2020
ANNUAL REPORT

IGG
I GOT GAMES

Incorporated in the Cayman Islands with limited liability

IGG INC STOCK CODE: 799

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zongjian Cai *(Chairman and chief executive officer)*
Mr. Yuan Xu
Mr. Hong Zhang
Ms. Jessie Shen
Mr. Feng Chen

Non-executive Director

Mr. Yuan Chi

Independent Non-executive Directors

Dr. Horn Kee Leong
Mr. Dajian Yu
Ms. Zhao Lu

BOARD COMMITTEES

Audit Committee

Dr. Horn Kee Leong *(Chairman)*
Mr. Dajian Yu
Ms. Zhao Lu

Nomination Committee

Dr. Horn Kee Leong *(Chairman)*
Mr. Zongjian Cai
Mr. Dajian Yu
Ms. Zhao Lu

Remuneration Committee

Ms. Zhao Lu *(Chairman)*
Mr. Zongjian Cai
Mr. Dajian Yu

JOINT COMPANY SECRETARIES

Ms. Jessie Shen
Ms. Yin Ping Yvonne Kwong *(a fellow of The Hong Kong Institute of Chartered Secretaries)*

AUTHORISED REPRESENTATIVES

Mr. Zongjian Cai
Ms. Jessie Shen
Ms. Yin Ping Yvonne Kwong

REGISTERED OFFICE

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AUDITOR

KPMG
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)

LEGAL ADVISER AS TO HONG KONG LAWS

Jingtian & Gongcheng LLP

LEGAL ADVISER AS TO PRC LAWS
Jingtian & Gongcheng

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Cayman Islands

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COMPANY WEBSITE
www.igg.com

PRINCIPAL BANKS
Citibank N.A. Singapore Branch
Standard Chartered Bank (Singapore) Limited
The Hongkong and Shanghai Banking Corporation Limited

INVESTOR RELATIONS CONSULTANTS
Strategic Financial Relations Limited

CHAIRMAN’S STATEMENT

2020 was a year full of both obstacles and opportunities. The COVID-19 pandemic not only brought unprecedented challenges to the global economy, changed the way people work, live and play, but also resulted in hastening changes to existing industries and the formation of new business models. The pandemic has also created a new “work from home” normal and catalysed the emergence of the “home-based economy”, which has indirectly presented new opportunities for the gaming industry. According to a report published by Newzoo, an internationally renowned data research organisation, the number of gamers reached 2.7 billion globally at the end of 2020, an increase of 4.9% compared with the previous year. At the same time, the global games market reached US$174.9 billion in annual revenue, up 19.6% year-on-year.

To capture the opportunities created by the rapidly growing number of gamers worldwide, IGG drew on its globally-distributed corporate structure and management approach. By combining a high-level global perspective with local insights, we responded rapidly to capture market share. Taking advantage of the extensive global resources we have put in place over the years, we streamlined and refined our game operations, enhanced our marketing campaigns, and sought out innovative promotion channels. In the area of product development, we continued to improve gameplay by upgrading heroes and rolling out new in-game events. On top of accelerating internal research and development, we further strengthened our R&D capability by adding external R&D resources through outsourcing. The close collaboration between product development and global operations drove our monthly active users from 14.6 million in the previous year to 39 million this year. IGG’s top game “Lords Mobile” successfully halted the trend of declining gross billing for two consecutive years and achieved historical gross billing growth in countries such as the United States, Japan, Germany and the United Kingdom, resulting in a record-breaking monthly gross billing of US$66 million.

Leveraging our capabilities and expertise in the strategy game genre, IGG experimented with new genres and different themes for strategy games. Although this is a “trial and error” process that requires tremendous capital investment, we are confident of creating innovative games through diligence, perseverance and ambition. Our new game, the female-oriented “Dress Up! Time Princess”, is a testament to such efforts. The game has been well received by gamers since its release last August, and was featured by Apple’s App Store and Google Play multiple times in many countries. Its gross billing approached approximately US$3 million in January 2021 after the Group increased marketing spending in the North America and Europe markets in December 2020. In addition, a line-up of new strategy games and an action game are scheduled for launch in 2021.

Games are part of the entertainment industry. As an entertainment company, IGG is committed to always being player-oriented, and will continually strive to provide the best gaming experiences. In the past two years, we have established robust evaluation and testing procedures for R&D. These procedures capture the frequently changing tastes of gamers and the latest market trends, providing R&D with useful data points to revamp or refine games under development. Meanwhile, underperforming projects are consolidated and resources reassigned under a competition system to achieve optimal allocation of resources.

CHAIRMAN'S STATEMENT

Undoubtedly, a strong commitment to R&D is the soul of the gaming industry. In 2020, after surveying major game development hubs across China and taking into account various factors, such as local talent pool, population size and government support, IGG decided to set up R&D centres in Beijing, Shanghai and Chengdu, to strengthen our competitive edge and expand our base in China. As part of our long-term development plan, we successfully bid for a parcel of land in Fuzhou, which will be used for our own office building. Meanwhile, IGG has always been open to collaboration from a strategic investment perspective, and has actively embraced high-calibre R&D teams and high-potential games. Throughout the Year, we entered into strategic investment agreements with dozens of gaming enterprises from different parts of the world, securing a high-quality product pipeline through different modes of collaboration, such as licensing and outsourcing.

In appreciation of the valiant efforts by all our employees in maintaining our normal day to day operations in the midst of the COVID-19 pandemic during 2020, and to help them comply with local government directives to prevent the spread of the coronavirus, IGG recently gave each of our more than 2,000 employees worldwide a US$800 incentive payment, as well as "care packs" to help with the ongoing battle against the pandemic.

Looking ahead, we will continue to embrace our corporate spirit of "Innovators at Work, Gamers at Heart". While adhering to the original aspirations with ambition, commitment and perseverance, we will also continue to stride forward against adversity, with the aim of creating innovative yet classic games.

Zongjian Cai
Chairman and Executive Director

4 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PRESENCE

Established in 2006, IGG is a renowned developer and publisher of mobile games with a strong global presence and an international customer base of over 1 billion users in total[1]. Leveraging its success in client and browser PC online games, the Group changed its strategy to target the mobile games market in 2013. Over the years, the Group's mobile games and apps are now available in 23 different languages worldwide with nearly 39 million MAU, and IGG has been listed among the "Top 52 Publishers" globally by App Annie for seven consecutive years. Embracing our corporate spirit of "Innovators at Work, Gamers at Heart", the Group is dedicated to creating high-quality and enjoyable games that will stand the test of time.

IGG is headquartered in Singapore with local offices in the United States, China, Canada, Japan, South Korea, Thailand, Belarus, the Philippines, the United Arab Emirates, Indonesia, Brazil, Turkey, Italy and Spain, and users from more than 200 countries and regions worldwide. Over the years, IGG has aggressively pursued a strategy of globalisation in R&D and operations, establishing long-term relationships with more than 100 business partners, including art studios, advertising channels, as well as global platforms such as Apple, Google, Amazon, and Microsoft. The Group's international presence and partnerships have enhanced its competitive advantage in the industry.

BUSINESS REVIEW

In 2020, the COVID-19 pandemic posed challenges across countries and industries. The pandemic has also created a new "work from home" normal and catalysed the emergence of the "home-based economy". IGG seized the opportunity to enhance the global operation and marketing for "Lords Mobile". At the same time, the Group acquired nearly 100 million users for its mobile apps and succeeded in creating a platform synergy effect, boosting the flagship title "Lords Mobile" to repeatedly hit new record highs in monthly gross billing and leading to growth in annual revenue and net profit.

For the year 2020, the Group recorded total revenue of US$704 million, an increase of 5% year-on-year. Revenue in the second half of 2020 was approximately US$392 million, an increase of 25% over the first half of 2020 as well as year-on-year. The revenue growth was primarily due to the outstanding performance of the flagship title "Lords Mobile", which repeatedly hit new record highs. During the Year, revenue generated from markets in Asia, North America and Europe accounted for 39%, 31% and 23%, respectively, of the Group's total revenue. IGG's net profit reached a record high of US$270 million in 2020, soaring 64% year-on-year, primarily attributable to the outstanding performance of its game business and global investments. IGG achieved a net profit of US$146 million from its core game business[2], representing an increase of 4% year-on-year.

1 Users in total: historical accumulated registered users, including game and mobile app users.

2 Net profit for core game business: excluding gain on investments and share of result of associates and joint ventures. Gain on investments arise from other financial assets, including fair value gain on investments, gain on disposal of other financial assets and dividend income.

"Lords Mobile"

"Lords Mobile", released in March 2016, is the Group's first cross-platform, multi-language, real-time game designed for global gamers. With its compelling game play, "Lords Mobile" continues to enjoy enduring popularity and revenue growth in its fifth year of operation. As at 31 December 2020, it has over 370 million registered users worldwide and more than 13.7 million MAU. With regular updates and streamlined game operation, "Lords Mobile" set a new revenue record in 2020, with monthly gross billing rising to over US$66 million.

According to App Annie's daily grossing ranking as at 31 December 2020, "Lords Mobile" ranked top five in 15 and top 10 in 47 countries and regions on Google Play, and top five in 7 and top 10 in 22 countries and regions on Apple's App Store.

In 2021, IGG is partnering up with a well-known Japanese animation studio, TOEI ANIMATION CO., LTD, to introduce their smash hit, Saint Seiya into Lords Mobile, bringing players a refreshing gaming experience.

"Castle Clash"

"Castle Clash" is a fast-paced tower defence game launched in 2013. After eight years, the game still remains popular. Frequent content updates and regular addition of new features have successfully sustained the game's appeal.

New Titles

IGG has achieved a breakthrough in diversifying its game portfolio beyond its core strategy games genre. "Dress Up! Time Princess", a female-oriented dress-up game released in August 2020, offers players a unique combination of interactive stories with character costume customisation. The game has been well-received by gamers since its debut and was featured by Apple's App Store and Google Play multiple times in many countries. Its gross billing approached approximately US$3 million in January 2021 after the Group increased marketing spending in the North America and Europe markets in December 2020. As at February 2021, it has over 6 million registered users worldwide and nearly 1.8 million MAU. The Group will be launching more new titles, including strategy and action games, in 2021, to cater to different segments of the market.

Investments

During the Year, the Group focused on investing in mobile internet and gaming related companies and funds. Several of these investments have performed well. The Group's gain on investments[3] leapt to US$127 million, representing an increase of 381% year-on-year. Over the course of the Year, IGG has entered into strategic investment agreements with dozens of gaming companies across the world to strengthen its foothold in the gaming industry. Partnership models include licensed publishing and outsourced game development, which will enrich the Group's game portfolio and create momentum for long-term growth.

Throughout the Year, IGG continued to strengthen its R&D and operations in China. The Group acquired the land use rights of a parcel of land for a new office building in Fuzhou, China, to fulfil its long-term development plans. It has also set up R&D centres in Beijing, Shanghai and Chengdu, which are well-known Technology, Media and Telecom (TMT) talent hubs. The Group will continue to scale up its R&D teams in these cities, and lay a solid foundation for future development.

PROSPECTS

Moving forward, IGG will continue to invest heavily in its R&D and operation teams to deliver innovative and diversified products to customers. Embracing the corporate spirit of "Innovators at Work, Gamers at Heart", IGG will relentlessly pursue its strategy of quality, innovation and excellence to create innovative yet classic games.

KEY FINANCIAL INFORMATION

	Year ended 31 December	
	2020	2019
	US$'000	US$'000
Revenue	**704,128**	667,648
Profit for the year	**270,204**	164,782
Profit for the year attributable to equity shareholders of the Company	**270,234**	164,794
Adjusted net income*	**273,411**	168,704

* Adjusted net income represents profit for the year attributable to equity shareholders of the Company excluding share-based compensation. It is considered a useful supplement to the consolidated statement of profit or loss indicating the Group's profitability and operational performance for the financial period presented.

[3] Gain on investments arise from other financial assets, including fair value gain on investments, gain on disposal of other financial assets and dividend income.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2020 was US$704.1 million, representing an increase of 5% compared to US$667.6 million for the year ended 31 December 2019. The increase was driven by revenue generated from the Group's classic title "Lords Mobile", which achieved a strong rebound during the Year and repeatedly broke new records. Monthly gross billing of "Lords Mobile" surpassed US$66 million at the end of the Year.

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2020 and 2019, respectively:

	Year ended 31 December			
	2020		2019	
	US$'000	**%**	US$'000	%
"Lords Mobile"	**603,696**	**85.7**	539,011	80.7
"Castle Clash"	**45,946**	**6.5**	75,850	11.4
Others	**54,486**	**7.8**	52,787	7.9
Total	**704,128**	**100.0**	667,648	100.0

Cost of revenue

The Group's cost of revenue for the year ended 31 December 2020 was US$212.4 million, representing an increase of 4% compared to US$204.9 million for the year ended 31 December 2019, primarily due to the increase in channel costs as a result of higher revenue. Cost of revenue increasing at a smaller percentage than revenue increase was due to lower server cost.

Gross profit and gross profit margin

The Group's gross profit for the year ended 31 December 2020 was US$491.7 million, representing an increase of 6% compared to US$462.8 million for the year ended 31 December 2019, primarily due to the increase in revenue from "Lords Mobile".

The Group's gross profit margin for the year ended 31 December 2020 was 69.8%, representing an increase of 0.5% compared to 69.3% for the year ended 31 December 2019, primarily due to the reduction in server costs.

Other net income

The Group's other net income for the year ended 31 December 2020 was US$131.4 million, representing an increase of 303% compared to US$32.6 million for the year ended 31 December 2019, primarily due to the increase in gain on investments from the Group's successful investments in XD Inc. and other mobile internet and gaming related funds. Details are set out below in the section headed "Significant investments".

Selling and distribution expenses

The Group's selling and distribution expenses for the year ended 31 December 2020 was US$185.1 million, representing an increase of 12% compared to US$164.9 million for the year ended 31 December 2019, mainly because that the Group stepped up investments in marketing in the second half of the Year. Selling and distribution expenses-to-revenue ratio was 26%, slightly increased by 1% compared to 25% for the year ended 31 December 2019.

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2020 was US$46.2 million, representing a slight increase of 2% compared to US$45.5 million for the year ended 31 December 2019. Administrative expenses-to-revenue ratio was approximately 7%, similar to the year ended 31 December 2019.

Research and development expenses

The Group's research and development expenses for the year ended 31 December 2020 was US$88.9 million, representing a decrease of 4% compared to US$92.5 million for the year ended 31 December 2019. Research and development expenses-to-revenue ratio was 13%, slightly decreased by 1% from 14% for the year ended 31 December 2019, primarily due to the optimisation in R&D projects.

Income tax expenses

The Group's income tax expenses for the year ended 31 December 2020 was US$26.8 million, representing an increase of 6% compared to US$25.2 million for the year ended 31 December 2019, primarily due to the increase in profit before taxation. The Group's effective tax rate decreased from 13% (the year ended 31 December 2019) to 9% for the year ended 31 December 2020, mainly due to the significant unrealised gain on change in fair value of other financial assets.

The Company's subsidiary, IGG Singapore has obtained an extension of the Development and Expansion Incentive ("Incentive") from the Economic Development Board of Singapore. Under the Incentive, IGG Singapore will enjoy a concessionary tax rate of 10% on qualifying income from 2017 to 2019, and 10.5% from 2020 to 2021. Non-qualifying income is subjected to standard corporate tax rate of 17%.

Capital expenditures

During the Year, the Group's capital expenditures were mainly related to purchases of property, plant and equipment, including servers and computer equipment; and intangible assets, such as software, trademark; and the acquisition of land use rights of a parcel of land in Fuzhou, China. Capital expenditures for the years ended 31 December 2020 and 2019 are set forth as below:

	Year ended 31 December	
	2020	2019
	US$'000	US$'000
Purchase of property, plant and equipment	**2,296**	26,587*
Purchase of intangible assets	**2,014**	632
Acquisition of land use rights	**16,342****	–

* US$22.076 million of which was related to capital expenditure for the acquisition of Palazzo Magnani Feroni, a historical complex located in Florence, Italy in 2019, and the amount is included in "net cash paid for a business combination".

** It was related to prepayment and deed tax payment for the acquisition of land use rights for a term of 40 years of a parcel of land in Fuzhou, China in 2020. On 15 September 2020, Fuzhou Tianping, an indirect wholly-owned subsidiary of the Company, entered into a land use rights assignment contract with Fuzhou Natural Resources and Planning Bureau in respect of the acquisition of land use rights of the land at a consideration of RMB201 million (equivalent to approximately US$29.5 million). The land is situated at eastern side of Fuguang Road, southern side of Hutang Road, old housing reconstruction project land lot no. 2 at Hutang Village and surrounding area, Jin'an District, Fuzhou, the PRC, with a total site area of 8,910 square metres, designated for business and commercial use. The Group intends to develop the land mainly for the Group's own use. Please refer to the announcement of the Company dated 15 September 2020 for further details. Save as disclosed above, during the Year, there is no property held for development, sale or investment for which the percentage ratios (as defined under rule 14.04(9) of the Listing Rules) exceed 5%.

Liquidity and capital resources and gearing ratio

As at 31 December 2020, the Group had net current assets of US$225.1 million (31 December 2019: US$260.3 million), and the gearing ratio of the Group, calculated as total liabilities divided by total assets, was 21.0% (31 December 2019: 21.4%).

As at 31 December 2020, the Group had cash and cash equivalents of US$280.2 million (31 December 2019: US$307.1 million).

The Group did not have any bank borrowings or other financing facilities as at 31 December 2020 (31 December 2019: nil).

The table below sets forth selected cash flow data from our consolidated statement of cash flows:

	Year ended 31 December	
	2020	2019
	US$'000	US$'000
Net cash generated from operating activities	**167,714**	126,942
Net cash used in investing activities	**(33,909)**	(29,163)
Net cash used in financing activities	**(163,148)**	(78,096)
Net change in cash and cash equivalents	**(29,343)**	19,683
Cash and cash equivalents at 1 January	**307,086**	287,547
Effect of foreign exchange rate changes	**2,493**	(144)
Cash and cash equivalents at 31 December	**280,236**	307,086

Operating activities

Net cash generated from operating activities was US$167.7 million for the year ended 31 December 2020, compared to US$126.9 million for the year ended 31 December 2019. The increase in net cash generated from operating activities was primarily due to i) the increase in operating profit; and ii) the timing difference for settlement of receivables and payables.

Investing activities

Net cash used in investing activities was US$33.9 million for the year ended 31 December 2020, primarily attributable to the acquisition of the land use rights of the land located in Fuzhou, China, equity investments in mobile internet and gaming related companies* and funds, and disposal of other financial assets. Net cash used in investing activities for the year ended 31 December 2019 was US$29.2 million.

Financing activities

Net cash used in financing activities was US$163.1 million for the year ended 31 December 2020, primarily attributable to the payment of dividend and share buy-backs made by the Company during the Year. Net cash used in financing activities for the year ended 31 December 2019 was US$78.1 million.

* For the year ended 31 December 2020, the Group acquired 27 associates and two joint ventures with an aggregate amount of approximately US$50.1 million. These associates and joint ventures are principally engaged in online gaming business.

Foreign currency risk

The Group's sales and purchases for the year ended 31 December 2020 were mostly denominated in USD and SGD. The management team closely monitors foreign exchange exposure to ensure that appropriate measures are implemented in a timely and effective manner. Historically, the Group has not incurred any significant foreign currency exchange loss in its operation.

Legal compliance

As the Group is continuously expanding its businesses worldwide, it is required to comply with the new applicable laws and regulations in different jurisdictions that are specifically relevant to the Group's business, such as laws relating to data protection, internet information security, intellectual property and gaming industry.

Protecting users' personal data is the top priority of operations, and the Group is fully aware that any misuse, loss or leakage of users' data could have a negative impact on affected users and the Group's reputation, and may even lead to potential legal action against the Group. The Group is committed to safeguarding the security of users' personal data. In this regard, the update of privacy policy and the treatment and control measures of users' personal data form part of this commitment. When collecting and processing such data, the Group explains the purpose of the acquired data and obtains the consent of users. Users also have rights to request to modify or delete their personal data. In addition, information security is protected through effective management systems, which keep the personal data anonymous to the maximum extent possible and through internal processing mechanisms of data management, separation of access and access restrictions, which are implemented to ensure the highest level of protection of personal data.

For further details, please refer to the section headed "Corporate Social Responsibility Report – 3.4 Privacy Protection" in this annual report.

Dividend

The Board resolved to declare a second interim dividend and a special dividend, each of HK26.7 cents per ordinary Share (equivalent to US3.4 cents per ordinary Share) for the year ended 31 December 2020, totaled HK53.4 cents per ordinary Share (equivalent to US6.8 cents per ordinary Share).

Together with the interim dividend and special dividend of HK50.2 cents per ordinary Share (equivalent to US6.4 cents per ordinary Share) paid in September 2020, the total dividends per ordinary Share for the year ended 31 December 2020 would be HK103.6 cents per ordinary Share (equivalent to US13.2 cents per ordinary Share), amounting to approximately US$162.1 million (the year ended 31 December 2019: the total dividends of HK30.6 cents per ordinary Share, equivalent to US4.0 cents per ordinary Share).

Share repurchase

The Group had repurchased 56,192,000 Shares during the Year, amounting to US$50.2 million. Taking into account the declared dividends of US$162.1 million for the Year, the declared dividends and total payment of share repurchase would be approximately US$212.3 million, which was 79% of the net profit for the Year. (For the year ended 31 December 2019, the declared dividends and total payment of share repurchase was US$76.3 million, representing 46% of net profit of the year 2019.)

Human resources

As at 31 December 2020, the Group had 2,022 employees (31 December 2019: 1,587).

The Group's total staff-related costs amounted to US$80.2 million for the year ended 31 December 2020 (the year ended 31 December 2019: US$71.4 million).

Significant investments

XD Inc.

As at 31 December 2020, the Group held equity securities listed in Hong Kong at fair value through profit or loss amounting to approximately US$98.1 million, which comprised the equity securities of XD Inc., the shares of which are listed on the Stock Exchange (stock code: 2400). Details of such investment are set out below:

Name of investee company	Number of shares held as at 31 December 2020	Percentage of share capital owned by the Group	Fair value as at 31 December 2019 (US$'000)	Fair value as at 31 December 2020 (US$'000)	Unrealised gain on change in fair value of the Year (US$'000)	Dividend received/ receivable during the Year (US$'000)	Realised gain of the Year (US$'000)
XD Inc.	16,235,000	3.58%	53,805	98,106(note)	53,560	–	32,152

Note: The investment resulted in an unrealised exchange gain of approximately US$1,691,000 for the Year.

The Group first acquired approximately 6.84% equity interest of X.D. Network Inc. (心動網絡股份有限公司) ("X. D. Network"), a consolidated subsidiary of XD Inc., from an Independent Third Party on 25 December 2018 at a consideration of approximately US$31.6 million. In order to reflect the onshore shareholding structure of X.D. Network as part of the corporate reorganisation (the "Reorganisation") of XD Inc. in preparation for the listing, XD Inc. allotted and issued 24,648,000 shares to the Group on 27 May 2019, representing approximately 6.84% of the issued share capital of XD Inc. immediately after the Reorganisation and approximately 5.81% of the issued share capital of XD Inc. immediately after the global offering of XD Inc. On 8 January 2020, after the issuance and allotment of shares of XD Inc. as a result of the full exercise of an over-allotment option, the Group's equity interest in XD Inc. decreased to 5.76%. As of 31 December 2020, the Group completed the sale of 8,413,000 shares of XD Inc. The investment cost and fair value of the Group's interests in XD Inc. comprised approximately 3.50% and 15.58% of the total assets of the Group as at 31 December 2020, respectively. XD Inc. is principally engaged in the development and operation of games in the PRC and overseas, and it also operates TapTap, a leading game community and platform in the PRC. Based on the annual report of XD Inc. published on 28 April 2020, for the year ended 31 December 2019, its audited total revenue was approximately RMB2,838.1 million and profit attributable to its equity holders was approximately RMB346.6 million. XD Inc. has achieved rapid growth in its financial performance after going public in 2019 and the Group is optimistic about the future prospects of XD Inc. amid robust development of the PRC and overseas mobile game market.

MFund, L.P.

As at 31 December 2020, the Group held interest of MFund, L.P., a private equity fund, as an unlisted security investment at fair value through profit or loss amounting to approximately US$52.5 million. Details of such investment are set out below:

Name of investee	Percentage of interests held by the Group	Fair value as at 31 December 2019 (US$'000)	Fair value as at 31 December 2020 (US$'000)	Unrealised gain on change in fair value of the Year (US$'000)	Dividend received/ receivable during the Year (US$'000)	Realised gain of the Year (US$'000)
MFund, L.P.	4.37%	13,021	52,535	39,514	2,150	–

The Group first entered into a limited partnership agreement with an Independent Third Party in respect of MFund, L.P., a private equity fund established in the Cayman Islands, in August 2014. The Group, as a limited partner, undertook to subscribe for the share of assets in MFund, L.P. at a sum of US$3.0 million, accounting for approximately 4.37% interests. MFund, L.P. has a diversified investment portfolio, which includes equity investments in both listed and non-listed entities in sectors such as e-commerce, media, telecommunications, online and mobile games, education, travel, and social networks, etc. The investment cost and fair value of the Group's interests in MFund, L.P. comprised approximately 0.48% and 8.34% of the total assets of the Group as at 31 December 2020, respectively.

The Group's investment objective in respect of XD Inc. and MFund, L.P. is to increase the value of its investments with an ultimate objective of enhancing returns for the Shareholders. The Group invests in investee companies with large-scale operations and stable results and private equity investment funds with outstanding investment performance and reputation in the global investment industry that the Board believes will benefit the growth of the Group's core business. The Group will continue to adopt a prudent investment strategy and cautious approach in assessing the performance of the investments, so as to make timely and appropriate adjustments to its investments holdings with a view to minimising risks and generating favorable returns for the Shareholders.

Save as disclosed above, there were no other significant investments held by the Group as at 31 December 2020.

Material acquisitions, disposals of subsidiaries, associates and joint ventures

For the Year, the Group acquired 27 associates and two joint ventures with an aggregate amount of approximately US$50.1 million. These associates and joint ventures are principally engaged in online gaming business. The Directors consider that the associates and joint ventures are individually immaterial.

The Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

Capital commitment

As at 31 December 2020, the Group had a capital commitment of approximately US$25.2 million, mainly comprised the final instalment for the acquisition of land use rights of the land in Fuzhou, China, and contracted amount of investments in mobile internet and gaming related companies and funds (31 December 2019: US$0.2 million).

Charges on assets

As at 31 December 2020, no asset of the Group was pledged as a security for bank borrowing or any other financing activities (31 December 2019: nil).

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2020 (31 December 2019: nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zongjian Cai (蔡宗建), aged 43, was appointed as an executive Director of the Company on 31 October 2007 and is the chairman of the Board and chief executive officer of the Group. Mr. Cai is one of the Founders of the Group and is primarily responsible for the corporate strategic planning and overall business development of the Group. Mr. Cai also acts as a director of the Company's subsidiary, Skyunion Hong Kong Holdings Limited. Mr. Cai has approximately 21 years of experience in online game industry. He worked at Fujian NetDragon Computer Information Network Technology Co., Ltd.* (福建網龍計算機信息網絡技術有限公司), as a vice president from May 2000 to November 2003 and piloted the development of 17173.com. Mr. Cai also worked as the chief executive officer of 17173.com, which was acquired by Sohu.com Inc., a company listed on NASDAQ (Stock Code: SOHU), from November 2003 to January 2005 and a consultant for both Beijing Sohu New Era Information Technology Co., Ltd.* (北京搜狐新時代信息技術有限公司) and 17173.com from January 2005 to June 2005. Mr. Cai graduated from Fuzhou University (福州大學) with a college diploma in computer and accounting in June 1998.

Mr. Yuan Xu (許元), aged 46, was appointed as an executive Director of the Company on 21 August 2015 and is the Group's chief operating officer. Mr. Xu has approximately 21 years of experience in corporate management. He joined the Group in September 2007 and is primarily responsible for global operation strategies of the Group. Prior to joining the Group, Mr. Xu worked as a graduate researcher at University of California, Santa Cruz, from September 1999 to July 2004. He also worked at Nanoconduction Inc. as a project leader from September 2004 to June 2007. Mr. Xu graduated from Beijing University of Technology (北京工業大學) with a bachelor's degree in applied physics in July 1998. He also graduated from University of California, Santa Cruz, with a degree of doctor of philosophy in electrical engineering in June 2004.

Mr. Hong Zhang (張竑), aged 49, was appointed as an executive Director on 21 August 2015 and is the Group's chief technology officer and senior vice president of global operations. Mr. Zhang has approximately 24 years of experience in information technology industry. He joined the Group in December 2008 and is primarily responsible for the overall technology operation of the Group. Prior to joining the Group, Mr. Zhang worked at Charles Schwab as a senior staff technology from August 2000 to November 2005. He was also employed by Corporate Computer Services Inc. from November 2005 to November 2008 as a software engineer, assigned to Barclays Global Investors as an information technology consultant. Mr. Zhang graduated from Zhejiang University (浙江大學) with a bachelor's degree in engineering in June 1994, a master's degree in engineering in June 1997. He also graduated from University of California, San Francisco, with a master's degree in science in September 2000.

* *For identification purpose only*

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Jessie Shen (沈潔蕾), aged 50, was elected as an executive Director on 3 June 2016 and is the Group's chief financial officer and one of the joint company secretaries. Ms. Shen also acts as a director of IGG Taiwan Ltd., a subsidiary of the Company. Ms. Shen has approximately 24 years of experience in accounting and corporate management. She was appointed as the chief financial officer of the Group on 10 November 2014. She joined the Group in March 2009 as the senior vice president of finance and has been primarily responsible for corporate finance, accounting, legal and listing compliance matters on the Stock Exchange. Prior to joining the Group, she worked as an auditor at Diwan, Ernst & Young from July 1992 to August 1994, and a finance associate manager of Aurora Corporation, a company listed on the Taiwan Stock Exchange (Stock Code: 2373), from March 1995 to March 1998 and from August 2001 to January 2002. Ms. Shen also held finance and company secretary positions at Rock Mobile Group from January 2003 to March 2007. She worked at Neo Solar Power Corp., a company listed on Taiwan Stock Exchange (Stock Code: 3576), as a finance manager from December 2007 to March 2009. Ms. Shen graduated from Tunghai University with a bachelor's degree in accounting in June 1992. She also graduated from Rutgers, The State University of New Jersey with a master's degree in business administration in October 1999. Ms. Shen passed the examination of American Institute of Certified Public Accountants (AICPA), Certified Public Accountant examination in Taiwan, Certified Internal Auditor examination by the Institute of Internal Auditors, and the certification examination by Taiwan Institute of Internal Auditors* (中華民國內部稽核協會).

