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FingerTango Inc.

指尖悅動控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6860)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “**Board**”) of FingerTango Inc. (the “**Company**”) is pleased to announce the audited consolidated results (the “**Annual Results**”) of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”) for the year ended 31 December 2022 (the “**Reporting Period**”). The Annual Results have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and have been audited by ZHONGHUI ANDA CPA Limited (“**ZHONGHUI ANDA**”), the independent auditor of the Company, and reviewed and approved by the Company’s audit committee together with the management of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

In 2022, the domestic gaming industry in China encountered various headwinds in terms of production, consumption, investment and financing and other aspects due to the combined impact of many factors, including the COVID-19 pandemic. Both the actual revenue and number of users recorded year-on-year decrease in domestic gaming market, representing the overall shrinkage of the market. In 2022, the actual revenue of China’s gaming market was RMB265.88 billion, representing a decrease of 10.3% or RMB30.63 billion year-on-year. The slowdown of mobile game market which accounting for approximately three quarters of the whole gaming market in China was conspicuous, with its actual revenue decreased by 14.4% or RMB32.48 billion year-on-year to RMB193.06 billion in 2022. The decrease was mainly due to 1) macro-economy was still under recovery amid the sophisticated domestic and overseas situation, thus the user’s willingness to pay and their consumption ability were weak; 2) the market expectation of the industry was less optimistic and confident, the leading market players became more cautious in initiating projects while

the small and medium enterprises encountering financing difficulties, resulting in less new game products launched to the market; and 3) the gaming corporations faced numerous challenges in development due to the impact of domestic pandemic, including significant increase in operating cost, insufficient projects in pipeline, the shortage of cash flow and significant decrease in team work efficiency.

In 2022, revenue of independently developed games generated from overseas markets was US\$17.35 billion, representing a decrease of 3.7% year-on-year, which was mainly due to the general downturn in major global game markets as a result of the COVID-19 pandemic, the volatility of RMB exchange rate and the intensifying competition in overseas markets. Simulation games (“SLG”) came out top in terms of revenue of independently developed games generated from overseas markets, accounting for approximately 38.8%.

In 2022, the number of gamers in China reached 664.0 million, representing a decrease of 0.3% year-on-year. Following a slowdown in user growth last year, this year also saw the first decline in user size in nearly a decade, which was mainly due to the loss of users as affected by the COVID-19 pandemic and the lack of new products. Therefore, the size of game users in China has officially entered an era to compete for existing users. In 2022, the regulatory authorities issued further strict management measures on the protection of minors and the anti-addiction work of online games, which promoted the standardized management of the game industry, with the target to made the user structure more healthy and reasonable.

The total number of publication license declined substantially in 2022. There was a total of 512 games with publication license approved by the National Press and Publication Administration (NPPA), representing a decrease of 32.2% comparing to 755 games with publication license approved in 2021. The number of approvals for games with publication license has decreased for five consecutive years since 2018.

Business Review

Despite the overall decline in global economy and China’s gaming market development, the Group recorded total revenue of approximately RMB832.5 million during the Reporting Period, an increase of approximately 35.8% as compared to the corresponding period of last year. Increase in revenue was mainly attributable to the combined effect of (i) successful advertising and promotion outcome of certain new games, resulting in significant increase in revenue from such new games during the Reporting Period, attributing for over 50% of total revenue during the Reporting Period; (ii) total revenue during the Reporting Period was partially offset by a natural drop of revenue from the classic games which have been in operation for years and are in their mature stage; and (iii) certain pipeline games of the Group were not launched as scheduled during the Reporting Period as we made strategic adjustment and planning in the launch of our new games.

During the Reporting Period, the loss attributable to owners of the Company was RMB139.4 million, as compared to approximately RMB517.4 million in the corresponding period of last year. The decline in loss was primarily due to a growth in gross profit and a substantial decrease in other losses, which were partially offset by the increase of selling and marketing expenses.

In view of the market conditions, we have made strategic adjustment and planning in the launch of our new games, and have been conducting comprehensive tests for the new games launched during the Reporting Period. According to the constantly changing preferences of the players, the products are intensively optimized and customized to ensure their better performance before the official launch. On the other hand, new games launched by the Company during the Reporting Period are still in the promotion period and the stage of incubation of player base. It is expected that the growth momentum of the new games and their contribution to the revenue of the Group would be gradually unleashed in 2023 and thereafter.

To cope with the changing environment and market conditions, the Group relies on its strong operating capability as well as keen market insight and extensive industry experience of our management team and responded rapidly. The strategy of upholding our persistence in the SLG game segment while broadening our game category has been successful. During the Reporting Period, advertising and promotion for certain games, namely Super Beast (“巨獸戰場”), a SLG mobile game, and Tales of Grimm (“魔鏡物語”), a card mobile games, have seen a successful outcome with monthly gross billings reaching as much as RMB38.3 million and RMB29.6 million, respectively during the Reporting Period. Although we saw a natural drop in revenue from our classic games which have been in operation for years, and despite for the vastly cut back in investment for marketing and promotion activities for these classic games, such as My Duty (“我的使命”), Tank Frontline (“坦克前線”), both SLG games, and Romance of Stars (“星辰奇緣”), a MMORPG game, are still popular after more than 73 months’, 101 months’ and 86 months’ of operation, respectively, and has achieved a monthly gross billings of up to RMB16.0 million, RMB8.7 million and RMB11.0 million, respectively during the Reporting Period. The games in the growth stage continued to keep strong and maintained an upward momentum.

