of the relationship 關係性質	Measurement method 計量方法
上海集鷹科技有限公司 (Shanghai Jiying Technology Company Limited, "Shanghai Jiying")	The PRC	20	(i) and (ii)	Equity
上海集鷹科技有限公司 (「上海集鷹」)	中國	20	(i)及(ii)	權益

- (i) 本集團已於董事會指派一名成員，使本集團可透過參與營運、投資及融資行動於上海集鷹行使重大影響力。因此，上海集鷹已列作一家聯營公司入賬。

上海集鷹為一家從事遊戲營運的私營公司，其股票並無市場報價。

- (ii) 概無涉及本集團於聯營公司的權益的或

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

10 INVESTMENT IN AN ASSOCIATE (Continued)

Summarised financial information of the associate

Set out below is the summarised financial information of the associate which is accounted for using the equity method.

		As at December 31, 2017 於二零一七年 十二月三十一日 USD 美元	As at December 31, 2016 於二零一六年 十二月三十一日 USD 美元
Current assets	流動資產	1,135,083	1,098,923
Non-current assets	非流動資產	68,392	82,886
Current liabilities	流動負債	(252,949)	(61,444)
Net assets	淨資產	950,526	1,120,365

Summarised statement of comprehensive income

		Year ended December 31, 2017 截至二零一七年 十二月三十一日 止年度 USD 美元	Year ended December 31, 2016 截至二零一六年 十二月三十一日 止年度 USD 美元
Revenue	收入	264,516	-
Cost of sales	銷售成本	(62,662)	-
Administrative expenses	行政開支	(438,253)	(183,329)
Interest income	利息收入	248	8
Income tax expense	所得稅開支	(219)	-
Loss for the year	年內虧損	(236,370)	(183,321)
Other comprehensive income	其他全面收益	-	-
Total comprehensive loss	全面虧損總額	(236,370)	(183,321)

然負債。

10 於聯營公司的投資（續）

聯營公司的財務報表摘要

以下載列聯營公司的財務報表摘要，有關資料乃使用權益法計算得出。

Shanghai Jiying
上海集鷹

	As at December 31, 2017 於二零一七年 十二月三十一日 USD 美元	As at December 31, 2016 於二零一六年 十二月三十一日 USD 美元
Current assets	1,135,083	1,098,923
Non-current assets	68,392	82,886
Current liabilities	(252,949)	(61,444)
Net assets	950,526	1,120,365

全面收益表摘要

Shanghai Jiying
上海集鷹

	Year ended December 31, 2017 截至二零一七年 十二月三十一日 止年度 USD 美元	Year ended December 31, 2016 截至二零一六年 十二月三十一日 止年度 USD 美元
Revenue	264,516	-
Cost of sales	(62,662)	-
Administrative expenses	(438,253)	(183,329)
Interest income	248	8
Income tax expense	(219)	-
Loss for the year	(236,370)	(183,321)
Other comprehensive income	-	-
Total comprehensive loss	(236,370)	(183,321)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

10 INVESTMENT IN AN ASSOCIATE (Continued)

Summarised statement of comprehensive income (Continued)

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised historical financial information

Reconciliation of the summarised financial information presented to the carrying amount of investment in the associate.

Summarised historical financial information

10 於聯營公司的投資（續）

全面收益表摘要（續）

以上資料反映聯營公司財務報表呈列的金額（而非本集團應佔金額），並已就本集團與聯營公司之間的會計政策差異作出調整。

歷史財務資料摘要對賬

所呈列財務資料摘要與於聯營公司投資的賬面值的對賬。

歷史財務資料摘要

		Shanghai Jiying 上海集鷹	
		As at December 31, 2017 於二零一七年 十二月三十一日 USD 美元	As at December 31, 2016 於二零一六年 十二月三十一日 USD 美元
Opening net assets January 1	年初淨資產（一月一日）	1,120,365	–
Capital contribution from founders	創辦人出資	–	1,296,000
Loss for the year	年內虧損	(236,370)	(183,321)
Currency translation differences	貨幣換算差額	66,531	7,686
Closing net assets	期末淨資產	950,526	1,120,365
Interest in associate (20%)	於聯營公司的權益(20%)	190,105	224,073
Goodwill	商譽		
– Initial amount	– 初始金額	491,520	460,800
– Impairment	– 減值	–	–
Carrying value	賬面值	681,625	684,873

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

11 DEFERRED INCOME TAX

The analysis of deferred income tax assets and liabilities is as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Deferred income tax assets:	遞延所得稅資產：		
– to be recovered within 12 months	– 將於12個月內收回	239,452	147,891
Deferred income tax liabilities:	遞延所得稅負債：		
– to be recovered within 12 months	– 將於12個月內收回	(43,573)	(27,362)
Deferred tax asset – net	遞延稅項資產淨額	195,879	120,529

The movement on the deferred income tax assets is as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Beginning of the year	於年初	120,529	43,005
Recognised in profit or loss (Note 24)	於損益中確認（附註24）	69,558	79,961
Currency translation differences	貨幣換算差額	5,792	(2,437)
End of the year	於年末	195,879	120,529

11 遞延所得稅

遞延所得稅資產及負債的分析如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Deferred income tax assets:	遞延所得稅資產：		
– to be recovered within 12 months	– 將於12個月內收回	239,452	147,891
Deferred income tax liabilities:	遞延所得稅負債：		
– to be recovered within 12 months	– 將於12個月內收回	(43,573)	(27,362)
Deferred tax asset – net	遞延稅項資產淨額	195,879	120,529

遞延所得稅資產的變動如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Beginning of the year	於年初	120,529	43,005
Recognised in profit or loss (Note 24)	於損益中確認（附註24）	69,558	79,961
Currency translation differences	貨幣換算差額	5,792	(2,437)
End of the year	於年末	195,879	120,529

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

11 DEFERRED INCOME TAX (Continued)

Movement in deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

11 遞延所得稅（續）

遞延所得稅資產的變動（不計及同一稅務司法權區內的結餘抵銷）如下：

		Deferred revenue 遞延收入 USD 美元	Provisions 撥備 USD 美元	Total 總計 USD 美元
Year ended December 31, 2017	截至二零一七年十二月三十一日 止年度			
At beginning of the year	於年初	117,940	29,951	147,891
Credited to the income statement	計入收益表	14,955	69,783	84,738
Currency translation differences	貨幣換算差額	2,853	3,970	6,823
At end of the year	於年末	135,748	103,704	239,452
Year ended December 31, 2016	截至二零一六年十二月三十一日 止年度			
At beginning of the year	於年初	55,383	2,815	58,198
Credited to the income statement	計入收益表	64,867	28,446	93,313
Currency translation differences	貨幣換算差額	(2,310)	(1,310)	(3,620)
At end of the year	於年末	117,940	29,951	147,891

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

11 DEFERRED INCOME TAX (Continued)

Movement in deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

11 遞延所得稅 (續)

遞延所得稅負債的變動(不計及同一稅務司法權區內的結餘抵銷)如下:

		Deferred Cost 遞延成本 USD 美元
Year ended December 31, 2017	截至二零一七年十二月三十一日止年度	
At beginning of the year	於年初	(27,362)
Charged to the income statement	於收益表扣除	(15,180)
Currency translation differences	貨幣換算差額	(1,031)
At end of the year	於年末	(43,573)
Year ended December 31, 2016	截至二零一六年十二月三十一日止年度	
At beginning of the year	於年初	(15,193)
Charged to the income statement	於收益表扣除	(13,352)
Currency translation differences	貨幣換算差額	1,183
At end of the year	於期末	(27,362)

Deferred income tax liabilities of USD624,623 (2016: USD450,175) as at December 31, 2017, have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are permanently reinvested. Unremitted earnings totalled USD12,492,466 (2016: USD9,003,497) as at December 31, 2017.