Mr. Feng Chen (陳豐), aged 48, was elected as an executive Director on 3 June 2016 and was one of the individual investors investing in the Company prior to the listing of the Company on the Stock Exchange in 2013. In April 2014, Mr. Chen joined the Company as the senior vice president of corporate strategy and has been responsible for leading several strategic investments made by the Company in external startups and internal incubated projects. Mr. Chen also acts as a director of the Company's joint ventures, Tap Media Technology Inc. and Chinese ABC Ltd., as well as a director of the Company's associates, Fujian Tianzhi Internet Information Technology Co., Ltd.* (福建天志互聯信息科技股份有限公司) and Fuzhou Yunding Network Technology Co., Ltd.* (福州雲頂網絡科技有限公司). Mr. Chen also acted as a non-executive director of XD Inc., a company listed on the Stock Exchange (Stock Code: 2400), from June 2019 to December 2020. Prior to joining the Company, from July 1996 to August 2001, Mr. Chen served as a senior design engineer at Broadcom Corporation (currently known as Broadcom Ltd.), an American fabless semiconductor company, and was responsible for the development of one of the world's first DOCSIS standard compliant cable modem chipset. From May 2002 to June 2007, Mr. Chen served various positions at NetDragon Websoft Holdings Limited (網龍網絡控股有限公司), an online game developer and operator in the PRC listed on the Stock Exchange (Stock Code: 777), including the senior vice president of overseas business development. In August 2007, Mr. Chen founded Ingle Games Ltd., a publisher that aimed at publishing MMORPG games developed by Chinese game developers in the western market, and served as the chief executive officer of Ingle Games Ltd. from August 2007 to December 2010. From March 2011 to March 2014, Mr. Chen served as the senior vice president of overseas development at 91.com, a mobile internet distribution platform in the PRC. Mr. Chen graduated from University of California, Los Angeles with a Master of Science Degree in electrical engineering in 1995.

* *For identification purpose only*

Non-executive Director

Mr. Yuan Chi (池元), aged 64, was re-designated as a non-executive Director on 21 August 2015. Mr. Chi is one of the Founders of the Group and also acts as a director of the Company's subsidiary, Skyunion Hong Kong Holdings Limited. Mr. Chi has approximately 23 years of experience in the information technology industry. Prior to joining the Group, Mr. Chi worked as the general manager of Fujian Window Network Information Co., Ltd.* (福建之窗網絡信息有限公司) (www.66163.com) from April 1998 to June 2007. He was the vice president of Fujian Rongji Software Co., Ltd.* (福建榕基軟件股份有限公司), a company listed on Shenzhen Stock Exchange (Stock Code: 002474), from November 2000 to September 2003. Mr. Chi also worked at Fujian NetDragon Computer Information Network Technology Co., Ltd.* (福建網龍計算機信息網絡技術有限公司), from October 2003 to November 2007. Mr. Chi graduated from Fuzhou University (福州大學) with a bachelor's degree in water resources and hydropower engineering in July 1982 and a master's degree in hydraulic structure in March 1990.

Independent Non-executive Directors

Dr. Horn Kee Leong (梁漢基), aged 69, was appointed as an independent non-executive Director on 16 September 2013. Dr. Leong is currently the chairman of CapitalCorp Partners Private Limited. He has been Singapore's Non-resident High Commissioner to Cyprus since July 2014. Since 1983, until prior to joining CapitalCorp Partners Private Limited, Dr. Leong held various management positions including as an executive director and consultant of Far East Organization Centre Pte. Ltd., the chief executive officer of Yeo Hiap Seng Ltd, the managing director of Orchard Parade Holdings Limited, a corporate finance director of Rothschild (Singapore) Limited. From 1977 to 1983, Dr. Leong held various positions at the Ministry of Finance and at the Ministry of Trade & Industry of Singapore. He was a member of Parliament of Singapore from 1984 to 2006. He was Singapore's non-resident ambassador to Mexico from September 2006 to February 2013. In addition to the above, Dr. Leong currently holds or held directorships in the following listed companies in the past three years preceding the date of this annual report:

* *For identification purpose only*

Period	Name of company	Position
8 January 2019 - present	ESR Funds Management (S) Limited, which is the management company of ESR-REIT listed on Singapore Stock Exchange	Independent non-executive director
28 July 2018 - present	CSC Holding Limited, listed on Singapore Stock Exchange	Independent non-executive chairman
10 June 2013 - present	SPH Reit Management Pte Ltd, which is the management company of SPH Reit listed on Singapore Stock Exchange	Chairman of the board
10 October 2013 - 7 February 2019	VIVA Industrial Trust Management Pte Ltd, which is the management company of Viva Industrial Trust listed on Singapore Stock Exchange	Chairman of the board
19 January 2001 - 20 July 2018	Tat Hong Holdings Ltd, listed on Singapore Stock Exchange	Chairman of the board, Independent non-executive director

Dr. Leong graduated from Loughborough University with a bachelor's degree of technology in production engineering and management in July 1975. He completed distance learning and obtained a bachelor's degree of science in economics from University of London in August 1979 and he also finished part-time study and obtained a bachelor's degree of arts in Chinese Language and Literature from Beijing Normal University (北京師範大學) in March 2009. Dr. Leong graduated from the European Institute of Business Administration (INSEAD) with a master's degree of business administration in 1980 and he also finished part time study and obtained a master's degree of business research from the University of Western Australia in September 2009. He also graduated from the University of Western Australia with the degree of doctor of business administration in September 2013.

Mr. Dajian Yu (余大堅), aged 72, was appointed as an independent non-executive Director on 16 September 2013. Mr. Yu has over 20 years of experience in venture capital investment and in senior management in semiconductor, electronic, IT and pharmaceutical industries. Since 2010, he has been the vice president of Silicon Valley China Venture Management LLC and the director of several portfolio companies, Kinetic Technologies, Consensic International Inc., and Tricopian, LLC. He has also been the partner of BayHill Partners since 1999. Mr. Yu held senior management positions at several companies, including director of operations at General Parametrics Corporation from 1985 to 1996, vice president at Topology Corporation from 1996 to 1999, and vice president of Fuzhou Tianmeng from 2009 to 2010. Mr. Yu graduated from South China University of Technology (華南理工大學) (formerly known as South China Technology College* (華南工學院)) with a bachelor's degree in electrical engineering in July 1982.

Ms. Zhao Lu (陸釗), aged 53, was appointed as an independent non-executive Director on 16 September 2013. Ms. Lu is currently the president of Fujian New Media Animation Game Associate* (福建省動漫遊戲協會新媒體產業聯盟) and also serves as the general manager to Fuzhou Lingdong Network Science and Technology Co., Ltd.* (福州靈動網絡科技有限公司). Ms. Lu was the vice president of Amphenol AssembleTech (Ningde) Co., Ltd.* (安費諾(寧德)電子有限公司) from September 2016 to October 2018. She was the general manager of Fuzhou Lingdong Network Science and Technology Co., Ltd.* (福州靈動網絡有限公司) from February 2009 to December 2012 and the general manager of Tian Liang Customer Service* (天亮客服) of Fujian NetDragon Computer Information Network Technology Co., Ltd.* (福建網龍計算機網絡信息技術有限公司), from December 2003 to February 2009. Ms. Lu graduated from Beijing University of Posts and Telecommunications (北京郵電大學) (formerly known as Beijing Institute of Posts and Telecommunications* (北京郵電學院)) with a bachelor's degree in compunication in July 1989.

SENIOR MANAGEMENT

Mr. Zongjian Cai, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen and Mr. Feng Chen are also members of senior management. Please refer to their biography details in the subsection headed "Executive Directors" above.

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company is committed to the establishment of good corporate governance practices and procedures with a view towards being a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, while focusing on areas such as internal control and risk management, as well as fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company.

The Company believes that effective corporate governance is essential to create more value for its Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders.

The Company is committed to maintaining high standards of corporate governance in the best interests of Shareholders. During the year ended 31 December 2020, except for the deviation from code provision A.2.1 of the Corporate Governance Code, the Company has complied with the code provisions of the Corporate Governance Code.

Under code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. The Group does not at present separate the roles of the chairman and chief executive officer. Mr. Zongjian Cai is the chairman and chief executive officer of the Group. He has extensive experience in online game industry and is responsible for the overall corporate strategic planning and business development of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same individual can provide strong leadership to the Group and ensures efficient execution of corporate plans and objectives. In addition, the balance of power and authorities is ensured by the composition of the Board, which comprises experienced and high caliber individuals. The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, who would be able to offer advice from different perspectives. All major decisions are made by the Board members in consultation with the management team of the Company. Based on the above, the Board considers that the current arrangement has appropriate checks and balance of power in place to safeguard the interest of the Group and the Shareholders as a whole.

BOARD OF DIRECTORS

The overall management of the Company's operation is vested in the Board. The Board takes overall responsibilities to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategic development of the Group, monitoring and controlling the Group's operation and financial performance, internal control and risk management systems, and monitoring of the performance of the management team of the Group. The Directors have to make decisions objectively in the interests of the Company.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the management team of the Company. The delegated functions and work tasks are periodically reviewed.

The Board currently comprises nine Directors, consisting of five executive Directors, Mr. Zongjian Cai (the chairman of the Board), Mr. Yuan Xu, Mr. Hong Zhang, Ms. Jessie Shen and Mr. Feng Chen, one non-executive Director, Mr. Yuan Chi, and three independent non-executive Directors, Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu. All Directors have given sufficient time and attention to the affairs of the Group. Each executive Director is suitably qualified for his/her position, and has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

To the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

During the year ended 31 December 2020, the Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three independent non-executive Directors. In addition, at least one independent non-executive Director possesses appropriate professional accounting qualifications or financial management expertise in accordance with Rule 3.10(2) of the Listing Rules. The Company has appointed three independent non-executive Directors representing one-third of the Board and is in compliance with Rule 3.10A of the Listing Rules.

Board Diversity Policy

Pursuant to the Corporate Governance Code, the Board adopted a board diversity policy on 19 September 2013 which was subsequently updated on 29 December 2018. The diversity policy sets out the basic principles to ensure that the Board has the requisite knowledge of the Company and experience in different business and cultural conditions of different regions and markets and a variety of perspectives necessary to maintain and enhance the overall effectiveness of the Board and taking account of succession planning. All Board appointments will continue to be made on a merit basis based on the Group's business needs from time to time while taking into account the benefit of diversity. The Company will ensure that the Board has a balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of board candidates will be based on a range of factors with reference to the Company's business needs, including but not limited to age, gender, nationality, educational background, industry and professional experience. The nomination committee of the Board will select board members in accordance with the Company's nomination policy and will also give consideration to the board diversity policy. The nomination committee will review the board diversity policy at least annually to ensure its continued effectiveness.

Taking into account the nature and scope of the Group's business, the nomination committee is of the opinion that the current Board has a strong element of independence and is well-balanced in terms of gender, age, professional experience, skills and knowledge; and that the current composition and size of the Board is appropriate and adequate.

Model Code

During the year ended 31 December 2020, the Company has also adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code regarding directors' securities transactions during the year ended 31 December 2020.

Independent Non-Executive Directors

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of Shareholders can be taken into account, and the interests of the Company and its Shareholders can be protected.

The Board has three independent non-executive Directors with one of the independent non-executive Directors, Dr. Horn Kee Leong, possessing appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 3.10(2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules during the year ended 31 December 2020.

Training and Support for Directors

All Directors must keep abreast of their collective responsibilities. Any newly appointed Director would receive an induction package covering the Group's operations, businesses, governance policies and the statutory regulatory obligations and responsibilities of a director of a listed company. The Directors have been informed of the requirement under code provision A.6.5 of the Corporate Governance Code regarding continuous professional development. According to the records provided by the Directors, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the Corporate Governance Code on continuous professional development for the year ended 31 December 2020:

	Corporate Governance/Updates on Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
Name of Director	**Read Materials**	**Attend Seminars/ Briefings**	**Read Materials**	**Attend Seminars/ Briefings**
Executive Directors				
Mr. Zongjian Cai *(Chairman and chief executive officer)*	√	√	√	√
Mr. Yuan Xu	√	√	√	√
Mr. Hong Zhang	√	√	√	√
Ms. Jessie Shen	√	√	√	√
Mr. Feng Chen	√	√	√	√
Non-executive Director				
Mr. Yuan Chi	√	√	√	√
Independent non-executive Directors				
Dr. Horn Kee Leong	√	√	√	√
Mr. Dajian Yu	√	√	√	√
Ms. Zhao Lu	√	√	√	√

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

Dividend Policy

The Board adopted the dividend policy on 29 December 2018 in order to enhance transparency of the Company and facilitate shareholders and investors to make informed investment decision. The Board is committed to provide sustained dividends to the Shareholders, and the dividend policy sets the foundation to determine a prudent and disciplined dividend payment to shareholders while preserving the Company's liquidity to capture future growth opportunities. The Board will determine the level of dividends after considering the factors of the Company including (i) the results of operations, (ii) cash flows, (iii) future prospects, (iv) financial condition, (v) economic and political conditions of the business environment, (vi) share buy-back and (vii) the statutory and regulatory restrictions on the payment of dividends and other factors as may be considered relevant by the Board. The Board will from time to time review the dividend policy as appropriate to ensure its continued effectiveness. The Board will also continue to consider the return of capital to the Shareholders through share buy-back as an opportunity to enhance earnings per share.

Meetings

The Board meets to discuss the overall strategy as well as the operation and financial performance of the Group from time to time. Directors may participate either in person or through electronic means of communications. During the year ended 31 December 2020, 18 Board meetings and two general meetings were held.

The individual attendance record of each Director at the Board meetings and the general meetings of the Company held during the year ended 31 December 2020 is set out below:

Name of Director	Attendance/ Number of Board Meetings eligible to attend	Attendance/ Number of General Meetings eligible to attend
Executive Directors		
Mr. Zongjian Cai *(Chairman and chief executive officer)*	18/18	2/2
Mr. Yuan Xu	18/18	2/2
Mr. Hong Zhang	18/18	2/2
Ms. Jessie Shen	18/18	2/2
Mr. Feng Chen	18/18	2/2
Non-executive Director		
Mr. Yuan Chi	18/18	2/2
Independent non-executive Directors		
Dr. Horn Kee Leong	18/18	2/2
Mr. Dajian Yu	18/18	2/2
Ms. Zhao Lu	18/18	2/2

All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the management team and the company secretary of the Company at all times and may seek independent professional advice at the Company's expense. Where queries are raised by Directors, steps would be taken to respond as promptly and comprehensively as possible. All Directors have the authority to include matters in the agenda for Board meetings. Notices are given to the Directors at least 14 days before Board meetings and the procedures for Board meetings comply with the Articles of Association, as well as relevant rules and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company for a specific term of three years commencing from the date of the respective service contracts and will automatically continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of the non-executive Director and independent non-executive Directors has entered into a service contract with the Company for a specific term of three years commencing from the date of the respective service contracts and will automatically continue for another three years thereafter until terminated by not less than two months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

The Directors are subject to retirement by rotation and re-election at an annual general meeting of the Company at least once every three years in accordance with the Articles of Association.

The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Board Committees

The Board has established (i) audit committee; (ii) remuneration committee; and (iii) nomination committee, with defined terms of reference. The terms of reference of the Board committees which explain their respective role and the authority delegated to them by the Board are available on the website of the Company at www.igg.com and the website of the Stock Exchange at www.hkexnews.hk. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice and other assistance in appropriate circumstances, at the Company's expense.

Audit Committee

The Board has established an audit committee on 5 December 2008, with written terms of reference which were amended on 29 December 2018 with reference to the changes relating to Corporate Governance Code. The primary duties of the audit committee are, among other things, to review and to supervise the financial reporting process and risk management and internal control systems of the Group. The audit committee comprises all independent non-executive Directors, namely, Dr. Horn Kee Leong (chairman of the audit committee), Mr. Dajian Yu, and Ms. Zhao Lu.

The audit committee had reviewed the Group's audited annual results for the year ended 31 December 2019 and the Group's unaudited interim results for the six months ended 30 June 2020, and was of the opinion that the preparation of the relevant financial statements complied with the applicable accounting standards and requirements and that adequate disclosure has been made. The audit committee has also reviewed the accounting principles and practices adopted by the Group, and selection and appointment of the external auditors. In addition, the audit committee reviewed annually the internal control systems of the Group during the year ended 31 December 2020. During the year ended 31 December 2020, the audit committee held two meetings with the external auditors without the presence of any members of management of the Company.

During the year ended 31 December 2020, two meetings were held by the audit committee. The individual attendance record of each member of the audit committee at the meetings of the audit committee is set out below:

Name of Director	Attendance/ Number of Committee Meetings eligible to attend
Dr. Horn Kee Leong	2/2
Mr. Dajian Yu	2/2
Ms. Zhao Lu	2/2

Remuneration Committee

The Board established a remuneration committee on 5 December 2008 with written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are, among other things, to evaluate the performance, and to make recommendation to the Board on the remuneration package of the Directors and senior management. The remuneration committee consists of three members, namely, the independent non-executive Directors, Ms. Zhao Lu (chairman of the remuneration committee) and Mr. Dajian Yu, and the executive Director, Mr. Zongjian Cai.

For the year ended 31 December 2020, the remuneration committee surveyed peer companies' remuneration packages and reviewed the remuneration packages of the executive Directors and the senior management. The remuneration committee also reviewed granting of share options under the Share Option Scheme and granting of awarded shares under the Share Award Scheme and benefit plans to key employees.

For the year ended 31 December 2020, five meetings were held by the remuneration committee. The individual attendance record of each member of the remuneration committee at the meetings of the remuneration committee is set out below:

Name of Director	Attendance/ Number of Committee Meetings eligible to attend
Ms. Zhao Lu	5/5
Mr. Zongjian Cai	5/5
Mr. Dajian Yu	5/5

Nomination Committee

The Board established a nomination committee on 16 September 2013 with written terms of reference in compliance with the Listing Rules. The terms of reference were amended on 29 December 2018 with reference to the changes relating to Corporate Governance Code. The primary duties of the nomination committee are, among other things, to nominate potential candidates for directorship, to review the nomination of directors, to make recommendations to the Board on terms of such appointment and review the board diversity policy. Their written terms of reference are in line with the Corporate Governance Code provisions. The nomination committee consists of four members, namely, the independent non-executive Directors, Dr. Horn Kee Leong (chairman of the nomination committee), Mr. Dajian Yu, Ms. Zhao Lu and the executive Director, Mr. Zongjian Cai.

During the year ended 31 December 2020, the nomination committee reviewed the structure, size and composition of the Board, and the nomination of candidates for directorship and made recommendations to the Board on terms of such appointment.

During the year ended 31 December 2020, one meeting was held by the nomination committee. The individual attendance record of each member of the nomination committee at the meeting of the nomination committee is set out below:

Name of Director	Attendance/ Number of Committee Meeting eligible to attend
Dr. Horn Kee Leong	1/1
Mr. Dajian Yu	1/1
Ms. Zhao Lu	1/1
Mr. Zongjian Cai	1/1

Nomination Policy

Pursuant to the Corporate Governance Code, the Board adopted a nomination policy on 29 December 2018. The nomination policy provides guidelines to the nomination committee on the selection of suitable candidates for directorship. The selection criteria include but not limited to (i) reputation for integrity, (ii) commitment in respect of available time, and (iii) creativity and professional knowledge in the business operation of the Company. Board diversity will continue to be an important aspect for the nomination committee in assessing the suitability and capability of a proposed candidate to become a Board member and in making recommendations to the Board of individuals nominated for directorships. The nomination committee will also base on the aforesaid selection criteria to make recommendations to the Board on the appointment or re-appointment of Directors and when considering succession planning for the Board. The nomination committee will from time to time review the nomination policy as appropriate to ensure its continued effectiveness.

Corporate Governance Function

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with the Listing Rules, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and the management team of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the Corporate Governance Code set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report. During the year ended 31 December 2020, the Board reviewed and determined the policy for the corporate governance of the Company.

Joint Company Secretaries

The joint company secretaries of the Company are Ms. Jessie Shen and Ms. Yin Ping Yvonne Kwong. Ms. Yin Ping Yvonne Kwong, vice president of SWCS Corporate Services Group (Hong Kong) Limited, an external service provider, has been engaged by the Company as its company secretary to act jointly with Ms. Jessie Shen. The primary contact person at the Company is Ms. Jessie Shen. Both Ms. Jessie Shen and Ms. Yin Ping Yvonne Kwong have informed the Company that they have taken no less than 15 hours of relevant professional training during the year ended 31 December 2020. Their trainings satisfied the requirements under Rule 3.29 of the Listing Rules.

FINANCIAL REPORTING

The Board, supported by the chief financial officer and the finance department, is responsible for the preparation of the financial statements of the Company and the Group for each financial year which shall give a true and fair view of the financial position, performance and cash flow of the Company and its subsidiaries for each financial year.

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

The responsibilities of KPMG, the Company's external auditor, on the financial statements are set out in the section headed "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

The audit committee of the Company is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditors of the Company and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of the external auditors. The Company engages KPMG as its external auditor. Details of the fees paid/payable to KPMG during the year ended 31 December 2020 are as follows:

	USD'000
Audit services	254
Non-audit services	
– interim review services	180
– tax services	31
Total	**465**

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for evaluating and determining the nature and extent of the risk the Company is willing to take to achieve the Group's strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board has developed its internal management systems, which include but not limited to the following processes:

- The Board receives regular updates from the management team and reviews the Group's business plan, financial results, investment strategies and business indicators to ensure that the business risks are identified and managed;

- The management team supervises the Group's business performance on an on-going basis via regular meetings with respective departments and project teams, to identify potential risks and develop strategies to address the risk;

- The Group monitors a wide range of indicators, such as game statistics, player feedbacks and employee turnover rate, and responds promptly if any risk indicators arise;

- The Group works with external legal, accounting, tax, and other professional advisers at various jurisdictions to ensure that it is in compliance with relevant legislation and regulations; and

- The internal audit department performs independent review on the internal control systems and operational activities, and presents its findings to the Board on a regular basis.

However, the risk management and internal control 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 Board is responsible for overseeing the management in the design, implementation and monitoring of such systems, and reviewing and maintaining appropriate and effective risk management and internal control systems. During the year ended 31 December 2020, the Board has conducted quarterly reviews of the risk management and internal control systems of the Group and considered the risk management and internal control systems of the Group have been implemented effectively and are adequate. Such reviews covered financial, compliance and operational controls. The Board has also discussed the business risk, financial risk, compliance risk, operational risk and other risks.

In addition, the Board has reviewed and considered that the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, legal and financial reporting functions are adequate and effective and have complied with the provisions of the Corporate Governance Code during the year ended 31 December 2020.

The Group attaches utmost importance to the proper handling and dissemination of inside information. Internal policies are put in place to ensure that inside information is adequately controlled. All employees are provided with learning materials and guidelines regarding the handling and dissemination of inside information on a yearly basis. IT system controls are implemented to ensure the access to sensitive data is restricted to authorised personnel only.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and put forward proposals at Shareholders' meeting

Pursuant to Article 58 of the Articles of Association, any one or more member(s) of the Company holding at the date of 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 shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require 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 two 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.

Communications with Shareholders

The Board recognises the importance of maintaining clear, timely and effective communication with Shareholders of the Company and prospective investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that Shareholders of the Company and prospective investors receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, announcements and circulars. The Company also publishes all corporate correspondence on the Company's website www.igg.com. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategies, operations, management and plans. Members of the Board and of the various Board committees will attend the annual general meeting of the Company and answer questions raised during the meeting. Separate resolutions would be proposed at the general meeting on each substantially separate issue. The chairman of the general meetings of the Company would explain the procedures for conducting poll before putting a resolution to vote. The results of the voting by poll will be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to Ms. Jessie Shen, one of the joint company secretaries of the Company via following:

Attention: Ms. Jessie Shen
Address: 19/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
Telephone No.: (852) 3469 5132
Fax No.: (852) 3469 5000
Email: cosec@igg.com

The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

Constitutional Documents

The Company has adopted the second amended and restated memorandum and articles of association of the Company by special resolution passed and effective on 30 June 2020.

CORPORATE SOCIAL RESPONSIBILITY REPORT

1 ABOUT THIS REPORT

Overview

This report is prepared based on the principle of materiality, quantitative, balance and consistency, and focuses on the disclosure of information on the economic, social and environmental performance of the Group for the period from 1 January 2020 to 31 December 2020.

Basis of Preparation

This report mainly makes reference to the Environmental, Social and Governance ("ESG") Reporting Guide issued by the Stock Exchange. The contents of this report are determined based on a set of systematic procedures, such as identifying and prioritising key stakeholders, identifying and prioritising key ESG issues, determining the scope of corporate social responsibility report, collecting relevant materials and data, compiling the report based on relevant information, and reviewing information in the report.

Scope of the Report

Unless otherwise stated, the disclosure scope of this report is consistent with the 2020 annual report of the Company.

Explanation for Abbreviations

In order to facilitate the presentation and reading, for the purpose of this report, each of "IGG", "the Group" and "we" refers to IGG Inc and its subsidiaries.

Data Source and Reliability Assurance

The data and information in this report are mainly from the relevant documents, reports and statistics of IGG. The Board undertakes that this report contains no false statements or misleading statements and is responsible for the truthfulness, accuracy and completeness of its contents.

Confirmation and Approval

The report was approved by the Board on 4 March 2021 upon confirmation by the management.

2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRUCTURE

2.1 Environmental, Social and Governance Mechanism

IGG ESG Management Structure and Responsibilities

Work Level	Functions	Duties and Responsibilities
Decision-making level	Board of Directors	1. Discuss major issues and future development for ESG 2. Review ESG objectives and strategies 3. Review ESG work progress 4. Assess effectiveness of overall working mechanism
Communication level	ESG working group consisting of representatives from management team, various departments and subsidiaries	1. Identify relevant ESG risks 2. Formulate ESG objectives and strategies 3. Coordinate ESG information management and reporting 4. Coordinate stakeholders communication and materiality analysis 5. Report to the board of directors periodically on work status
Execution level	ESG representatives from various departments and subsidiaries	1. Complete work assigned by communication level 2. Collect, organise and report relevant information on a regular basis 3. Provide timely feedback and suggestions 4. Take responsibility for internal communication on ESG related matters

2.2 Stakeholder Engagement

IGG has continuously maintained good communication with stakeholders through a variety of channels to understand and take the initiative to respond to the expectations of different stakeholders. The opinions of stakeholders are important for us to actively fulfill our social responsibilities, implement good governance, and improve on our sustainable development capability.

Category of and Engagement with Stakeholders

Category of Stakeholders	Expectations	Main Communication Methods
Customers	• Privacy protection • Games and operation quality • Anti-cheating and fairness in games	• Customer service channels such as live chat and e-mail • Interaction on social media • Offline player gatherings • Game exposition events
Government and regulatory authorities	• Operational compliance • Promoting regional economic development • Creating employment opportunities	• Participation in relevant government meetings and cooperation projects • Paying close attention to regulation updates • Cooperation with organisations such as higher education institutions and charities
Shareholders	• Investment return • Information transparency	• General meetings • Announcements and information disclosures • Investor relations hotline and e-mail • Company's official website
Employees	• Protection of employee rights • Career development • Occupational health and safety	• Team building and training activities • Dialogue sessions • Internal employee forums • Internal feedback collection mechanism

Category of Stakeholders	Expectations	Main Communication Methods
Suppliers and business partners	• Long-term partnership • Fair competition	• Regular communication and negotiation
Industry associations	• Fair competition • Exchange and cooperation	• Participation in industry conferences and events
Non-governmental organisations and public service organisations	• Support community development • Leverage the industry expertise to fulfill social responsibilities	• Cooperation with commonweal organisations

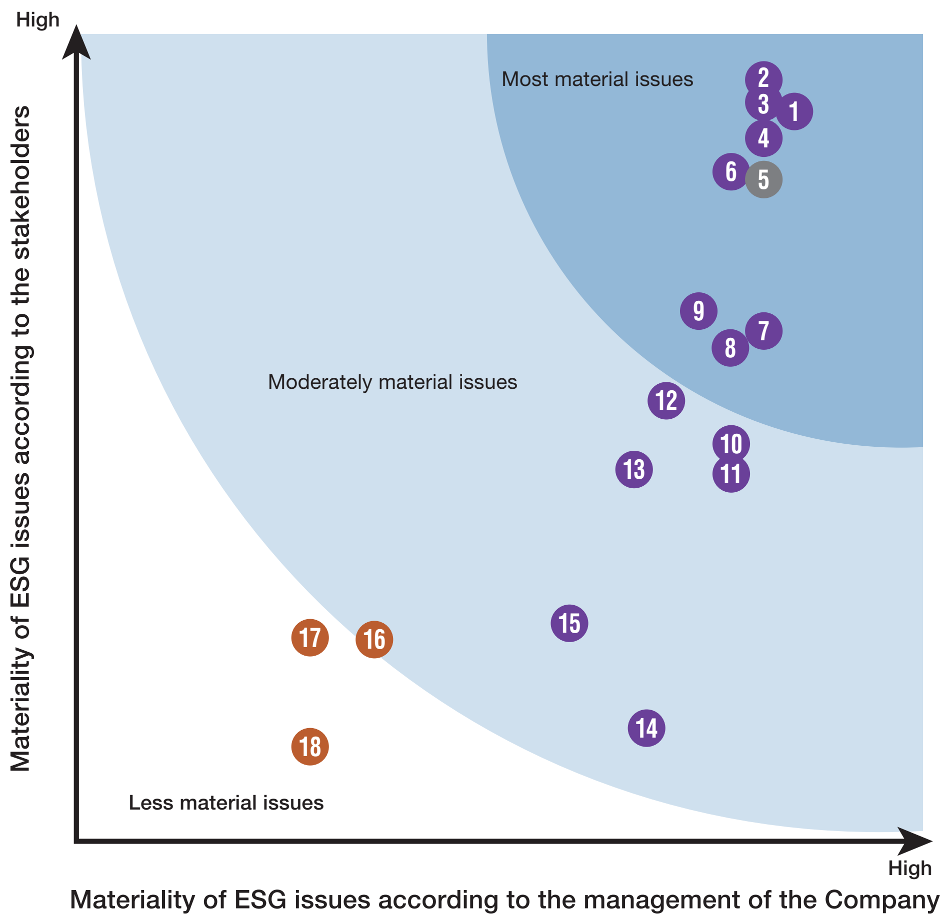
2.3 Identification of Material Issues

During the preparation of this report, the Group has conducted assessments on its related ESG issues to have better understanding of the expectation by stakeholders, so as to formulate the framework on disclosure and contents of disclosure in this report, in response to the requests of the stakeholders.