In response to the increasing unit cost and uncertain outcome of advertising and promotion activities, we have adapted and re-positioned ourselves to refine our game operations, and sought out innovative promotion channels. The prolonged suspension of approval of online game publication and changes in regulatory environment of the Chinese gaming market has casted an impact on the growth momentum of the game industry. There has been a significant decrease in the total number of approvals for games with publication license although the suspension had been relieved.

During the Reporting Period, we have seen increased user stickiness as the monthly active users (MAUs) and monthly paying users (MPUs) reached 2.57 million and 183.5 thousand, respectively, representing a growth of 100.7% and 34.9%, respectively, as compare with the corresponding period last year. As at 31 December 2022, the total number of accumulative registered users maintained a steady growth and reached 204.3 million, representing a 10.4% growth as compared to that of 31 December 2021. The enormous user base enables us to better understand player preferences and market changes through strong data analytics ability, so as to launch new games with higher popularity in the market, and to conduct targeted marketing with more cost-effective strategies.

Outlook for 2023

The current approval policy of online game publication and increasingly strict license censorship for games launched in China will result in a more regulated game industry. Specifically, the limitation on approval has driven game developers and operators to be more innovative, producing more premium products. Due to the lagging effect of the new policy, it will take a certain time for the industry to adjust their strategies and operations before the growth momentum is gradually unleashed in future.

Adherence to and focus on long lifecycle products, the concept of continuous operation with long-term flow, and constantly offer of new gameplay to extend product lifecycle are our initial intention and our advantage and development strategy. To encounter a complex and changing market environment, we always insist on developing products with the first-class technology, optimizing game in full dimension, and extending the lifecycle of our games with the continuous enrichment and enhancement of player experience, thereby improving the ability on monetization and continuing to generate stable revenue for the Group.

We have conducted comprehensive tests for the new games to be launched in 2023 while optimizing the product strategies and plans. Over the years, we have accumulated an immense user database. We will continue to leverage our big data analytics ability with our proprietary multi-dimensional data analysis engine which collates and structures our data in a variety of ways for ad-hoc and real-time on-line analysis. Moreover, we will enhance gameplay strategies, characters, scenes, technical depth, and other parameters and improve cross-promotion efficacy by analyzing player demographic, gameplay preference, gaming time, level-up, in-game purchase amount and user turnover rate, etc. These initiatives are being performed to ensure sound performance after the official launch.

In the past year, the Company was striving for the sustainable development of business and actively laying a foundation for healthy growth in the future despite the challenges. Looking ahead, we will continue to extend our existing game portfolio and broaden our game category while focusing on the SLG game segment. We will implement the concept of premium game and strive to create high-quality games. While adhering to the original aspirations with commitment, ambition and perseverance, we will also continue to stride

forward against adversity, be so deeply versed and accumulated as to be able to present it with ease, and through which we aspire to turn to a new chapter in the Group's development.

Financial Performance

The following table sets forth our annual consolidated statements of profit or loss for the years ended 31 December 2022 and 2021, respectively:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	832,510	613,007
Cost of revenue	<u>(302,678)</u>	<u>(252,255)</u>
Gross profit	529,832	360,752
Selling and marketing expenses	(408,605)	(186,383)
Administrative expenses	(73,495)	(105,712)
Research and development expenses	(78,367)	(76,346)
Other income, gains and losses	<u>(105,983)</u>	<u>(524,249)</u>
Operating loss	(136,618)	(531,938)
Interest revenue	9,056	29,569
Lease interests	<u>(1,418)</u>	<u>(1,173)</u>
Loss before income tax	(128,980)	(503,542)
Income tax expense	<u>(10,374)</u>	<u>(13,857)</u>
Loss for the year attributable to owners of the Company	<u>(139,354)</u>	<u>(517,399)</u>
Non-IFRS Measures		
Adjusted loss attributable to owners of the Company	<u>(139,354)</u>	<u>(515,604)</u>

Revenue

The Group recorded total revenue of approximately RMB832.5 million during the Reporting Period, an increase of approximately 35.8% as compared to the corresponding period of last year. Increase in revenue was mainly attributable to the combined effect of (i) successful advertising and promotion outcome of certain new games, resulting in significant increase in revenue from such new games during the Reporting Period, attributing for over 50% of total revenue during the Reporting Period; (ii) total revenue during the Reporting Period was partially offset by a natural drop of revenue from the classic games which have been in operation for years and are in their mature stage; and (iii) certain pipeline games of the Group were not launched as scheduled during the Reporting Period as we made strategic adjustment and planning in the launch of our new games.

With respect to revenue categorized by method of publication, self-publishing revenue was approximately RMB397.4 million as compared to the corresponding period of last year, representing 47.7% of the total revenue. Co-publishing revenue was approximately RMB435.1 million, representing 52.3% of the total revenue.

Cost of Revenue

The cost of revenue in the Reporting Period was approximately RMB302.7 million and increased by approximately 20.0% or RMB50.4 million as compared to the corresponding period of last year. It was mainly because the increase in platform sharing charges and the growing commissions charged by game developers as total revenue in the Reporting Period increased.