於二零一七年十二月三十一日，並無就若干附屬公司的未匯出盈利應付的預扣稅及其他稅項確認遞延所得稅負債624,623美元(二零一六年：450,175美元)。有關金額已用作永久再投資。於二零一七年十二月三十一日的未匯出盈利合共為12,492,466美元(二零一六年：9,003,497美元)。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

12 TRADE RECEIVABLES

12 貿易應收款項

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Trade receivables (Note a)	貿易應收款項（附註a）	5,890,782	5,193,065
Less: allowance for impairment of trade receivables (Note c)	減：貿易應收款項減值撥備（附註c）	(1,698,689)	(1,358,953)
		4,192,093	3,834,112

(a) Trade receivables are arising from the development and operation of online game business. The credit terms of trade receivables granted to the Platforms and third party payment vendors are usually zero to 120 days and zero to 30 days, respectively. Ageing analysis based on invoice date of the gross trade receivables at the respective balance sheet dates is as follows:

(a) 貿易應收款項來自網絡遊戲業務的開發及營運。授予平台及第三方付款服務供應商的貿易應收款項信貸期通常分別為零至120日及零至30日。於各有關結算日基於貿易應收款項總額發票日期的賬齡分析如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
0-30 days	0至30日	1,278,010	1,854,386
30-90 days	30至90日	1,757,240	1,363,835
90-180 days	90至180日	948,332	627,115
Over 180 days	超過180日	1,907,200	1,347,729
		5,890,782	5,193,065

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

12 TRADE RECEIVABLES (Continued)

- (b) As at December 31, 2017, trade receivables of past due but not impaired were USD589,504 (2016:USD438,686). These related to a number of independent platforms and third party payment vendors which the Group has not encountered any credit defaults in the past and they are assessed to be financially trustworthy. As a result, the directors of the Company consider that these overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Outstanding after due dates:	到期日後尚未償還：		
30-90 days	30至90日	82,792	36,025
90-180 days	90至180日	506,712	402,661
		589,504	438,686

- (c) As at December 31, 2017, trade receivables of USD2,236,959 (2016: USD1,641,352) were impaired. Movements on the Group's provision for impairment of trade receivables are as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
At beginning of the year	於年初	1,358,953	681,880
Provision for impairment	減值撥備	339,736	677,073
At end of the year	於年末	1,698,689	1,358,953

The provision and reversal of provision for impaired receivables have been included in "administrative expenses" in the consolidated statement of comprehensive income.

12 貿易應收款項 (續)

- (b) 於二零一七年十二月三十一日，已逾期但未減值的貿易應收款項為589,504美元(二零一六年：438,686美元)。該等款項與若干獨立平台及第三方付款服務供應商有關，本集團過往從未遇到彼等的任何信貸違約，且彼等在財務方面被評估為信譽良好。因此，本公司董事認為，該等逾期款項可以收回。該等貿易應收款項的賬齡分析如下：

- (c) 於二零一七年十二月三十一日，貿易應收款項2,236,959美元(二零一六年：1,641,352美元)已減值。本集團貿易應收款項減值撥備的變動如下：

減值應收款項的撥備及撥備撥回已計入合併全面收益表的「行政開支」項內。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

12 TRADE RECEIVABLES (Continued)

- (d) The carrying amount of the Group's trade receivables are denominated in the following currencies:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	4,325,432	3,774,127
RMB	人民幣	1,481,180	1,364,343
HKD	港元	84,170	54,595
		5,890,782	5,193,065

- (e) As at December 31, 2017, the fair value of trade receivables approximated their carrying amounts (2016: same).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

12 貿易應收款項（續）

- (d) 本集團的貿易應收款項的賬面值乃以下列貨幣計值：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	4,325,432	3,774,127
RMB	人民幣	1,481,180	1,364,343
HKD	港元	84,170	54,595
		5,890,782	5,193,065

(e) 於二零一七年十二月三十一日，貿易應收款項的公平值與其賬面值相若（二零一六年：相同）。

本集團於報告日期承受的最大信貸風險為上述各類別應收款項的賬面值。本集團並無持有任何抵押品作為抵押。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

13 PREPAYMENTS AND OTHER RECEIVABLES

13 預付款及其他應收款項

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Included in non-current assets	計入非流動資產		
Prepayment for intangible assets	無形資產預付款	50,000	–
Prepayment for leasehold improvements	租賃物業裝修預付款	35,067	–
Prepayment for equity investment (Note a)	股本投資預付款（附註a）	50,000	50,000
Deposits	按金	55,938	–
		191,005	50,000
Included in current assets	計入流動資產		
Receivables relating to payment channels (Note b)	有關付款渠道的應收款項（附註b）	11,930,540	9,413,281
Amounts due from related parties (Note 28(e))	應收關聯方款項（附註28(e)）	–	2,506,215
Deferred cost	遞延成本	899,724	541,012
Prepayment for listing expenses	上市開支預付款	–	458,062
Prepaid royalty fees	預付版權費	636,183	42,001
Prepaid advertising charges	預付廣告費用	38,649	129,500
Prepaid server rental expenses	預付伺服器租賃開支	95,168	15,358
Deposits (to be recovered within 12 months)	按金（將於12個月內收回）	63,574	10,837
Others	其他	132,800	90,275
		13,796,638	13,206,541
		13,987,643	13,256,541

(a) Prepayment for the right to equity purchase of certain shares of a company engaged in game operation, which are to be determined at a later stage.

(b) Receivables relating to payment channels mainly represents the balances in PayPal and Skrill (formerly Moneybookers), for cash collection from game players for games operated on the Group's websites.

(a) 就收購一家從事遊戲營運的公司若干股份的股權購買權的預付款，將於較後階段釐定。

(b) 有關付款渠道的應收款項主要指於PayPal及Skrill（前稱Moneybookers）內的結餘，乃就於本集團網站營運的遊戲而向遊戲玩家收取的現金。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

14 CASH AND CASH EQUIVALENTS

14 現金及現金等價物

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Cash on hand	手頭現金	-	69
Cash at bank	銀行現金	43,997,614	8,130,100
		43,997,614	8,130,169

Cash and cash equivalents are denominated in the following currencies:

現金及現金等價物乃以下列貨幣計值：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	2,959,158	3,630,708
RMB	人民幣	595,684	1,090,934
HKD	港元	39,226,042	2,237,903
EURO	歐元	1,216,730	1,170,624
		43,997,614	8,130,169

The conversion of USD denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

以美元計值的結餘換算為外幣及將該等以外幣計值的銀行結餘及現金匯出中國，須遵守中國政府頒佈的相關外匯管制規則及規例。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

15 SHARE CAPITAL AND SHARES HELD FOR THE SHARE OPTION SCHEME

The total authorised share capital of the Company comprises 4,000,000,000 ordinary shares (2016: 50,000,000 ordinary shares) with par value of USD0.001 per share (2016: USD0.001 per share).

As at December 31, 2017, the total number of issued ordinary shares of the Company was 2,000,000,000 shares (2016: 10,000,100 shares) which included 149,999,973 shares (2016: nil) held under the share incentive scheme. They have been fully paid up.