Our assessment on major issues comprised the following procedures:

Identification of stakeholders	Identify each of the important stakeholders and formulate specific engagement plans for them.
Engagement of stakeholders	Conduct in-depth study of stakeholders through questionnaires and interviews to understand their concerns and expectations on the Group in respect of ESG issues.
Prioritisation of material issues	Analyse and prioritise the ESG issues after quantification of the result on study of the stakeholders.
Confirmation by the management	Submit the analysis result to the management for final confirmation.

Materiality Analysis Matrix of ESG Issues



List of ESG Issues

Management Mechanism	Social Issues	Environmental Issues
1 Operation quality	7 Intellectual property rights protection	13 Equal and diversified employment
2 Player services and communication	8 Product health and safety	14 Supplier management
3 Information security and privacy protection	9 Remuneration and benefits	15 Community contribution
4 Games' quality	10 Advertising and marketing	16 Energy consumption management
5 Business integrity	11 Training and career development	17 Waste management
6 Occupational health and safety	12 Labour standards	18 Climate change

2.4 Sustainable Development Principles

The Group is developing its sustainable development principles and objectives by considering results of stakeholder communication, industry best practices and nature of business, striving for its long-term development in areas of corporate governance, business operation, community involvement and environmental protection.

2.5 Supplier Management

The Group has established long-term relationships with global platforms such as Apple, Google, Amazon, Microsoft and more than 100 other advertising service providers and business partners.

Internal policies such as Procurement Management Policy are implemented to regulate the selection and review process of suppliers. IGG will assess the supplier through the Group's internal selection procedure, and verify the supplier's qualification by reviewing documents including business license and qualification certificate before signing contracts. During cooperation, the relevant departments maintain close communication with suppliers to ensure the quality of goods or service and achieve a win-win cooperation.

IGG has stated in its internal policy on acceptance of gifts and hospitality that all personnel acting on the Group's behalf must not receive rebates, gifts or favours of any kind which could influence a business decision. Such policy has been publicised to all employees regularly, and relevant clauses are also included in the Group's contracts with all business partners. When asking for quotation from suppliers, the staff must send the seller or service provider a copy of Letter to Suppliers/Partners, which states the Group's anti-corruption expectations. The staff is also required to obtain confirmation from the suppliers on their acknowledgement of IGG's anti-corruption policy.

2.6 Anti-corruption

IGG formulated the IGG Anti-Fraud Policy according to anti-corruption laws and regulations in countries and regions where it operates, with the objectives to establish effective mechanisms to deter and detect fraud, strengthen corporate governance and internal controls, reduce risks, regulate business practices, safeguard the legitimate rights and interests of the Group, ensure the realisation of the Group's business objectives and sustainable development of the Group, and protect the legitimate rights and interests of shareholders. All employees have received annual training in anti-fraud policies and requirements, which include the definition and forms of fraud, anti-fraud reporting channels, punishment for fraud cases, etc.

When approaching suppliers, IGG will provide written statements on anti-corruption, bribery and rebates. All contracts entered into between IGG and its suppliers contain "anti-commercial bribery provisions" which state that the responsible person does not receive any rebates, gifts or other benefits. Both external parties and our employees can report unethical behaviours by a member of management or an employee from any subsidiary in the Group via channels published on the Group's website, such as e-mail, telephone, or webpage. The Group has set up an Anti-corruption Team to investigate reports of misconduct. Whistleblowers may receive rewards from IGG for providing useful information or evidence. Besides, whistleblowers are encouraged to be open about their identity, and those who report using real name will correspondingly receive higher rewards.

IGG has joined the Trust and Integrity Enterprise Alliance, an anti-corruption alliance established voluntarily by leading internet enterprises, and we will continue to strengthen internal controls and anti-corruption practices.

3 PRODUCTS AND SERVICES

3.1 Enhance Player Experience

The Group understands that as a game company, creating high-quality gaming experience is the most important product responsibility, as well as the key to attracting and retaining players.

Starting from the research and development stage, IGG attracts talents from all over the world and now has a number of R&D teams worldwide. With over a decade of experience in the game industry, the team strives for continuous innovation and excellence in creating games of the highest quality. Apart from frequent content updates and regular addition of new game features, the Group also cooperates with other elites, such as engaging world-famous music artistes to produce game soundtracks, to create state of the art gaming experience for our gamers. The Group actively ventures into different genres to diversify its product offerings. IGG has entered into strategic investment agreements with dozens of gaming companies across the world, and has joined cooperations including licensed publishing and outsourced game development, to further enrich its product portfolio for players.

While internationalising its products, the Group strives for the localisation of its operations to know our customers' cultural background and gaming preferences, serve them better, and adopt more effective and focused marketing approaches. Local operation teams around the world work closely to roll out a full range of marketing initiatives, such as developing game merchandise, producing cinematic-quality video advertisements featuring popular artists and athletes, cooperating with popular Internet influencers in live broadcasts and customised exclusive songs, launching campaigns on TV commercials, print media and outdoor advertising display. Our diverse promotional strategies also include organising international game tournaments and player meetings, and having co-marketing campaigns with globally renowned companies. "Lords Mobile" released its PC version on Steam, a leading global game distribution platform, to enhance the overall player experience by strengthening cross-platform integration.

In addition to the pursuit of the best game quality and player experience, the operation and maintenance of games and server stability are also crucial. We engage leading service providers in the industry and take measures to ensure the operation quality of our servers, maintain stable lines and reduce network delay in order to create smooth game experience for global players.

As an online game company, IGG possesses industry-leading attack resistance ability. Striving to defend the legitimate interests of players and maintain fairness in games, the Group has established internal policies such as the IGG Information Security Safeguard Measures and has taken a number of measures to ensure network system security and stable operation at the physical, network, system and application level.

Gaming experience is affected directly by the fairness in games. Game plug-ins not only affect revenue of the Group, but also undermine the fairness of games and player experience. The operation team looks for evidence by analysing players' behaviours through backend data, identifies and rapidly cracks down on plug-ins in order to maintain a fair game environment.

In addition, we have established the Customer Center Urgent Problem Addressing Procedures and the Practice Guidelines for Server Maintenance and Management. These internal policies address urgent scenarios and potential risks during game operation, such as server failure, server delay, game platform or software abnormities and power interruption, and lay out standard procedures on the testing, communicating, handling, and recording of issues, as well as issuing maintenance notice and in-game gift rewards, with the objective to safeguard the legitimate interests of our players.

3.2 Product Health and Safety

Promoting healthy gaming is the social responsibility of a mobile game company and is also an important aspect of high-quality player experience. The Group understands that our players are from different cultural and religious backgrounds, and our games operate in countries and regions with various regulations for games. Therefore, the Group strictly complies with the legal requirements on healthy gaming of the countries where it operates. Measures such as choosing appropriate game character image designs, player real name authentication, game rating, objectionable information filtering, display of Healthy Gaming Advice during game login, children protection mechanism and player age restriction are taken in accordance with the regulations in respective countries and regions.

3.3 Player Services and Communication

Players are the most important stakeholders in the games and it is therefore crucial to collect their feedbacks. The Group continuously communicates with players by collecting their suggestions via social platforms, customer service channels and questionnaires, fosters interaction, and ensures game content updates to attract and retain players.

Customer Services

The Group is a global mobile game developer and operator with players from more than 200 countries around the world, providing mobile games in 23 languages. Our customer service center provides industry-leading support for players 24 hours a day, 365 days a year. We have formulated the Group's Customer Service Requirements to set out detailed standard practices to ensure comprehensive, accurate and timely customer services. In 2020, our customer service addressed customer inquiries via various channels, including over 1,077,000 questions via in-game ticket submission, over 537,000 questions raised through live chat, and more than 564,000 emails. Players' queries were related to, among other things, purchases, game features and system bugs which have been followed up and addressed according to the Group's Customer Service Requirements.

Communication with players is an integral part of game experience. Our customer service team can check the real-time service data on the operating platform and deploy manpower dynamically based on the number of visitors to the platform in order to meet the consulting needs of players in a timely manner. Our customer service center insists on four principles, namely timeliness, completeness, convenience and openness, and seeks to solve problems for customers within 12 or 24 hours depending on the nature of questions raised. For routine and prescheduled server maintenance, players will be informed by notices published on various social media 24 to 48 hours in advance, and after the relevant maintenance is completed, in-game gifts will be provided to players. To facilitate customer communication in unexpected situations, we have developed Customer Service Guidelines for Emergency Scenarios and set out protocols for incidents such as issuing urgent maintenance notice and compensation plan.

The evaluation and inspection on customer service quality has been carried out by a combination of internal spot check and external customer scoring. The internal quality inspection review conducts a comprehensive quality assessment on response speed, service attitude, wordings, and correctness of answers and solutions. In 2020, the pass rate of customer service quality inspection by internal spot check was 99%, and several major games' live chat scoring system showed that more than 90% of players were satisfied with the service.

Players Activities

IGG conducted offline activities for players in a variety of ways, including international game tournaments, player gatherings and attending major game shows. While expanding the influence of games, the events promoted close connection between players and IGG's games, and established exchange communities outside the cyberspace. In 2019, "Lords Mobile" organised offline gatherings in 15 regions across the world, which were well-received by players. The pandemic has not stopped us from bringing interactive events to players worldwide, and IGG took the show online in 2020. For example, "Lords Mobile" players in Japan joined an online gathering via live streaming, and took part in interactive games to win attractive prizes. Furthermore, players around the world participated in events such as talent shows, lyric writing contests, and singing competitions.

During the challenging times of lockdown, our games kept gamers company by offering them high-quality entertainment. Through social media platforms or in-game messaging system, IGG and its games sent out reminders on precautionary measures, and called on gamers worldwide to help fight the pandemic.

3.4 Privacy Protection

IGG takes data privacy and security seriously. Because of its international presence and business scope, the Group ensures compliance with privacy policies and local laws and regulations in all countries and regions in which it operates. The Group closely follows the updates of laws and regulations worldwide, such as the European Union General Data Protection Regulation ("GDPR"), California Consumer Privacy Act ("CCPA") and Regulations on Network Protection of Children's Personal Information issued by the Cyberspace Administration of China. In accordance with the relevant regulations, the Group has appointed a group data protection officer, a European Union representative and designated responsible personnel for data security, and is assisted by external professionals to carry out necessary internal control measures in order to ensure compliance. In addition, the Group has communicated data privacy requirements to the relevant staffs from R&D, operation, customer services, and other supporting departments via trainings and briefings.

Customers' data is handled carefully at IGG. The Privacy Policy published on the website of the Group provides information regarding the collection, use and disclosure of user information, as well as the usage of information collected. Customer consent will be obtained before collection of information, and customers can request to amend or delete the information provided. Furthermore, to ensure optimal protection of data security, the Group's information management and protection mechanism includes using data anonymisation techniques to de-identify certain personal data, adhering to internal data handling and storage protocols, and limiting data access only to authorised personnel. The Group also implements IGG Information Security Safeguard Measures to protect user information.

3.5 Operational Compliance

The Group takes active efforts to ensure its operations in various countries comply with local regulations. When it establishes a branch of any nature in any country or region, the Group selects and engages local lawyer, tax adviser, secretarial company and other professional consultants in respective phases from commencement of establishment to operation to provide services including local law and tax consulting, assistance in procedures such as registration, incorporation and evaluation of business premise, as well as assistance in the operation phase such as contract review, business consulting and risk management.

3.6 Intellectual Property Protection

Intellectual property protection has been a focus of the Group since its inception. Therefore, the Group has dedicated staff in charge of intellectual property management and engaged professional intellectual property agents and lawyers in different regions across the world to assist in intellectual property management, which has laid a solid foundation for protecting our rights. The Group registers and maintains its various intellectual property rights in a timely manner and also has a 7-day × 24-hour alert mechanism and 48-hour response procedure to take rapid response to infringement of our intellectual property rights in the market. Besides, the Group works with databases to perform periodic search on similar trademarks registered by third parties, to minimise the risk of infringing intellectual property rights.

The concept of protecting intellectual property rights has been rooted within the Group and has been shared and promoted among all employees regularly in order to enhance the awareness of intellectual property rights protection. In addition to actively protecting our own intellectual property rights, we also respect others' intellectual property rights. The Group strictly manages and controls its operations to avoid infringement. We focus on communicating with and educating R&D department and other relevant departments to ensure that game contents are originally created by our employees. At the same time, we strictly inspect the promotion materials of advertisers in order to avoid infringement disputes. In respect of game advertising and marketing activities, we have also complied with relevant laws and regulations in the places where we operate with our legal department being in charge of relevant legal affairs. Promotional materials and public announcements will be reviewed by relevant departments before publicising, to ensure the compliance and accuracy of information disclosed.

3.7 Recognition and Awards

IGG and its games successively won recognition from the industry and received numerous awards. IGG was listed by App Annie as one of the "Top 52 Publishers" for seven consecutive years from 2014 to 2020, "Top 50 Mobile Game Makers" by well-known mobile game website PocketGamer.biz for five consecutive years from 2015 to 2019, and "Best Under A Billion" by Forbes Asia from 2018 to 2019, manifesting a vote of confidence in IGG from the game industry.

4 CARING FOR EMPLOYEES

4.1 Equal Employment

We recognise that the success of an enterprise is inseparable from its employees at all levels. We endeavour to establish a standardised, orderly, fair and effective human resource management system. Also, we strictly comply with laws, regulations and labour policies relating to human rights and labour in the places where we operate. In recruitment, evaluation, promotion, staff development, benefits and termination of labour contract, the Group prohibits discrimination by, among others, race, skin colour, nationality, language, wealth, age, gender, sexual orientation, disability, religion, political faction, member of association and marital status. We strictly prohibit employing child labour and forced labour, and strive to maintain positive employee relations.

IGG strictly complies with relevant laws and regulations in various countries by signing labour contracts with its employees according to law, making contributions to social insurance plan in compliance with relevant requirements and protecting employees' privacy.

IGG actively encourages the employment of persons with disabilities and works closely with organisations such as the Federation of Disabled Persons to provide employment opportunities for the disabled. Subject to meeting the job requirements, IGG gives priority to hiring people with disabilities and provides financial assistance to them. There are several disabled employees with strong will who have accomplished outstanding work achievements at IGG.

IGG has taken extensive measures to assess the Group's needs for human capital and maintained a talent pipeline. The Group keeps a close watch on the latest industrial news and technological development, and plan recruitment accordingly. Besides, IGG manages its database on global talent pools, utilising various channels such as external hiring and internal referral, to ensure sufficient talent supplies that matches IGG's strategies and needs. Human resource department conducts analysis periodically, making timely adjustment and additions to the Group's talent structure.

As at 31 December 2020, IGG had 2,022 employees in total, representing an increase of 27% over the previous year. IGG's employees continue to be young in average age with employees aged below 30 accounting for 38% of the total number of employees. Female employees account for 30% of the total number of employees. Both employee age and gender distribution reflect the characteristics of the game industry.

4.2 Comprehensive Training and Career Development

We embrace the corporate spirit of "Innovators at Work, Gamers at Heart". With love and passion for games, gifted game makers gather in IGG, incorporating the sense of mission and accomplishment into work and aiming to create long-lasting classics for gamers around the world. The Group attaches great importance to encouraging innovation, offers a creative and conducive work environment that promotes learning and growth, and strives to maximise employees' potential and help them achieve their goals.

IGG has established comprehensive training systems and policies, such as the Training Management Policy, offering full-range and diverse training courses. The Group customises training courses and provides training budgets based on actual demand of various teams, covering technical skills, soft skills, leadership, foreign language courses, etc. In addition to classroom training, on-the-job coaching and experience sharing session, IGG has introduced an online learning system, IGG Pocket Academy, which provides more than 600 courses and enables staff to learn during fragmented time. In order to encourage more employees to participate in continuous learning and sharing, outstanding lecturers and active learning participants are awarded with attractive prizes.

In 2020, IGG held more than 40 internal sharing sessions covering game design, production, art, programming, successful case studies and more. Approximately 2,600 participants from all over the world attended more than 100 training sessions, with a total duration of over 27,000 hours.

4.3 Cross-cultural Integration

Strong global presence is the core competitiveness of IGG. Creating the best games for players all over the world requires international talents with different cultural backgrounds. Teams worldwide interact and exchange ideas frequently via cross-border learning and sharing opportunities, which break cultural barriers and enable the Group to develop international game products.

IGG has offices around the world, and many employees from diverse backgrounds are working across international borders. We provide international employees with air tickets for home visits, as well as extra holidays according to their traditions and religions. Additionally, subject to individual preference and internal policies, we offer global health insurance plan and translation assistance for doctor visits to support employees who are living outside their home countries.

Coming from diversified cultural backgrounds, staff at the same office may speak different languages. To overcome communication barriers caused by language differences, IGG has implemented bilingual versions of all electronic office systems and intranet information system, with all contents released in both English and Chinese. Meanwhile, the Group has launched an instant multilingual translation function in its internal messaging tools, enabling staff who use different languages to communicate more conveniently.

The Group organises a variety of team building activities to increase team cohesion, such as annual gatherings, game fairs and gala dinner, where staff from offices worldwide interact and bond with each other.

4.4 Compensation and Benefits

In order to continuously attract and retain talents, IGG has always been improving its staff remuneration management mechanism and performance appraisal system to create a consistent, objective, and fair incentive system for its staff around the world, including performance bonuses and equity incentive plan, etc.

We provide statutory social security benefits for our staff, such as pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance, and contribution to housing provident funds. In addition to public holidays and statutory holidays, our staff are also entitled to paid leaves such as marriage leave, prenatal check and examination leave, maternity leave, care leave and annual leave. Under the circumstances permitted by local laws, we provide key employees with interest-free housing loans to support employees in buying their own flats so that employees can live and work in the best condition, and pursue long-term development together with IGG.

Employee Communication

The Group values opinions from employees at all levels, and collects feedbacks and suggestions via several internal communication channels including online suggestion system, employee surveys, feedback sections of intranet discussion forums and employee welfare committees.

The Group's online feed back system for work-related suggestions welcomes all staff to raise suggestions on areas such as corporation development, operation and management, team building, and workflow improvement. Specific staff is assigned to collect and process the suggestions raised via this channel, and to coordinate relevant parties on the discussion and follow-up of the issue. Suggestions adopted will be implemented in a timely manner and provide updates on the results to the proposer. The reasons for unaccepted suggestions will also be replied to the proposer within seven days. Users can choose to remain anonymous when raising suggestions.

The Group holds fairness and equality as core values and is committed to protect employees' rights. Employees can file a complaint with their supervisors or human resources department regarding any unfair treatment at work. Responsible persons need to investigate and get back to the employees promptly, and ensure the privacy of relevant employees are protected.

For communication regarding employee services, using the online feedback system of Fuzhou Office as an example, employees can openly or anonymously submit complaints or suggestions on areas such as office environment, canteens and meals, or other facilities. More than 1,000 feedbacks were received and addressed promptly by responsible departments in 2020.

Care Undertakings for Staff

Many IGG employees are working parents. Activity center for children has been established at the Group's main operating site to provide a wide array of books, educational toys and other facilities. We have also hired professional and caring teachers. Parents can bring their children to study and play in the center during off hours and weekends. During winter and summer vacations, the center also provides children with interest classes. Depending on local circumstances, children of employees will receive birthday gifts and gift allowance from IGG. In addition, the Group has established Employee Welfare Committee and set up a trust for key management, core employees and their immediate family members, to provide them with benefits such as medical subsidies, accident death compensation, and children's scholarship.

4.5 Occupational Health and Safety

IGG is committed to providing its staff with a safe, healthy and comfortable working premise. Take Fuzhou Office in China as an example, staff would not only enjoy creative office spaces, but also have free access to ancillary facilities such as swimming pool, gymnasium, cinema, library, and automatic massage chairs. To satisfy taste preferences of colleagues from different countries, Fuzhou Office is also equipped with several staff canteens to provide food and drink with varied flavours. With the aim to eradicate all fire hazards in the workplace, Fuzhou Office organises fire drill annually and conducts examination and assessment on fire facilities monthly. IGG has acquired the land use rights of a parcel of land in Fuzhou, and plans to build an office premise to further improve the working environment for employees.

We organise staff to receive physical examination regularly, and establish in-house clinic or partner with medical centres to provide health counselling services depending on circumstances of respective local offices. In addition, we invite doctors of various specialties to conduct health knowledge lectures and free consultations. In order to reduce health risks caused by sedentary work, IGG has purchased ergonomic office chairs for all staff. Along with the statutory basic health insurance, we also purchase commercial medical insurance and accident insurance subject to individual preferences and needs.

In 2020, an epidemic of novel coronavirus broke out and became a common concern of the international community. Putting employees' health and safety first, the Group monitored closely on the updates and local authorities' instructions, and rapidly formulated an emergency response plan for the epidemic. Subsidiaries worldwide sprang into action and made every effort to battle against the outbreak, rolling out a series of urgent preventive and control measures without delay. Using its emergency notification system, the Group sent out notices and important guidelines on epidemic control via multiple channels, and followed up on all staff's health status, travel history and potentially infectious contacts through an online survey system in order to provide support to employees who need assistance. To avoid infections caused by interactions, employees made flexible work arrangement and worked from home, ensuring not just uninterrupted operation of IGG's global business, but more importantly the protection of employees' health. For employees working from home, IGG constantly care for their needs and offer timely support. Depending on the circumstances of respective subsidiaries, employees may receive subsidies to improve their work environment at home, such as purchasing work equipment. Besides, we held online gatherings regularly, engaging team members with activities such as games, for them to bond with each other and alleviate stress during lockdown. After meeting local regulatory requirements, employees can return to office in subsidiaries located in regions where the outbreak is effectively controlled. The Group adopted detailed precautionary measures to safeguard our workplace from the outbreak. Work area and facilities underwent thorough sanitisation, ventilation, and sanitation inspection for multiple times a day, and all employees, service staff and security personnel were provided with personal infection protective products. Measures such as sitting separately during meals, using video conference, going paperless, reducing travelling, and tightening visitor and vehicle controls, were also part of the steps to create a safe workplace for all employees. The epidemic has not caused any material and adverse impacts to the Group's operation so far and its business operation has remained normal. At the beginning of 2021, the Group gave each of its more than 2,000 employees worldwide a US$800 incentive payment and a gift package of protective equipment, to thank employees around the world for their contribution to keep the Group's operation uninterrupted in 2020 and to encourage them to continue playing a part to fight the pandemic.

Comfortable Office Environment

4.6 Staff Activities

Arts and Sports Activity Clubs

IGG has set up several staff clubs, including sports, dance, electronic sports, art and culture, and book club, and provided funding. The clubs held nearly 600 activities in 2020, providing employees with a wide array of activities outside working hours.

Holiday Activities and Travel

IGG always brings a pleasant surprise to its employees with creative events. On traditional festivals, holidays, and staffs' birthdays, IGG will prepare gifts, parties, food, games and more. In addition to holiday activities, IGG also organises annual retreat for all employees to ease work stress while enhancing team cohesion.

In regions affected by the pandemic, IGG takes the activities online. Using video conference to connect from home, employees take part in regular online gatherings and fun-filled events such as games and lucky draws, to interact with other team members and alleviate stress from the lockdown. On holidays and employees' birthdays, employees will receive gifts from IGG via post, including vouchers, presents, and birthday cakes, and celebrate the joyous occasion with their families.

Staff Retreat and Holiday Events

5 COMMUNITY CONTRIBUTION

As a leading game company, IGG has been actively fulfilling its social responsibilities, participating in local community events in the places where it operates. We not only incorporate conventional ways such as charitable donations and volunteer activities in our community engagement efforts, but also leverage our industry expertise to give back to the society, integrating information and internet technology with corporate social responsibility.

In 2020, the Group made charitable donations of approximately US$950,000.

5.1 Assisting in Future Development in the Gaming Industry

Cultivating talents with passion and expertise for the gaming industry and providing them with career opportunities are an investment for IGG's and the industry's future. Through a variety of projects around the world, IGG cooperates with tertiary institutions to provide young people who are interested in games with opportunities to understand and enter the game industry, broaden their career development prospects, and grow a talent pool for the Group. Since 2018, more than 300 interns have completed their training programmes with IGG.

IGG worked with universities, serving as the schools' technical training base and sharing its industry insights with college students. We launched the inaugural game art contest in 2020, inviting students from tertiary institutions worldwide to create artwork based on an assigned theme from a game, and the entries were judged and commented by a team of distinguished game artists and industry veterans. IGG Singapore developed an internship programme for aspiring game designers and game artists. Students can earn professional training credits to fulfil respective course requirements at tertiary institutions in Singapore by attending the internship programmes at IGG. In China, IGG organised the "G-Star" incubation programme in 2018 and 2019. Summer interns participated in trainings and competitions to obtain hands-on experience on game production, showcase their works, and exchange ideas. Furthermore, IGG launched "Inter-G" talent programme in 2019, inviting game enthusiasts all over the world to attend trainings and competitions on project management, marketing, operations and human resource management, and learn from IGG's global operation expertise.

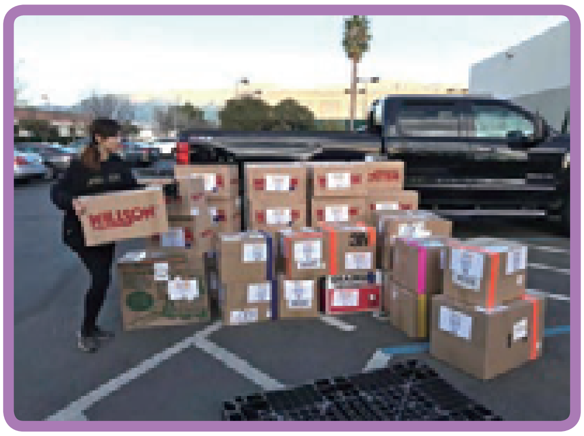
5.2 Charity Activities

Thanks to the support from players worldwide, IGG has become a global company in mobile gaming. IGG sees it as our duty to help fight the pandemic and give back to the world in the time of need. At the beginning of 2020, immediately after learning about the novel coronavirus epidemic, IGG established an assistance scheme to support affected regions to combat the outbreak, and mobilised its global teams to procure medical supplies for the epidemic-hit areas. Employees from subsidiaries worldwide raced against time to source medical supplies and arranged expedited shipping to epidemic areas, sending urgently needed supplies to front-line medical professionals, community workers, and people most at risk. In 2020, IGG donated nearly three million pieces of medical supplies to about a hundred of medical institutions, government bodies, and charitable organisations in countries including China, the United States, Italy, South Korea, Spain, Japan, Canada and Indonesia.

By introducing charitable initiatives into our games, we can spread the word to advocate awareness for social causes. “Lords Mobile” continuously works with the Make-A-Wish Foundation, raising funds to grant the wishes of children with critical illnesses through projects such as charitable sales of in-game packs, charity events, and promotion partnerships. For example, in the charitable castle design contest held by “Lords Mobile”, players were invited to design a castle skin based on the theme “Childhood Playground”. The winning entry selected via public voting was used as inspiration to create an official castle skin design, and a portion of the profits from this castle skin was donated to Make-A-Wish Foundation. Partnering with the American Society for the Prevention of Cruelty to Animals in the United States, “Dress up! Time Princess” introduced a charitable in-game pack, and donated all the proceeds to the organisation’s stray cats rescue programme.

IGG keeps a keen interest and participates in charitable programmes worldwide. In 2020, we made donations to a range of philanthropic organisations to help different groups. In China, IGG provided financial aid to more than 30 disadvantaged students. We also donated funds to Dingxi in Gansu, China to contribute to the city’s poverty reduction effort and rural area development programme. Collaborating with Fujian Anti-poverty Charity Association, IGG continued to donate to the “Hospital Classroom” project, to offer learning and leisure facilities, home visits, and medical knowledge sharing for children with leukemia and their families. In Egypt, we donated food to 4,500 families via the Egyptian Food Back to help people who have lost their source of income during the pandemic. IGG has also made donations to respective local charities in South East Asian countries such as Thailand and the Philippines, to reach out and support disadvantaged groups.

IGG’s staff initiated a volunteering community, and held regular events. In 2020, IGG’s staff organised a number of charity sales of second-hand items or local produces to raise funds for the less fortunate.



Preparing Medical Supplies for Donations

6 GREEN OPERATION

IGG gradually established its own environmental management and information collection procedures and disclosed to various stakeholders in this report. We took a responsible attitude towards the environmental impact of the Group and incorporated the environmental factors such as climate change into the risk management and cost control system by monitoring the environmental data. Therefore, IGG has established a unified environment management system in the locations where it operates and is committed to improving its environment management system further. IGG also introduced to employees the concept of energy saving and environmental protection, encouraging every employee to adopt a sustainable lifestyle and spread the concept of sustainability to their families and communities.

6.1 Energy Consumption and Greenhouse Gas Emissions

As a game company which is mainly engaged in the business of game software development and operation, the environmental impacts of IGG is mainly attributable to the energy consumption associated with maintaining its equipment's operation and the associated indirect greenhouse gas ("GHG") emissions.

Energy Consumption

Type of Energy	**Unit**	**2020**	2019
Energy consumption	MWh	**2,719**	2,481
Energy use intensity	MWh per capita	**1.34**	1.56
Gasoline[1]	liter	**2,732**	6,429
Grid electricity consumed by office[2]	kWh	**2,694,463**	2,423,938

GHG Emissions

Type of GHG Emissions	**Unit**[3]	**2020**	2019
Scope I GHG emissions[4]	tonne, CO_2 equivalent	**6**	15
Scope II GHG emissions[5]	tonne, CO_2 equivalent	**2,025**	1,539
Total GHG emissions	tonne, CO_2 equivalent	**2,031**	1,554
GHG emissions intensity	tonne, CO_2 equivalent per capita	**1.00**	0.98

1 The scope of statistics for gasoline consumption covers vehicles owned by IGG and all entities controlled by it. In 2020, gasoline consumption decreased due to reduced number and usage of vehicles.

2 The scope of statistics for grid electricity consumed by office includes IGG and entities controlled by it which have independent statistic collection mechanism for electricity consumed, covering more than 90% of employees of the Group.

3 Carbon dioxide equivalent is used as a measure of the comparison of greenhouse gas emissions. The calculations of carbon dioxide equivalent have included GHG emissions from sources, including carbon dioxide, methane and nitrous oxide etc.

4 According to the ISO 14064 GHG inventory standards, Scope I GHG emissions refers to direct greenhouse gas emissions, particularly direct emission sources owned and controlled by the organisation, such as emissions from its own vehicles. In 2020, Scope I GHG emissions decreased due to reduced gasoline consumption.

5 According to the ISO 14064 GHG inventory standards, Scope II GHG emissions refers to indirect energy emission sources, such as indirect greenhouse gas emissions caused by purchased electricity. In 2020, Scope II GHG emissions increased due to higher electricity consumption as a result of increased headcount, as well as an upward revision of emission factor used in the calculation of CO_2 equivalent for Mainland China.