Gross Profit and Gross Profit Margin

During the Reporting Period, gross profit was approximately RMB529.8 million, as compared to RMB360.8 million in the corresponding period of last year. Gross profit margin increased from 58.8% to 63.6% as compared to the corresponding period of last year, since the magnitude of the increase in revenue is larger than that of the increase in cost.

Selling and Marketing Expenses

The selling and marketing expenses in the Reporting Period were approximately RMB408.6 million, surged by approximately 119.2% or RMB222.2 million as compared to the corresponding period of last year. It constituted 49.1% of the total revenue, comparing to 30.4% in the corresponding period of last year. The increase was primarily due to extensive advertising and promotion activities for certain new games.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB73.5 million, representing a decrease of 30.5% or approximately RMB32.2 million as compared to the corresponding period last year. The change was primarily due to decrease in bad debt loss.

Research and Development Expenses

The research and development expenses of the Group during the Reporting Period were approximately RMB78.4 million, which was increased by approximately 2.6% or RMB2.0 million as compared to the corresponding period of last year. The increase was primarily attributable to the increase in staff costs, which was partially offset by the decrease in depreciation and amortisation of certain intangible assets.

Other Income, Gains and Losses

During the Reporting Period, net other loss was reduced to approximately RMB106.0 million, as compared to approximately RMB524.2 million in the corresponding period of last year, primarily attributable to the sharp decrease in loss allowance provision for notes receivables and other receivables, which was partially offset by the fair value changes on investments at fair value through profit or loss during the Reporting Period.

Finance Income, net

During the Reporting Period, net finance income (interest revenue less lease interests) was approximately RMB7.6 million, as compare to RMB28.4 million in the corresponding period of last year. The decrease was mainly due to the decrease in interest revenue from bank balances, other receivables by third parties and notes receivables.

Income Tax Expense

Income tax expense recorded approximately RMB10.4 million during the Reporting Period, comparing to approximately RMB13.9 million for the corresponding period of last year. It was a consequent result of decreased loss before tax.

Loss for the Year

During the Reporting Period, the loss attributable to owners of the Company recorded RMB139.4 million, as compared to RMB517.4 million in the corresponding period of last year. The decline in loss was primarily due to a growth in gross profit and a sharp decrease in other losses, which were partially offset by the rise in selling and marketing expenses.

Non-IFRS Measures — Adjusted Loss

The adjusted loss in the Reporting Period, adjusted by excluding the impact from the share-based compensation to key employees, was RMB139.4 million, as compared to RMB515.6 million in the corresponding period of last year.

The following table sets out the adjusted loss as well as the calculation process based on non-IFRS measures for the years ended 31 December 2022 and 2021, respectively:

	2022	2021
	<i>RMB Million</i>	
Loss for the year	(139.4)	(517.4)
Add:		
Share-based compensation	<u>—</u>	<u>1.8</u>
Adjusted loss	<u>(139.4)</u>	<u>(515.6)</u>

Liquidity and source of funding and borrowing

As at 31 December 2022, current assets of the Group amounted to approximately RMB907.1 million, including cash and cash equivalents of approximately RMB682.8 million and other current assets of approximately RMB224.3 million. Cash and cash equivalents increased by approximately 12.3% as compared with approximately RMB608.0 million as at 31 December 2021. Current liabilities of the Group amounted to approximately RMB259.4 million, including trade payables and contract liabilities of approximately RMB131.1 million and other current liabilities of approximately RMB128.3 million. As at 31 December 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 3.5, as compared with 3.6 as at 31 December 2021.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group does not have any bank borrowings and other debt financing obligations as at 31 December 2022 and the resulting gearing ratio is nil. The Group intends to finance the expansion, investments and business operations with internal resources.

Investments at Fair Value through Profit or Loss

As at 31 December 2022, investments at fair value through profit or loss were approximately RMB147.3 million. Details of investments at fair value through profit or loss for the Reporting Period are shown as below:

	Fair value as at 31 December 2021 RMB million	Increases for the year ended 31 December 2022 RMB million	Changes in fair value for the year ended 31 December 2022 RMB million	Settlements for the year ended 31 December 2022 RMB million	Currency translation difference for the year ended 31 December 2022 RMB million	Fair value as at 31 December 2022 RMB million
Investments at fair value through profit or loss						
Listed equity securities in Hong Kong	72.8	—	(61.2)	—	4.0	15.6
Wealth management product — Central China Dragon Growth Fund SP6 (中州龍騰增長七號基金)	58.2	—	(0.2)	—	5.4	63.4
Private equity investment fund Yuedong Stable Win (悅動 穩贏私募證券投資基金)	50.0	—	1.7	(51.7)	—	—
Investments in private company A	8.0	—	—	—	—	8.0
Investments in private company B	3.0	—	(2.9)	—	—	0.1
Non-capital protected wealth management products (非保本理財產品)						
Placed on:						
Shanghai Pudong Development Bank Co., Ltd.	15.2	105.0	0.6	(90.8)	—	30.0
CIB Wealth Management Co., Ltd.	—	45.0	0.4	(45.4)	—	—
Industrial Bank Co. Ltd.	25.1	30.0	0.5	(55.6)	—	—
CMB Financial Management Co., Ltd.	—	30.0	0.2	—	—	30.2
Total	232.3	210.0	(60.9)	(243.5)	9.4	147.3

Listed securities in Hong Kong primarily included 16,962,000 shares of China Gas Industry Investment Holdings Co. Ltd. (Stock code: 1940) (“**CGII Shares**”) acquired on the open market during the period from 10 March 2021 to 15 March 2021 (both dates inclusive) and other listed securities acquired on the open market during the Reporting Period. The highest applicable percentage ratio (as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to acquisitions of other listed securities is less than 5% at the time of acquisitions. For further details of the acquisitions of CGII Shares, please refer to the announcement of the Company dated 15 March 2021.