A summary of movements in the Company's share capital and shares held for the Share Option Scheme are as follows:

15 股本及就購股權計劃持有的股份

本公司的總法定股本包括4,000,000,000股普通股（二零一六年：50,000,000股普通股），而每股面值為0.001美元（二零一六年：每股0.001美元）。

於二零一七年十二月三十一日，本公司已發行普通股總數為2,000,000,000股（二零一六年：10,000,100股），包括就股份激勵計劃持有的149,999,973股股份（二零一六年：無）。該等股份已繳足股款。

本公司股本及就購股權計劃持有的股份之變動概要如下：

		Number of shares in issue 已發行 股份數目	Share capital 股本 USD 美元	Shares held for the Share Option Scheme 就購股權計劃 持有的股份 USD 美元
As at December 31, 2015, and 2016	於二零一五年及 二零一六年十二月三十一日	10,000,100	10,000	-
Shares allotted for the share incentive scheme (Note (a))	就股份激勵計劃配發的股份 (附註(a))	1,111,122	1,111	(1,111)
Capitalisation issue (Note (b))	資本化發行(附註(b))	1,488,888,778	1,488,889	(148,889)
Issue of new shares pursuant to the IPO (Note (c))	根據首次公開發售發行新股份 (附註(c))	500,000,000	500,000	-
At December 31, 2017	於二零一七年十二月三十一日	2,000,000,000	2,000,000	(150,000)

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

15 SHARE CAPITAL AND SHARES HELD FOR THE SHARE OPTION SCHEME (Continued)

- (a) According to the written resolutions of all the members of the Company dated November 2, 2015, an aggregate of 1,111,122 ordinary shares were authorised and reserved for the issuance to the employees, directors of the Group and other persons pursuant to the share incentive scheme (the “Share Option Scheme”) to be adopted by the Company.

The Company has appointed Core Trust Company Limited as the trustee to assist with the administration and vesting of options granted pursuant to the Share Option Scheme. On May 27, 2017, the Company allotted and issued a total of 1,111,122 shares to Epic City Limited (“Share Scheme Trust”), a wholly-owned subsidiary of Core Trust Company Limited, which are or will be used to satisfy the options upon exercise. The shares held by Share Scheme Trust are presented as a deduction in equity as shares held for the Share Option Scheme. As at December 31, 2017, no options have been granted to the employees of the Group.

- (b) Pursuant to the shareholders’ resolutions passed on November 24, 2017, an aggregate of 1,488,888,778 shares of USD0.001 each were allotted issued, credited as fully paid at par, by way of capitalisation of the sum of USD1,488,889 from the share premium account, to the then existing shareholders of the Company on December 15, 2017.

Shares held for the Share Option Scheme were allotted and issued, debited as fully paid at par in proportion to Share Scheme Trust’s respective shareholdings as of November 24, 2017, by way of capitalisation of the sum of USD148,889 from the share premium account on December 15, 2017.

- (c) In connection with the IPO of the shares of the Company, 500,000,000 shares of USD0.001 per share for cash consideration of HKD0.63 each were issued and a net proceed of HKD276,688,396 (equivalent to USD36,987,917) was raised on December 15, 2017.

15 股本及就購股權計劃持有的股份（續）

- (a) 根據日期為二零一五年十一月二日日本公司全體股東的書面決議案，合共1,111,122股普通股已獲授權及保留以根據本公司將予採納的股份獎勵計劃（「購股權計劃」）發行予本集團的僱員、董事及其他人士。

本公司已委任Core Trust Company Limited作為受託人以協助管理及歸屬根據購股權計劃授出的購股權。於二零一七年五月二十七日，本公司向Epic City Limited（「股份計劃信託」，Core Trust Company Limited的全資附屬公司）配發及發行合共1,111,122股股份，用以或將用以滿足購股權獲行使時的需要。股份計劃信託持有的股份以就購股權計劃持有的股份呈列為權益減少。於二零一七年十二月三十一日，概無已向本集團僱員授出的任何購股權。

- (b) 根據於二零一七年十一月二十四日通過的股東決議案，透過從股份溢價賬中撥充1,488,889美元作為資本，於二零一七年十二月十五日向本公司當時存在的股東配發及發行合共1,488,888,778股每股面值0.001美元按面值入賬列為繳足的股份。

於二零一七年十二月十五日透過從股份溢價賬中撥充148,889美元作為資本，按於二零一七年十一月二十四日股份計劃信託各自的股權比例，配發及發行就購股權計劃持有的股份，並按面值以繳足股款方式扣賬。

- (c) 就本公司股份的首次公開發售而言，於二零一七年十二月十五日以現金代價每股0.63港元發行500,000,000股每股面值0.001美元的股份，而籌集所得款項淨額為276,688,396港元（相等於36,987,917美元）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

16 RESERVES

16 儲備

		Share-based Share premium	payment reserves 以股份為基礎 的付款儲備	Statutory reserves 法定儲備	Currency translation difference 貨幣換算差額	Other reserves 其他儲備	Total 總計
		USD 美元	USD 美元	USD 美元	USD 美元	USD 美元	USD 美元
Balance at January 1, 2017	於二零一七年一月一日的結餘	455,249	612,443	249,908	(969,583)	(742,332)	(394,315)
Appropriation to statutory reserves (Note a)	轉撥至法定儲備（附註a）	-	622,959	-	-	-	622,959
Capitalisation issue (Note 15(b))	資本化發行（附註15(b)）	(1,340,000)	-	-	-	-	(1,340,000)
Shares issued pursuant to the IPO (Note 15(c))	根據首次公開發售發行股份（附註15(c)）	36,487,917	-	-	-	-	36,487,917
Currency translation differences	貨幣換算差額	-	-	-	557,128	-	557,128
Balance at December 31, 2017	於二零一七年十二月三十一日的結餘	35,603,166	1,235,402	249,908	(412,455)	(742,332)	35,933,689
Balance at January 1, 2016	於二零一六年一月一日的結餘	455,249	612,443	189,114	(392,073)	(742,332)	122,401
Appropriation to statutory reserves (Note a)	轉撥至法定儲備（附註a）	-	-	60,794	-	-	60,794
Currency translation differences	貨幣換算差額	-	-	-	(577,510)	-	(577,510)
Balance at December 31, 2016	於二零一六年十二月三十一日的結餘	455,249	612,443	249,908	(969,583)	(742,332)	(394,315)

(a) In accordance with the relevant laws and regulations in the PRC and the Articles of Association of subsidiaries located in the PRC, it is required to appropriate 10% of the annual statutory net profits after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund 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 statutory surplus reserve fund after such issue is no less than 25% of share capital.

(a) 根據中國的相關法律法規及位於中國內地的附屬公司的組織章程細則，於分派淨溢利前，須於抵銷按照中國會計準則釐定的任何過往年度虧損後，將年度法定淨溢利的10%撥至法定盈餘公積金。當法定盈餘公積金結餘達到股本的50%時，是否作出進一步轉撥由股東酌情決定。法定盈餘公積金可用於抵銷過往年度的虧損（如有），亦可透過按照現有持股比例向股東發行新股份或增加彼等目前持有的股份面值而轉換為股本，惟該項發行後法定盈餘公積金的結餘不得低於股本的25%。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

17 TRADE PAYABLES

17 貿易應付款項

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Related parties (Note 28(d))	關聯方（附註28(d)）	3,394,467	4,711,375
Third parties	第三方	1,128,017	1,536,803
		4,522,484	6,248,178

Trade payables primarily related to the revenue sharing collected by payment channels and Platforms which is payable to cooperated game developers according to respective cooperation agreements. The credit terms of trade payables granted by the vendors are usually 30 to 90 days.

貿易應付款項主要與付款渠道及平台所收取的收入分攤金額有關，有關金額為根據有關合作協議應付予合作遊戲開發商。服務供應商授予的貿易應付款項信貸期一般為30至90日。

The ageing analysis of trade payables based on invoice date is as follows:

貿易應付款項的賬齡分析（根據發票日期）如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
0-90 days	0至90日	1,399,572	1,882,301
91-180 days	91至180日	1,052,690	1,848,766
180-360 days	180至360日	1,239,275	1,392,100
Over 360 days	超過360日	830,947	1,125,011
		4,522,484	6,248,178

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

17 TRADE PAYABLES (Continued)

The carrying amount of the Group's trade payables are denominated in the following currencies:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	4,120,690	4,998,024
RMB	人民幣	401,794	1,250,154
		4,522,484	6,248,178

As at December 31, 2017, the fair value of trade payables approximated their carrying amounts (2016: same).