6.2 Waste and Water Resource Management

As an information technology company, IGG identified the two major sources of waste: scrapped IT equipment and printing consumables. Therefore, IGG has adopted corresponding measures to reduce resource consumption, encourage recycling and reduce waste generation.

For scrapped IT equipment, including hosts, monitors and other equipment, IGG will dispose of it through three major methods based on the condition of the equipment. Firstly, computers unable to perform high-intensity computing but still meet daily usage needs are donated to local schools to support information technology education in local communities. Secondly, employees in need may apply for the equipment for family use. Lastly, for dysfunctional equipment, IGG will hire an electronic equipment recycling agency to recycle it. By making rational use of such electronic equipment recycled through these three major ways, we provide an aid to those in need and the equipment can also be reused, thereby reducing environmental pollution caused by electronic waste. For printing consumables, IGG has engaged a printer maintenance service provider to handle maintenance and repair of printers at several offices to avoid the increased use of printing consumables due to the aging and failure of printers. Going paperless in all work processes is encouraged in IGG, with aims to reduce the use of paper and printing consumables.

Generation of Hazardous and Non-Hazardous Waste

Type of Waste Produced	**Unit**	**2020**	2019
Discarded modulator tube	piece	**381**	390
Discarded toner and ink cartridge	piece	**213**	243
Discarded battery	piece	**911**	1,043
Scrapped IT equipment – host and monitor	piece	**351**	275
Scrapped IT equipment – others	piece	**151**	183

Water Consumption

Type of Water Consumption	**Unit**	**2020**	2019
Office water consumption[6]	tonne	**11,434**	13,195

6 The scope of statistics for office water consumption includes IGG and entities controlled by it which have independent statistic collection mechanism for water consumed, covering more than 70% of employees of the Group.

APPENDIX I LIST OF QUANTITATIVE DISCLOSURE DATA

	ESG KPIs	Unit	2020	2019
A. Environmental				
A1. Emissions				
A1.2	Greenhouse gas emissions			
	Scope I GHG emissions[7]	CO_2 equivalent – tonne[8]	6	15
	Scope II GHG emissions[9]	CO_2 equivalent – tonne	2,025	1,539
	Total GHG emissions	CO_2 equivalent – tonne	2,031	1,554
	GHG emissions intensity	CO_2 equivalent – tonne per capita	1.00	0.98
A1.3 & A1.4	Hazardous and non-hazardous waste produced[10]			
	Discarded modulator tube	piece	381	390
	Discarded toner and ink cartridge	piece	213	243
	Discarded battery	piece	911	1,043
	Scrapped IT equipment – host and monitor	piece	351	275
	Scrapped IT equipment – others	piece	151	183
A2. Use of Resources				
A2.1	Energy consumption in total and intensity			
	Energy consumption	MWh	2,719	2,481
	Energy use intensity	MWh per capita	1.34	1.56
	Gasoline[11]	liter	2,732	6,429
	Grid electricity consumed by office[12]	kWh	2,694,463	2,423,938
A2.2	Water consumption in total			
	Office water consumption[13]	tonne	11,434	13,195

7 According to the ISO 14064 GHG inventory standards, Scope I GHG emissions refers to direct greenhouse gas emissions, particularly direct emission sources owned and controlled by the organisation, such as emissions from its own vehicles. In 2020, Scope I GHG emissions decreased due to reduced gasoline consumption.

8 Carbon dioxide equivalent is used as a measure of the comparison of greenhouse gas emissions. The calculations of carbon dioxide equivalent have included GHG emissions from sources, including carbon dioxide, methane and nitrous oxide etc.

9 According to the ISO 14064 GHG inventory standards, Scope II GHG emissions refers to indirect energy emission sources, such as indirect greenhouse gas emissions caused by purchased electricity. In 2020, Scope II GHG emissions increased due to higher electricity consumption as a result of increased headcount, as well as an upward revision of emission factor used in the calculation of CO_2 equivalent for Mainland China.

10 The Group has classified and quantified waste produced from operations. Besides, waste management is identified as a low material issue to the Group and stakeholders based on ESG materiality assessment. Therefore, current disclosure method is adopted.

11 The scope of statistics for gasoline consumption covers vehicles owned by IGG and all entities controlled by it. In 2020, gasoline consumption decreased due to reduced number and usage of vehicles.

12 The scope of statistics for grid electricity consumed by office includes IGG and entities controlled by it which have independent statistic collection mechanism for electricity consumed, covering more than 90% of employees of the Group.

13 The scope of statistics for office water consumption includes IGG and entities controlled by it which have independent statistic collection mechanism for water consumed, covering more than 70% of employees of the Group.

	ESG KPIs	Unit	2020	2019
B. Social				
B1. Employment				
B1.1	Total workforce by gender and age group			
	Total number	number of people	2,022	1,587
By gender	Male	number of people	1,412	1,120
	Female	number of people	610	467
By age	Below 30	number of people	770	644
	30-50	number of people	1,241	938
	Above 50	number of people	11	5
B2. Health and Safety				
B2.1	Number of work-related fatalities occurred in the past three years including the reporting year	number of people	0	0
B2.2	Lost days due to work injury	day	0	0
B3. Development and Training				
B3.1	Employee training			
	Total number of employees trained	number of participants	Approximately 2,600	Approximately 1,400
B3.2	Training hours of employees			
	Total training hours	hour	Over 27,000	Over 36,000
B6. Product Responsibility				
B6.2	Number of products and service related complaints received			
	Address players' questions	incidence	Approximately 2,178,000	Approximately 2,190,000
B7. Anti-corruption				
B7.1	Number of legal cases regarding corrupt practices			
	Initiated or concluded legal cases regarding corrupt practices	incidence	0	0
B8. Community Investment				
B8.2	Resources contributed to the focus area			
	Monetary donation	US$	Approximately 950,000	Approximately 600,000

APPENDIX II KPI INDEX OF ESG GUIDE OF STOCK EXCHANGE

This KPI index provides a description of compliance with each of the "comply or explain" indicators and the disclosure of the "recommended disclosures" indicators of the ESG Reporting Guide by the Group during the reporting year.

Issue	Guide Requirements	Report Chapter	Remarks
A. Environmental			
A1 Emissions	General disclosure Key performance indicators A1.2, A1.3, A1.4, A1.6	Green operation	Since the Group is principally engaged in the development and operation of games and gas emission is not a significant issue of business activities, A1.1 and A1.5 are not included.
A2 Use of resources	General disclosure Key performance indicators A2.1, A2.2, A2.3, A2.4	Green operation	Since the products and services provided by the Group are sold online and do not involve packaging materials, A2.5 is not included.
A3 The environment and natural resources	General disclosure	N/A	The Group is principally engaged in the development and operation of games without any significant impact on the environment and natural resources.

Issue	Guide Requirements	Report Chapter	Remarks
B. Social			
B1 Employment	General disclosure Key performance indicator B1.1	Caring for employees – 4.1	
B2 Health and safety	General disclosure Key performance indicators B2.1, B2.2, B2.3	Caring for employees – 4.5	
B3 Development and training	General disclosure Key performance indicators B3.1, B3.2	Caring for employees – 4.2	
B4 Labour standards	General disclosure Key performance indicators B4.1, B4.2	Caring for employees	During the reporting year, the laws and regulations regarding the prevention of child labour and compulsory labour which had a significant impact on the Group in employment were complied with.
B5 Supply chain management	General disclosure	Environmental, social and governance structure – 2.5	
B6 Product responsibility	General disclosure Key performance indicators B6.2, B6.3, B6.5	Products and services – 3.3, 3.4, 3.5, 3.6	
B7 Anti-corruption	General disclosure Key performance indicators B7.1, B7.2, B7.3	Environmental, social and governance structure – 2.6	
B8 Community investment	General disclosure Key performance indicators B8.1, B8.2	Community contribution	

DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is a renowned global mobile game developer and operator with headquarters in Singapore and local offices in the United States, China, Canada, Japan, South Korea, Thailand, Belarus, Indonesia, the Philippines, the United Arab Emirates, Brazil, Turkey, Italy and Spain. There has been no significant change in the Group's principal activities during the Year.

SUBSIDIARIES

Details of the principal subsidiaries of the Company as at 31 December 2020 are set out in note 14 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years ended 31 December 2020 is set out on pages 191 and 192 of the annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2020 are set out in the audited consolidated statement of comprehensive income in this annual report.

On 4 March 2020, the Board resolved to declare a second interim dividend of HK17.6 cents per ordinary Share (equivalent to US2.3 cents per ordinary Share) for the year ended 31 December 2019, amounting to approximately US$28.2 million. Such dividend has been paid on 6 April 2020.

On 5 August 2020, the Board resolved to declare an interim dividend and a special dividend, each of HK25.1 cents per ordinary Share (equivalent to US3.2 cents per ordinary Share) for the half year ended 30 June 2020, amounting to approximately US$79.7 million. Such dividends have been paid on 4 September 2020.

On 4 March 2021, the Board resolved to declare a second interim dividend and a special dividend, each of HK26.7 cents per ordinary Share (equivalent to US3.4 cents per ordinary Share) for the year ended 31 December 2020, amounting to approximately US$82.4 million. Such dividends will be paid on or about 7 April 2021.

DIRECTORS' REPORT

CLOSURE OF REGISTER OF MEMBERS

(a) Entitlement to the 2020 second interim dividend and the special dividend

The register of members of the Company will be closed from Thursday, 18 March 2021 to Monday, 22 March 2021, both days inclusive, during which period no transfer of Shares will be registered for the purpose of determining shareholders' entitlements to the 2020 second interim dividend and the special dividend. The record date for entitlement to the 2020 second interim dividend and the special dividend is on Monday, 22 March 2021. In order to qualify for the 2020 second interim dividend and the special dividend, all transfers of Shares, accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17 March 2021. The payment date of the 2020 second interim dividend and the special dividend is expected to be on or about Wednesday, 7 April 2021.

(b) Entitlement to attend and vote at the 2021 annual general meeting

The annual general meeting of the Company is scheduled on Thursday, 6 May 2021. The register of members of the Company will be closed from Friday, 30 April 2021 to Thursday, 6 May 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the annual general meeting, all transfers of Shares, accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 29 April 2021.

RESERVES

Details of movements in reserves of the Group and the Company for the Year are set out in the consolidated statement of changes in equity and note 26 to the consolidated financial statement, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately US$515.3 million. The amount represents the Company's accumulated surplus in aggregate as at 31 December 2020, which may be distributed provided that immediately following the date on which dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

CHARITABLE DONATIONS

Details of the charitable donations by the Group for the Year are set out in the section headed "Corporate Social Responsibility Report – 5.2 Charity Activities".

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group for the Year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 26 to the consolidated financial statements.

DIRECTORS

The Directors during the Year and as of the date of this annual report were:

Executive Directors
Mr. Zongjian Cai *(Chairman and chief executive officer)*
Mr. Yuan Xu
Mr. Hong Zhang
Ms. Jessie Shen
Mr. Feng Chen

Non-executive Director
Mr. Yuan Chi

Independent Non-executive Directors
Dr. Horn Kee Leong
Mr. Dajian Yu
Ms. Zhao Lu

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

In accordance with Article 84 of the Articles of Association, Mr. Yuan Xu, Mr. Yuan Chi and Mr. Dajian Yu will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 17 to 21 of this annual report.

DISCLOSURE OF INTEREST AS PER REGISTERS KEPT PURSUANT TO THE SFO

(a) Directors' and chief executives' interests and short positions in shares, underlying shares and debentures

As at 31 December 2020, the interests and 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 are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required pursuant to Section 352 of the SFO to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Listing Rules were as follows:

Long positions in shares of the Company and its associated corporations

Interests in	Name	Capacity/Nature of interest	Number of shares/ underlying shares held	Approximate percentage of shareholding
1. The Company	Mr. Zongjian Cai (Notes 1, 2)	Beneficial owner, interest in a controlled corporation, spouse interest, interests held jointly with another person	256,390,731	21.32%
	Mr. Yuan Xu (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
	Mr. Hong Zhang (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
	Ms. Jessie Shen (Note 3)	Beneficial owner	3,978,000	0.33%
	Mr. Feng Chen (Note 4)	Beneficial owner	13,640,000	1.13%
	Mr. Yuan Chi (Note 5)	Beneficial owner, interest in a controlled corporation	153,920,000	12.80%
	Dr. Horn Kee Leong (Note 6)	Beneficial owner	60,000	0.00%
	Ms. Zhao Lu (Note 7)	Beneficial owner	240,000	0.02%
	Mr. Dajian Yu (Note 8)	Beneficial owner	810,000	0.07%
2. Associated corporations: UGen World Inc.	Mr. Yuan Xu (Note 9)	Beneficial owner	384,978	4.67%
	Mr. Hong Zhang (Note 10)	Beneficial owner	230,986	2.80%
Chinese ABC Limited	Mr. Feng Chen	Beneficial owner	990	9.90%

Notes:

(1) Pursuant to an act in concert agreement dated 16 September 2013, as amended by an amendment dated 18 October 2016, Mr. Zongjian Cai, Duke Online, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen (spouse of Mr. Zongjian Cai) and Mr. Zhixiang Chen agreed that they would act in concert with each other with respect to material matters relating to the Company's operation. Each of Mr. Zongjian Cai, Duke Online, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen and Mr. Zhixiang Chen is therefore deemed to be interested in the Shares held by one another under the SFO.

(2) Mr. Zongjian Cai was interested in all the issued share capital of Duke Online and he is the sole director of Duke Online. Therefore, he was deemed to be interested in 185,081,027 Shares held by Duke Online under the SFO. Mr. Zongjian Cai was deemed to be interested in all Shares held by Ms. Kai Chen under the SFO. On 23 March 2015, 332,000 share options were granted to Mr. Zongjian Cai under the Share Option Scheme. Upon the full exercise of such share options, Mr. Zongjian Cai will be beneficially interested in 332,000 Shares.

Mr. Yuan Xu was the beneficial owner of 22,494,917 Shares. On 23 March 2015, he was also granted 613,000 share options under the Share Option Scheme. Upon the full exercise of such share options, Mr. Yuan Xu will be beneficially interested in 613,000 Shares.

Mr. Hong Zhang was the beneficial owner of 8,616,835 Shares, and was granted 9,200,000 share options under the Pre-IPO Share Option Scheme, among which 4,400,000 share options have been exercised. On 23 March 2015, Mr. Hong Zhang was also granted 605,000 share options under the Share Option Scheme. Upon the full exercise of those share options, Mr. Hong Zhang will be beneficially interested in 5,405,000 Shares.

Ms. Kai Chen was the beneficial owner of 17,847,952 Shares and she was also deemed to be interested in all Shares held by Mr. Zongjian Cai under the SFO.

Mr. Zhixiang Chen was the beneficial owner of 16,000,000 Shares.

(3) Ms. Jessie Shen was the beneficial owner of 3,470,000 Shares. On 21 November 2014 and 23 March 2015, respectively, 367,000 share options and 141,000 share options were granted to Ms. Jessie Shen under the Share Option Scheme. Upon the full exercise of such share options, Ms. Jessie Shen will be beneficially interested in 508,000 Shares.

(4) Mr. Feng Chen was the beneficial owner of 13,340,000 Shares. On 23 March 2015, 300,000 share options were granted to Mr. Feng Chen under the Share Option Scheme. Upon the full exercise of such share options, Mr. Feng Chen will be beneficially interested in 300,000 Shares.

(5) Mr. Yuan Chi was interested in all the issued share capital of Edmond Online and he is one of the directors of Edmond Online. Therefore, he was deemed to be interested in 153,434,000 Shares held by Edmond Online under the SFO. On 23 March 2015, 486,000 share options were granted to Mr. Yuan Chi under the Share Option Scheme. Upon the full exercise of such share options, Mr. Yuan Chi will be beneficially interested in 486,000 Shares.

(6) On 20 August 2020, 60,000 awarded shares were granted to Dr. Horn Kee Leong under the Share Award Scheme. Once vested, Dr. Horn Kee Leong will be beneficially interested in 60,000 Shares.

(7) Ms. Zhao Lu was the beneficial owner of 30,000 Shares. On 23 March 2015, Ms. Zhao Lu was granted 250,000 share options under the Share Option Scheme, among which 100,000 share options have been exercised. And on 20 August 2020, Ms. Zhao Lu was also granted 60,000 awarded shares under the Share Award Scheme. Upon the full exercise and vest of those share options and awarded shares, Ms. Zhao Lu will be beneficially interested in 210,000 shares.

(8) Mr. Dajian Yu was the beneficial owner of 500,000 Shares. On 23 March 2015, Mr. Yu was granted 250,000 share options under the Share Option Scheme. And on 20 August 2020, Mr. Dajian Yu was also granted 60,000 awarded shares under the Share Award Scheme. Upon the full exercise and vest of those share options and awarded shares, Mr. Dajian Yu will be beneficially interested in 310,000 shares.

(9) Mr. Yuan Xu will be the beneficial owner of 384,978 most senior class of shares of UGen World Inc. upon full conversion of the relevant share subscription warrants pursuant to the terms thereof and is the holder of US$100,000 convertible promissory note of UGen World Inc. which can be converted into such number of the most senior class or series of equity securities of UGen World Inc. or such class or series of equity securities of UGen World Inc. existing immediately prior to such conversion as elected by him in his sole discretion pursuant to the terms of the relevant convertible promissory note.

(10) Mr. Hong Zhang will be the beneficial owner of 230,986 most senior class of shares of UGen World Inc. upon full conversion of the relevant share subscription warrants pursuant to the terms thereof and is the holder of US$60,000 convertible promissory note of UGen World Inc. which can be converted into such number of the most senior class or series of equity securities of UGen World Inc. or such class or series of equity securities of UGen World Inc. existing immediately prior to such conversion as elected by him in his sole discretion pursuant to the terms of the relevant convertible promissory note.

Save as disclosed above, as of 31 December 2020, none of the Directors and chief executive of the Company was, under Divisions 7 and 8 of Part XV of the SFO, taken to be interested or deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) that were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to Listing Rules.

(b) Substantial shareholders' and other persons' interests and short positions in Shares and underlying Shares

So far as were known to the Directors or chief executive of the Company, as at 31 December 2020, the following persons had interests and/or short positions of 5% or more of the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate percentage of shareholding
Duke Online (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
Mr. Zongjian Cai (Notes 1, 2)	Beneficial owner, interest in a controlled corporation, spouse interest, interests held jointly with another person	256,390,731	21.32%
Mr. Yuan Xu (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
Mr. Hong Zhang (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
Ms. Kai Chen (Notes 1, 2)	Beneficial owner, spouse interest, interests held jointly with another person	256,390,731	21.32%
Mr. Zhixiang Chen (Notes 1, 2)	Beneficial owner, interests held jointly with another person	256,390,731	21.32%
Edmond Online (Note 3)	Beneficial owner	153,920,000	12.80%
Mr. Yuan Chi (Note 3)	Beneficial owner, interest in a controlled corporation	153,920,000	12.80%
LSV Asset Management (Note 4)	Investment manager, interests held through general partnership	61,935,000	5.15%

Notes:

(1) Pursuant to an act in concert agreement dated 16 September 2013, as amended by an amendment dated 18 October 2016, Mr. Zongjian Cai, Duke Online, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen and Mr. Zhixiang Chen agreed that they would act in concert with each other with respect to material matters relating to the Company's operation. Each of Mr. Zongjian Cai, Duke Online, Mr. Yuan Xu, Mr. Hong Zhang, Ms. Kai Chen (spouse of Mr. Zongjian Cai) and Mr. Zhixiang Chen is therefore deemed to be interested in the Shares held by one another under the SFO.

(2) Mr. Zongjian Cai was interested in all the issued share capital of Duke Online and he is the sole director of Duke Online. Therefore, he was deemed to be interested in 185,081,027 Shares held by Duke Online under the SFO. Mr. Zongjian Cai was deemed to be interested in all Shares held by Ms. Kai Chen under the SFO. On 23 March 2015, 332,000 share options were granted to Mr. Zongjian Cai under the Share Option Scheme. Upon the full exercise of such share options, Mr. Zongjian Cai will be beneficially interested in 332,000 Shares.

Mr. Yuan Xu was the beneficial owner of 22,494,917 Shares. On 23 March 2015, he was also granted 613,000 share options under the Share Option Scheme. Upon the full exercise of such share options, Mr. Yuan Xu will be beneficially interested in 613,000 Shares.

Mr. Hong Zhang was the beneficial owner of 8,616,835 Shares, and was granted 9,200,000 share options under the Pre-IPO Share Option Scheme, among which 4,400,000 share options have been exercised. On 23 March 2015, Mr. Hong Zhang was also granted 605,000 share options under the Share Option Scheme. Upon the full exercise of those share options, Mr. Hong Zhang will be beneficially interested in 5,405,000 Shares.

Ms. Kai Chen was the beneficial owner of 17,847,952 Shares and she was also deemed to be interested in all Shares held by Mr. Zongjian Cai under the SFO.

Mr. Zhixiang Chen was the beneficial owner of 16,000,000 Shares.

(3) Mr. Yuan Chi was the beneficial owner of all the issued share capital of Edmond Online and he is one of the directors of Edmond Online. Therefore, he was deemed to be interested in 153,434,000 Shares held by Edmond Online under the SFO. On 23 March 2015, 486,000 share options were granted to Mr. Yuan Chi under the Share Option Scheme. Upon the full exercise of such share options, Mr. Yuan Chi will be beneficially interested in 486,000 Shares.

(4) LSV Asset Management held 48,031,000 Shares in the capacity of investment manager, and 13,904,000 Shares are deemed interest through its general partnership interest in certain limited partnerships.

Save as disclosed above, as at 31 December 2020, the Directors are not aware of any other persons, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, had interests or short positions in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 to the SFO.

PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme was adopted by the Company on 12 November 2008 and amended on 16 September 2013 by written resolutions of all the Shareholders. The terms of our Pre-IPO Share Option Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as our Pre-IPO Share Option Scheme will not involve the grant of options by us to subscribe for Shares once we have become a listed issuer.

The purpose of the Pre-IPO Share Option Scheme is to offer selected persons an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by purchasing Shares.

The outstanding options under the Pre-IPO Share Option Scheme represent share options originally granted by the Company to the grantees on 20 January 2007, 1 July 2007, 1 July 2008, 5 December 2008, 19 March 2009, 1 August 2009, 1 November 2009, 18 April 2011, 21 April 2011, 25 April 2011, 3 May 2011, 16 May 2011, 13 June 2011, 2 July 2011, 14 August 2011, 15 January 2012, 21 May 2012, and 31 March 2013, respectively, in respect of the Shares in the Company. As of the Listing Date, a total of 224 participants, including three members of the senior management and seven connected persons of our Group have been conditionally granted options under the Pre-IPO Share Option Scheme. The Company should not and did not grant any share options under the Pre-IPO Share Option Scheme after the Listing.

Share options granted under the Pre-IPO Share Option Scheme shall mainly vest according to the following schedule, each with an exercise period commencing from the relevant vesting date and ending 10 years after the date of grant:

Period within which option can be exercised	Maximum percentage of entitlement
Any time after the date when the options are granted (the "First Granting Date"), subject to grantee's completion of 12 months' continuous service	25%
Any time after the first anniversary of the First Granting Date, subject to grantee's completion of 12 months' continuous service	25%
Any time after the second anniversary of the First Granting Date, subject to grantee's completion of 12 months' continuous service	25%
Any time after the third anniversary of the First Granting Date, subject to grantee's completion of 12 months' continuous service	25%

Below table set forth the exercise price of the share options granted on respective dates:

Date of grant	Exercise price
20 January 2007, 1 July 2007	US$0.004026
1 July 2008	US$0.008052
5 December 2008, 19 March 2009	US$0.03775
1 August 2009, 1 November 2009	US$0.05
18 April 2011, 21 April 2011, 25 April 2011, 3 May 2011, 16 May 2011, 13 June 2011	US$0.0525
2 July 2011, 14 August 2011, 15 January 2012, 21 May 2012, 31 March 2013	US$0.0865

Particulars and movements of share options under the Pre-IPO Share Option Scheme during the year ended 31 December 2020 by category of grantees were as follows:

	Number of Pre-IPO share options			
Category of grantees	**As at 31 December 2019**	**Exercised during the Year(Note)**	**Lapsed/ forfeited during the Year**	**As at 31 December 2020**
Director	6,400,000	1,600,000	–	4,800,000
Connected persons (other than Director)	530,000	230,000	–	300,000
Other employees who have been granted share options under the Pre-IPO Share Option Scheme to subscribe for one million Shares or more (Total no.: 4)	717,000	492,000	–	225,000
Other employees (Total no.: 64)	4,254,800	2,141,300	–	2,113,500
Total	**11,901,800**	**4,463,300**	**–**	**7,438,500**

Note: The weighted average closing price of the Shares immediately before the dates on which the Pre-IPO share options were exercised was HK$7.77 (for the year ended 31 December 2019: HK$9.76).

Save as disclosed above, no share options under the Pre-IPO Share Option Scheme have been exercised, lapsed or cancelled during the year ended 31 December 2020.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 16 September 2013 for the purpose of giving the eligible persons an opportunity to have a personal stake in the Company and help motivate them to optimise their future performance and efficiency to the Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group, and additionally in the case of executives, to enable the Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

Eligible persons shall be (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including a non-executive director and/or an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; (g) an associate of any of the persons referred to in paragraphs (a) to (c) above; and (h) who, in the sole opinion of the Board, will contribute to or have contributed to the Group.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, that is, 130,973,709 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before the 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheets on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered.

Pursuant to Rule 17.07 of the Listing Rules, particulars and movements of share options under the Share Option Scheme during the year ended 31 December 2020 by category of grantees were as follows:

			Number of share options					
Category of grantees	Date of grant	Exercise price per Share	As at 31 December 2019	Granted during the Year	Exercised during the Year	Lapsed/ forfeited during the Year	Cancelled during the Year	As at 31 December 2020
Directors								
Mr. Zongjian Cai	23 March 2015	HK$3.90	332,000	–	–	–	–	332,000
Mr. Yuan Xu	23 March 2015	HK$3.90	613,000	–	–	–	–	613,000
Mr. Hong Zhang	23 March 2015	HK$3.90	605,000	–	–	–	–	605,000
Ms. Jessie Shen	21 November 2014	HK$3.51	367,000	–	–	–	–	367,000
	23 March 2015	HK$3.90	141,000	–	–	–	–	141,000
Mr. Feng Chen	23 March 2015	HK$3.90	300,000	–	–	–	–	300,000
Mr. Yuan Chi	23 March 2015	HK$3.90	486,000	–	–	–	–	486,000
Dr. Horn Kee Leong	4 May 2018	HK$12.14	180,000	–	–	–	180,000	–
Ms. Zhao Lu	23 March 2015	HK$3.90	200,000	–	50,000	–	–	150,000
	4 May 2018	HK$12.14	180,000	–	–	–	180,000	–
Mr. Dajian Yu	23 March 2015	HK$3.90	250,000	–	–	–	–	250,000
	4 May 2018	HK$12.14	180,000	–	–	–	180,000	–
Directors' respective associate								
Ms. Meijia Chen (cousin of Mr. Yuan Xu)	23 March 2015	HK$3.90	553,000	–	–	–	–	553,000
Employees (Total no.: 25)	11 August 2014	HK$5.47	100,000	–	–	–	–	100,000
	21 November 2014	HK$3.51	75,000	–	–	–	–	75,000
	23 March 2015	HK$3.90	1,321,500	–	322,500	–	–	999,000
	20 April 2017	HK$10.50	540,000	–	–	–	540,000	–
	17 November 2017	HK$10.08	175,000	–	–	75,000	100,000	–
	23 August 2018	HK$10.24	150,000	–	–	–	150,000	–
	19 August 2019	HK$5.75	439,000	–	–	–	–	439,000
	6 May 2020	HK$4.91	–	357,000	–	–	–	357,000
Consultants (Total no.: 2)	21 November 2014	HK$3.51	75,000	–	75,000	–	–	–
	23 March 2015	HK$3.90	75,000	–	75,000	–	–	–
Total			**7,337,500**	**357,000**	**522,500**	**75,000**	**1,330,000**	**5,767,000**

Note: The weighted average closing price of the Shares immediately before the dates on which the share options were exercised was HK$6.52 (for the year ended 31 December 2019: HK$9.62).

11 August 2014

Share options granted on 11 August 2014 were vested in eligible grantees from 11 August 2015 to 11 August 2018. During the vesting period, 25% of the total number of share options granted were vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting dates and ending 10 years after the date of grant.

21 November 2014

Share options granted on 21 November 2014 were vested in eligible grantees from 21 November 2015 to 21 November 2018. During the vesting period, 25% of the total number of share options granted were vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting dates and ending 10 years after the date of grant.

23 March 2015

Share options granted on 23 March 2015 can be exercised from a period commencing from the relevant vesting dates and ending 10 years after the date of grant.

Out of the share options granted on 23 March 2015, 1,450,000 share options, which were granted to all of the non-executive Directors (excluding Mr. Yuan Chi who was subsequently re-designated as a non-executive Director on 21 August 2015) and independent non-executive Directors. One-third of the total number of share options granted were vested on each of the date of the annual general meeting in 2016, 2017 and 2018.

The remaining 4,889,000 share options were vested in the other eligible grantees from 23 March 2016 to 23 March 2019, of which 25% of the total number of the share options granted were vested on each anniversary date of grant.

20 April 2017

Share options granted on 20 April 2017 are vested in eligible grantees from 20 April 2018 to 20 April 2021. During the vesting period, 25% of the total number of share options granted are vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting dates and ending 10 years after the date of grant. On 20 August 2020, a total of 540,000 share options granted were cancelled.

17 November 2017

Share options granted on 17 November 2017 are vested in eligible grantees from 17 November 2018 to 17 November 2021. During the vesting period, 25% of the total number of share options granted are vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting date and ending 10 years after the date of grant. On 20 August 2020, a total of 100,000 share options granted were cancelled.

4 May 2018

On 4 May 2018, the Company granted a total of 540,000 share options to Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu, all of whom are independent non-executive Directors, with each granted 180,000 share options. One-third of the total number of share options granted are vested on each of the date of the annual general meeting in 2019, 2020 and 2021. The grantees can exercise the share options commencing from the relevant vesting dates and ending 10 years after the date of grant. On 20 August 2020, a total of 540,000 share options granted were cancelled.

23 August 2018

Share options granted on 23 August 2018 are vested in eligible grantees from 23 August 2019 to 23 August 2022. During the vesting period, 25% of the total number of share options granted are vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting date and ending 10 years after the date of grant. On 20 August 2020, a total of 100,000 share options granted were cancelled.

19 August 2019

Share options granted on 19 August 2019 are vested in eligible grantees from 19 August 2020 to 19 August 2023. During the vesting period, 25% of the total number of share options granted is to be vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting date and ending 10 years after the date of grant.