The terms of investments in wealth management products of various commercial banks varies among different banks with maturity of less than 92 days. As at 31 December 2022, carrying amount of the investments in wealth management products of various commercial banks was approximately RMB60.2 million. For further details of certain wealth management products invested through commercial banks during the Reporting Period, please refer to the announcements of the Company dated 21 February 2022, 31 May 2022, 14 October 2022, 19 October 2022, 28 November 2022 and 30 December 2022 respectively.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
Revenue	3	832,510	613,007
Cost of revenue		<u>(302,678)</u>	<u>(252,255)</u>
Gross profit		529,832	360,752
Selling and marketing expenses		(408,605)	(186,383)
Administrative expenses		(73,495)	(105,712)
Research and development expenses		(78,367)	(76,346)
Other income, gains and losses	4	<u>(105,983)</u>	<u>(524,249)</u>
Operating loss		(136,618)	(531,938)
Interest revenue		9,056	29,569
Lease interests		<u>(1,418)</u>	<u>(1,173)</u>
Loss before income tax		(128,980)	(503,542)
Income tax expense	5	<u>(10,374)</u>	<u>(13,857)</u>
Loss for the year attributable to owners of the Company	6	<u>(139,354)</u>	<u>(517,399)</u>
Other comprehensive income/(expense): <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>22,865</u>	<u>(20,797)</u>
Other comprehensive income/(expense) for the year, net of income tax		<u>22,865</u>	<u>(20,797)</u>
Total comprehensive expense for the year attributable to owners of the Company		<u><u>(116,489)</u></u>	<u><u>(538,196)</u></u>
Loss per share (RMB)	8		
— Basic		<u>(0.0733)</u>	<u>(0.2727)</u>
— Diluted		<u>(0.0733)</u>	<u>(0.2727)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	<i>Notes</i>	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment		12,998	9,193
Right-of-use assets		22,242	32,370
Intangible assets		15,970	18,096
Investments at fair value through profit or loss	9	71,457	119,246
Prepayments and deposits		4,923	12,159
Other receivables	11	2,841	—
Deferred tax assets		18,681	23,249
		<hr/>	<hr/>
Total non-current assets		149,112	214,313
		<hr/>	<hr/>
Current assets			
Trade receivables	10	67,238	76,495
Contract costs		24,646	33,042
Prepayments and deposits		24,811	25,384
Other receivables	11	29,594	97,742
Notes receivables		—	—
Investments at fair value through profit or loss	9	75,846	113,095
Restricted bank deposits		2,213	—
Time deposits		—	20,000
Bank and cash balances		682,799	608,041
		<hr/>	<hr/>
Total current assets		907,147	973,799
		<hr/>	<hr/>
TOTAL ASSETS		1,056,259	1,188,112
		<hr/> <hr/>	<hr/> <hr/>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	62	62
Reserves		777,748	894,237
		<hr/>	<hr/>
Total equity		777,810	894,299
		<hr/> <hr/>	<hr/> <hr/>

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Liabilities			
Current liabilities			
Trade payables	12	61,408	50,969
Contract liabilities		69,642	90,272
Accruals and other payables		89,480	87,557
Lease liabilities		7,486	7,517
Current tax liabilities		31,353	32,551
		<hr/>	<hr/>
Total current liabilities		259,369	268,866
		<hr/>	<hr/>
Non-current liabilities			
Lease liabilities		19,080	24,947
		<hr/>	<hr/>
Total liabilities		278,449	293,813
		<hr/> <hr/>	<hr/> <hr/>
TOTAL EQUITY AND LIABILITIES		1,056,259	1,188,112
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 January 2018 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. The address of its headquarters is Building 5, Zone A, Huaxin Kechuang Island, No. 248 Qiaotou Street, Haizhu District, Guangzhou, the People's Republic of China (the "PRC"). The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the principal operating subsidiaries of the Company are the development, operation and publishing of mobile game business in the PRC.

In the opinion of the directors of the Company (the "Directors"), as at 31 December 2022, LJ Technology Holding Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company; and Mr. Liu Jie is the ultimate controlling party of the Company.

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRSs issued by International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as its executive directors, who review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. Therefore, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. The Group's long-lived assets are substantially located in the PRC and substantially all of the Group's revenues are derived from the PRC. Therefore, no geographical segments are presented.

	2022	2021
	RMB'000	RMB'000
Self-publishing	397,399	318,998
Co-publishing	435,111	294,009
Total revenue	832,510	613,007
Disaggregation of revenue from contracts with customers:		
<u>Timing of revenue recognition</u>		
Over time	832,510	613,007

Revenue from major customers:

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (2021: nil).