17 貿易應付款項 (續)

本集團的貿易應付款項的賬面值乃以下列貨幣計值：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	4,120,690	4,998,024
RMB	人民幣	401,794	1,250,154
		4,522,484	6,248,178

於二零一七年十二月三十一日，貿易應付款項的公平值與其賬面值相若（二零一六年：相同）。

18 OTHER PAYABLES AND ACCRUALS

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Other taxes payable	其他應繳稅項	447,037	300,183
Salary and staff welfare payables	應付薪金及員工福利	628,551	1,072,653
Listing expenses payable	應付上市開支	1,996,539	664,195
Accrued professional service fees	應計專業服務費	484,321	284,119
Advertising payables	應付廣告費	228,850	200,209
Amounts due to related parties (Note 28(e))	應付關聯方款項 (附註28(e))	20,206	420,642
Rent payable	應付租金	279,062	84,310
Others	其他	237,835	167,140
		4,322,401	3,193,451

18 其他應付款項及應計費用

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

18 OTHER PAYABLES AND ACCRUALS (Continued)

The carrying amount of the Group's other payables and accruals are denominated in the following currencies:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	3,073,460	1,364,702
RMB	人民幣	1,248,941	1,828,749
		4,322,401	3,193,451

As at December 31, 2017, the fair value of other payables approximated their carrying amounts (2016: same).

19 DEFERRED REVENUE

Deferred revenue represented service fees prepaid by the game players for the Group's online games in the forms of Game Tokens, virtual items and advance sublicense fee from Platforms for subcontracted games, for which the related services had not been rendered as at December 31, 2017 (2016: same).

18 其他應付款項及應計費用 (續)

本集團的其他應付款項及應計費用的賬面值乃以下列貨幣計值：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
USD	美元	3,073,460	1,364,702
RMB	人民幣	1,248,941	1,828,749
		4,322,401	3,193,451

於二零一七年十二月三十一日，其他應付款項的公平值與其賬面值相若（二零一六年：相同）。

19 遞延收入

遞延收入是指遊戲玩家就本集團的網絡遊戲以遊戲代幣、虛擬物品形式預付的服務費以及就分包遊戲預收平台的再授權費，於二零一七年十二月三十一日，相關服務尚未提供（二零一六年：相同）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

20 OTHER (LOSSES)/GAINS, NET

20 其他（虧損）／收益淨額

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Other gains	其他收益		
Foreign exchange gain, net	匯兌收益淨額	–	969,563
Others	其他	33,776	7,766
		33,776	977,329
Other losses	其他虧損		
Foreign exchange losses, net	匯兌虧損淨額	(572,463)	–
Others	其他	(1,226)	(832)
		(573,689)	(832)
Other (losses)/gains, net	其他（虧損）／收益淨額	(539,913)	976,497

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

21 EXPENSES BY NATURE

Expenses included in cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses are analysed as follows:

21 按性質劃分的開支

計入成本、銷售及營銷開支、行政開支及研發開支的開支分析如下：

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Commission charges by Platforms and third party payment vendors	平台及第三方付款服務供應商收取的佣金費用	10,853,537	9,576,690
Advertising expenses	廣告開支	2,014,619	1,908,638
Employee benefits expenses (Note 22)	僱員福利開支（附註22）	2,842,819	3,800,245
Servers rental expenses	伺服器租賃開支	1,575,362	1,409,908
Royalty fees	版權費	(108,308)	1,230,100
Depreciation and amortisation	折舊及攤銷	344,181	786,066
Listing expenses	上市開支	4,760,820	625,867
Other professional service fees	其他專業服務費	91,129	183,248
Auditors' remuneration	核數師酬金		
– Audit services	– 審計服務	418,000	–
– Non-audit services	– 非審計服務	64,191	–
Office rental expenses	辦公室租賃開支	434,256	348,254
Impairment charges on trade receivables	貿易應收款項的減值開支	339,736	677,073
Office charges	辦公室費用	95,909	42,654
Outsourcing research and development expenses	外包研發開支	37,947	3,375
Travelling and entertainment expenses	差旅及娛樂開支	97,524	14,719
Tax surcharges	附加稅	50,269	25,116
Other expenses	其他開支	197,202	147,642
		24,109,193	20,779,595

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

22 EMPLOYEE BENEFITS EXPENSES

22 僱員福利開支

		Year ended December 31, 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Wages and salaries	工資及薪金	2,705,618	3,201,027
Pension costs – defined contribution plans (Note a)	養老金成本 – 界定供款計劃 (附註a)	76,770	283,485
Other social security costs, housing benefits and other employee benefits	其他社會保障成本、住房福利及其他僱員福利	60,431	315,733
		2,842,819	3,800,245

(a) Pension costs – defined contribution plans

Employees of the Group's companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on a fixed percentage of 14% of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

(a) 養老金成本 – 界定供款計劃

本集團中國公司的僱員須參與由地方市政府管理及營運的界定供款退休計劃。本集團的供款乃按地方市政府就當地各計劃設定為僱員薪金14%的固定百分比（設有下限及上限金額）計算，以為僱員的退休福利提供資金。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

22 EMPLOYEE BENEFITS EXPENSES (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended December 31, 2017 include 3 (2016: 2) directors whose emoluments are reflected in the analysis shown in Note 32. The emoluments payable to the remaining 2 (2016: 3) individuals for the year ended December 31, 2017 is as follows:

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Wages and salaries	工資及薪金	149,661	161,442
Pension costs – defined contribution plans	養老金成本 – 界定供款計劃	10,745	11,944
Other social security costs, housing benefits and other employee benefits	其他社會保障成本、住房福利及其他僱員福利	14,057	17,303
		174,463	190,689

The emoluments fell within the following bands:

		Number of individuals 人數	
		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年	2016 二零一六年
Emolument band	薪酬範圍		
Nil – HK\$1,000,000	零 – 1,000,000港元	2	3

During the year ended December 31, 2017 and 2016, neither directors nor the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

於截至二零一七年及二零一六年十二月三十一日止年度，概無董事或五名最高薪酬人士從本集團收取任何薪酬，作為加入本集團的誘因、乃於加入本集團時收取、作為離開本集團的誘因或作為離職補償。

22 僱員福利開支（續）

(b) 五名最高薪酬人士

截至二零一七年十二月三十一日止年度，本集團的五名最高薪酬人士包括3名（二零一六年：2名）董事，彼等的薪酬分別反映於附註32所示的分析。截至二零一七年十二月三十一日止年度，應付餘下2名（二零一六年：3名）人士的薪酬如下：

薪酬介乎以下範圍：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

23 FINANCE INCOME/(COSTS) – NET

23 財務收入／（成本）淨額

		Year ended December 31, 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Finance income	財務收入		
Interest income	利息收入	2,728	2,501
Foreign exchange gains, net	匯兌收益淨額	94,570	–
		97,298	2,501
Finance costs	財務成本		
Foreign exchange losses, net	匯兌虧損淨額	(39,388)	(56,277)
Finance income/(costs) – net	財務收入／（成本）淨額	57,910	(53,776)

24 INCOME TAX EXPENSE

The income tax expense of the Group for the years ended December 31, 2017 and 2016 is analysed as follows:

24 所得稅開支

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的所得稅開支分析如下：

		Year ended December 31, 截至十二月三十一日止年度	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Current income tax	即期所得稅		
– PRC and Hong Kong	– 中國及香港	1,895,444	1,580,673
– Overseas withholding income tax	– 海外預扣所得稅	429,579	111,907
Deferred tax (Note 11)	遞延稅項（附註11）	(69,558)	(79,961)
		2,255,465	1,612,619

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

24 INCOME TAX EXPENSE (Continued)

(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 Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) British Virgin Islands income tax

Pursuant to the rules and regulations of the BVI, the company incorporated in BVI are not subject to any income tax.

(c) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profits for each of the years ended December 31, 2017 and 2016.