6 May 2020

On 6 May 2020, the Board granted 357,000 share options to employees of the Group only. None of such share options were granted to the Group's suppliers and other participants. Share options granted on 6 May 2020, at an exercise price of HK$4.91 per Share, are vested in eligible grantees from 6 May 2021 to 6 May 2024. During the vesting period, 25% of the total number of share options granted will be vested on each anniversary date of grant. The grantees can exercise the share options commencing from the relevant vesting date and ending 10 years after the date of grant. The closing price immediately before the date on which the options were granted on 6 May 2020 was HK$4.773.

Save as disclosed above, during the Year, no other share options under the Share Option Scheme have been granted, exercised, lapsed or cancelled.

SHARE AWARD SCHEME

The Share Award Scheme of the Company was adopted by the Board on 24 December 2013 (the "Adoption Date"). The purpose of the Share Award Scheme is to recognise the contributions by certain selected grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

The Board may, from time to time, at their absolute discretion select any eligible person (excluding any excluded grantee) for participation in the Share Award Scheme as a selected grantee. However, until so selected, no eligible person shall be entitled to participate in the Share Award Scheme. The awarded shares (where the Board has determined such number pursuant to the terms of the Share Award Scheme) shall be either (i) allotted and issued by the Company, by using the general mandate granted to the Board by the shareholders of the Company in the annual general meeting of the Company from time to time, unless separate Shareholders' approval is obtained in a general meeting of the Company, or (ii) acquired by Computershare Hong Kong Trustees Limited, as the trustee ("Trustee") from the open market by utilising the Company's resources provided to the Trustee, subject to the absolute discretion of the Board. The Company will contribute or grant cash to the Trustee to enable the Scheme to operate with necessary funds to purchase and/or subscribe for Shares. The vesting period shall, in any event, be no longer than ten years.

It is intended that the awarded shares under the Share Award Scheme will be offered to the selected grantees to take up the relevant awarded shares for no consideration subject to the compliance with the relevant laws and regulations, and certain conditions to be decided by the Board at the time of grant of the awarded shares under the Share Award Scheme.

Awarded shares held by the Trustee upon the trust and which are referable to a selected grantee shall vest to that selected grantee in accordance with a vesting schedule determined at the discretion of the Board, provided that the selected grantee remains at all times after the reference date (the date of final approval by the Board of the total number of shares to be awarded to the selected grantees in a single occasion pursuant to the Share Award Scheme or the date of an award by the Trustee pursuant to the trust deed) and on each relevant vesting date(s) an eligible person. The Board may also, in its absolute discretion, determine the performance, operating and financial targets and other criteria, if any, to be satisfied by the selected grantee before the awarded shares can vest.

The Board shall not make any further award which will result in the number of shares awarded by the Board under the Share Award Scheme in excess of 10% of the issued share capital of the Company as at the Adoption Date. In any event, the unvested shares held by the Trustee at any time shall be less than 5% of the issued share capital of the Company. The maximum number of Shares to all controlling shareholders which may be subject to an award or awards in any of the 12 months shall not in aggregate exceed 2% of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date.

Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date.

Details of the Share Award Scheme are set out in the Company's announcements dated 24 December 2013.

During the year ended 31 December 2020, the Company granted the awarded shares as followings:

6 May 2020

On 6 May 2020, the Board granted a total of 1,881,000 awarded shares, which have been acquired by the Trustee from the open market by utilising the Company's internal resources provided to the Trustee, to certain eligible persons pursuant to the Share Award Scheme at nil consideration. Each of the grantees is an Independent Third Party. The awarded shares granted shall be vested in the share award grantees from 6 May 2021 to 6 May 2024. During the vesting period, 25% of the total number of awarded shares granted will be vested on each anniversary date of grant. The closing price immediately before the date on which the awarded shares were granted on 6 May 2020 was HK$4.773.

20 August 2020

On 20 August 2020, the Board granted a total of 1,288,333 awarded shares, which have been acquired by the Trustee from the open market by utilising the Company's internal resources provided to the Trustee, to certain employees and connected persons of the Group pursuant to the Share Award Scheme at nil consideration. The closing price immediately before the date on which the awarded shares were granted on 20 August 2020 was HK$9.550. The awarded shares granted shall be vested in accordance with the schedule below:

Awarded shares granted to independent non-executive Directors

Among the 1,288,333 awarded shares granted, 180,000 awarded shares, which were granted to Dr. Horn Kee Leong, Mr. Dajian Yu and Ms. Zhao Lu, the independent non-executive Directors, shall be fully vested on the date of the annual general meeting to be convened in 2021.

Awarded shares granted to certain employees

Among the 1,288,333 awarded shares granted, 80,000 awarded shares, which were granted to certain employees, shall be vested in eligible grantees from 20 August 2021 to 20 August 2022, of which 50% of the total number of the awarded shares granted will be vested on each anniversary date of grant.

Awarded shares granted to connected persons and certain employees

Among the 1,288,333 awarded shares granted, 183,333 awarded shares, which were granted to certain employees and two connected persons, Mr. Richard Chua Choon Kiat and Mr. Shuo Wang, who are directors of certain wholly-owned subsidiaries of the Company, shall be fully vested in eligible grantees on the first anniversary date of grant on 20 August 2021.

Other awarded shares

The remaining 845,000 awarded shares which were granted to certain employees shall be vested in eligible grantees from 20 August 2021 to 20 August 2024. During the vesting period, 25% of the total number of the awarded shares granted will be vested on each anniversary date of grant.

6 November 2020

On 6 November 2020, the Board granted a total of 963,730 awarded shares, which have been acquired by the Trustee from the open market by utilising the Company's internal resources provided to the Trustee, to certain eligible persons pursuant to the Share Award Scheme at nil consideration. Each of the grantees is an Independent Third Party. The awarded shares granted shall be vested in eligible grantees from 6 November 2021 to 6 November 2024. During the vesting period, 25% of the total number of the awarded shares granted will be vested on each anniversary date of grant. The closing price immediately before the date on which the awarded shares were granted on 6 November 2020 was HK$8.880.

Particulars of the movements of the awarded shares under the Share Award Scheme during the year ended 31 December 2020 are as followings:

		Number of awarded shares				
Category of grantees	**Date of grant**	**As at 31 December 2019**	**Granted during the Year**	**Vested during the Year**	**Lapsed/ forfeited during the Year**	**As at 31 December 2020**
Directors						
Dr. Horn Kee Leong	20 August 2020	–	60,000	–	–	60,000
Ms. Zhao Lu	20 August 2020	–	60,000	–	–	60,000
Mr. Dajian Yu	20 August 2020	–	60,000	–	–	60,000
Employees (Total no.: 447)	8 April 2016	102,861	–	102,861	–	–
	3 June 2016	166,044	–	166,044	–	–
	30 August 2016	598,419	–	565,919	32,500	–
	18 November 2016	263,015	–	258,015	5,000	–
	20 April 2017	998,891	–	499,435	7,500	491,956
	27 June 2017	244,079	–	122,032	–	122,047
	8 September 2017	329,500	–	156,000	22,500	151,000
	17 November 2017	443,729	–	218,097	7,500	218,132
	23 March 2018	618,165	–	206,048	5,327	406,790
	23 August 2018	890,320	–	278,018	76,250	536,052
	9 November 2018	123,750	–	33,750	37,500	52,500
	20 March 2019	215,000	–	52,500	8,750	153,750
	6 May 2019	198,482	–	49,620	–	148,862
	19 August 2019	720,000	–	170,000	70,000	480,000
	6 May 2020	–	1,873,000	–	100,000	1,773,000
	20 August 2020	–	1,108,333	–	110,000	998,333
	6 November 2020	–	963,730	–	20,000	943,730

		Number of awarded shares				
Category of grantees	Date of grant	As at 31 December 2019	Granted during the Year	Vested during the Year	Lapsed/ forfeited during the Year	As at 31 December 2020
Consultants (Total no.: 3)	3 June 2016	11,483	–	11,483	–	–
	30 August 2016	42,603	–	42,603	–	–
	18 November 2016	22,869	–	22,869	–	–
	20 April 2017	44,806	–	22,402	–	22,404
	27 June 2017	33,452	–	16,726	–	16,726
	17 November 2017	37,070	–	18,534	–	18,536
	23 March 2018	49,189	–	16,396	–	32,793
	23 August 2018	18,398	–	6,132	–	12,266
	6 May 2019	11,000	–	2,750	–	8,250
	19 August 2019	20,000	–	–	20,000	–
	6 May 2020	–	8,000	–	–	8,000
Total		**6,203,125**	**4,133,063**	**3,038,234**	**522,827**	**6,775,127**

Notes:
1. The lapse of awarded shares during the Year was due to termination of employment of certain grantees.
2. The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested was HK$7.03 (for the year ended 31 December 2019: HK$7.48).

Save as disclosed above, during the year ended 31 December 2020, no awarded shares were granted, vested, or lapsed under the Share Award Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

During the year ended 31 December 2020 and up until the date of this report, except that as disclosed in the sections headed "Pre-IPO Share Option Scheme", "Share Option Scheme" and "Share Award Scheme", none of the Directors or chief executives of the Company was granted any share options under the Pre- IPO Share Option Scheme or the Share Option Scheme or any awarded shares under the Share Award Scheme.

Save as disclosed above and in the section headed "Disclosure of Interest as per registers kept pursuant to the SFO" in this report, at no time for the year ended 31 December 2020 were there rights to acquire benefits by means of the acquisition of shares in, or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

COMPETING INTEREST

Mr. Feng Chen was a non-executive director of XD Inc., a PRC game developer and operator, from June 2019 to December 2020. As a non-executive director of XD Inc., Mr. Feng Chen was primarily responsible for providing professional opinion and judgment to the board of directors of XD Inc. and was not involved in its daily management and operation. Accordingly, the Directors consider that the directorship of Mr. Feng Chen in XD Inc. did not give rise to any competition or conflict of interest between Mr. Feng Chen and our Company.

Except for the disclosure in this annual report, to the best knowledge of the Company, none of the Directors or the substantial shareholders of the Company or their respective associates has any interest in any business which competed or may compete with the business of the Group during the year ended 31 December 2020.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts to which the Company or any of its subsidiaries was a party to and in which a Director or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest in, whether directly or indirectly, and subsisted as of 31 December 2020 or at any time during the year ended 31 December 2020.

CHANGES IN DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the change of the information of the Directors are set out below:

In August 2020, Mr. Feng Chen was appointed as a director of associates of the Company, Fujian Tianzhi Internet Information Technology Co., Ltd.* (福建天志互聯信息科技股份有限公司) and Fuzhou Yunding Network Technology Co., Ltd.* (福州雲頂網絡科技有限公司). The Director's fee paid to Mr. Feng Chen under the director's service contract entered into between him and the Company has been revised from US$21,200 to US$63,600 with effect from August 2020. On 17 December 2020, Mr. Feng Chen ceased to be a non-executive director of XD Inc.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rules 13.51B(1) of the Listing Rules.

* *For identification purpose only*

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "Pre-IPO Share Option Scheme", "Share Option Scheme" and "Share Award Scheme", as at the end of and during the year ended 31 December 2020, the Company did not enter into (i) any agreement that will or may result in the Company issuing Shares; or (ii) any agreement requiring the Company to enter into any agreement specified in (i).

PERMITTED INDEMNITY PROVISION

Pursuant to Article 164 of the Articles of Association, the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors or any of the Directors shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of the Directors shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

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

The Company had bought back the Shares on the Stock Exchange during the year ended 31 December 2020 with details as follows:

		Price per Share		
Month of Purchase	**Number of Shares Bought Back**	**Highest Price Paid**	**Lowest Price Paid**	**Total Consideration Paid**
		HK$	HK$	HK$
March 2020	3,696,000	4.60	4.09	16,600,100
May 2020	551,000	4.75	4.69	2,606,580
June 2020	15,812,000	6.33	5.14	89,888,970
July 2020	567,000	6.55	6.52	3,712,500
November 2020	12,378,000	7.86	7.42	95,511,260
December 2020	23,188,000	8.17	7.35	180,752,100
Total	**56,192,000**			**389,071,510**

As at the date of this report, all of the Shares bought back were cancelled.

The Directors performed the share repurchase in accordance with buy-back mandate granted by the Shareholders at the annual general meetings and in the best interests of the Company and the Shareholders as a whole. The share buy-backs were carried out having considered the market conditions and financial arrangements, the Directors believe that the share buy-back would enhance the value of the Company and Shareholders in the long term.

Save as disclosed above and that the trustee of the Share Award Scheme, pursuant to the terms of the rules and trust deed of the Share Award Scheme, purchased on the market a total of 4,101,000 Shares, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and to supervise the financial reporting process and risk management and internal control systems of the Group. The audit committee comprises all independent non-executive Directors, namely, Dr. Horn Kee Leong (chairman of the audit committee), Mr. Dajian Yu and Ms. Zhao Lu.

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020 and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure in accordance with the Listing Rules has been made in respect thereof.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered by the Group during the Year are set out in note 29 to the consolidated financial statements. The related party transactions set out in note 29(a) constitute continuing connected transactions that are fully exempt from disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this annual report, the Group had not entered into any connected transaction which was required to be disclosed under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Fuzhou Tianmeng Structured Contracts

The existing PRC laws and regulations restrict foreign investment in value-added telecommunication, Internet content and information services, and online games in the PRC. The wholly-owned subsidiary of the Company, Fuzhou Tianji, being a foreign-owned enterprise, does not have the requisite licenses to provide services regarding value-added telecommunication, Internet content and information services, and online games in the PRC.

In order to comply with PRC laws restricting foreign ownership in the value-added telecommunication in China, or foreign ownership prohibitions on Internet content and information services, the Group historically operated the licensing and publishing of self-developed browser games and client-based games in China through Fuzhou Tianmeng. Fuzhou Tianmeng, as a domestic company, holds an ICP License, Internet Culture Operating License and Internet Publishing License. In addition, Fuzhou Tianmeng holds certain of the Group's intellectual properties and is also partially vested with the Group's online games development functions.

In 2007, Fuzhou Tianji, the Founders and Fuzhou Tianmeng entered into the Previous Structured Contracts, as supplemented by the agreements in 2009 and 2013, pursuant to which the financial results of Fuzhou Tianmeng would be combined with the Company as if Fuzhou Tianmeng were a subsidiary of the Group. For details of terms of the Previous Structured Contracts, please refer to page 84 to page 85 of 2018 Annual Report of the Company.

Termination of the Previous Structured Contracts and the entering into of the Fuzhou Tianmeng Structured Contracts

On 28 December 2018, each of the Founders and the Fuzhou Tianmeng Registered Holders entered into an equity transfer agreement (the "Equity Transfer Agreement"), pursuant to which each of the Founders agreed to transfer 50% and 50% of the equity interests in Fuzhou Tianmeng to Mr. Deyang Zheng and Mr. Chengfeng Luo, respectively, at a total consideration of RMB10.51 million. On the same date, the relevant parties as detailed below also entered into the following agreements as detailed below to change the registered shareholders of Fuzhou Tianmeng:

(i) the termination agreement, pursuant to which the Founders, Fuzhou Tianmeng and Fuzhou Tianji agreed that subject to the entering into of the Fuzhou Tianmeng Structured Contracts by Fuzhou Tianmeng, Fuzhou Tianji and the Fuzhou Tianmeng Registered Holders, the Previous Structured Contracts would be terminated;

(ii) the loan agreement, pursuant to which, among others, Fuzhou Tianji agreed to offer each of Mr. Deyang Zheng and Mr. Chengfeng Luo a loan for the purpose of providing to the Fuzhou Tianmeng Registered Holders the consideration under the Equity Transfer Agreement; and

(iii) the tripartite agreement, pursuant to which, among others, Fuzhou Tianji, the Founders and the Fuzhou Tianmeng Registered Holders agreed to set-off the consideration under the Equity Transfer Agreement payable by the Fuzhou Tianmeng Registered Holders against the loans owed by the Founders to Fuzhou Tianji.

The Fuzhou Tianmeng Structured Contracts comprise eight agreements, the details of which are summarised as below:

(i) New Call Option Agreement: on 28 December 2018, Fuzhou Tianmeng, Fuzhou Tianji and the Fuzhou Tianmeng Registered Holders entered into the call option agreement (the "New Call Option Agreement"), pursuant to which each of the Fuzhou Tianmeng Registered Holders irrevocably granted the exclusive right to Fuzhou Tianji or its designee(s) to acquire equity interest in or assets of Fuzhou Tianmeng as and when permitted by the PRC laws. The amount of consideration payable by Fuzhou Tianji to the equity holders of Fuzhou Tianmeng shall be RMB1.0 or the lowest possible amount permissible under the applicable PRC laws. The Fuzhou Tianmeng Registered Holders shall return any consideration they receive in the event that Fuzhou Tianji exercises the call option under the New Call Option Agreement to acquire equity interest in or assets of Fuzhou Tianmeng.

(ii) New Equity Pledge Agreement: on 28 December 2018, Fuzhou Tianji and the Fuzhou Tianmeng Registered Holders entered into the equity pledge agreement (the "New Equity Pledge Agreement"), pursuant to which the Fuzhou Tianmeng Registered Holders granted Fuzhou Tianji a continuing first priority security interest over their respective equity interest in Fuzhou Tianmeng, representing all of the equity interest in Fuzhou Tianmeng's registered capital, for the purpose of securing the performance of contractual obligations by Fuzhou Tianmeng under the Fuzhou Tianmeng Structured Contracts. In addition, the Fuzhou Tianmeng Registered Holders agreed to allocate, use or deal with the dividends and other non-cash distributions paid for the equity interest in Fuzhou Tianmeng in any way according to the instruction of Fuzhou Tianji.

(iii) Power of Attorney of Mr. Deyang Zheng: on 28 December 2018, Mr. Deyang Zheng issued a power of attorney (the "Power of Attorney of Mr. Deyang Zheng"), pursuant to which Mr. Deyang Zheng irrevocably authorised the Directors and their successors or the Company's liquidator to exercise all the shareholders' rights of Mr. Deyang Zheng in Fuzhou Tianmeng.

(iv) Power of Attorney of Mr. Chengfeng Luo: on 28 December 2018, Mr. Chengfeng Luo issued a power of attorney (the "Power of Attorney of Mr. Chengfeng Luo", together with the Power of Attorney of Mr. Deyang Zheng, the "New Power of Attorney"), pursuant to which Mr. Chengfeng Luo irrevocably authorised the Directors and their successors or the Company's liquidator to exercise all the shareholders' rights of Mr. Chengfeng Luo in Fuzhou Tianmeng.

(v) New Exclusive Technical Consulting Service Agreement: on 28 December 2018, Fuzhou Tianmeng, Fuzhou Tianji and the Fuzhou Tianmeng Registered Holders entered into the exclusive technical consulting service agreement (the "New Exclusive Technical Consulting Service Agreement"), pursuant to which Fuzhou Tianmeng agreed to pay a fee to Fuzhou Tianji in return for Fuzhou Tianji providing exclusive technical consulting services as required by Fuzhou Tianmeng to support its operations. According to the New Exclusive Technical Consulting Service Agreement, unless otherwise agreed by both parties, Fuzhou Tianji would provide technical support and consultation services to Fuzhou Tianmeng, as the consideration, and the technical services fees will be paid on a quarterly basis and equal to Fuzhou Tianmeng's total revenue deducting all related expenses, costs and taxes payable by Fuzhou Tianmeng.

(vi) New Online Game Licensing Agreement: on 28 December 2018, Fuzhou Tianji and Fuzhou Tianmeng entered into the online game licensing agreement (the "New Online Game Licensing Agreement"), pursuant to which Fuzhou Tianji agreed to grant to Fuzhou Tianmeng usage rights on various online game software for operation in the PRC. As the consideration, Fuzhou Tianmeng is required to pay to Fuzhou Tianji (i) an initial licensing fee, payable after the signing date; and (ii) commissions payable on a quarterly basis according to a percentage generally accepted in the market and such commission shall be a fair value.

(vii) Spouse Undertaking of Mr. Deyang Zheng: on 28 December 2018, the spouse of Mr. Deyang Zheng issued a spouse undertaking (the "Spouse Undertaking of Mr. Deyang Zheng") to the effect that (i) Mr. Deyang Zheng's interests in Fuzhou Tianmeng (together with any other interests therein) do not fall within the scope of communal properties; (ii) she has no right to or control over such interests of Mr. Deyang Zheng and will not have any claim on such interest. No authorisation or consent will be needed from her for the performance, amendment or termination of the Fuzhou Tianmeng Structured Contracts by Mr. Deyang Zheng; (iii) she will execute all necessary documents and take all necessary actions to ensure the performance of the Fuzhou Tianmeng Structured Contracts; and (iv) in the event that she obtains any interests in Fuzhou Tianmeng, she will be subject to and abide by the terms of the Fuzhou Tianmeng Structured Contracts, and at the request of Fuzhou Tianji, she will sign any documents in the form and substance consistent with the Fuzhou Tianmeng Structured Contracts.

(viii) Spouse Undertaking of Mr. Chengfeng Luo: on 28 December 2018, the spouse of Mr. Chengfeng Luo issued a spouse undertaking (the "Spouse Undertaking of Mr. Chengfeng Luo", together with the Spouse Undertaking of Mr. Deyang Zheng, the "Spouse Undertakings") to the effect that (i) Mr. Chengfeng Luo's interests in Fuzhou Tianmeng (together with any other interests therein) do not fall within the scope of communal properties; (ii) she has no right to or control over such interests of Mr. Chengfeng Luo and will not have any claim on such interest. No authorisation or consent will be needed from her for the performance, amendment or termination of the Fuzhou Tianmeng Structured Contracts by Mr. Chengfeng Luo; (iii) she will execute all necessary documents and take all necessary actions to ensure the performance of the Fuzhou Tianmeng Structured Contracts; and (iv) in the event that she obtains any interests in Fuzhou Tianmeng, she will be subject to and abide by the terms of the Fuzhou Tianmeng Structured Contracts, and at the request of Fuzhou Tianji, she will sign any documents in the form and substance consistent with the Fuzhou Tianmeng Structured Contracts.

Please refer to the announcement dated 28 December 2018 for details of the continuing connected transactions relating to the entering into of the Fuzhou Tianmeng Structured Contracts.

The Xinhan Liaokuo Structured Contracts

Xinhan Liaokuo is a domestic company established in September 2020 and holds an ICP License, the principal business operation of which includes (i) designing and developing online mobile games; (ii) providing online customer support services to end users in the PRC; and (iii) operating and ongoing maintenance of Chinese versions of developed games in the PRC.

After the analysis of the Group's game operating strategy and in order to extend the game publishing network in the PRC, the Directors believe that the entry into another set of structured contracts is in the best interests of the Company and the Shareholders as a whole. Therefore, during the Year, Hainan Tianzhi, Xinhan Liaokuo and Xinhan Liaokuo Registered Holders entered into the Xinhan Liaokuo Structured Contracts, pursuant to which the financial results of Xinhan Liaokuo would be combined with the Company as if Xinhan Liaokuo were a subsidiary of the Group.

The Xinhan Liaokuo Structured Contracts comprise eight agreements, the details of which are summarised as below:

(i) Xinhan Liaokuo Call Option Agreement: on 30 October 2020, Hainan Tianzhi, Xinhan Liaokuo and the Xinhan Liaokuo Registered Holders entered into the call option agreement (the "Xinhan Liaokuo Call Option Agreement"), pursuant to which each of the Xinhan Liaokuo Registered Holders irrevocably granted the exclusive right to Hainan Tianzhi or its designee(s) to acquire equity interest in or assets of Xinhan Liaokuo as and when permitted by the PRC laws. The amount of consideration payable by Hainan Tianzhi to the equity holders of Xinhan Liaokuo shall be RMB1.0 or the lowest possible amount permissible under the applicable PRC laws. The Xinhan Liaokuo Registered Holders shall return any consideration they receive in the event that Hainan Tianzhi exercises the call option under the Xinhan Liaokuo Call Option Agreement to acquire equity interest in or assets of Xinhan Liaokuo.

(ii) Xinhan Liaokuo Pledge Agreement: on 30 October 2020, Hainan Tianzhi and the Xinhan Liaokuo Registered Holders entered into the equity pledge agreement (the "Xinhan Liaokuo Equity Pledge Agreement"), pursuant to which the Xinhan Liaokuo Registered Holders granted Hainan Tianzhi a continuing first priority security interest over their respective equity interest in Xinhan Liaokuo, representing all of the equity interest in Xinhan Liaokuo's registered capital, for the purpose of securing the performance of contractual obligations by Xinhan Liaokuo under the Xinhan Liaokuo Structured Contracts. In addition, the Xinhan Liaokuo Registered Holders agreed to allocate, use or deal with the dividends and other non-cash distributions paid for the equity interest in Xinhan Liaokuo in any way according to the instruction of Hainan Tianzhi.

(iii) Second Power of Attorney of Mr. Deyang Zheng: on 30 October 2020, Mr. Deyang Zheng issued a power of attorney (the "Second Power of Attorney of Mr. Deyang Zheng"), pursuant to which Mr. Deyang Zheng irrevocably authorised the Directors and their successors or the Company's liquidator to exercise all the shareholders' rights of Mr. Deyang Zheng in Xinhan Liaokuo.

(iv) Second Power of Attorney of Mr. Chengfeng Luo: on 30 October 2020, Mr. Chengfeng Luo issued a power of attorney (the "Second Power of Attorney of Mr. Chengfeng Luo", together with the Second Power of Attorney of Mr. Deyang Zheng, the "Second Power of Attorney"), pursuant to which Mr. Chengfeng Luo irrevocably authorised the Directors and their successors or the Company's liquidator to exercise all the shareholders' rights of Mr. Chengfeng Luo in Xinhan Liaokuo.

(v) Xinhan Liaokuo Exclusive Technical Consulting Service Agreement: on 30 October 2020, Xinhan Liaokuo, Hainan Tianzhi and the Xinhan Liaokuo Registered Holders entered into the exclusive technical consulting service agreement (the "Xinhan Liaokuo Exclusive Technical Consulting Service Agreement"), pursuant to which Xinhan Liaokuo agreed to pay a fee to Hainan Tianzhi in return for Hainan Tianzhi providing exclusive technical consulting services as required by Xinhan Liaokuo to support its operations. According to the Xinhan Liaokuo Exclusive Technical Consulting Service Agreement, unless otherwise agreed by both parties, Hainan Tianzhi would provide technical support and consultation services to Xinhan Liaokuo, as the consideration, and the technical services fees will be paid on a quarterly basis and equal to Xinhan Liaokuo's total revenue deducting all related expenses, costs and taxes payable by Xinhan Liaokuo.

(vi) Xinhan Liaokuo Online Game Licensing Agreement: on 30 October 2020, Hainan Tianzhi and Xinhan Liaokuo entered into the online game licensing agreement (the "Xinhan Liaokuo Online Game Licensing Agreement"), pursuant to which Hainan Tianzhi agreed to grant to Xinhan Liaokuo usage rights on various online game software for operation in the PRC. As the consideration, Xinhan Liaokuo is required to pay to Hainan Tianzhi (i) an initial licensing fee, payable after the signing date; and (ii) commissions payable on a quarterly basis according to a percentage generally accepted in the market and such commission shall be a fair value.

(vii) Second Spouse Undertaking of Mr. Deyang Zheng: on 30 October 2020, the spouse of Mr. Deyang Zheng issued a spouse undertaking (the "Second Spouse Undertaking of Mr. Deyang Zheng") to the effect that (i) Mr. Deyang Zheng's interests in Xinhan Liaokuo (together with any other interests therein) do not fall within the scope of communal properties; (ii) she has no right to or control over such interests of Mr. Deyang Zheng and will not have any claim on such interest. No authorisation or consent will be needed from her for the performance, amendment or termination of the Xinhan Liaokuo Structured Contracts by Mr. Deyang Zheng; (iii) she will execute all necessary documents and take all necessary actions to ensure the performance of the Xinhan Liaokuo Structured Contracts; and (iv) in the event that she obtains any interests in Xinhan Liaokuo, she will be subject to and abide by the terms of the Xinhan Liaokuo Structured Contracts, and at the request of Hainan Tianzhi, she will sign any documents in the form and substance consistent with the Xinhan Liaokuo Structured Contracts.

(viii) Second Spouse Undertaking of Mr. Chengfeng Luo: on 30 October 2020, the spouse of Mr. Chengfeng Luo issued a spouse undertaking (the "Second Spouse Undertaking of Mr. Chengfeng Luo", together with the Spouse Undertaking of Mr. Deyang Zheng, the "Second Spouse Undertakings") to the effect that (i) Mr. Chengfeng Luo's interests in Xinhan Liaokuo (together with any other interests therein) do not fall within the scope of communal properties; (ii) she has no right to or control over such interests of Mr. Chengfeng Luo and will not have any claim on such interest. No authorisation or consent will be needed from her for the performance, amendment or termination of the Xinhan Liaokuo Structured Contracts by Mr. Chengfeng Luo; (iii) she will execute all necessary documents and take all necessary actions to ensure the performance of the Xinhan Liaokuo Structured Contracts; and (iv) in the event that she obtains any interests in Xinhan Liaokuo, she will be subject to and abide by the terms of the Xinhan Liaokuo Structured Contracts, and at the request of Hainan Tianzhi, she will sign any documents in the form and substance consistent with the Xinhan Liaokuo Structured Contracts.

For the purpose of the Listing, the Company applied to the Stock Exchange, and the Stock Exchange granted a waiver from (i) strict compliance with the announcement and independent Shareholders' approval of the Company, (ii) setting a maximum aggregate annual value under Fuzhou Tianmeng Structured Contracts, and (iii) fixing the terms of Fuzhou Tianmeng Structured Contracts to three years or less, for as long as Shares are listed on the Stock Exchange, subject to numerous conditions as set out in the section headed "Continuing Connected Transactions" of the Prospectus. The Xinhan Liaokuo Structured Contracts are cloned from the Fuzhou Tianmeng Structured Contracts with substantially the same terms. Pursuant to the aforementioned conditions, cloning of structured contracts similar to the Fuzhou Tianmeng Structured Contracts will not be subject to the strict requirements of announcement and shareholders' approval under Chapter 14A of the Listing Rules.

Contribution of the Structured Contracts to the Group

The Directors are of the view that the Group kept the Structured Contracts to maintain presence in the PRC for further development but the business and operation of the Group do not rely on Fuzhou Tianmeng, Xinhan Liaokuo or the Structured Contracts.

The tables below compare the number of games operated, game revenue and assets attributable to Fuzhou Tianmeng and Xinhan Liaokuo during the year ended 31 December 2020:

Number of games operated:

	Developed in-house	Licensed
	As at 31 December 2020	
Fuzhou Tianmeng	0	1
Xinhan Liaokuo	0	0

Game revenue*:

	Revenue attributable to the relevant entity	Percentage of the total revenue of the Group
	For the year ended 31 December 2020	
	US$'000	%
Fuzhou Tianmeng	51,465	7.31
Xinhan Liaokuo	–	0.00

* Game revenue is from external customers.