The following table summarises the percentage of revenue from games licensed by a single game developer exceeding individually 10% of the Group's revenue during the year ended 31 December 2022:

	2022	2021
Game developer a	51.8%	37.8%
Game developer b	20.7%	15.2%
Game developer c	#	16.5%
Game developer d	#	15.8%

The amount of revenue from the game developer was less than 10% of the total revenue for the relevant year.

4. OTHER INCOME, GAINS AND LOSSES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Government grants	6,579	8,328
Change in fair value on investments at fair value through profit or loss	(61,000)	(695)
Loss on disposals of property and equipment	(23)	(210)
Net foreign exchange gains/(losses)	683	(1,560)
Loss allowance provision for notes receivables	—	(202,241)
Loss allowance provision for other receivables	(51,570)	(327,966)
Others	(652)	95
	<u>(105,983)</u>	<u>(524,249)</u>

5. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax — PRC Enterprise Income Tax (“EIT”) and other jurisdictions	5,806	13,869
Deferred tax	4,568	(12)
	<u>10,374</u>	<u>13,857</u>

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% (2021: 25%).

Shanghai Kaixi Networks Technology Limited (“Kaixi Networks”) were accredited as “software enterprise” under the relevant PRC laws and regulations. It is exempt from EIT for two years, followed by 50% reduction in the applicable tax rates for the next three years, commencing from the first year of profitable operation after offsetting tax losses generating from prior years.

Kaixi Networks started to enjoy the 0% preferential tax rate for two years beginning from year 2021, followed by 50% reduction in the applicable tax rates for the next three years, since it has made profit in year 2021.

Guangzhou Miyuan Networks Technology Co., Limited (“Miyuan Networks”) was qualified as “High and New Technology Enterprises” under the EIT Law since year 2016. Accordingly, it was entitled to a preferential tax rate of 15% for a 3-year period. Miyuan Networks was re-entitled as “High and New Technology Enterprises” under the EIT Law in year 2019. Accordingly, the applicable tax rate was 15% (2021: 15%) for the year ended 31 December 2022.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of licenses (included in cost of revenue)	4,152	4,494
Amortisation of other intangible assets (included in administrative expenses)	1,417	452
Depreciation of property and equipment	5,354	4,221
Depreciation of right-of-use assets	5,321	12,286
Research and development expenditure	78,367	76,346
Auditor's remuneration		
— Audit services	3,165	3,070
— Non-audit services	201	195
	<hr/> 3,366 <hr/>	<hr/> 3,265 <hr/>
Loss on written off intangible assets (included in cost of revenue)	2,335	502
(Reversal of)/loss allowance provision for trade receivables (included in administrative expenses)	(3,827)	6,420
Impairment on prepayments (included in administrative expenses)	7,564	29,749
(Reversal of)/provision for expected credit losses of notes and other receivables (included in administrative expenses)	(669)	4,022
Staff costs including Directors' emoluments		
— Wages, salaries and bonuses	103,286	101,803
— Pension costs — defined contribution plans	5,084	3,309
— Social security costs, housing benefits and other employee benefits	9,509	8,762
— Share-based payments expenses	—	1,795
	<hr/> 117,879 <hr/>	<hr/> 115,669 <hr/>

7. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2022, nor has any dividend been proposed at the end of the reporting period (2021: nil).

8. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Loss		
Loss for the purpose of calculating basic and diluted loss per share	<u>(139,354)</u>	<u>(517,399)</u>
	2022 '000	2021 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,899,956</u>	<u>1,897,479</u>

The effect of all potential shares are anti-dilutive for the years ended 31 December 2022 and 2021.

9. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Listed equity securities in Hong Kong	15,632	72,794
Unlisted wealth management products	123,638	148,547
Investments in private equity companies	<u>8,033</u>	<u>11,000</u>
Total investments at fair value through profit or loss	<u>147,303</u>	<u>232,341</u>
Analysed as:		
Non-current assets	71,457	119,246
Current assets	<u>75,846</u>	<u>113,095</u>
	<u>147,303</u>	<u>232,341</u>

10. TRADE RECEIVABLES

Trade receivables are primarily due from third party distribution platforms (“**Platforms**”) and payment channels, which collect the proceeds from sales of in-game virtual items on the Group’s behalf. The credit terms of trade receivables agreed with Platforms and payment channels generally range from 30 to 90 days and 0 to 30 days respectively.

	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
Trade receivables	70,645	83,729
Provision for loss allowance	<u>(3,407)</u>	<u>(7,234)</u>
Carrying amount	<u>67,238</u>	<u>76,495</u>

The ageing analysis of trade receivables, based on recognition date of trade receivables, and net of allowance, is as follows:

	2022 <i>RMB’000</i>	2021 <i>RMB’000</i>
0 to 1 month	25,995	34,440
1 month to 3 months	35,240	35,480
3 months to 6 months	5,292	5,695
6 months to 1 year	<u>711</u>	<u>880</u>
	<u>67,238</u>	<u>76,495</u>

11. OTHER RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Input value-added tax to be deducted	3,163	3,608
Interest receivables	23,264	24,808
Loans to third parties (<i>note</i>)	397,894	382,987
Receivables from game developers	5,931	5,931
Finance lease receivables	3,702	—
Others	19,639	23,704
	<u>453,593</u>	<u>441,038</u>
Provision for expected credit losses	<u>(421,158)</u>	<u>(343,296)</u>
	<u><u>32,435</u></u>	<u><u>97,742</u></u>
Analysed as:		
Non-current assets	2,841	—
Current assets	29,594	97,742
	<u><u>32,435</u></u>	<u><u>97,742</u></u>

Note: The balance comprises loans to third parties bearing interest ranging from 3% to 12% (2021: 3% to 12%) per annum. Loans to third parties of RMB89,330,000 (2021: RMB81,760,000) are guaranteed by certain shares held by the third parties.