(d) The PRC Corporate Income Tax (“CIT”)

The income tax provision of the Group in respect of operations in the PRC has been calculated at the tax rate of 25% on the estimated assessable profits for the year ended December 31, 2017 and 2016, based on the existing legislation, interpretations and practices in respect thereof.

(e) The PRC withholding income tax (“WHT”)

According to the applicable the PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% WHT. 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%.

During the year ended December 31, 2017 and 2016, the Group does not have any plan to require its PRC subsidiaries to distribute their retained earnings and intends to retain them to operate and expand its business in the PRC. Accordingly, no deferred income tax liability on PRC WHT was accrued as of the end of each reporting period.

24 所得稅開支（續）

(a) 開曼群島所得稅

本公司為根據開曼群島公司法於開曼群島註冊成立的獲豁免有限公司，因此，本公司獲豁免繳納開曼群島所得稅。

(b) 英屬處女群島所得稅

根據英屬處女群島的規則及規例，於英屬處女群島註冊成立的公司毋須繳納任何所得稅。

(c) 香港利得稅

截至二零一七年及二零一六年十二月三十一日止年度，已按稅率16.5%對估計應課稅溢利計提香港利得稅撥備。

(d) 中國企業所得稅（「企業所得稅」）

根據有關現行法例、詮釋及慣例，本集團就其於中國的業務計提的所得稅撥備乃按稅率25%對截至二零一七年及二零一六年十二月三十一日止年度的估計應課稅溢利計算。

(e) 中國預扣所得稅（「預扣稅」）

根據適用的中國稅務法規，於中國成立的公司就2008年一月一日之後產生的溢利向外國投資者分派的股息一般須繳納10%的預扣稅。倘於香港註冊成立的外國投資者符合中國與香港之間訂立的雙重課稅條約安排項下的條件及規定，則相關預扣稅稅率將從10%寬減至5%。

於截至二零一七年及二零一六年十二月三十一日止年度，本集團並無任何計劃規定其中國附屬公司分派其保留盈利，且有意保留該等盈利以於中國經營及拓展其業務。因此，截至各報告期末，概無與中國預扣稅有關的應計遞延所得稅負債。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

24 INCOME TAX EXPENSE (Continued)

(f) The Vietnam WHT

The Group has subcontracted games to a platform operating in Vietnam. According to the applicable the Vietnam tax regulations, royalty fees generated from Vietnam are subject to a 10% WHT.

(g) The Brazil WHT

The Group cooperates with a platform in Brazil. According to the applicable the Brazil tax regulations, income generated from Brazil is subject to 10% remittance tax and 15% income tax, which is withheld by the platform.

The tax on the Group's profit before tax differ from the theoretical amount that would arise using the statutory tax rate in the PRC of 25% as follows:

24 所得稅開支（續）

(f) 越南預扣稅

本集團將遊戲分包予一個在越南營運的平台。根據適用越南稅務規例，自越南產生的版權費須繳納10%的預扣稅。

(g) 巴西預扣稅

本集團與一個在巴西的平台合作。根據適用巴西稅務法例，從巴西產生的收入須繳納10%匯款稅及15%所得稅，由該平台預扣。

本公司有關除稅前溢利的稅項與使用中國法定稅率25%得出的理論金額有差異如下：

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Profit before income tax	除所得稅前溢利	3,982,139	8,552,146
Tax calculated at a tax rate of 25%	按稅率25%計算的稅項	995,535	2,138,037
Effect of different tax rates available to different subsidiaries of the Group	適用於本集團不同附屬公司的不同稅率的影響	(175,440)	(746,350)
Expenses not deductible for tax purposes	就稅務而言不可扣減的開支	1,005,791	109,025
Overseas withholding income tax	海外預扣所得稅	429,579	111,907
Income tax expense	所得稅開支	2,255,465	1,612,619

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

25 EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue less shares held for the Share Option Scheme during the year ended December 31, 2017.

25 每股盈利

基本

於截至二零一七年十二月三十一日止年度，每股基本盈利乃按本公司擁有人應佔溢利除以已發行的加權平均普通股數減就購股權計劃持有的股份計算。

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年	2016 二零一六年
Profit attributable to owners of the Company (USD)	本公司擁有人應佔溢利(美元)	1,726,674	6,939,527
Weighted average number of ordinary shares in issue less shares held for the Share Option Scheme (Note a)	已發行的加權平均普通股數減就購股權計劃持有的股份(附註a)	1,371,917,835	1,350,000,027
- Basic earnings per share(in cents/share)	- 每股基本盈利(仙/股)	0.13	0.51
- Diluted earnings per share(in cents/share) (Note b)	- 每股攤薄盈利(仙/股)(附註b)	0.13	0.51

(a) In determining the numbers of ordinary shares in issue for the year ended December 31, 2016, a total of 1,500,000,000 ordinary shares were deemed to be in issue since January 1, 2016 (see Note 15).

The earnings per share is based on that 1,371,917,835 and 1,350,000,027 shares were the weighted average number of ordinary shares in issue excluding the 149,999,973 (2016:149,999,973) shares held for the Share Option Scheme for the year ended December 31, 2017, without taking into account any shares which may be granted and issued by the Company pursuant to the Share Option Scheme.

(b) No options have been granted to the employees of the Group as at December 31, 2017. No adjustment (2016: same) has been made to basic earnings per share to derive the diluted earnings per share for the year ended December 31, 2017 as the Company did not have any potential ordinary shares outstanding as at December 31, 2017.

(a) 在釐定截至二零一六年十二月三十一日止年度之已發行普通股數目時，合共1,500,000,000股普通股被視為自二零一六年一月一日起經已發行(見附註15)。

每股盈利乃按照已發行的加權平均普通股數為1,371,917,835股及1,350,000,027股(不包括截至二零一七年十二月三十一日止年度就購股權計劃持有的149,999,973股(二零一六年:149,999,973股))計算，當中不計及本公司根據購股權計劃可授出及發行的任何股份。

(b) 於二零一七年十二月三十一日，概無已向本集團僱員授出的任何購股權。於計算截至二零一七年十二月三十一日止年度的每股攤薄盈利時，並無對每股基本盈利作出調整(二零一六年:相同)，因為本公司於二零一七年十二月三十一日並無任何發行在外的潛在普通股。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

26 DIVIDEND

The directors of the Company did not recommend the payment of any dividend for the year ended December 31, 2017 (2016: same).

26 股息

本公司董事不建議派付截至二零一七年十二月三十一日止年度之任何股息（二零一六年：相同）。

27 CASH GENERATED FROM OPERATIONS

27 經營所得現金

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Profit before income tax	除所得稅前溢利	3,982,139	8,552,146
Adjustments for:	就以下各項作出調整：		
– Impairment charges on trade receivables (Note 21)	– 貿易應收款項的減值開支（附註21）	339,736	677,073
– Depreciation of property, plant and equipment (Note 6)	– 物業、廠房及設備折舊（附註6）	211,928	168,921
– Amortisation of intangible assets (Note 7)	– 無形資產攤銷（附註7）	132,253	617,145
– Share of losses of investment accounted for using the equity method (Note 10)	– 應佔使用權益法入賬的投資虧損（附註10）	47,274	36,666
– Foreign exchange losses/(gains), net	– 匯兌虧損／（收益）淨額	501,935	(904,088)
		5,215,265	9,147,863
Changes in operating assets and liabilities	經營資產及負債變動		
– Trade receivables	– 貿易應收款項	(793,841)	1,015,224
– Prepayments and other receivables	– 預付款及其他應收款項	(1,104,096)	(4,302,141)
– Trade payables	– 貿易應付款項	(1,689,850)	413,185
– Other payables and accruals	– 其他應付款項及應計費用	(91,978)	(1,788,646)
– Deferred revenue	– 遞延收入	(312,263)	(74,284)
– Advance from customers	– 預收客戶款項	90,292	381,852
Cash generated from operations	經營所得現金	1,313,529	4,793,053

During the year ended December 31, 2017, the changes in liabilities arising from financing activities only included changes arising from cash flows of shareholder's borrowings (2016: same).