Assets:

	Assets attributable to the relevant entity	Percentage of the total assets of the Group
	As at 31 December 2020	
	US$'000	%
Fuzhou Tianmeng	40,187	6.38
Xinhan Liaokuo	65	0.01

On-going reporting and approvals

The Directors confirmed that, as at the date hereof, the Structured Contracts had not been challenged by the relevant authorities in the PRC and the Group had not encountered any interference or encumbrance from any PRC governing bodies in operating their business through Fuzhou Tianmeng and Xinhan Liaokuo under the Structured Contracts.

The Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Structured Contracts and our compliance with the Structured Contracts:

- The Company confirms that in order to ensure the operation of the Structured Contracts, the Company has reviewed the overall performance and compliance with the Structured Contracts for the year ended 31 December 2020.

- The independent non-executive Directors will review the Structured Contracts annually and confirm in the annual reports that (i) the transactions carried out during such year have been entered into in accordance with relevant terms of the Structured Contracts such that all revenue generated by Fuzhou Tianmeng and Xinhan Liaokuo deducting all related expenses, costs and the taxes payable by them has been retained by the Group; (ii) no dividends or other distributions have been made by Fuzhou Tianmeng and Xinhan Liaokuo to their respective equity interest holders; and (iii) no new contracts or renewed contracts have been entered into on the same terms as the Structured Contracts.

- The Company has engaged KPMG as its auditor to perform procedures annually on the transactions contemplated under the Structured Contracts and the auditor will carry out procedures annually to ensure that no dividend has been distributed by Fuzhou Tianmeng and Xinhan Liaokuo to their respective equity holders which was not subsequently assigned or transferred to our Group and relevant transactions have received approval of the Board and were entered into in accordance with the terms of the Structured Contracts.

- Save as disclosed in the annual report and in compliance with the applicable requirements under the Listing Rules, the Group has not renewed and/or reproduced any of the framework of and terms and conditions similar to those of the Structured Contracts in relation to any existing or new wholly foreign-owned enterprise or operating company.

- Each of Fuzhou Tianmeng and Xinhan Liaokuo has provided the Company's management and auditors with full access to relevant records for the purpose of the auditors' performance of review procedures on relevant transactions under the Structured Contracts.

Regulatory Matters in Relation to the Structured Contracts

FITE Regulations

Foreign investment in telecommunications sector is governed by the Regulations on Administration of Foreign Invested Telecommunications Enterprises (外商投資電信企業管理規定) (the "FITE Regulations"), which were promulgated by the State Council on 11 December 2001 and amended on 10 September 2008 and 6 February 2016. Pursuant to the FITE Regulations, a foreign investor must establish a Chinese-foreign equity joint venture with a Chinese partner to invest in telecommunications industry. A foreign-invested telecommunications enterprise, or FITE, is allowed to be engaged in basic telecommunications business and value-added telecommunications business. The foreign investor's ultimate equity holding percentage in a value-added telecommunications business shall not exceed 50% except in E-commerce, domestic multi-party communication, store and forward, call center, which can be operated by a wholly foreign-owned enterprise according to the Special Administrative Measure (Negative List) for the Access of Foreign Investment (2020). In addition, the FITE Regulations require a foreign investor to demonstrate a good track record and prior experience in providing value-added telecommunications services business before it can acquire any equity interest in a value-added telecommunications services business in the PRC (the "Qualification Requirements"). However, as advised by our PRC legal advisers, Jingtian & Gongcheng, as at the date of this report, there are no administrative or implementing rules in the PRC defining the term "a good track record and prior experience". Our PRC legal advisers, Jingtian & Gongcheng, also advised the disclosures in the Prospectus with regard to the qualification requirements on the Group's business stipulated under the provisions on FITE Regulations remain unchanged since the Listing Date and up to the date hereof.

The Group has been relying on our extensive experience in the overseas online game business operations in an attempt to comply with the Qualification Requirement, so as to be qualified to acquire the entire equity interests in Fuzhou Tianmeng and Xinhan Liaokuo when the restrictions on the percentage of foreign ownership in value-added telecommunications services and on foreign ownership in value-added telecommunication enterprises are lifted. Our PRC legal advisers, Jingtian & Gongcheng, advised that the Company has reasonably assessed the requirements under all applicable rules and committed financial and other resources in light of the Qualification Requirements and that none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification Requirements, the above-mentioned measures are currently sufficient to comply with the Qualification Requirements.

Foreign Investment Law

The Foreign Investment Law (外商投資法) (the "FIL"), approved by the second session of the 13th National People's Congress, and the Regulation on the Implementation of the Foreign Investment Law (外商投資法實施條例) (the "FIL Implementation Regulation"), promulgated by the State Council, have come into effect on 1 January 2020.

According to the FIL, the investment in China directly or indirectly by foreign natural persons, enterprises or other organisations ("Foreign Investors") is defined as foreign investment ("Foreign Investment"), which includes the following situations: (1) Foreign Investors alone or cooperate with other investors to establish foreign-invested enterprises; (2) Foreign Investors acquire shares, equities, property shares or other similar rights of Chinese domestic enterprises; (3) Foreign Investors alone or cooperate with other investors invest projects in China; (4) other means of investment prescribed by laws, administrative regulations and rules promulgated by the State Council. According to Jingtian & Gongcheng, our PRC legal advisers, the FIL and the FIL Implementation Regulation don't clearly stipulate whether the Structured Contracts are a form of Foreign Investment.

In accordance with the existing provisions of the FIL and the FIL Implementation Regulation and if the laws, administrative regulations and the State Council do not include the Structured Contracts as a form of Foreign Investment, the Structured Contracts will not be materially affected. However, in view of the provisions of the above-mentioned situation (4) of Foreign Investment in the FIL, it is not excluded that the Structured Contracts may be regarded as a form of Foreign Investment according to laws, administrative regulations or rules promulgated by the State Council in the future. In this regard, the Company cannot guarantee that the Structured Contracts and the operations of Fuzhou Tianmeng and Xinhan Liaokuo will not be materially and adversely affected by changes in PRC laws and regulations in the future.

Since the FIL and the FIL Implementation Regulation do not clarify whether the Structured Contracts are a form of Foreign Investment, the Company believes that it may not be appropriate at this stage to formulate specific measures to avoid the Structured Contracts being recognised as a form of Foreign Investment under the FIL. If the Structured Contracts is recognised as a form of Foreign Investment in the future, and there is no special provision for the Structured Contracts that allows Fuzhou Tianmeng and Xinhan Liaokuo, provided that certain conditions are met, to continue to carry out relevant foreign investment restricted or prohibited businesses, the Company might be requested to dispose of its interests in Fuzhou Tianmeng and Xinhan Liaokuo. The appropriate risk factors had already been disclosed in the paragraph headed "Risks And Limitations Relating To The New VIE Structure – There is no assurance that the contractual arrangements between Fuzhou Tianji and Fuzhou Tianmeng will be deemed to be in compliance with existing or future PRC laws and regulations" in the announcement of the Company dated 28 December 2018.

The Company confirms that if the Structured Contracts are required to be unwind or the Company is required to dispose of the interests in Fuzhou Tianmeng and Xinhan Liaokuo in the future, it can engage other domestic publishers with the due qualifications and licenses to operate its online games in the PRC, which may adversely affect the Group's operational and financial performance because engaging other domestic publishers may impose more costs to the Group. However, the Company expects that such adverse impact on the Group's operational and financial performance will not be material considering that (1) the revenue and assets attributable to the Structured Contracts are about 7.31% and 6.39% respectively, and (2) there is no legal obstacle for Fuzhou Tianmeng and Xinhan Liaokuo to transfer their respective assets to Fuzhou Tianji, Hainan Tianzhi or IGG Singapore, as the case maybe, a subsidiary of the Group.

During the year ended 31 December 2020, the Group has implemented the following measures to ensure the effective operation of the Structured Contracts and the Group's compliance with the Structured Contracts:

- major issues arising from the implementation and compliance with the Structured Contracts or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

- the Board will review the overall performance of and compliance with the Structured Contracts at least once a year;

- the Company will disclose the overall performance and compliance with the Structured Contracts in its annual/interim report to update the Shareholders and potential investors;

- the Directors will provide periodic updates in the annual/interim reports regarding the qualification requirements as stipulated under the FITE Regulations and the development of laws and regulations on foreign investment, including the latest relevant regulatory development as well as the plan and progress in acquiring the relevant experience to meet these qualification requirements; and

- the Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Structured Contracts, review the legal compliance of Fuzhou Tianji, Fuzhou Tianmeng, Hainan Tianzhi and Xinhan Liaokuo to deal with specific issues or matters arising from the Structured Contracts.

Confirmation of independent non-executive Directors

The independent non-executive Directors have reviewed the Structured Contracts (collectively referred to as the "Continuing Connected Transactions") and confirmed that during the year ended 31 December 2020:

(i) the Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Company;

(ii) as appropriate, the Continuing Connected Transactions are on normal commercial terms or, on terms no less favourable to the Company than terms available to or from Independent Third Parties; and

(iii) the Continuing Connected Transactions have been entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Confirmation of auditor of the Company

KPMG, the Company's auditor, were engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

After performing the procedure related to Continuing Connected Transactions, KPMG confirmed that:

a. nothing has come to their attention that causes them to believe that the Continuing Connected Transactions have not been approved by the Board.

b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

c. nothing has come to their attention that causes them to believe that the Continuing Connected Transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

d. nothing has come to their attention that causes them to believe that dividend or other distribution was made by Fuzhou Tianmeng and Xinhan Liaokuo to their respective equity holders.

KPMG have issued their letter containing their findings and conclusions in respect of the Continuing Connected Transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

EMPLOYEES

Emolument Policy

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the remuneration committee periodically.

The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. Details of Directors' remuneration and five individuals with highest emoluments are set out in notes 8 and 9 to the consolidated financial statements.

The Company has adopted the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Scheme to motivate and reward Directors and eligible employees. Details of the schemes are set out in the paragraphs headed "Pre-IPO Share Option Scheme", "Share Option Scheme" and "Share Award Scheme" in this report and note 23 to the consolidated financial statements. None of the directors waived any emoluments during the year ended 31 December 2020.

Pension Scheme

Particulars of the pension scheme of the Group are set out in note 22 to the consolidated financial statements.

Key Relationship

Employees are regarded as the most important and valuable assets of the Group. The objectives of the Group's human resource management are to: (i) reward and recognise performing staff by providing a fair, efficient and competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, (ii) build a sense of belongings among employees by offering them a better working environment, and (iii) promote career development and progression through offering on-job training to employees and providing opportunities within the Group for career advancement.

For further details, please refer to the section headed "Corporate Social Responsibility Report – 4 Caring for Employees" in this report.

MAJOR CUSTOMERS AND SUPPLIERS

The customers of the Group primarily consist of hundreds of millions of individual players and licensees of our games. The Group provides customer services for each of the games offered by the Group to cater to the needs of the players. The Group has also adopted various means to strengthen the communication between the players and the Group, including customer service support via live in-game chat, online support or email all year around. The five largest customers of the Group during the year ended 31 December 2020 only accounted for 0.3% of the Group's total revenue.

The Group's suppliers primarily include advertising service providers, payment service providers, licensors of games, and server, data center and bandwidth providers. The Group maintains sound relationships with these suppliers and receives professional and value-added services from them. Most of the key service providers have ongoing business relationship with the Group for years. The largest and five largest suppliers of the Group during the year ended 31 December 2020 accounted for 21.6% and 56.4% of the Group's total purchases respectively.

DIRECTORS' REPORT

So far as is known to the Directors, at no time during the year ended 31 December 2020 did a Director, his/her associate(s) or a Shareholder, which to the knowledge of the Director owns more than 5% of the Company's share capital have an interest in any of the Group's five largest customers and suppliers.

BANK LOAN AND OTHER BORROWINGS

The Group did not record any bank loans or other borrowings as at 31 December 2020.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands where the Company is incorporated applicable to the Company.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2020 as set out in the section headed "Management Discussion and Analysis – Business Review" in this annual report is expressly included in this report and forms part of this directors' report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group has engaged professional service firms for advices regarding compliance matters with various jurisdictions which the Group's subsidiaries operate, such as compliance with the Listing Rules and other regulatory requirements issued or required by the Stock Exchange and Securities and Futures Commission and the privacy and personal data protection laws. The Group also keeps a close watch on any new laws or regulatory changes.

During the year ended 31 December 2020 and up to the date of this report, the Group has complied with the relevant laws and regulations that have a significant impact on the Company.

BUSINESS RISKS AND RISK MANAGEMENT

The Board acknowledges its responsibility for the effectiveness of the risk management and internal control systems of the Group, which are designed to manage the risk of failure to achieve objectives and provide reasonable assurance against material misstatement or loss. When conducting business activities globally, the Group is exposed to a variety of key risks. Management team of the Group regularly monitors and updates risk profile and exposure and report to the audit committee regarding the effectiveness of the Group's system of internal control in mitigating risks.

Business Risk

The Group conducts business globally and faces business risks includes reputation risks, investment and acquisition risks, taxation risks and corporate responsibility and sustainability risks. The Board meets regularly and reviews the investment and expansion strategies, business plan, financial results, and key performance indicators of the Group to ensure that the business risks are controlled and managed, and potential risks can be identified.

Financial Risk

The Group has adopted financial risk management policies to control the Group's financial risk exposure, such as taxation risks, currency risks and financial reporting risks. Also, the Board monitors the financial results and key operating statistics with the assistance of the Group's internal financial reporting department on a monthly basis.

Compliance Risk

The Group has adopted internal procedures to monitor the Group's compliance risk to ensure that the Group's compliance with the laws and regulations in regions which the Group conducts business. In addition, the Group from time to time engages consulting firms and professional advisers to keep the Group updated with the latest development in the regulatory environments.

Operational Risk

The Group has adopted procedures to manage its operational risk exposures, such as human resources risks and IT governance risks. The Group monitors the overall employee turnover rate, degree of satisfaction, and IT system status on a monthly basis, and adopts countermeasures if any risk indicators arise.

ENVIRONMENTAL PROTECTION

The Group is committed to acting in an environmentally responsible manner. To encourage sustainable use of resources, the Group has adopted initiatives of reducing energy consumption and recycling consumables such as computer hardware, paper and other consumables.

The Group's business activities do not involve any significant industrial and environmental pollution since the Group is not engaged in any manufacturing activities. Currently, the Group does not foresee any industrial or environmental risk nor any issues for the Group to comply with environmental law or regulations. Nevertheless, the Group will remain alert to regulatory changes in countries where it is present.

Details of the environmental protection activities of the Group for the Year are set out in the section headed "Corporate Social Responsibility Report – 6 Green Operation".

DIRECTORS' REPORT

IMPORTANT EVENTS SINCE THE YEAR END

In February 2021, the Group entered into relevant agreements to acquire five floors of an office building. The total consideration was approximately US$20,177,000. The office premises are intended for the Group's own use.

As all the applicable percentage ratios of the acquisition are less than 5%, it is fully exempt from disclosure requirements under chapter 14 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the year ended 31 December 2020 and up to the date hereof.

AUDITOR

The consolidated financial statements for the financial year ended 31 December 2020 have been audited by KPMG who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Zongjian Cai
Chairman

Hong Kong, 4 March 2021

KPMG

Independent auditor's report to the shareholders of IGG Inc

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of IGG Inc ("the Company") and its subsidiaries ("the Group") set out on pages 107 to 190, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

<table>
<tr><th colspan="2">Revenue recognition and computation of deferred revenue</th></tr>
<tr><td colspan="2">Refer to notes 3, 4 and 25 to the consolidated financial statements and the accounting policies in note 2(q)(i).</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group generates revenue from its self-developed online games by operating the games under a free to play model while providing the players with the option to purchase Premium Gaming Resources for cash. Premium Gaming Resources are virtual items within the game that can be used to provide the players with additional abilities to enhance their game-playing experience. Players pay for Premium Gaming Resources using payment platforms such as Google Play, Apple App Store, Facebook Payments, major credit cards and PayPal. These third-party payment platforms are entitled to service fees which are withheld and deducted from the gross proceeds collected from the players, with the net amounts remitted to the Group.

Revenues from the Premium Gaming Resource are recognised ratably over the period the paying players are expected to benefit from an enhanced in-game experience associated with each purchase. The Group estimates the length of this period on a game-by-game basis. Management has arrived at this judgement after taking into account game profile, paying player behavior patterns, and the rights of the players within the games to benefit from the Premium Gaming Resources.</td><td>Our audit procedures to assess the recognition of revenue and computation of deferred revenue included the following:

• assessing the design, implementation and operating effectiveness of management's key internal controls over the completeness, existence, accuracy of revenue, with our internal information technology risk management specialists involved to assess the relevant general and automated information technology controls;

• inspecting the purchase patterns of the Premium Gaming Resource of the games which individually generate material amounts of revenue to the Group, and the terms of service provided to players by the Group, to understand the terms of the sale on Premium Gaming Resources, including the obligations of the Group derived from the sales of Premium Gaming Resources, and to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;

• assessing the assumptions and judgements made by the management for the length of the period on selected types of games, on a sample basis, by performing a retrospective review of the historical accuracy of these estimates;</td></tr>
</table>

Revenue recognition and computation of deferred revenue	
Refer to notes 3, 4 and 25 to the consolidated financial statements and the accounting policies in note 2(q)(i).	
The Key Audit Matter	**How the matter was addressed in our audit**
At each reporting date, the unamortised portion of income received in respect of Premium Gaming Resource is recognised as deferred revenue. We identified revenue recognition and the computation of deferred revenue as a key audit matter because revenue is one of the key performance indicators of the Group and because there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.	• obtaining monthly settlement statements sent by the payment platforms to the Group and the bank-in slips on a sample basis, comparing the settlement amounts on the statements to bank-in slips and reconciling the settlement amounts in the statements to the amounts recorded in the books and records of the Group, and assessing if the reconciling items have been accounted for in accordance with the requirements of the prevailing accounting standards; and • recalculating the Group's revenue and deferred revenue with reference to the major estimations and assumptions and comparing the results to the revenue and deferred revenue as at the end of the financial reporting period.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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. This report is made 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 HKSAs 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

– 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

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 Liu Hin Pan.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

4 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Revenue	4	**704,128**	667,648
Cost of revenue		**(212,448)**	(204,853)
Gross profit		**491,680**	462,795
Other net income	5	**131,363**	32,622
Selling and distribution expenses		**(185,124)**	(164,883)
Administrative expenses		**(46,244)**	(45,463)
Research and development expenses		**(88,912)**	(92,504)
Other operating expenses		**(3,031)**	(628)
Profit from operations		**299,732**	191,939
Finance costs	6(a)	**(447)**	(482)
Share of results of associates and joint ventures		**(2,310)**	(1,506)
Profit before taxation	6	**296,975**	189,951
Income tax expenses	7(a)	**(26,771)**	(25,169)
Profit for the year		**270,204**	164,782
Attributable to:			
Equity shareholders of the Company		**270,234**	164,794
Non-controlling interests		**(30)**	(12)
Profit for the year		**270,204**	164,782
Earnings per share (in US$ per share)	10		
Basic		**0.2223**	0.1319
Diluted		**0.2196**	0.1297

The notes on pages 114 to 190 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 26(b).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	2020 US$'000	2019 US$'000
Profit for the year	**270,204**	164,782
Other comprehensive income for the year, after tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**8,556**	(2,031)
Total comprehensive income for the year	**278,760**	162,751
Attributable to:		
Equity shareholders of the Company	**278,790**	162,763
Non-controlling interests	**(30)**	(12)
Total comprehensive income for the year	**278,760**	162,751

The notes on pages 114 to 190 form parts of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020 US$'000	2019 US$'000
Non-current assets			
Property, plant and equipment	11	**43,120**	43,256
Intangible assets	12	**2,048**	662
Other non-current assets	13	**19,783**	2,551
Interests in associates and joint ventures	15	**51,977**	4,415
Other financial assets	16	**162,600**	71,407
Deferred tax assets	24(b)	**259**	125
Total non-current assets		**279,787**	122,416
Current assets			
Inventories		**237**	318
Trade and other receivables	17	**13,723**	12,444
Funds receivable	18	**54,835**	33,762
Restricted deposits		**764**	505
Cash and cash equivalents	19	**280,236**	307,086
Total current assets		**349,795**	354,115
Current liabilities			
Trade and other payables	20	**42,982**	33,203
Lease liabilities	21	**4,944**	3,764
Tax payable	24(a)	**42,436**	31,615
Deferred revenue	25	**34,374**	25,212
Total current liabilities		**124,736**	93,794
Net current assets		**225,059**	260,321
Total assets less current liabilities		**504,846**	382,737

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	2020 US$'000	2019 US$'000
Non-current liabilities			
Lease liabilities	21	**6,533**	7,620
Deferred tax liabilities	24(b)	**673**	512
Total non-current liabilities		**7,206**	8,132
NET ASSETS		**497,640**	374,605
CAPITAL AND RESERVES			
Share capital	26(c)	**3**	3
Reserves		**497,667**	374,602
Total equity attributable to equity shareholders of the Company		**497,670**	374,605
Non-controlling interests		**(30)**	–
TOTAL EQUITY		**497,640**	374,605

Approved and authorised for issue by the board of directors on 4 March 2021.

Zongjian Cai
Director

Jessie Shen
Director

The notes on pages 114 to 190 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

		Attributable to equity shareholders of the Company											
	Note	Share capital (note 26(c)) US$'000	Share premium (note 26 (d)(i)) US$'000	Share-based payment reserve (note 26 (d)(ii)) US$'000	Shares held for share award scheme US$'000	Shares repurchased for cancellation US$'000	Statutory reserve US$'000	Other reserve (note 26 (d)(iv)) US$'000	Exchange reserve (note 26 (d)(iii)) US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 31 December 2019		3	24,377	9,722	(17,191)	(577)	88	3,452	(7,027)	361,758	374,605	–	374,605
Changes in equity for the year ended 31 December 2020:													
Profit for the year		–	–	–	–	–	–	–	–	270,234	270,234	(30)	270,204
Other comprehensive income		–	–	–	–	–	–	–	8,556	–	8,556	–	8,556
Total comprehensive income		–	–	–	–	–	–	–	8,556	270,234	278,790	(30)	278,760
Equity-settled share-based payment		–	–	3,177	–	–	–	–	–	–	3,177	–	3,177
Shares purchased for the share award scheme	26(c)	–	–	–	(3,095)	–	–	–	–	–	(3,095)	–	(3,095)
Repurchase of ordinary shares	26(c)	–	–	–	–	(50,179)	–	–	–	–	(50,179)	–	(50,179)
Cancellation of ordinary shares	26(c)	–*	(25,759)	–	–	44,094	–	–	–	(18,335)	–	–	–
Exercise of share options	26(c)	–*	862	(313)	–	–	–	–	–	–	549	–	549
Vesting of awarded shares	26(c)	–	520	(3,148)	2,628	–	–	–	–	–	–	–	–
Dividends received for share award scheme		–	–	–	–	–	–	1,795	–	–	1,795	–	1,795
2019 second interim dividend paid	26(b)(ii)	–	–	–	–	–	–	–	–	(28,314)	(28,314)	–	(28,314)
2020 first interim dividend and special dividend paid	26(b)(i)	–	–	–	–	–	–	–	–	(79,658)	(79,658)	–	(79,658)
Balance at 31 December 2020		3	–	9,438	(17,658)	(6,662)	88	5,247	1,529	505,685	497,670	(30)	497,640

* These amounts represent amounts less than US$1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Note	Attributable to equity shareholders of the Company											
		Share capital (note 26(c)) US$'000	Share premium (note 26 (d)(i)) US$'000	Share-based payment reserve (note 26 (d)(ii)) US$'000	Shares held for share award scheme US$'000	Shares repurchased for cancellation US$'000	Statutory reserve US$'000	Other reserve (note 26 (d)(iv)) US$'000	Exchange reserve (note 26 (d)(iii)) US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 31 December 2018		3	52,985	9,348	(19,948)	(2,682)	88	2,454	(4,996)	245,351	282,603	(1,221)	281,382
Changes in equity for the year ended 31 December 2019:													
Profit for the year		–	–	–	–	–	–	–	–	164,794	164,794	(12)	164,782
Other comprehensive income		–	–	–	–	–	–	–	(2,031)	–	(2,031)	–	(2,031)
Total comprehensive income		–	–	–	–	–	–	–	(2,031)	164,794	162,763	(12)	162,751
Liquidation of a subsidiary		–	–	–	–	–	–	–	–	–	–	1,233	1,233
Equity-settled share-based payment		–	–	3,910	–	–	–	–	–	–	3,910	–	3,910
Shares purchased for the share award scheme	26(c)	–	–	–	(508)	–	–	–	–	–	(508)	–	(508)
Repurchase of ordinary shares	26(c)	–	–	–	–	(27,042)	–	–	–	–	(27,042)	–	(27,042)
Cancellation of ordinary shares	26(c)	–*	(29,147)	–	–	29,147	–	–	–	–	–	–	–
Exercise of share options	26(c)	–*	403	(135)	–	–	–	–	–	–	268	–	268
Vesting of awarded shares	26(c)	–	136	(3,401)	3,265	–	–	–	–	–	–	–	–
Dividends received for share award scheme		–	–	–	–	–	–	998	–	–	998	–	998
2018 second interim dividend paid	26(b)(ii)	–	–	–	–	–	–	–	–	(27,251)	(27,251)	–	(27,251)
2019 first interim dividend paid	26(b)(i)	–	–	–	–	–	–	–	–	(21,136)	(21,136)	–	(21,136)
Balance at 31 December 2019		3	24,377	9,722	(17,191)	(577)	88	3,452	(7,027)	361,758	374,605	–	374,605

* These amounts represent amounts less than US$1,000.

The notes on pages 114 to 190 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020

	Note	2020 US$'000	2019 US$'000
Operating activities			
Cash generated from operations	19(b)	**178,096**	153,932
Income tax paid		**(12,167)**	(30,277)
Interest received		**1,785**	3,287
Net cash generated from operating activities		**167,714**	126,942
Investing activities			
Payment for the purchases of property, plant and equipment and intangible assets		**(4,310)**	(5,143)
Prepayment for the acquisition of land use rights		**(16,342)**	–
Dividends received from unquoted equity investments		**2,150**	700
Proceeds from disposal of property, plant and equipment		**18**	23
Payments for acquisitions of other financial assets		**(8,400)**	(2,200)
Proceeds from disposal of other financial assets		**43,102**	–
Net cash paid for a business combination		**–**	(22,543)
Investments in associates and joint ventures		**(50,127)**	–
Net cash used in investing activities		**(33,909)**	(29,163)
Financing activities			
Capital element of lease rentals paid	19(c)	**(3,799)**	(2,943)
Interest element of lease rentals paid	19(c)	**(447)**	(482)
Dividends paid		**(106,177)**	(47,389)
Payments for repurchase of shares		**(50,179)**	(27,042)
Payments for purchase of shares for share award scheme		**(3,095)**	(508)
Proceeds from exercise of share options	26	**549**	268
Net cash used in financing activities		**(163,148)**	(78,096)
Net change in cash and cash equivalents		**(29,343)**	19,683
Cash and cash equivalents at 1 January	19(a)	**307,086**	287,547
Effect of foreign exchange rate changes		**2,493**	(144)
Cash and cash equivalents at 31 December	19(a)	**280,236**	307,086

The notes on pages 114 to 190 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in US dollars unless otherwise indicated)

1 CORPORATE AND GROUP INFORMATION

IGG Inc (the "Company") was incorporated in the Cayman Islands on 16 August 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered address of the Company is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The shares of the Company were listed on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 October 2013. The shares of the Company were transferred to the Main Board of the Stock Exchange on 7 July 2015.

The principal activity of the Company is investment holding. The Group was principally engaged in the development and operation of online games in the international market. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors of the Company, as of the date of this report, there were no controlling shareholders for the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards and International Accounting Standards ("IASs") issued by the International Accounting Standard Board ("IASB"). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

The Group currently is operating its online games business in Mainland China through Fuzhou Skyunion Digital Co., Ltd. ("Fuzhou Tianmeng"), and Hainan Xinhan Liaokuo Network Technology Co., Ltd. ("Hainan Xinhan Liaokuo"), structured entities.

In November 2007, certain structured contracts ("Previous Structured Contracts") became effective among Fuzhou Tianmeng, Fuzhou TJ Digital Entertainment Co., Ltd. ("Fuzhou Tianji"), Mr. Zongjian Cai and Mr. Yuan Chi (the "Original Registered Holders") who were the former legal shareholders of Fuzhou Tianmeng and also the core founders of the Company.

The Previous Structured Contracts provided the Group through Fuzhou Tianji with effective control over Fuzhou Tianmeng. In particular, Fuzhou Tianji undertook to provide Fuzhou Tianmeng with certain technical services as required to support their operations. In return, the Group was entitled to substantially all of the operating profits and residual benefits generated by Fuzhou Tianmeng through intercompany charges levied on these services rendered. The Original Registered Holders were also required to transfer their interests in Fuzhou Tianmeng to the Group or the Group's designee upon a request made by the Group when permitted by the PRC laws for a consideration, as permitted under the PRC laws. The ownership interests in Fuzhou Tianmeng had also been pledged by the Original Registered Holders to the Group in respect of the continuing obligations of Fuzhou Tianmeng. Fuzhou Tianji intent continuously to provide to or assist Fuzhou Tianmeng in obtaining financial support when deemed necessary. Accordingly, the Group had rights to variable returns from its involvement with Fuzhou Tianmeng and had the ability to affect those returns through its power over Fuzhou Tianmeng.

On 28 December 2018, Mr. Zongjian Cai and Mr. Yuan Chi transferred their shareholdings in Fuzhou Tianmeng respectively to Mr. Deyang Zheng and Mr. Chengfeng Luo (the "Fuzhou Tianmeng Registered Holders"). On the same day, a series of new structured contracts ("Fuzhou Tianmeng Structured Contracts") became effective among Fuzhou Tianmeng, Fuzhou Tianji and the Fuzhou Tianmeng Registered Holders. The Fuzhou Tianmeng Structured Contracts are substantially on the same terms as the Previous Structured Contracts except for the identity of the registered holders. The Fuzhou Tianmeng Structured Contracts also provide the Group with the rights to variable returns from its involvement with Fuzhou Tianmeng. The change of registered holders does not affect the Group's control over Fuzhou Tianmeng.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

In October 2020, certain structured contracts ("Xinhan Liaokuo Structured Contracts") became effective among Hainan Xinhan Liaokuo, Hainan Tianzhi Network Technology Co., Ltd. ("Hainan Tianzhi"), Mr. Deyang Zheng and Mr. Chengfeng Luo (the "Xinhan Liaokuo Registered Holders") who were the legal shareholders of Hainan Xinhan Liaokuo.