12. TRADE PAYABLES

The ageing analysis of trade payables, based on recognition date of trade payables, is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0 to 1 month	10,582	15,018
1 month to 3 months	23,962	22,540
3 months to 6 months	15,952	10,142
6 months to 1 year	6,443	594
Over 1 year	4,469	2,675
	<u><u>61,408</u></u>	<u><u>50,969</u></u>

13. SHARE CAPITAL

	Number of ordinary shares '000	Amount USD'000
Authorised: Ordinary shares of USD0.000005 (2021: USD0.000005) each At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>10,000,000</u>	<u>50</u>
	Number of ordinary shares '000	Amount RMB'000
Issued and fully paid: Ordinary shares of USD0.000005 (2021: USD0.000005) each At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u>1,931,387</u>	<u>62</u>

14. EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Company has subscribed for the wealth management products after the Reporting Period as below:

- 1) On 11 January 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a private equity fund “Private equity investment fund Yuedong Stable Win”, managed by Guangzhou Boniu Private Equity Securities Investment Management Co., Ltd. in the amount of RMB40,000,000. For further details, please refer to the announcements of the Company dated 12 January 2023 and 16 January 2023.
- 2) On 7 February 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “No. 3 Caifu Banche Jinqu” issued by Shanghai Pudong Development Bank Co., Ltd. (“**SPD Bank**”) in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 7 February 2023.

- 3) On 8 February 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Class B, WenXiangLingDongHuiLi No. 1 of BOCOM Wealth Management Co., Ltd. with 90-day holding period” distributed by China Merchants Bank Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualized rate of return at 2.60% to 4.00% per annum. For further details, please refer to the announcement of the Company dated 8 February 2023.
- 4) On 15 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “XingFuLiCai-XingFuTianLi (3 Months) Periodic Open-ended RMB Wealth Management Scheme of CGB Wealth Management (Issue 1)”, managed by CGB Wealth Management Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualized rate of return at 3.30% to 3.80% per annum. For further details, please refer to the announcement of the Company dated 15 March 2023.
- 5) On 23 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series C by CIB Wealth Management” issued by CIB Wealth Management in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 2.70% to 3.30% per annum. For further details, please refer to the announcement of the Company dated 23 March 2023.
- 6) On 24 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “No. 3 Caifu Banche Jinqu” issued by SPD Bank. in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 3.35% per annum. For further details, please refer to the announcement of the Company dated 24 March 2023.

EXTRACT OF THE INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Group:

“Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, 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 (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Qualified Opinion

1. Certain investments at fair value through profit or loss as at 31 December 2021 and change in fair value on investments at fair value through profit or loss for the years ended 31 December 2022 and 2021

The trading of the listed equity securities included in investments at fair value through profit or loss were resumed on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2022. We were able to obtain the financial information in relation to these listed equity securities on assessing its fair value and recoverability of the investment to the Group as at 31 December 2022.

However, we were unable to obtain the financial information in relation to these listed equity securities, which the trading was suspended on The Stock Exchange of Hong Kong Limited, on assessing its fair value and recoverability of the investment to the Group as at 31 December 2021.

No sufficient evidence has been provided to satisfy ourselves as to the valuation of the carrying amount of certain investments at fair value through profit or loss of RMB52,976,000 in the consolidated statement of financial position as at 31 December 2021 and whether which change in fair value on investments at fair value through profit or loss of RMB48,682,000 and RMB2,556,000 for the years ended 31 December 2022 and 2021 respectively is properly recorded.

2. Notes receivables and certain other receivables

As disclosed in notes 24 and 23 to the consolidated financial statements, the carrying amount of notes receivables is nil and the carrying amount of certain other receivables is nil as at 31 December 2022 and 2021 respectively. Loss allowance provisions of nil and RMB51,570,000 for notes receivables and certain other receivables respectively had been made for the year ended 31 December 2022. Loss allowance provisions of RMB202,241,000 and RMB327,966,000 for notes receivables and certain other receivables respectively had been made for the year ended 31 December 2021.

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the nil carrying amount of notes receivables and the nil carrying amount of certain other receivables as at 31 December 2022 and 2021, whether which loss allowance provisions of nil and RMB51,570,000 for notes receivables and certain other receivables respectively are properly recorded for the year ended 31 December 2022, and whether which loss allowance provisions of RMB202,241,000 and RMB327,966,000 for notes receivables and certain other receivables respectively are properly recorded for the year ended 31 December 2021. The management is still in progress on negotiating with these issuer and borrowers on settlements of these outstanding amounts. In the absence of the information in relation to the financial status of these issuer and borrowers on assessing its ability for settling on these outstanding amounts to the Group, the management considered that there is uncertainty on recovering these notes receivables and certain other receivables. The management has initiated actions including but not limited to legal action against these issuer and certain borrowers on the overdue balances, however no result from actions is available up to the date of this report for justifying the extent of the recoverability of the aforesaid outstanding amounts. There are no other satisfactory audit procedures that we could adopt to determine whether these loss allowance provisions are properly recorded in the consolidated financial statements.