於截至二零一七年十二月三十一日止年度，融資活動產生的負債變動僅包括因股東借款的現金流量而產生的變動（二零一六年：相同）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies and individuals were related parties of the Group that had transactions and/or balances with the Group during the year ended December 31, 2017 and 2016:

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Mr. Lu Yuanfeng 陸源峰先生	One of the Founders 創辦人之一
Mr. Huang Guozhan 黃國湛先生	One of the Founders 創辦人之一
Mr. Huang Deqiang 黃德強先生	One of the Founders 創辦人之一
Mr. Cai Feng 蔡鋒先生	Shareholders of the Company 本公司股東
Mr. Luo Weiyuan 羅尉源先生	Shareholders of the Company 本公司股東
Mr. Yu Ching Ming 余精明先生	Shareholders of the Company 本公司股東
Guangzhou Lanquan Information Technology Co., Ltd. ("Guangzhou Lanquan") 廣州藍圈信息科技有限公司（「廣州藍圈」）	An entity controlled by Mr. Lu Yuanfeng, one of the Founders 由陸源峰先生（創辦人之一）控制的實體
Guangzhou Hongquan Information Technology Co., Ltd. ("Guangzhou Hongquan") 廣州紅圈信息科技有限公司（「廣州紅圈」）	An entity controlled by Mr. Lu Yuanfeng, one of the Founders, before July 15, 2017 於二零一七年七月十五日前由陸源峰先生（創辦人之一）控制的實體
Guangzhou Lanse Dongli Digital Technology Co., Ltd. ("Guangzhou Lanse Dongli") 廣州市藍色動力數碼科技有限公司（「廣州藍色動力」）	An entity was held 17% by Mr. Lu Yuanfeng, one of the Founders, before July 15, 2017 於二零一七年七月十五日前由陸源峰先生（創辦人之一）持有17%權益的實體
Anhui Tips Information Technology Co., Ltd. ("Anhui Tips") 安徽提普斯網絡科技有限公司（「安徽提普斯」） Shenzhen 7th Road 深圳第七大道	An entity was held 15.6% by Mr. Lu Yuanfeng, one of the Founders 由陸源峰先生（創辦人之一）持有15.6%權益的實體 Parent company of 7Road International Group Limited, one of the shareholders which has 15.5% equity after the IPO of the Company 7 Road International Group Limited（股東之一，於首次公開發售後擁有本公司15.5%權益）的母公司
Shanghai Jiying 上海集鷹	Associate of the Group 本集團的聯營公司

28 重大關聯方交易

(a) 關聯方的名稱及與關聯方的關係

下列公司及個人為於截至二零一七年及二零一六年十二月三十一日止年度與本集團有交易及／或結餘的本集團關聯方：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties

The following significant transactions were carried out between the Group and its related parties during the year ended December 31, 2017. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

During the year ended December 31, 2017, the following transactions were carried out with related parties:

28 重大關聯方交易（續）

(b) 與關聯方的重大交易

以下重大交易由本集團與其關聯方於截至二零一七年十二月三十一日止年度進行。本公司董事認為，關聯方交易乃於日常業務過程中按本集團與各有關關聯方磋商的條款進行。

於截至二零一七年十二月三十一日止年度，以下交易乃與關聯方進行：

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
License fees and royalty fees charged by related parties:	關聯方收取的許可費及版權費：		
– Shenzhen 7th Road	– 深圳第七大道	(197,381)	1,213,779
– Anhui Tips	– 安徽提普斯	14,323	42,969
		(183,058)	1,256,748
Royalty fees offset against revenue:	抵銷收入的版權費：		
– Shenzhen 7th Road	– 深圳第七大道	3,476,017	5,691,860
– Anhui Tips	– 安徽提普斯	–	–
– Guangzhou Lanquan	– 廣州藍圈	159	8,666
		3,476,176	5,700,526

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註 (續)

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (Continued)

The transactions of royalty fees charged by related parties amounted to USD3,476,176 (2016:USD5,700,526) were deducted from revenue according to revenue recognition (Note 2.21) for the year ended December 31, 2017.

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Borrowings proceeded from and repaid to shareholder:	從股東獲得及已償還股東的借款：		
– Mr. Lu Yuanfeng	– 陸源峰先生	–	2,146

The borrowings with shareholder were unsecured, interest-free.

(c) Key management personnel compensations

The compensations paid or payable to key management personnel (including directors, CEO and other senior executives) for employee services are shown below:

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Wages and salaries	工資及薪金	374,712	195,933
Pension costs – defined contribution plans	養老金成本 – 界定供款計劃	30,345	15,577
Other social security costs, housing benefits and other employee benefits	其他社會保障成本、住房福利及其他僱員福利	38,781	23,044
		443,838	234,554

28 重大關聯方交易 (續)

(b) 與關聯方的重大交易 (續)

截至二零一七年十二月三十一日止年度，關聯方收取的版權費3,476,176美元（二零一六年：5,700,526美元）已根據收入確認（附註2.21）從收入抵減。

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Borrowings proceeded from and repaid to shareholder:	從股東獲得及已償還股東的借款：		
– Mr. Lu Yuanfeng	– 陸源峰先生	–	2,146

股東借款為無抵押及免息。

(c) 關鍵管理層人員的薪酬

就僱員服務已付或應付關鍵管理層人員（包括董事、首席執行官及其他高級行政人員）的薪酬列示如下：

		Year ended December 31, 截至十二月三十一日止年度	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
Wages and salaries	工資及薪金	374,712	195,933
Pension costs – defined contribution plans	養老金成本 – 界定供款計劃	30,345	15,577
Other social security costs, housing benefits and other employee benefits	其他社會保障成本、住房福利及其他僱員福利	38,781	23,044
		443,838	234,554

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Year-end balances arising from significant transaction with related parties

28 重大關聯方交易（續）

(d) 與關聯方的重大交易產生的年末結餘

		As at December 31,	
		於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Trade payables to related parties	應付關聯方的貿易應付款項		
(Note 17):	(附註17):		
– Shenzhen 7th Road	– 深圳第七大道	3,324,748	4,641,815
– Guangzhou Lanquan	– 廣州藍圈	69,719	69,560
		3,394,467	4,711,375

The balance represented the payable due to revenue sharing between the Group and related parties for games licensed by related parties.

該項結餘是指本集團與關聯方就關聯方授權的遊戲進行收入分攤而產生的應付款項。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(d) Year-end balances arising from significant transaction with related parties (Continued)

Balances with related parties were unsecured, interest-free and repayable according to agreed credit term.

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Prepayments to related party:	向關聯方預付款：		
– Shanghai Jiying:	– 上海集鷹：	215,040	–

This amount as at December 31, 2017 represented prepaid royalty fee to Shanghai Jiying for a virtual reality game.

Balance with related party was unsecured, interest-free and repayable according to agreed credit term.

28 重大關聯方交易（續）

(d) 與關聯方的重大交易產生的年末結餘（續）

與關聯方的結餘為無抵押、免息及須按協定信貸條款償還。

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Prepayments to related party:	向關聯方預付款：		
– Shanghai Jiying:	– 上海集鷹：	215,040	–

該項於二零一七年十二月三十一日的金額是指就一個虛擬實體遊戲向上海集鷹預付的版權費。

與關聯方的結餘為無抵押、免息及須按協定信貸條款償還。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(e) Year-end balances arising from operations and capital contributions/distributions

28 重大關聯方交易（續）

(e) 營運及資本出資／分派產生的年末結餘

		As at December 31,	
		於十二月三十一日	
		2017	2016
		二零一七年	二零一六年
		USD	USD
		美元	美元
Amount due from related parties (Note 13):	應收關聯方款項（附註13）：		
Non-trade	非貿易		
– Guangzhou Lanse Dongli (Note i)	– 廣州藍色動力（附註i）	–	101,725
– Guangzhou Hongquan (Note i)	– 廣州紅圈（附註i）	–	31,176
– Shanghai Jiyong (Note i)	– 上海集鷹（附註i）	–	–
– Mr. Lu Yuanfeng (Note ii)	– 陸源峰先生（附註ii）	–	2,373,314
– Mr. Huang Guozhan	– 黃國湛先生	–	–
– Mr. Huang Deqiang	– 黃德強先生	–	–
– Mr. Cai Feng	– 蔡鋒先生	–	–
– Mr. Luo Weiyuan	– 羅尉源先生	–	–
		–	2,506,215

(i) The balances mainly represented expenditures paid on behalf of related parties by the Group.