The Xinhan Liaokuo Structured Contracts provided the Group through Hainan Tianzhi with effective control over Hainan Xinhan Liaokuo. In particular, Hainan Tianzhi undertook to provide Hainan Xinhan Liaokuo with certain technical services as required to support their operations. In return, the Group was entitled to substantially all of the operating profits and residual benefits generated by Hainan Xinhan Liaokuo through intercompany charges levied on these services rendered. The Xinhan Liaokuo Registered Holders were also required to transfer their interests in Hainan Xinhan Liaokuo to the Group or the Group's designee upon a request made by the Group when permitted by the PRC laws for a consideration, as permitted under the PRC laws. The ownership interests in Hainan Xinhan Liaokuo had also been pledged by the Xinhan Liaokuo Registered Holders to the Group in respect of the continuing obligations of Hainan Xinhan Liaokuo. Hainan Tianzhi intent continuously to provide to or assist Hainan Xinhan Liaokuo in obtaining financial support when deemed necessary. Accordingly, the Group had rights to variable returns from its involvement with Hainan Xinhan Liaokuo and had the ability to affect those returns through its power over Hainan Xinhan Liaokuo.

As a result, Fuzhou Tianmeng and Hainan Xinhan Liaokuo were accounted for as subsidiaries of the Company.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments which have been measured at fair value.

The functional currency of the Company is US Dollars ("US$"). These financial statements are presented in United States Dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*
- Amendments to IFRS 16, *COVID-19-Related Rent Concessions*
- Revised Conceptual framework of financial reporting

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has applied the amendment to IFRS 16, *COVID-19-Related Rent Concessions*, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

Amendment to IFRS 16, COVID-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 11(b)). There is no impact on the opening balance of equity at 1 January 2020.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)) or, when appropriate, the cost on initial recognition of investments in associates or joint ventures (see note 2(e)).

In the Company's statement of financial position, investments in subsidiaries are accounted under the equity method.

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 2(j)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(f)).

In the Company's statement of financial position, investments in associates and joint ventures are accounted under equity method.

(f) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27(f). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(q)(iii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in debt and equity securities (Continued)

(i) Investments other than equity investments (Continued)

- fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(q)(ii).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(j)(ii)):

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Freehold land is not depreciated	
Fine arts are not depreciated	
Buildings	depreciation rate of 3%
Right-of-use assets: office premises	2 – 8 years
Leasehold improvements	The lease terms
Computer equipment	3 years
Office equipment and furniture	3 years
Motor vehicles	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Because of the nature of the Group's research and development activities, the criteria for the recognition of such costs as an asset are generally not met until late in the development stage of the project when the remaining development costs are immaterial. Hence both research costs and development costs are generally recognised as expenses in the period in which they are incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(j)(ii)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Intangible assets (Continued)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Licenses	License period
–	Trademarks and domain names, software and copyright	3 – 5 years

Both the period and method of amortisation are reviewed annually.

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Leased assets (Continued)

As a lessee (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)(ii)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

The Group presents right-of-use assets in 'property, plant and equipment' and presents lease liabilities separately in the statement of financial position.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables and funds receivable).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

Loss allowances for trade receivables and funds receivable are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(i) Credit losses from financial instruments (Continued)

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– intangible assets; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Credit losses and impairment of assets (Continued)

(ii) Impairment of other non-current assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rule Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and 2(j)(ii)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(j)(i)).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in note 2(j)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Employee benefits

(i) Defined contribution retirement plans

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in various jurisdictions where the Group's subsidiaries operate are recognised as an expense in profit or loss as incurred.

The Group's subsidiaries participate in several defined contribution retirement benefit schemes organised by local government authorities whereby the Group is required to make contributions to at applicable rates of the eligible employees' salaries. The Group's liability in respect of these plans is limited to the contributions payable at the end of each reporting period.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to be vested is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based payment reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained earnings).

As disclosed in note 23 to the financial statements, the Group has set up the Share Award Scheme Trust for the share award scheme, where the Share Award Scheme Trust purchases shares issued by the Group. The consideration paid by the Company, including any directly attributable incremental costs, is presented as "Shares held for share award scheme" and deducted from the Group's equity.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled. Revenue excludes value added tax and is after deduction of any chargebacks.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Revenue and other income (Continued)

(i) Online game revenue

The Group primarily operates its online games under free to play model. Players can purchase Premium Gaming Resource (e.g. virtual items) to enhance their game-playing experience. Players can pay for Premium Gaming Resource using different payment platforms such as Google Play, Apple App Store, Facebook Payments, certain credit cards and PayPal. These third-party payment platforms are entitled to service fees which are withheld and deducted from the gross proceeds collected from the players, with the net amounts remitted to the Group. These service fees are commonly referred to as channel costs. The Group recognises revenue on a gross basis given it is the principal in these transactions, and records the channel cost under cost of revenue in the consolidated statement of profit or loss.

Revenues from the Premium Gaming Resource are recognised ratably over the period the paying players are expected to benefit from an enhanced in-game experience associated with each purchase. At each reporting date, the unamortised portion of income received in respect of Premium Gaming Resource is recognised as deferred revenue.

(ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(iii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

(iv) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Translation of foreign currencies

These financial statements are presented in United States Dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associates are currencies other than the United States dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into United States dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into United States dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into United States dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into United States dollars at the weighted average exchange rates for the year.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's geographical locations.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

Estimation of the length of period customers are expected to benefit from Premium Gaming Resource

The Group estimates the period on a game-by-game basis and reassess such periods semi-annually. Revenue from the sales of Premium Gaming Resource is recognised ratably over the period the players are expected to benefit from the enhanced in-game experience associated with each purchase. This period is currently estimated to be one month from the time that the player pays the payment platform to purchase non-refundable game credits. Management has arrived at this judgement after taking into account paying player behavior patterns, and the rights of the players within the games to benefit from the Premium Gaming Resource. Future paying player behaviour patterns may differ from the historical patterns and therefore the estimated length of the period may change in the future.

4 REVENUE AND OPERATING SEGMENT INFORMATION

The Group was principally engaged in the development and operation of online games in the international market.

For the year ended 31 December 2020, substantially all revenue is generated from online games and recognised over time. All revenue generated from the Group's business is within the scope of IFRS 15.

The Group's customer base was diversified and no customer had transactions with the Group exceeding 10% of the Group's revenue during the financial periods presented.

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is US$34,374,000 (2019: US$25,212,000), and the Group will recognise this revenue in 2021.

4 REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain separate profit or loss information for the development and operation of online games and the directors reviewed the financial results of the Group as a whole reported under IFRSs. Therefore, no further information about the operating segment is presented.

Geographical information

The following tables set out information about the geographical locations of the Group's revenue from external customers and the Group's property, plant and equipment ("specified non-current assets"). For online game revenue, the geographical locations of customers are based on the Internet Protocol locations of the game players. The geographical locations of the specified non-current assets are based on the physical locations of the assets:

Revenue by geographical regions

	2020	2019
	US$'000	US$'000
Asia	**276,973**	286,501
North America	**218,827**	175,091
Europe	**160,871**	167,772
Others	**47,457**	38,284
	704,128	667,648

4 REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

Specified non-current assets

	2020 US$'000	2019 US$'000
Asia	**15,261**	15,773
North America	**4,156**	4,973
Europe	**23,681**	22,330
Others	**22**	180
	43,120	43,256

5 OTHER NET INCOME

	2020 US$'000	2019 US$'000
Gain on disposal of other financial assets*	**32,152**	–
Government grants**	**3,345**	2,861
Dividend income	**2,150**	700
Bank interest income	**1,785**	3,287
Exchange (loss)/gain	**(772)**	132
Fair value gain on investments	**92,491**	25,652
Others	**212**	(10)
	131,363	32,622

* During the year ended 31 December 2020, the Group disposed 8,413,000 shares of XD Inc. and realised a gain on disposal of approximately US$32,152,000.

** Government grants mainly included rewards for enterprises in cultural industry for subsidiaries in mainland China and cash grants to employers under Jobs Support Scheme of Singapore Government. There are no unfulfilled conditions or contingencies relating to the grants.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2020 US$'000	2019 US$'000
(a) Finance costs		
Interest on lease liabilities (note 19(c))	**447**	482

	2020 US$'000	2019 US$'000
(b) Staff costs		
Salaries, wages and other benefits	**74,789**	65,073
Equity-settled share-based payment expenses	**3,177**	3,910
Contributions to defined contribution retirement plan	**2,268**	2,441
	80,234	71,424

	2020 US$'000	2019 US$'000
(c) Other items		
Channel cost	**196,188**	186,494
Amortisation	**669**	429
Depreciation charge (note 11)		
– owned property, plant and equipment	**4,411**	3,445
– right-of-use assets	**3,882**	3,396
Impairment loss on interests in an associate	**2,087**	–
(Reversal)/provision of impairment loss for trade and other receivables and funds receivable	**(12)**	2
Net foreign exchange loss/(gain)	**772**	(132)
Fair value gain on investments	**(92,491)**	(25,652)
Auditors' remuneration		
– audit services	**254**	180
– interim review services	**180**	160
– tax services	**31**	30
Loss on disposal of property, plant and equipment	**19**	22

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2020 US$'000	2019 US$'000
Current tax		
Provision for the year	**26,744**	25,281
Over-provision in respect of prior years	**–**	(146)
	26,744	25,135
Deferred tax (note 24(b))		
Origination and reversal of temporary differences	**27**	34
	26,771	25,169

Taxation for subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

7 INCOME TAX (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2020	2019
	US$'000	US$'000
Profit before taxation	**296,975**	189,951
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**40,067**	37,843
Tax effect of non-deductible expenses	**2,016**	772
Tax effect of non-taxable income	**(2,925)**	(1,874)
Tax effect of unused tax losses not recognised	**1,388**	1,096
Tax losses utilised	**(496)**	–
Statutory tax concession	**(10,941)**	(10,891)
Over-provision in prior years	**–**	(146)
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	**(2,338)**	(1,631)
Actual tax expenses	**26,771**	25,169

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax.

IGG Singapore Pte. Ltd. is subject to the prevailing corporate tax rate of 17% in Singapore and is entitled to a preferential tax rate of 10.5% on qualifying income derived during the year ended 31 December 2020 (2019: 10%).

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Retirement scheme contributions US$'000	Sub-Total US$'000	Equity-settled share-based payment (note) US$'000	2020 Total US$'000
Executive directors							
Mr. Zongjian Cai*	64	514	115	2	695	–	695
Mr. Yuan Xu	64	407	654	9	1,134	–	1,134
Mr. Hong Zhang	64	340	667	9	1,080	–	1,080
Ms. Jessie Shen	64	341	582	–	987	–	987
Mr. Feng Chen	39	105	136	1	281	–	281
Non-executive director							
Mr. Yuan Chi	64	–	–	–	64	–	64
Independent non-executive directors							
Dr. Horn Kee Leong	55	–	–	–	55	49	104
Mr. Dajian Yu	30	–	–	–	30	49	79
Ms. Zhao Lu	30	–	–	–	30	49	79
	474	1,707	2,154	21	4,356	147	4,503

8 DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees US$'000	Salaries, allowances and benefits in kind US$'000	Discretionary bonuses US$'000	Retirement scheme contributions US$'000	Sub-Total US$'000	Equity-settled share-based payment (note) US$'000	2019 Total US$'000
Executive directors							
Mr. Zongjian Cai*	64	509	148	2	723	1	724
Mr. Yuan Xu	64	414	392	8	878	1	879
Mr. Hong Zhang	64	351	400	8	823	1	824
Ms. Jessie Shen	64	355	337	–	756	–#	756
Mr. Feng Chen	21	41	5	2	69	–#	69
Non-executive director							
Mr. Yuan Chi	64	–	–	–	64	1	65
Independent non-executive directors							
Dr. Horn Kee Leong	55	–	–	–	55	44	99
Mr. Dajian Yu	30	–	–	–	30	44	74
Ms. Zhao Lu	30	–	–	–	30	44	74
	456	1,670	1,282	20	3,428	136	3,564

* Mr. Zongjian Cai is the chief executive officer of the Group.

\# These amounts represent amounts less than US$1,000.

Note: These represent the estimated value of share options and awarded shares granted to the directors under the Company's share option scheme and share award scheme. The value of these share options and awarded shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(n)(ii).

The details of these benefits in kind, including the principal terms and number of options and shares granted, are disclosed under the paragraph "Share option scheme" and the paragraph "Share award scheme" in the directors' report and note 23.

No director received any emolument from the Group as an inducement to join or leave the Group or compensation for loss of office. No director waived or has agreed to waive any emolument during the years ended 31 December 2020 and 2019.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, 4 (2019: 4) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other 1 (2019: 1) individual are as follows:

	2020	2019
	US$'000	US$'000
Salaries and other emoluments	**614**	612
Discretionary bonuses	**330**	497
Share-based payments	**–**	1
Retirement scheme contributions	**9**	8
	953	1,118

The emoluments of the 1 (2019: 1) individual with the highest emoluments are within the following bands:

	2020	2019
	Number of individuals	Number of individuals
HK$7,000,001 – HK$7,500,000	**1**	–
HK$8,500,001 – HK$9,000,000	**–**	1
	1	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of US$270,234,000 (2019: US$164,794,000) and the weighted average of 1,215,522,000 ordinary shares (2019: 1,249,353,000 ordinary shares) in issue during the year calculated as follows.

Weighted average number of ordinary shares:

	2020	2019
	'000	'000
Issued ordinary shares at 1 January	**1,247,920**	1,281,622
Effect of share award scheme	**(19,781)**	(20,860)
Effect of shares options exercised	**1,992**	1,530
Effect of repurchase of ordinary shares	**(14,609)**	(12,939)
Weighted average number of ordinary shares at 31 December	**1,215,522**	1,249,353

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of US$270,234,000 (2019: US$164,794,000) and the weighted average number of ordinary shares of 1,230,624,000 shares (2019: 1,270,887,000 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted):

	2020	2019
	'000	'000
Weighted average number of ordinary shares at 31 December	**1,215,522**	1,249,353
Effect of deemed issue of shares under the Company's share option scheme	**11,531**	14,227
Effect of deemed issue of shares under the Company's share award scheme	**3,571**	7,307
Weighted average number of ordinary shares (diluted) at 31 December	**1,230,624**	1,270,887

11 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Freehold land US$'000	Buildings US$'000	Right-of-use assets US$'000	Leasehold improvements US$'000	Computer equipment US$'000	Office equipment and furniture US$'000	Motor vehicles US$'000	Fine arts US$'000	Total US$'000
Cost:									
At 1 January 2019	–	–	12,514	8,042	7,854	1,228	476	–	30,114
Exchange adjustments	(19)	(78)	72	(85)	(27)	(10)	(6)	(9)	(162)
Business combination	3,940	18,136	–	–	2	191	–	462	22,731
Additions	–	–	1,543	2,523	1,787	292	36	–	6,181
Disposals	–	–	–	(9)	(406)	(63)	(79)	–	(557)
At 31 December 2019	3,921	18,058	14,129	10,471	9,210	1,638	427	453	58,307
Exchange adjustments	384	1,533	606	523	252	86	30	44	3,458
Additions	–	–	3,722	166	1,651	202	126	–	5,867
Disposals	–	–	(773)	(357)	(521)	(52)	(73)	–	(1,776)
At 31 December 2020	4,305	19,591	17,684	10,803	10,592	1,874	510	497	65,856

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Reconciliation of carrying amount (Continued)

	Freehold land US$'000	Buildings US$'000	Right-of-use assets US$'000	Leasehold improvements US$'000	Computer equipment US$'000	Office equipment and furniture US$'000	Motor vehicles US$'000	Fine arts US$'000	Total US$'000
Accumulated depreciation:									
At 1 January 2019	–	–	–	2,706	4,991	832	250	–	8,779
Exchange adjustments	–	–	–	(34)	(25)	(9)	(2)	–	(70)
Business combination	–	–	–	–	–	13	–	–	13
Charge for the year	–	271	3,396	1,371	1,497	230	76	–	6,841
Written back on disposals	–	–	–	(6)	(381)	(50)	(75)	–	(512)
At 31 December 2019	–	271	3,396	4,037	6,082	1,016	249	–	15,051
Exchange adjustments	–	70	272	305	172	56	16	–	891
Charge for the year	–	541	3,882	1,933	1,622	235	80	–	8,293
Written back on disposals	–	–	(574)	(354)	(471)	(31)	(69)	–	(1,499)
At 31 December 2020	–	882	6,976	5,921	7,405	1,276	276	–	22,736
Net book value:									
At 31 December 2020	4,305	18,709	10,708	4,882	3,187	598	234	497	43,120
At 31 December 2019	3,921	17,787	10,733	6,434	3,128	622	178	453	43,256

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2020	2019
	US$'000	US$'000
Properties leased for own use, carried at depreciated cost	**10,708**	10,733

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2020	2019
	US$'000	US$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**3,882**	3,396
Interest on lease liabilities (note 6(a))	**447**	482
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**401**	258
COVID-19-related rent concessions received	**(37)**	–

During the year, additions to right-of-use assets were US$3,722,000 (2019: US$1,543,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(d) and 21, respectively.

As disclosed in note 2(c), the Group has early adopted the Amendment to IFRS 16, *Leases*, *COVID-19-Related Rent Concessions*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the period.

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Right-of-use assets (Continued)

The Group has obtained the right to use certain properties as its office premises through tenancy agreements. The leases typically run for an initial period of 2 to 8 years. Except for those fixed lease payments, other lease payments are usually increased every 1 to 3 years to reflect market rentals.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

	Lease liabilities recognised (discounted)		Potential future lease payments under extension options not included in lease liabilities (undiscounted)	
	2020	2019	**2020**	2019
	US$'000	US$'000	**US$'000**	US$'000
Office premises	**1,085**	1,517	**1,435**	1,435

During the years ended 31 December 2020 and 2019, none of the leases contain variable lease payment terms.

12 INTANGIBLE ASSETS

	Trademarks and domain names US$'000	Software US$'000	Copyright US$'000	Licenses US$'000	Total US$'000
Cost:					
At 1 January 2019	1,445	1,713	1,441	928	5,527
Exchange adjustments	(1)	(9)	(3)	–	(13)
Additions	1	631	–	–	632
At 31 December 2019	1,445	2,335	1,438	928	6,146
Exchange adjustments	5	121	12	–	138
Additions	–	668	1,346	–	2,014
Disposals	–	(105)	–	–	(105)
At 31 December 2020	1,450	3,019	2,796	928	8,193
Accumulated amortisation:					
At 1 January 2019	1,442	1,258	1,438	928	5,066
Exchange adjustments	(1)	(7)	(3)	–	(11)
Charge for the year	3	423	3	–	429
At 31 December 2019	1,444	1,674	1,438	928	5,484
Exchange adjustments	5	80	11	–	96
Charge for the year	1	593	75	–	669
Written back on disposals	–	(104)	–	–	(104)
At 31 December 2020	1,450	2,243	1,524	928	6,145
Net book value:					
At 31 December 2020	–	776	1,272	–	2,048
At 31 December 2019	1	661	–	–	662

13 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent prepayment for acquisition of land use rights, housing loans to employees and rental deposits. Loans to employees and rental deposits were expected to be collected beyond one year.

On 15 September 2020, Fuzhou Tianping Digital Technology Co., Ltd. ("Fuzhou Tianping"), an indirect wholly-owned subsidiary of the Company, entered into a land use rights assignment contract with Fuzhou Natural Resources and Planning Bureau in respect of the acquisition of land use rights of a land which is located at Jin'an District, Fuzhou, the PRC, at a consideration of RMB201,000,000 (equivalent to approximately US$29,466,600).

By 31 December 2020, the first instalment of RMB100,500,000 (equivalent to approximately US$15,403,000) and deed tax of RMB6,130,500 (equivalent to approximately US$939,000) had been paid by Fuzhou Tianping to Fuzhou Natural Resources and Planning Bureau and Fuzhou Tax Service, State Taxation Administration, respectively.

(Expressed in US dollars unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Name of company	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest		Principal activities
			Direct	Indirect	
IGG Singapore Pte. Ltd. ("IGG Singapore")	Singapore	1,500,000 shares of S$1 each	100%	–	Research and development of games, operation and licensing of online games globally
Fuzhou Tianji*	PRC	US$100,000,000	–	100%	Research and development of games and provision of global customer support services
Fuzhou Tianmeng**	PRC	RMB10,000,000	–	100%#	Research and development of games, operation of licensed online game in Mainland China and provision of customer support services
Fuzhou Tianlong Digital Technology Co., Ltd.*	PRC	US$50,000,000	–	100%	Investment holding and research and development of games
Skylines Investment Holdings Pte. Ltd.	Singapore	8,000,000 shares of US$1 each	100%	–	Investment holding

* Registered as a wholly-foreign-owned enterprise under the law of the PRC.

** Registered as a limited liability company under the law of the PRC.

\# Fuzhou Tianmeng was legally owned by the Fuzhou Tianmeng Registered Holders. Fuzhou Tianji entered into the Fuzhou Tianmeng Structured Contracts with Fuzhou Tianmeng and the Fuzhou Tianmeng Registered Holders. As a result of the contractual arrangements, Fuzhou Tianmeng was ultimately controlled by Fuzhou Tianji, which is a wholly-owned subsidiary of the Company.

15 INTERESTS IN ASSOCIATES AND JOINT VENTURES

(a) Interest in associates

Aggregate information of associates that are not individually material:

	2020 US$'000	2019 US$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**48,582**	2,666
Aggregate amounts of the Group's shares of these associates' losses	**(1,718)**	(923)

	2020 US$'000	2019 US$'000
At 1 January	**2,666**	3,589
Additions[1]	**47,999**	–
Transfer from other financial assets[2]	**448**	–
Share of results of associates	**(1,718)**	(923)
Impairment loss on interests in an associate[3]	**(2,087)**	–
Currency translation differences	**1,274**	–
At 31 December	**48,582**	2,666

Note:

1 For the year ended 31 December 2020, the Group acquired 27 associates with an aggregate amount of approximately US$47,999,000. These associates are principally engaged in online gaming business.

2 For the year ended 31 December 2020, certain unquoted equity investments of approximately US$448,000 were transferred to interests in associates due to additional investments and acquiring board representatives.

3 Both external and internal sources of information of associates are considered in assessing whether there is any indication that the investment may be impaired, including but not limited to financial position and business performance.

As at 31 December 2020, one of the Group's associates was going into liquidation and the recoverable amount of the investment was nil. An impairment loss of US$2,087,000 was recognised in "Other operating expenses" during the year.

15 INTERESTS IN ASSOCIATES AND JOINT VENTURES (continued)

(b) Interest in joint ventures

Aggregate information of joint ventures that are not individually material:

	2020 US$'000	2019 US$'000
Aggregate carrying amount of individually immaterial ventures in the consolidated financial statements	**3,395**	1,749
Aggregate amounts of the Group's shares of these joint ventures' losses	**(592)**	(583)

	2020 US$'000	2019 US$'000
At 1 January	**1,749**	2,360
Additions	**2,128**	–
Share of results of joint ventures	**(592)**	(583)
Currency translation differences	**110**	(28)
At 31 December	**3,395**	1,749

16 OTHER FINANCIAL ASSETS

	2020 US$'000	2019 US$'000
Financial assets measured at FVPL		
– Equity securities listed in Hong Kong[1]	**98,106**	53,805
– Unquoted equity investments[2]	**64,494**	16,602
– Convertible promissory notes	**–**	1,000
	162,600	71,407

Note:

1 The equity securities listed in Hong Kong represented the Group's equity investment in XD Inc., a company listed on the Stock Exchange and principally engaged in the development and operation of games in the PRC and overseas. As at 31 December 2020, the Group's equity interests in this company are approximately 3.58% of the issued share capital of XD Inc. (31 December 2019: 5.81%). The unrealised gain on change in fair value of the investment was approximately US$53,560,000 (2019: US$22,499,000). No dividends were received on this investment for the year ended 31 December 2020 (2019: nil).

2 Unquoted equity investments included the Group's equity investments in certain non-listed internet companies and several private equity funds which are principally engaged in investment holding of entities in the mobile internet, media, telecommunication and other innovative technologies sectors.

17 TRADE AND OTHER RECEIVABLES

	2020 US$'000	2019 US$'000
Trade receivables, net of loss allowance	**1,384**	1,171
Prepayments	**8,648**	7,010
Deposits	**264**	240
Other receivables	**3,427**	4,023
	13,723	12,444

Trade receivables were all from third-party customers. The Group's trading terms with its customers are mainly cash settlement, except for well-established corporate customers in the online game joint operation business, for which the credit term is generally one to six months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management team. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

As of the end of the reporting period, the ageing analysis of trade debtors and net of loss allowance, based on the invoice date, is as follows:

	2020 US$'000	2019 US$'000
Within 3 months	**1,182**	672
3 to 6 months	**–**	464
Over 6 months but within 1 year	**202**	35
	1,384	1,171

Generally, trade debtors are due within 6 months from the date of billing. Further details on the Group's credit policy and credit risk arising from trade debtors and bills receivable are set out in note 27(a).

18 FUNDS RECEIVABLE

Funds receivable represent balances due from third-party payment service providers for the cash collected from game players that purchased the Premium Gaming Resource. The Company carefully considers and monitors the creditworthiness of the third-party payment service providers.

As at 31 December 2020, all the funds receivable were aged within three months and US$40,000 of loss allowance was provided for the funds receivable (31 December 2019: US$24,000). Further details on the Group's credit policy and credit risk arising from funds receivable are set out in note 27(a).

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2020	2019
	US$'000	US$'000
Cash at bank and on hand	**268,709**	296,783
Deposits with other financial institutions	**11,527**	10,303
Cash and cash equivalents in the consolidated cash flow statement	**280,236**	307,086

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2020 US$'000	2019 US$'000
Profit before taxation		**296,975**	189,951
Adjustments for:			
Gain on disposal of other financial assets	5	**(32,152)**	–
Share of results of associates and joint ventures	15	**2,310**	1,506
Impairment loss on interests in an associate	15(a)	**2,087**	–
Loss on disposal of items of property, plant and equipment	6(c)	**19**	22
Depreciation	6(c)	**8,293**	6,841
Amortisation of intangible assets	6(c)	**669**	429
Dividend income	5	**(2,150)**	(700)
Interest income	5	**(1,785)**	(3,287)
Finance costs	6(a)	**447**	482
Equity-settled share-based payment expenses	6(b)	**3,177**	3,910
Fair value gain on investments	5	**(92,491)**	(25,652)
(Reversal)/provision of impairment loss on trade and other receivables and funds receivable	6(c)	**(12)**	2
COVID-19-related rent concessions received	11(b)	**(37)**	–
Changes in working capital:			
Decrease/(increase) in inventories		**81**	(38)
Increase in funds receivable		**(24,766)**	(986)
Increase in restricted deposits		**(259)**	(505)
Increase in trade and other receivables		**(366)**	(2,476)
Increase/(decrease) in trade and other payables		**9,784**	(8,846)
Increase/(decrease) in deferred revenue		**9,162**	(6,352)
Increase in other non-current assets		**(890)**	(369)
Cash generated from operations		**178,096**	153,932

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities US$'000 (note 21)
At 1 January 2020	11,384
Changes from financing cash flows:	
Capital element of lease rentals paid	(3,799)
Interest element of lease rentals paid	(447)
Total changes from financing cash flows	(4,246)
Exchange adjustments	406
Other changes:	
Increase in lease liabilities from entering into new leases during the year	3,722
Termination of lease liabilities	(199)
Interest expenses (note 6(a))	447
COVID-19-related rent concessions received (note 11(b))	(37)
Total other changes	3,933
At 31 December 2020	11,477

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Lease liabilities US$'000 (note 21)
At 1 January 2019	12,784
Changes from financing cash flows:	
Capital element of lease rentals paid	(2,943)
Interest element of lease rentals paid	(482)
Total changes from financing cash flows	(3,425)
Other changes:	
Increase in lease liabilities from entering into new leases during the year	1,543
Interest expenses (note 6(a))	482
Total other changes	2,025
At 31 December 2019	11,384

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (Continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2020	2019
	US$'000	US$'000
Within operating cash flows	**303**	253
Within financing cash flows	**4,246**	3,425
	4,549	3,678

These amounts relate to the following:

	2020	2019
	US$'000	US$'000
Lease rentals paid	**4,549**	3,678

20 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2020 US$'000	2019 US$'000
Within 3 months	**18,907**	13,460
3 to 6 months	**96**	1,748
6 months to 1 year	**–**	198
Over 1 year	**25**	488
Total creditors	**19,028**	15,894
Salary and welfare payables	**8,606**	4,929
Other tax payables	**6,933**	6,826
Other payables and accruals	**8,415**	5,554
	42,982	33,203

The trade and other payables are non-interest bearing and are expected to be settled within three months or repayable on demand.

21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2020		2019	
	Present value of the minimum lease payments US$'000	**Total minimum lease payments US$'000**	Present value of the minimum lease payments US$'000	Total minimum lease payments US$'000
Within 1 year	**4,944**	**5,042**	3,764	3,834
After 1 year but within 2 years	**4,233**	**4,513**	3,433	3,645
After 2 years but within 5 years	**2,123**	**2,381**	3,811	4,284
After 5 years	**177**	**218**	376	471
	6,533	**7,112**	7,620	8,400
	11,477	**12,154**	11,384	12,234
Less: total future interest expenses		**(677)**		(850)
Present value of lease liabilities		**11,477**		11,384

22 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group contributes a Central Provident Fund ("the CPF") regulated/governed by Singapore government. Under the CPF, the employer and its employees are each required to make contributions to the fund at the applicable rates of the eligible employees' salaries.

The Mainland China subsidiaries of the Group participate in defined contribution retirement benefit schemes ("the Schemes") organised by the municipal and provincial government authorities whereby the Group is required to make contributions to the Schemes at the applicable rates of the eligible employees' salaries. The local government authority is responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000.

The Group also operates a 401(k) plan under section 1.401(k) of the Income Tax Regulations in the United States. Under the 401(k) plan, the employer and its employees can make contributions to the plan at a portion of the eligible employees' salaries.

In addition, the Group also contributes on a monthly basis to various defined contribution plans pursuant to the relevant labour rules and regulations in the jurisdictions where the Group's other subsidiaries operate.

The Group's liability in respect of the aforementioned plans is limited to the contribution payable in each period. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

(Expressed in US dollars unless otherwise indicated)

23 SHARE OPTION SCHEME AND SHARE AWARD SCHEME

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Post-IPO Share Option Scheme"), approved by the written resolution of shareholders passed on 16 September 2013 (the "Resolution").