Any adjustment to the figures as described from points 1 and 2 above might have a consequential effect on the Group's consolidated financial performance for the years ended 31 December 2022 and 2021, the consolidated financial position as at 31 December 2022 and 2021, and the related disclosures thereof in the consolidated financial statements.”

OTHER INFORMATION

USE OF PROCEEDS

The net proceeds received from the listing will be used in a manner consistent with that disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 30 June 2018. Since the listing date on 12 July 2018 and up to 31 December 2022, the utilization of the net proceeds and remaining balance (approximately HK\$472.2 million) are set out below:

Intended use of the net proceeds	Percentage of the net proceeds for each intended usage %	Amount of the net proceeds for each intended usage HK\$'Million	Amount of the remaining net proceeds as at 31 December 2021 HK\$'Million	Amount of net proceeds utilised during the year ended 31 December 2022 HK\$'Million	Amount of the remaining net proceeds as at 31 December 2022 HK\$'Million
Develop game sourcing capabilities and ensure us to acquire high quality game content	35%	338.5	286.0	(6.4)	279.6
Establish in-house game development team	25%	241.8	179.0	(39.1)	139.9
Fund marketing and promotional activities	20%	193.4	—	—	—
Expand into overseas markets and develop overseas operation	10%	96.7	52.1	(52.1)	—
Working capital and general corporate purposes	10%	96.7	61.7	(9.0)	52.7
Total	100%	967.1	578.8	(106.6)	472.2

The expected timeline for fully utilizing the remaining proceeds is by 2024 and it was based on the best estimation of the future market conditions made by the Group. It would be subject to change based on the current and future development of market conditions.

FINAL DIVIDEND

The Board does not recommend payment of any annual dividend for the twelve-month period ended 31 December 2022 (31 December 2021: Nil).

ANNUAL GENERAL MEETING

The annual general meeting will be held on Friday, 23 June 2023 (the “**Annual General Meeting**”). A notice convening the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 16 June 2023.

EMPLOYEE REMUNERATION

As at 31 December 2022, the Group had a total of 361 employees, comparing to 334 employees as at 31 December 2021. The Group provides employees with competitive remuneration and benefits, and the Group’s remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provide training programs to employees, including new hire training for new employees and continuing technical training primarily for our research and development team and game operation team to enhance their skill and knowledge.

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

During the Reporting Period, the Company has mainly subscribed for the wealth management products as below:

1. On 21 February 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series A” issued by CIB Wealth Management Co., Ltd. (“**CIB Wealth Management**”) for in the amount of RMB45,000,000 for 90 days with the expected annualised rate of return at 3.76% to 3.96% per annum. For further details, please refer to the announcement of the Company dated 22 February 2022.

2. On 31 May 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Golden Snowball — Youyue Non-Principal Guaranteed Open Renminbi Wealth Management Product (3M)” issued by Industrial Bank Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return at 3.70% per annum. For further details, please refer to the announcement of the Company dated 31 May 2022.
3. On 14 October 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Yue Tian Li” issued by Shanghai Pudong Development Bank Co., Ltd. (“**SPD Bank**”) in the amount of RMB30,000,000 for 30 days with the expected annualised rate of return at 3.20% per annum. For further details, please refer to the announcement of the Company dated 14 October 2022.
4. On 19 October 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “ZHAO RUI JI TIAN LI (BALANCED) No. 5 Fixed Income Financial Product” issued by CMB Financial Management Co., Ltd. in the amount of RMB30,000,000 for 3 months (automatically renewable for another 3 months if no further instruction) with the expected annualised rate of return at 2.55% to 3.75% per annum. For further details, please refer to the announcement of the Company dated 19 October 2022.
5. On 28 November 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Yue Tian Li” issued by SPD Bank in the amount of RMB30,000,000 for 30 days with the expected annualised rate of return at 3.20% per annum. For further details, please refer to the announcement of the Company dated 28 November 2022.
6. On 30 December 2022, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Yue Tian Li” issued by SPD Bank in the amount of RMB30,000,000 for 30 days with the expected annualised rate of return at 3.20% per annum. For further details, please refer to the announcement of the Company dated 30 December 2022.

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

There was no purchase, sale or redemption of the Company’s listed securities by the Company or any of its subsidiaries during the Reporting Period.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Save as disclosed, the Group has no significant investment, acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

PLEDGE OF ASSETS

As at 31 December 2022, none of the Group's assets was pledged.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any material contingent liabilities.

LITIGATIONS

Writ of Summons received by the Company

On 16 June 2021, the Company received a writ of summons issued in the High Court of the Hong Kong Special Administrative Region (the "**Court**") by Leading Global Fund SPC as plaintiff (the "**Plaintiff**") and the Company as the defendant. The Plaintiff filed and served its statement of claim on 23 July 2021 (the "**Statement of Claim**"). As set out in the Statement of Claim, the Plaintiff allegedly claims against the Company for (i) the sum of HK\$250,000,000 pursuant to an alleged subscription agreement entered into between the Plaintiff and the Company on or around 16 July 2018 (the "**Alleged Subscription Agreement**"); (ii) damages for alleged breach of the Alleged Subscription Agreement by the Company's failure to transfer the sum of HK\$250,000,000 to the Plaintiff pursuant to the Alleged Subscription Agreement, together with (iii) interest, costs and further or other relief (the "**Action**"). For further details, please refer to the announcement of the Company dated 17 June 2021.