(ii) These balance due from shareholder arose from operational activities for the year ended December 31, 2016.

The amounts due from the related parties were unsecured, interest-free and repayable on demand. All balances have been fully settled during the year ended December 31, 2017.

(i) 該等結餘主要是指本集團代關聯方支付的支出。

(ii) 該等應收股東結餘產生自截至二零一六年十二月三十一日止年度的經營活動。

應收關聯方款項為無抵押、免息及須按要求償還。所有結餘於截至二零一七年十二月三十一日止年度內已悉數結清。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

28 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

28 重大關聯方交易（續）

(e) Year-end balances arising from operations and capital contributions/distributions (Continued)

(e) 營運及資本出資／分派產生的年末結餘（續）

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Amount due to related parties (Note 18): 應付關聯方款項（附註18）：			
Trade	貿易		
- Guangzhou Lanquan	- 廣州藍圈	-	14,400
Non-trade	非貿易		
- Mr. Yu Ching Ming (Note i& ii)	- 余精明先生（附註i及ii）	20,206	31,440
- Guangzhou Hongquan	- 廣州紅圈	-	427
- Shanghai Jiyong (Note iii)	- 上海集鷹（附註iii）	-	360,000
- Mr. Cai Feng (Note i)	- 蔡鋒先生（附註i）	-	10,785
- Mr. Luo Weiyuan (Note i)	- 羅尉源先生（附註i）	-	3,590
		20,206	406,242
		20,206	420,642

(i) The balances as at December 31, 2016 represented the unsettled capital distributed payables to related parties.

(i) 該等於二零一六年十二月三十一日的結餘是指應付關聯方的未結算資本分派。

(ii) The balance as at December 31, 2017 represented expenditures paid on behalf of the Group by related party.

(i) 該項於二零一七年十二月三十一日的結餘是指關聯方代本集團支付的開支。

(iii) This amount as at December 31, 2016 represented the consideration payable to Shanghai Jiyong for equity investment.

(iii) 該項於二零一六年十二月三十一日的金額是指就股本投資應付上海集鷹的代價。

The amounts due to the related parties were unsecured, interest-free and repayable on demand.

應付關聯方款項為無抵押、免息及須按
要求償還。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

29 COMMITMENTS

(a) Capital commitments

The Group's capital expenditure contracted for at the end of the year but not yet incurred is as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Not later than 1 year	不遲於1年	665,099	—

(b) Operating lease commitments

The Group leases office buildings under non-cancellable operating lease agreements. The lease terms are between 4 years to 9 years.

The Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Not later than 1 year	不遲於1年	553,446	337,467
Later than 1 year and not later than 2 years	遲於1年但不遲於2年	375,813	323,126
Later than 2 year and not later than 3 years	遲於2年但不遲於3年	356,611	293,502
Later than 3 year and not later than 5 years	遲於3年但不遲於5年	738,214	792
		2,024,084	954,887

30 CONTINGENT LIABILITIES

There were no significant contingent liabilities as at December 31, 2017 and 2016.

29 承擔

(a) 資本承擔

本集團於年末已訂約惟尚未產生的資本開支如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Not later than 1 year	不遲於1年	665,099	—

(b) 經營租賃承擔

本集團根據不可撤銷的經營租賃協議租賃辦公室大樓。租賃期為4年至9年。

本集團根據不可撤銷的經營租賃的未來最低租賃付款總額如下：

		As at December 31, 於十二月三十一日	
		2017 二零一七年	2016 二零一六年
		USD 美元	USD 美元
Not later than 1 year	不遲於1年	553,446	337,467
Later than 1 year and not later than 2 years	遲於1年但不遲於2年	375,813	323,126
Later than 2 year and not later than 3 years	遲於2年但不遲於3年	356,611	293,502
Later than 3 year and not later than 5 years	遲於3年但不遲於5年	738,214	792
		2,024,084	954,887

30 或然負債

於二零一七年及二零一六年十二月三十一日概無重大或然負債。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

31 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

31 本公司資產負債表及儲備變動

		As at December 31, 於十二月三十一日	
		2017 二零一七年 USD 美元	2016 二零一六年 USD 美元
	Note 附註		
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司的投資	455,449	455,449
Prepayments	預付款	50,000	50,000
		505,449	505,449
Current assets	流動資產		
Amount due from subsidiaries	應收附屬公司款項	10,644,492	53,844
Prepayments and other receivables	預付款及其他應收款項	43,987	458,062
Cash and cash equivalents	現金及現金等價物	37,683,982	62,625
		48,372,461	574,531
Total assets	總資產	48,877,910	1,079,980
EQUITY AND LIABILITIES	權益及負債		
Equity	權益		
Share capital	股本	2,000,000	10,000
Shares held for the Share Option Scheme	就購股權計劃持有的股份	(150,000)	-
Reserves	儲備	36,215,609	1,067,692
Retained earnings/(Accumulated losses)	保留盈利/(累計虧損)	2,799,438	(2,904,265)
		40,865,047	(1,826,573)
Liabilities	負債		
Current liabilities	流動負債		
Amount due to subsidiaries	應付附屬公司款項	5,988,049	1,958,283
Other payables and accruals	其他應付款項及應計費用	2,024,814	948,270
		8,012,863	2,906,553
Total equity and liabilities	總權益及負債	48,877,910	1,079,980

The balance sheet of the Company was approved by the Board of Directors on March 28, 2018 and was signed on its behalf.

本公司的資產負債表已由董事會於二零一八年三月二十八日批准並代為簽署。

董事
Director

董事
Director

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

31 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

		Retained earnings	Share premium	Share-based payment reserves	Reserves
		保留盈利	股份溢價	以股份為基礎 付款儲備	儲備
		USD	USD	USD	USD
		美元	美元	美元	美元
Balance at January 1, 2017	於二零一七年一月一日結餘	(2,904,265)	455,249	612,443	1,067,692
Profit for the year	年內溢利	5,703,703	-	-	-
Capitalization issue (Note 15(b))	資本化發行 (附註15(b))	-	(1,340,000)	-	(1,340,000)
Shares issued pursuant to the IPO (Note 15(c))	根據首次公開發售 發行股份(附註15(c))	-	36,487,917	-	36,487,917
Balance at December 31, 2017	於二零一七年十二月三十一日結餘	2,799,438	35,603,166	612,443	36,215,609

		Accumulated losses	Share premium	Share-based payment reserves	Reserves
		累計虧損	股份溢價	以股份為基礎 付款儲備	儲備
		USD	USD	USD	USD
		美元	美元	美元	美元
Balance at January 1, 2016	於二零一六年一月一日結餘	(2,181,567)	455,249	612,443	1,067,692
Loss for the year	年內虧損	(722,698)	-	-	-
Balance at December 31, 2016	於二零一六年十二月三十一日結餘	(2,904,265)	455,249	612,443	1,067,692

31 本公司資產負債表及儲備變動 (續)

(a) 本公司的儲備變動

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

The remuneration of every director and chief executive for the year ended December 31, 2017 is set out below:

Name	Salaries (i)	Other social security costs, housing benefits and other employee benefits	Pension cost-defined contribution plans	Total	
姓名	薪金(i) USD 美元	其他社會保障成本、住房福利及其他 僱員福利 USD 美元	養老金成本－界定 供款計劃 USD 美元	總計 USD 美元	
Executive directors	執行董事				
Mr. Lu Yuanfeng (Note ii)	陸源峰先生（附註ii）	60,169	6,079	4,339	70,587
Mr. Huang Guozhan (Note iii)	黃國湛先生（附註iii）	52,449	5,723	4,339	62,511
Mr. Huang Deqiang (Note v)	黃德強先生（附註v）	28,241	2,939	2,272	33,452
Non-executive Director	非執行董事				
Mr. Meng Shuqi (Note iv)	孟書奇先生（附註iv）	—	—	—	—
Independent Non-executive Directors	獨立非執行董事				
Mr. Darren Raymond Shaw (Note vi)	邵在純先生（附註vi）	—	—	—	—
Mr. Li Yi Wen (Note vi)	李毅文先生（附註vi）	—	—	—	—
Ms. Imma Ling Kit-sum (Note vi)	凌潔心女士（附註vi）	—	—	—	—
		140,859	14,741	10,950	166,550

32 董事福利及利益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及香港上市規則所規定的披露）

(a) 董事及最高行政人員的酬金

每名董事及最高行政人員於截至二零一七年十二月三十一日止年度的薪酬載列如下：

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

32 董事福利及利益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及香港上市規則所規定的披露）（續）

(a) Directors' and chief executive's emoluments (Continued)

The remuneration of every director and chief executive for the year ended December 31, 2016 is set out below:

(a) 董事及最高行政人員的酬金（續）

每名董事及最高行政人員於截至二零一六年十二月三十一日止年度的薪酬載列如下：

Name	Salaries (i)	Other social security costs, housing benefits and other employee benefits	Pension cost-defined contribution plans	Total
姓名	薪金(i)	其他社會保障成本、住房福利及其他僱員福利	養老金成本－界定供款計劃	總計
	USD 美元	USD 美元	USD 美元	USD 美元
Executive directors				
Mr. Lu Yuanfeng (Note ii)	56,110	6,187	3,981	66,278
Mr. Huang Guozhan (Note iii)	48,984	5,826	3,981	58,791
Non-executive Director				
Mr. Meng Shuqi (Note iv)	—	—	—	—
	105,094	12,013	7,962	125,069

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Notes:

- (i) Salary paid to a director is generally an emolument paid or receivable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings.
- (ii) Mr. Lu Yuanfeng was appointed as director and re-designated as executive director as well as chief executives of the Company and chairman of the Board on November 24, 2014.
- (iii) Mr. Huang Guozhan was appointed as director and re-designated as an executive director of the Company on November 2, 2015.
- (iv) Mr. Meng shuqi was appointed as director and re-designated as a non-executive director of the Company on November 2, 2015.
- (v) Mr. Huang Deqiang was appointed as director and re-designated as an executive director of the Company on June 28, 2017.
- (vi) Mr. Darren Raymond Shaw, Mr. Li Yi Wen and Ms. Imma Ling Kit-sum were appointed as independent non-executive directors of the Company on November 24, 2017.

During the year ended December 31, 2017, no directors waived or agreed to waive any emoluments (2016: nil).

32 董事福利及利益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及香港上市規則所規定的披露）（續）

(a) 董事及最高行政人員的酬金（續）

附註：

- (i) 已付董事的薪金一般是指就該人士在與管理本公司或其附屬公司的事務有關的其他服務而已付或應收的酬金。
- (ii) 陸源峰先生獲委任為董事並於二零一四年十一月二十四日調任為本公司執行董事及首席執行官兼董事會主席。
- (iii) 黃國湛先生獲委任為董事並於二零一五年十一月二日調任為本公司執行董事。
- (iv) 孟書奇先生獲委任為董事並於二零一五年十一月二日調任為本公司非執行董事。
- (v) 黃德強先生獲委任為董事並於二零一七年六月二十八日調任為本公司執行董事。
- (vi) 邵在純先生、李毅文先生及凌潔心女士於二零一七年十一月二十四日獲委任為本公司獨立非執行董事。

於截至二零一七年十二月三十一日止年度，概無董事放棄或同意放棄任何酬金（二零一六年：無）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by the directors in respect of their services as directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking during the year ended December 31, 2017 (2016: nil).

(c) Directors' termination benefits

During the year ended December 31, 2017, no payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2016: nil).

(d) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services subsisted at the end of or at any time during the year ended December 31, 2017 (2016: nil).

32 董事福利及利益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及香港上市規則所規定的披露）（續）

(b) 董事的退休福利

於截至二零一七年十二月三十一日止年度，並無就作為本公司及其附屬公司董事提供的服務或就與管理本公司或其附屬公司的事務有關的其他服務而已付董事或董事應收的退休福利（二零一六年：無）。

(c) 董事的終止福利

於截至二零一七年十二月三十一日止年度，概無就董事終止服務而直接或間接向董事支付或提供任何款項或福利，亦無任何就此應付的款項或福利（二零一六年：無）。

(d) 就獲提供董事服務向第三方提供的代價

概無就獲提供且於截至二零一七年十二月三十一日止年度結束時或於期間任何時間仍然存在的董事服務而向第三方提供或第三方應收的任何代價（二零一六年：無）。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

32 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of or at any time during the year ended December 31, 2017 (2016: nil).

(f) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended December 31, 2017 (2016: nil), except for the transactions disclosed in Note 28.

32 董事福利及利益（香港公司條例（第622章）第383條、公司（披露董事利益資料）規例（第622G章）及香港上市規則所規定的披露）（續）

(e) 有關以董事、該等董事控制的法團及彼等的關連實體為受益人的貸款、類似貸款及其他交易的資料

概無以董事、該等董事控制的法團及彼等的關連實體為受益人的貸款、類似貸款及其他交易於截至二零一七年十二月三十一日止年度結束時或於期間任何時間仍然存在（二零一六年：無）。

(f) 董事於交易、安排或合約的重大權益

概無本公司為參與方及本公司董事於當中有重大權益（不論直接或間接）且與本集團業務有關的其他重大交易、安排及合約於截至二零一七年十二月三十一日止年度結束時或於期間任何時間仍然存在（二零一六年：無），惟附註28所披露的交易除外。

Notes to the Consolidated Financial Statements (Continued)

合併財務報表附註（續）

33 SUBSEQUENT EVENTS

On February 15, 2018, the Board of Directors of the Company approved to grant share options from the Share Option Scheme to eligible directors and employees for their past contribution to the success of the Group, and to provide incentives to them to further contribute to the Group.

The options are conditionally vested upon satisfying specified service vesting condition, which is mutually agreed by the employees and the Company.

The Group has no legal or constructive obligations to repurchase or settle the options in cash.

On February 15, 2018, 49,498,610 share options were granted under the Share Option Scheme.

The vesting period of the share options granted is three years and the vesting schedule is 33.33% after twelve months from the grant date, 33.33% after twenty-four months from the grant date, and 33.34% after thirty-six months from the grant date.

As at the date of this report, the financial impact of the share options granted is still being assessed by the Company.

33 期後事項

於二零一八年二月十五日，本公司董事會批准根據購股權計劃向合資格董事及僱員授出購股權，以肯定他們過往對本集團的成功所作貢獻，並激勵他們進一步向本集團作出貢獻。

該等購股權乃於滿足特定服務歸屬條件時有條件歸屬，此乃由僱員與本公司共同協定。

本集團並無購回或以現金結算購股權的法定或推定責任。

於二零一八年二月十五日，共有49,498,610份購股權根據購股權計劃授出。

所授出購股權的歸屬期為三年，而歸屬時間為於授出日期起十二個月後歸屬33.33%，於授出日期起二十四個月後歸屬33.33%，及於授出日期起三十六個月後歸屬33.34%。

截至本報告日期，本公司仍在評估已授出購股權的財務影響。



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