(a) Pre-IPO Share Option Scheme

The following share options were outstanding and exercisable under the Pre-IPO Share Option Scheme during the year:

	2020		2019	
	Weighted average exercise price US$	**Number of options**	Weighted average exercise price US$	Number of options
Outstanding at the beginning of the year	**0.0730**	**11,901,800**	0.0722	13,782,000
Exercised during the year	**0.0649**	**(4,463,300)**	0.0670	(1,880,200)
Outstanding at the end of the year	**0.0778**	**7,438,500**	0.0730	11,901,800
Exercisable at the end of the year	**0.0778**	**7,438,500**	0.0730	11,901,800

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020 Number of options	**Exercise price per share** US$	**Exercise period**
1,914,000	0.0525	since IPO to 20-04-2021
20,000	0.0525	since IPO to 02-05-2021
112,000	0.0865	since IPO to 13-08-2021
363,000	0.0865	since IPO to 14-01-2022
3,470,000	0.0865	since IPO to 20-05-2022
1,559,500	0.0865	since IPO to 30-03-2023
7,438,500		

(Expressed in US dollars unless otherwise indicated)

23 SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

As at 31 December 2020, the Pre-IPO share options outstanding had a weighted average remaining contractual life of 1.26 years (31 December 2019: 2.10 years). For Pre-IPO share options, the weighted average closing price of the Company's shares at the date share options were exercised during the year was HK$8.28 (year ended 31 December 2019: HK$9.80).

(b) Post-IPO Share Option Scheme

The following share options were outstanding and exercisable under the Post-IPO Share Option Scheme during the year:

	2020		2019	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
Outstanding at the beginning of the year	**5.37**	**7,337,500**	5.45	7,369,750
Granted during the year	**4.91**	**357,000**	5.75	500,000
Exercised during the year	**3.84**	**(522,500)**	4.56	(246,250)
Forfeited/Lapsed during the year	**10.08**	**(75,000)**	8.77	(286,000)
Cancelled during the year	**11.10**	**(1,330,000)**	–	–
Outstanding at the end of the year	**4.10**	**5,767,000**	5.37	7,337,500
Exercisable at the end of the year	**3.94**	**5,080,750**	4.59	6,106,000

(Expressed in US dollars unless otherwise indicated)

23 SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Continued)

(b) Post-IPO Share Option Scheme (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2020 Number of options	Exercise price per share HK$	Exercise period
100,000	5.47	11-08-2015 to 10-08-2024
442,000	3.51	21-11-2015 to 20-11-2024
3,629,000	3.90	23-03-2016 to 22-03-2025
800,000	3.90	03-06-2016 to 22-03-2025
439,000	5.75	19-08-2020 to 18-08-2029
357,000	4.91	06-05-2021 to 05-05-2030
5,767,000		

As at 31 December 2020, the Post-IPO share options outstanding had a weighted average remaining contractual life of 4.47 years (31 December 2019: 5.98 years). For Post-IPO share options, the weighted average closing price of the Company's shares at the date share options were exercised during the year was HK$6.69 (year ended 31 December 2019: HK$9.71).

Share options exercised under Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme during the year ended 31 December 2020 resulted in the issuance of 4,985,800 (2019: 2,126,450) ordinary shares of the Company and share premium of US$862,000 (2019: US$403,000), as further detailed in note 26(c) to the financial statements.

(Expressed in US dollars unless otherwise indicated)

23 SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Continued)

(b) Post-IPO Share Option Scheme (Continued)

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions	**2020**
Fair value at measurement date	**US$0.2474**
Share price	**US$0.6185**
Exercise price	**US$0.6335**
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	**59.09%**
Option life	**10 years**
Expected dividends	**4.85%**
Risk-free interest rate	**2.18%**

The expected volatility is based on the historic volatility of the shares of the Company. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(c) Share award scheme

The share award scheme of the Company was adopted by the Board on 24 December 2013. The purpose of the share award scheme is to recognise the contributions by certain selected grantees and to give incentives thereto in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group.

(Expressed in US dollars unless otherwise indicated)

23 SHARE OPTION SCHEME AND SHARE AWARD SCHEME (Continued)

(c) Share award scheme (Continued)

Movements in the number of shares held for the share award scheme and awarded shares for the year ended 31 December 2020 are as follows:

	Number of shares held for the share award scheme not yet granted	Number of awarded shares granted but not yet vested	Total
At 1 January 2020	**13,175,605**	**6,203,125**	**19,378,730**
Purchased	**4,101,000**	**–**	**4,101,000**
Granted	**(4,133,063)**	**4,133,063**	**–**
Forfeited/Lapsed	**522,827**	**(522,827)**	**–**
Vested	**–**	**(3,038,234)**	**(3,038,234)**
At 31 December 2020	**13,666,369**	**6,775,127**	**20,441,496**
Vested but not transferred as at 31 December 2020			–

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The expected dividends during the vesting period have been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the year ended 31 December 2020 was HK$7.15 per share.

On 20 August 2020, the Group granted a total of 1,288,333 awarded shares, among which 180,000 awarded shares will be fully vested on the date of the annual general meeting to be convened in 2021, 80,000 awarded shares will be vested in anniversary of grant date with each of 50% being vested annually, and 183,333 awarded shares will be fully vested on the first anniversary date of grant.

The remaining awarded shares granted during the year ended 31 December 2020 and outstanding as at the period then ended will be vested in anniversary of grant date with each of 25% being vested annually. The consideration paid by the Company, including any directly attributable incremental costs, is deducted from the Group's equity.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2020	2019
	US$'000	US$'000
Balance at the beginning of the year	**31,615**	44,705
Provision for Corporate income tax for the year	**26,744**	25,135
Withholding Tax	**(3,756)**	(7,948)
Income tax paid during the year	**(12,167)**	(30,277)
Balance at the end of the year	**42,436**	31,615

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Allowances in depreciation/ amortisation	Depreciation charge of right-of-use asset and interest on lease liabilities	Credit loss allowance	Accumulated tax losses arising from subsidiaries	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Deferred tax arising from:					
At 1 January 2019	362	–	(9)	–	353
Charged/(credited) to profit or loss	174	(101)	–	(39)	34
At 31 December 2019	536	(101)	(9)	(39)	387
Charged/(credited) to profit or loss	172	(27)	–*	(118)	27
At 31 December 2020	708	(128)	(9)	(157)	414

* The amount represents amount less than US$1,000.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

(ii) Reconciliation to the consolidated statement of financial position:

	2020	2019
	US$'000	US$'000
Net deferred tax asset recognised in the consolidated statement of financial position	**(259)**	(125)
Net deferred tax liability recognised in the consolidated statement of financial position	**673**	512
	414	387

(c) Deferred tax assets not recognised

The Group had accumulated tax losses arising from subsidiaries of approximately US$6,007,000 (2019: US$7,980,000). Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the taxable losses can be utilised.

(d) Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law (the "New CIT Law") which was approved and became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective on 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding tax on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries. In the opinion of the directors, it is not probable that the subsidiaries established in Mainland China will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with the investment in the subsidiaries for which deferred tax liabilities have not been recognised was US$10,370,000 at 31 December 2020 (2019: Nil).

25 DEFERRED REVENUE

Deferred revenue mainly represents the unamortised portion of income received in respect of Premium Gaming Resource paid by game players for online game services.

Revenue of US$25,212,000 recognised in the year ended 31 December 2020 was included in the balance of deferred revenue at the beginning of the year.

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

Company

	Note	Share capital	Share premium	Share-based payment reserve (note 26 (d)(ii))	Shares held for share award scheme	Shares repurchased for cancellation	Other reserve (note 26 (d)(iv))	Retained earnings	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2018		3	52,985	9,282	(19,948)	(2,682)	2,446	247,601	289,687
Changes in equity for 2019:									
Profit for the year		–	–	–	–	–	–	164,413	164,413
Equity-settled share-based payment		–	–	3,910	–	–	–	–	3,910
Shares purchased for the share award scheme	26(c)	–	–	–	(508)	–	–	–	(508)
Repurchase of ordinary shares	26(c)	–	–	–	–	(27,042)	–	–	(27,042)
Cancellation of ordinary shares	26(c)	–*	(29,147)	–	–	29,147	–	–	–
Exercise of share options	26(c)	–*	403	(135)	–	–	–	–	268
Vesting of awarded shares	26(c)	–	136	(3,401)	3,265	–	–	–	–
Dividends received for share award scheme		–	–	–	–	–	998	–	998
2018 second interim dividend paid	26(b)	–	–	–	–	–	–	(27,251)	(27,251)
2019 first interim dividend paid	26(b)	–	–	–	–	–	–	(21,136)	(21,136)
Balance at 31 December 2019		3	24,377	9,656	(17,191)	(577)	3,444	363,627	383,339

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

Company (Continued)

	Note	Share capital	Share premium	Share-based payment reserve (note 26 (d)(ii))	Shares held for share award scheme	Shares repurchased for cancellation	Other reserve (note 26 (d)(iv))	Retained earnings	Total
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2019		3	24,377	9,656	(17,191)	(577)	3,444	363,627	383,339
Changes in equity for 2020:									
Profit for the year		–	–	–	–	–	–	277,987	277,987
Equity-settled share-based payment		–	–	3,177	–	–	–	–	3,177
Shares purchased for the share award scheme	26(c)	–	–	–	(3,095)	–	–	–	(3,095)
Repurchase of ordinary shares	26(c)	–	–	–	–	(50,179)	–	–	(50,179)
Cancellation of ordinary shares	26(c)	–*	(25,759)	–	–	44,094	–	(18,335)	–
Exercise of share options	26(c)	–*	862	(313)	–	–	–	–	549
Vesting of awarded shares	26(c)	–	520	(3,148)	2,628	–	–	–	–
Dividends received for share award scheme		–	–	–	–	–	1,795	–	1,795
2019 second interim dividend paid	26(b)	–	–	–	–	–	–	(28,314)	(28,314)
2020 first interim dividend and special dividend paid	26(b)	–	–	–	–	–	–	(79,658)	(79,658)
Balance at 31 December 2020		3	–	9,372	(17,658)	(6,662)	5,239	515,307	505,601

* These amounts represent amounts less than US$1,000.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2020	2019
	US$'000	US$'000
Interim dividend declared and paid of HK25.1 cents per ordinary share (2019: HK13.0 cents per ordinary share)	**39,829**	21,136
Special dividend declared and paid of HK25.1 cents per ordinary share (2019: Nil)	**39,829**	–
Second interim dividend proposed after the end of the reporting period of HK26.7 cents per ordinary share (2019: HK17.6 cents per ordinary share)	**41,219**	28,224
Special dividend proposed after the end of the reporting period of HK26.7 cents per ordinary share (2019: Nil)	**41,219**	–

The second interim dividend and special dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2020	2019
	US$'000	US$'000
Second interim dividend in respect of the previous financial year, approved and paid during the period, of HK17.6 cents per ordinary share (2019: HK16.7 cents per ordinary share)	**28,314**	27,251

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital

As at 31 December 2020 and 2019, the authorised share capital of the Company comprises 2,000,000,000 ordinary shares with par value of US$0.0000025 per share.

A summary of the transactions during the year in the Company's issued share capital is as follows:

	Note	Number of shares issued and fully paid^	Issued capital US$'000	Share premium US$'000	Shares held for share award scheme US$'000	Shares repurchased for cancellation US$'000
At 1 January 2019		1,281,621,849	3	52,985	(19,948)	(2,682)
Vesting of awarded shares		–	–	136	3,265	–
Share options exercised (note 23)		2,126,450	–*	403	–	–
Shares purchased for the share award scheme		–	–	–	(508)	–
Repurchase of ordinary shares		–	–	–	–	(27,042)
Cancellation of ordinary shares		(35,828,000)	–*	(29,147)	–	29,147
At 31 December 2019		1,247,920,299	3	24,377	(17,191)	(577)
Vesting of awarded shares		–	–	520	2,628	–
Share options exercised (note 23)		4,985,800	–*	862	–	–
Shares purchased for the share award scheme	i	–	–	–	(3,095)	–
Repurchase of ordinary shares	ii	–	–	–	–	(50,179)
Cancellation of ordinary shares		(50,539,000)	–*	(25,759)	–	44,094
At 31 December 2020		1,202,367,099	3	–	(17,658)	(6,662)

* These amounts represent amounts less than US$1,000.

^ As at 31 December 2020, the total number of issued ordinary shares of the Company included 20,441,496 shares (31 December 2019: 19,378,730 shares) held under the share award scheme and 6,448,000 shares (31 December 2019: 795,000 shares) held for cancellation respectively.

Notes:

(i) During the year ended 31 December 2020, the Company purchased 4,101,000 shares on the Stock Exchange pursuant to the share award scheme at an average price of approximately HK$5.85 per share with total consideration of HK$23,993,541 (equivalent to approximately US$3,095,000).

(ii) During the year ended 31 December 2020, the Company repurchased 56,192,000 shares on the Stock Exchange with an average price of approximately HK$6.92 per share. The total amount paid on the repurchased shares was HK$389,071,510 (equivalent to approximately US$50,179,000).

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Share-based payment reserve

The share-based payment reserve comprises the fair value of share options and awarded shares granted which are yet to be exercised. The amount will either be transferred to the share premium when the related share options are exercised, or be transferred to treasury shares when the related awarded shares are vested and transferred, or be transferred to retained earnings should the related options expire or be forfeited.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(r).

(iv) Other reserve

Other reserve represents dividends received for shares held by the trustee account for the Group's share award scheme.

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, repurchase the Company's own shares or issue new shares. No change was made in the objectives, policies or processes for managing capital during the reporting period.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Capital management (Continued)

The Group monitors capital by regularly reviewing the gearing ratio, which is total liabilities, divided by total assets. Capital represents total equity shown in the consolidated statement of financial position.

The Group's gearing ratio at 31 December 2020 and 2019 was as follows:

	2020	2019
	US$'000	US$'000
Total current liabilities	**124,736**	93,794
Total non-current liabilities	**7,206**	8,132
	131,942	101,926
Total current assets	**349,795**	354,115
Total non-current assets	**279,787**	122,416
	629,582	476,531
Gearing ratio	**21.0%**	21.4%

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities and movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and funds receivable.

Trade receivables and Funds receivable

The Group's trading terms with its customers are mainly on cash settlement, except for well-established corporate customers in the online game joint operation business, for which the credit term is generally one to six months.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and Funds receivable (Continued)

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management team. Funds receivable from third-party payment service providers are normally settled within three months. The Group carefully considers and monitors the creditworthiness of these third-party payment service providers.

The Group does not hold any collateral or other credit enhancements over its trade receivables and funds receivable balances. Trade receivables and funds receivable are non-interest bearing.

The Group measures loss allowances for trade receivables and funds receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2020		
	Expected loss rate	**Gross carrying amount US$'000**	**Loss allowance US$'000**
Current (not past due)	**2.39%**	**1,211**	**29**
Less than 3 months past due	**7.34%**	**218**	**16**
		1,429	**45**

	2019		
	Expected loss rate	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	5.80%	1,206	70
Less than 3 months past due	7.89%	38	3
		1,244	73

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and Funds receivable (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for funds receivable:

	2020		
	Expected loss rate	**Gross carrying amount US$'000**	**Loss allowance US$'000**
Current (not past due)	**0.07%**	**54,875**	**40**

	2019		
	Expected loss rate	Gross carrying amount US$'000	Loss allowance US$'000
Current (not past due)	0.07%	33,786	24

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and funds receivable during the year is as follows:

	2020 US$'000	2019 US$'000
Balance at 1 January	**97**	95
Amounts written back during the year	**(28)**	(5)
Impairment losses recognised during the year	**16**	7
Balance at 31 December	**85**	97

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

As at 31 December 2020, the Group held cash and cash equivalents of US$280,236,000 (2019: US$307,086,000) and had no bank or other interest-bearing borrowings except for lease liabilities.

The following table show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay.

	2020 Contractual undiscounted cash outflow					
	Within 1 year or on demand US$'000	**More than 1 year but less than 2 years US$'000**	**More than 2 years but less than 5 years US$'000**	**More than 5 years US$'000**	**Total US$'000**	**Carrying amount at 31 December US$'000**
Trade and other payables	**36,049**	**–**	**–**	**–**	**36,049**	**36,049**
Lease liabilities	**5,042**	**4,513**	**2,381**	**218**	**12,154**	**11,477**

	2019 Contractual undiscounted cash outflow					
	Within 1 year or on demand US$'000	More than 1 year but less than 2 years US$'000	More than 2 years but less than 5 years US$'000	More than 5 years US$'000	Total US$'000	Carrying amount at 31 December US$'000
Trade and other payables	26,377	–	–	–	26,377	26,377
Lease liabilities	3,834	3,645	4,284	471	12,234	11,384

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from lease liabilities. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's lease liabilities at the end of the reporting period.

	2020		2019	
	Effective interest rate	**US$'000**	Effective interest rate	US$'000
Fixed rate borrowings:				
Lease liabilities	**3.49%**	**11,477**	4.26%	11,384

(ii) Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instrument, a change in interest rates at the reporting date would not affect the profit or loss.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(d) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table indicates the instantaneous change in the Group's profit after tax and retained earnings that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant:

	2020			2019		
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax US$'000**	**Effect on retained earnings US$'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax US$'000	Effect on retained earnings US$'000
Singapore dollars	**5%**	**1,430**	**1,430**	5%	1,458	1,458
	(5%)	**(1,430)**	**(1,430)**	(5%)	(1,458)	(1,458)
US dollars	**5%**	**1,022**	**1,022**	5%	173	173
	(5%)	**(1,022)**	**(1,022)**	(5%)	(173)	(173)
Chinese yuan	**5%**	**(1,905)**	**(1,905)**	5%	(227)	(227)
	(5%)	**1,905**	**1,905**	(5%)	227	227

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into US dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2019.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from financial assets measured as FVPL (see note 16).

The Group's listed investments are listed on the Stock Exchange of Hong Kong. Listed investments that are not held for trading purposes have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

All of the Group's unquoted investments are held for long-term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long-term strategic plans.

At 31 December 2020, it is estimated that with all other variables held constant, an increase/(decrease) of 5% (2019: 5%) in prices of the respective instruments would have increased/decreased the Group's profit after tax (and retained earnings) by US$8,130,000 (2019: US$3,566,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise assuming that the changes in prices had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2019.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2020	**Fair value measurements as at 31 December 2020 categorised into**		Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised Into	
		Level 1	**Level 3**		Level 1	Level 3
	US$'000	**US$'000**	**US$'000**	US$'000	US$'000	US$'000
Recurring fair value measurements						
Assets:						
Equity securities listed in Hong Kong	**98,106**	**98,106**	**–**	53,805	53,805	–
Unquoted equity securities	**64,494**	**–**	**64,494**	16,602	–	16,602
Convertible promissory notes	**–**	**–**	**–**	1,000	–	1,000

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2019: one transfer out of Level 3). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements

The Group's financial team performs valuation on level 3 financial instruments for financial reporting purpose. The team performs valuation, or necessary updates at each interim and annual reporting date. The team adopts various valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts may also be involved and consulted when it is necessary.

Unquoted equity securities mainly represented investments in certain private equity funds. The fair value of these unquoted equity securities was mainly determined with reference to the latest available financial information, adjusted by unobservable inputs such as the latest-round financing of the funds' underlying investments, when applicable. The higher the price of the latest-round financing for these underlying investments, the higher the fair value of the unquoted equity securities would be.

The fair value of convertible promissory notes is determined using the scenario analysis method. The convertible promissory notes are classified as level 3 instruments as the valuation was determined based on significant inputs not observed in the market.

	Significant unobservable inputs	**Range**	**Relationship of unobservable inputs to fair value**
Convertible promissory notes	Straight debt discount rate	Not applicable (2019: 14% to 15%)	The higher the discount rate, the lower the fair value

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(f) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Information about Level 3 fair value measurements (Continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2020	2019
	US$'000	US$'000
Unquoted equity securities:		
At 1 January	**16,602**	44,075
Additional investments acquired	**6,900**	1,200
Transfer to Level 1 valuations	**–**	(31,819)
Transfer to interests in associates	**(448)**	–
Net unrealised gains recognised in profit or loss during the period	**41,431**	3,155
Exchange adjustments	**9**	(9)
At 31 December	**64,494**	16,602
Convertible promissory notes:		
At 1 January	**1,000**	–
Additional investments acquired	**1,500**	1,000
Changes in fair value recognised in profit or loss during the period	**(2,500)**	–
At 31 December	**–**	1,000
Total gains for the year included in profit or loss for assets held at the end of the reporting period	**38,931**	3,155

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2019 and 31 December 2020.

28 COMMITMENTS

Capital commitments outstanding at 31 December 2020 not provided for in the financial statements were as follows:

	2020	2019
	US$'000	US$'000
Contracted for:	**25,223**	209

In addition, the Group was committed at 31 December 2020 to enter into certain new leases of 2 years that are not yet commenced, the lease payments under which amounted to US$716,000 per annum (2019: Nil).

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 8 is as follows:

	2020	2019
	US$'000	US$'000
Short-term employee benefits	**4,177**	3,249
Equity-settled share-based payment	**–**	3
	4,177	3,252

Total remuneration is included in "staff costs" (see note 6(b)).

(b) Other transactions and outstanding balances with related parties

For the year ended 31 December 2020, 3 associates and 2 joint ventures of the Group provided outsourcing game development services to the Group. The service fee recognised for the year ended 31 December 2020 was US$3,929,000 (for the year ended 31 December 2019: US$400,000).

Save as disclosed above, the Group did not have any other material transactions or outstanding balances with related parties.

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2020 US$'000	2019 US$'000
Non-current assets		
Investments in subsidiaries	**401,689**	285,828
Interest in associates and joint ventures	**–**	2,666
Other financial assets	**162,600**	71,045
	564,289	359,539
Current assets		
Prepayments, deposits and other receivables	**89**	88
Amounts due from subsidiaries	**35**	5,409
Cash and cash equivalents	**19,032**	49,952
	19,156	55,449
Current liabilities		
Amounts due to subsidiaries	**76,903**	31,304
Other payables and accruals	**941**	345
	77,844	31,649
Net current (liabilities)/assets	**(58,688)**	23,800
Total assets less current liabilities	**505,601**	383,339
NET ASSETS	**505,601**	383,339
CAPITAL AND RESERVES		
Share capital	**3**	3
Reserves	**505,598**	383,336
TOTAL EQUITY	**505,601**	383,339

(Expressed in US dollars unless otherwise indicated)

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, *Revised Conceptual framework for financial reporting*	1 January 2022
Amendments to IFRS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In February 2021, the Group entered into relevant agreements to acquire five floors of an office building. The total consideration was approximately US$20,177,000. The office premises are intended for the Group's own use.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below:

	Year ended 31 December				
	2020	**2019**	**2018**	**2017**	**2016**
		(Note 1)	(Note 2)		
	US$' 000	US$' 000	US$' 000	US$' 000	US$' 000
Revenue	**704,128**	667,648	748,785	607,253	322,087
Cost of revenue	**(212,448)**	(204,853)	(225,237)	(192,661)	(103,184)
Gross profit	**491,680**	462,795	523,548	414,592	218,903
Other net income	**131,363**	32,622	9,051	4,827	1,668
Selling and distribution expenses	**(185,124)**	(164,883)	(186,592)	(159,016)	(80,102)
Administrative expenses	**(46,244)**	(45,463)	(44,658)	(33,444)	(23,583)
Research and development expenses	**(88,912)**	(92,504)	(63,599)	(46,697)	(35,961)
Other operating expenses	**(3,031)**	(628)	(40)	(551)	(2,575)
Profit from operations	**299,732**	191,939	237,710	179,711	78,350
Finance costs	**(447)**	(482)	–	–	–
Share of results of associates and joint ventures	**(2,310)**	(1,506)	(1,329)	(663)	(1,057)
Profit before taxation	**296,975**	189,951	236,381	179,048	77,293
Income tax expenses	**(26,771)**	(25,169)	(47,070)	(23,916)	(5,670)
Profit for the year	**270,204**	164,782	189,311	155,132	71,623
Attributable to:					
Equity shareholders of the Company	**270,234**	164,794	189,177	156,026	72,616
Non-controlling interests	**(30)**	(12)	134	(894)	(993)

Note 1: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

Note 2: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

FINANCIAL SUMMARY

	As at 31 December				
	2020	**2019**	**2018**	**2017**	**2016**
		(Note 1)	(Note 2)		
	US$' 000	US$' 000	US$' 000	US$' 000	US$' 000
Assets, Liabilities and Equity					
TOTAL ASSETS	**629,582**	476,531	399,413	318,467	243,431
TOTAL LIABILITIES	**131,942**	101,926	118,031	90,649	47,776
TOTAL EQUITY	**497,640**	374,605	281,382	227,818	195,655

Note 1: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated.

Note 2: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

"Articles of Association"	the second amended and restated memorandum of association and articles of association of the Company adopted by special resolution passed on 30 June 2020
"Board" or "Board of Directors"	the board of directors of the Company
"Business day(s)"	a day on which banks in Hong Kong and the Cayman Islands are generally open for business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong or the Cayman Islands
"BVI"	British Virgin Islands
"China" or "PRC"	the People's Republic of China, for the purpose of the annual report, excluding Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
"Company"	IGG Inc, an exempted company incorporated in the Cayman Islands whose shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"controlling shareholders"	has the meaning ascribed thereto in the Listing Rules
"Corporate Governance Code"	code on corporate governance practices contained in Appendix 14 to Listing Rules
"Director(s)"	the director(s) of the Company
"Duke Online"	Duke Online Holdings Limited, an exempted company incorporated under the laws of the BVI on 10 September 2007 with limited liability, the entire issued share capital of which is owned by Mr. Zongjian Cai
"Edmond Online"	Edmond Online Holdings Limited, an exempted company incorporated under the laws of the BVI on 10 September 2007 with limited liability, the entire issued share capital of which is owned by Mr. Yuan Chi
"Founders"	Mr. Zongjian Cai (蔡宗建) and Mr. Yuan Chi (池元)
"Fuzhou Tianji"	Fuzhou TJ Digital Entertainment Co., Ltd.* (福州天極數碼有限公司), a limited liability company established under the laws of the PRC on 15 November 2007, a wholly-owned subsidiary of the Group

* *For identification purpose only*

"Fuzhou Tianmeng"	Fuzhou Skyunion Digital Co., Ltd* (福州天盟數碼有限公司), a limited liability company established under the laws of the PRC on 12 December 2006, which is owned as to 50% by Mr. Deyang Zheng and 50% by Mr. Chengfeng Luo, respectively
"Fuzhou Tianmeng Registered Holders"	Mr. Deyang Zheng (鄭德陽) and Mr. Chengfeng Luo (羅承鋒)
"Fuzhou Tianmeng Structured Contracts"	a series of contracts which include the New Call Option Agreement, the New Exclusive Technical Consulting Service Agreement, the New Equity Pledge Agreement, the New Power of Attorney, the New Online Game Licensing Agreement and the Spouse Undertakings
"Fuzhou Tianping"	Fuzhou Tianping Digital Technology Co., Ltd.* (福州天平數碼科技有限公司), a limited liability company established under the laws of the PRC on 21 February 2020, a wholly-owned subsidiary of the Group
"Group", "IGG", "we", "our" or "us"	the Company and its subsidiaries
"Hainan Tianzhi"	Hainan Tianzhi Network Technology Co., Ltd* (海南天志網絡科技有限公司), a limited liability company established under the laws of the PRC on 28 August 2020, a wholly-owned subsidiary of the Group
"HK$" and "HK cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"IGG Singapore"	IGG Singapore Pte. Ltd., a company incorporated under the laws of Singapore on 30 June 2009, a wholly-owned subsidiary of the Company
"Independent Third Party(ies)"	individual(s) or company(ies) who is/are not connected with (within the meaning of the Listing Rules) any of the Company, Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
"IP"	Intellectual Property
"Listing"	the listing of the Shares on the GEM

* *For identification purpose only*

"Listing Date"	18 October 2013, on which dealings in Shares first commence on the GEM
"Listing Rules"	the Rules Governing the Listing of the Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"MAU"	monthly active users
"Model Code"	the required standard of dealings for securities transactions by directors of listed issuers as set out in Appendix 10 to the Listing Rules
"Pre-IPO Share Option Scheme"	the share option scheme adopted by the Company on 12 November 2008 and amended by written resolutions of all Shareholders passed on 16 September 2013, certain principal terms of which are summarised in the paragraph headed "Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus
"Previous Structured Contracts"	a series of contracts (as supplemented) which include the Call Option Agreement, the Exclusive Technical Consulting Service Agreement, the Equity Pledge Agreement, the Power of Attorney and the Online Game Licensing Agreement, details of which are set out on Page 84 to Page 85 of the 2018 Annual Report of the Company
"Prospectus"	the prospectus of the Company dated 11 October 2013
"R&D"	research and development
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities Futures Ordinance, chapter 571 of the laws of Hong Kong
"SGD"	Singapore dollar, the lawful currency of Singapore
"Share(s)"	means ordinary share(s) of US$0.0000025 each in the share capital of the Company

DEFINITION

"Share Award Scheme"	the share award scheme adopted by the Company on 24 December 2013, the principal terms of which are summarised in the announcement of the Company dated 24 December 2013
"Shareholder(s)"	shareholder(s) of the Company
"Share Option Scheme"	the share option scheme adopted by the Company on 16 September 2013, the principal terms of which are summarised under the paragraph headed "Share Option Scheme" in Appendix IV to the Prospectus
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto in the Listing Rules
"Structured Contracts"	the Fuzhou Tianmeng Structured Contracts and the Xinhan Liaokuo Structured Contracts
"Xinhan Liaokuo"	Hainan Xinhan Liaokuo Network Technology Co., Ltd.* (海南新瀚遼闊網絡科技有限公司), a limited liability company established under the laws of the PRC on 29 September 2020, which is owned as to 50% by Mr. Deyang Zheng and 50% by Mr. Chengfeng Luo, respectively
"Xinhan Liaokuo Registered Holders"	Mr. Deyang Zheng (鄭德陽) and Mr. Chengfeng Luo (羅承鋒)
"Xinhan Liaokuo Structured Contracts"	a series of contracts which include the Xinhan Liaokuo Call Option Agreement, the Xinhan Liaokuo Exclusive Technical Consulting Service Agreement, the Xinhan Liaokuo Equity Pledge Agreement, the Second Power of Attorney, the Xinhan Liaokuo Online Game Licensing Agreement and the Second Spouse Undertakings
"USD" or "US$" and "US cents"	United States dollars and cents, respectively, the lawful currency of the United States of America
"Year"	the year ended 31 December 2020
"%"	per cent

If there is any inconsistency between the English and Chinese texts of this report, the English text of this report shall prevail over the Chinese text.

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