The Company has filed a defence on 8 November 2021 (the "**Defence**") on the ground that the said amount had been fully paid. The Plaintiff then filed and served its reply to the Court on 16 February 2022. The Plaintiff has not taken any step further to proceed with the claims against the Company after the filing and service of its reply to the Company's Defence.

Event of Default of Notes of the Issuer

The Company has subscribed secured notes in the principal amount of HK\$250,000,000 (the “**Notes**”) issued by Orbitronic Global Development Co., Limited (the “**Issuer**”) on 13 December 2019, the maturity date of the Notes was extended from 12 December 2020 to 12 June 2021 (the “**Extended Maturity Date**”). The Issuer has failed to pay the total principal amount of the Notes together with the accrued interests on the Notes, which amounted to HK\$8,750,000 as at the Extended Maturity Date) to the Company and such sums remained outstanding as at the date of this announcement, in such case the Issuer has constituted an event of default (“**Event of Default**”). For further details, please refer to the announcements of the Company dated 12 December 2020 and 22 June 2021 respectively.

On 16 March 2022, the Company has issued a letter of request for payment through legal counsel to the Issuer. The Company has consistently pursued the Issuer for payment. However, there has been no further update or response from the Issuer as at the date of this announcement. The Company will use its best endeavours and take all possible actions to seek recovery from the Issuer of the principal amount of the Notes and interests accrued thereon.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Company has subscribed for the wealth management products after the Reporting Period as below:

1. On 11 January 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a private equity fund “Private equity investment fund Yuedong Stable Win”, managed by Guangzhou Boniu Private Equity Securities Investment Management Co., Ltd. in the amount of RMB40,000,000. For further details, please refer to the announcements of the Company dated 12 January 2023 and 16 January 2023.
2. On 7 February 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “No. 3 Caifu Banche Jinqi” issued by SPD Bank in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 7 February 2023.
3. On 8 February 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Class B, WenXiangLingDongHuiLi No. 1 of BOCOM Wealth Management Co., Ltd. with 90-day holding period” distributed by China Merchants Bank Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualized rate of return at 2.60% to 4.00% per annum. For further details, please refer to the announcement of the Company dated 8 February 2023.

4. On 15 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “XingFuLiCai-XingFuTianLi (3 Months) Periodic Open-ended RMB Wealth Management Scheme of CGB Wealth Management (Issue 1)”, managed by CGB Wealth Management Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualized rate of return at 3.30% to 3.80% per annum. For further details, please refer to the announcement of the Company dated 15 March 2023.
5. On 23 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series C issued by CIB Wealth Management” issued by CIB Wealth Management in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 2.70% to 3.30% per annum. For further details, please refer to the announcement of the Company dated 23 March 2023.
6. On 24 March 2023, Shanghai Youmin Networks Technology Limited, a PRC subsidiary of the Company, subscribed for a wealth management product “No. 3 Caifu Banche Jinqu” issued by SPD Bank. in the amount of RMB30,000,000 for 30 days with the expected annualized rate of return at 3.35% per annum. For further details, please refer to the announcement of the Company dated 24 March 2023.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issues (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors’ securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all the code provisions set forth in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 to the Listing Rules, except for the following deviation from provision C.2.1 of the CG Code which is explained below:

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Liu Jie (“**Mr. Liu**”) is our chairman and chief executive officer with extensive experience in the mobile internet industry and mobile game publishing industry. Mr. Liu is responsible for the strategic development, overall operation and management and major decision-making of our Group and is instrumental to our growth and business expansion since our establishment in 2013.

Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and visionary individuals. Our Board currently comprises four executive Directors (including Mr. Liu) and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group’s business strategies and maximizes effectiveness of its operation.

SCOPE OF WORK OF ZHONGHUI ANDA

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this annual results announcement have been agreed by the Group’s auditors, ZHONGHUI ANDA, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA on this annual results announcement.

AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely, Dr. Liu Jianhua (the Chairman), Mr. Guo Jingdou and Mr. Sui Pengda, all being independent non-executive Directors of the Company.

The Audit Committee has reviewed the Company’s audited consolidated annual results for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters of the Company.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.fingertango.com). The Group's 2022 annual report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

APPRECIATION

Lastly, I would like to thank all the staff and the management team for their hard work during the Reporting Period. I would also like to express heartfelt gratitude to all of our users and business partners on behalf of the Group, and wish for their continuous support in the future. We will keep working closely with our shareholders and employees to steer the Group to a more modernized and sophisticated level of operation, through which we aspire to turn to a new chapter in the Group's development.

By order of the Board

FingerTango Inc.

LIU Jie

*Chairman, Chief Executive Officer
and Executive Director*

Guangzhou, the People's Republic of China, 30 March 2023

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIU Jie and Mr. ZHU Yanbin as executive Directors, and Dr. Liu Jianhua, Mr. GUO Jingdou and Mr. Sui Pengda as independent non-executive Directors.