



FingerTango Inc.

指尖悅動控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6860)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “**Board**”) of directors (the “**Directors**”) of FingerTango Inc. (the “**Company**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”, “**we**”, “**our**” or “**us**”) for the six-month period ended 30 June 2020 (the “**Reporting Period**”), which was prepared in accordance with International Accounting Standard 34 “**Interim Financial Reporting**” and have been reviewed by the independent auditor of the Company, ZHONGHUI ANDA CPA Limited (the “**Independent Auditor**”), in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and have been reviewed and approved by the Company’s audit committee together with the management of the Company.

FINANCIAL SUMMARY

	Six months ended 30 June		
	2020	2019	Change
	RMB million (Unaudited)	RMB million (Unaudited)	%
Revenue	429.5	525.1	(18.2)
Gross profit	271.9	318.6	(14.7)
Profit for the period	87.2	47.3	84.4
Non-IFRS measures:			
Adjusted profit ^(Note)	94.3	70.2	34.3

Note:

- (1) During the Reporting Period, the adjusted profit for the period excludes the impact from share-based compensation to key employees of RMB7.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

According to the China Gaming Industry Report 1H2020 jointly released by the Game Publishers Association Publications Committee (GPC) of the China Audio-video and Digital Publishing Association (中國音像與數字出版協會遊戲出版工作委員會) and International Data Company, the Chinese gaming industry maintained a steady rise and generated a total revenue of approximately RMB139.5 billion in the first half of 2020, representing an increase of 22.4% as compared to the same period last year.

Mobile game has retained its mainstream position in the overall online game industry cornering about 75% of the gaming market, with its revenue reaching RMB104.7 billion in the first half of 2020 or a growth of 35.8%. In addition, mobile devices have become the first choice for leisure activities due to their portability and other conveniences, and with the development of 5G and cloud games, mobile games face a more stable market growth potential.

The outbreak of coronavirus disease (the “**COVID-19 outbreak**”) in early 2020 has led to a major challenge for the global economy and has caused a significant impact on all sectors. The damage to the Chinese gaming industry is not to be underestimated. The Chinese gaming industry faces various problems such as the slow progress of new product development, the deterioration of business environment and the reduction of work efficiency.

Since 2019, the National Intellectual Property Administration of PRC implemented a policy emphasizing on the strengthening of the protection of intellectual property. Efforts are put into the development of the intellectual property strategy compendium, the planning and implementation of an intellectual property protection system, improving the intellectual property laws and regulations, strengthening the protection of intellectual property source, and innovating the mechanism of protection of intellectual property. With the effective improvement of the government’s comprehensive management of intellectual property rights, along with further strengthened and enhanced protection means and efficiency, the gaming industry has ushered in an important opportunity for innovation and development.

As gaming enterprises have deployed more resources in research and development, more advanced technologies, such as 5G, cloud gaming, VR/AR, are being used in the gaming industry. And in the future, it is expected that the gaming industry will be more affluent with new functions, gameplay and landscape brought about by these new technologies. Meanwhile, as AI, VR, cloud computing and other technologies become more mature, more gaming enterprises will focus on enhancing their own hard power, as such, we expect there will be more refined games and a more regulated environment.

The segment of SLG games, which we dedicate in, has shown rapid growth in recent years. In the first half of 2020, SLG games accounted for 11.0% of the top 100 mobile games in terms of revenue in China’s mobile game market, following role-playing games (30.0%) and card games (12.0%). Players have showed continuous demand for SLG games.

Business Review

We are a leading mobile game publisher and a pioneer in the SLG game publishing industry in China. Our outstanding ability in lengthening the lifecycle of games and enhancing the overall conversion rate differentiates us from other players in the industry. We have continued to attain the attention and favourable support of the players.

Entering 2020, the rapid COVID-19 outbreak in different cities around the world has led to a major challenge for the global economy and has caused a serious impact on all sectors. The Group's revenue in the Reporting Period was approximately RMB429.5 million, representing a decrease of approximately 18.2% as compared to the corresponding period last year. The prolonged suspension of approval of online game publication has cast a negative impact on the growth momentum of the game industry which is yet to be recovered. Although the above-mentioned suspension has been lifted, approvals of new game publication are greatly reduced. Certain pipeline games of the Group that had been scheduled to be launched during the Reporting Period were not launched due to underperformance of game testing results and the suspension of online game publication approval. 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 titles to be launched in 2020. These included a deep optimization of playing techniques, gameplay, roles and design customizing to the players' evolving preferences to ensure their sound performance upon official launch. Nevertheless, we have launched several new games in the first half of 2020 according to our business plan. These new titles 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 Company would be gradually unleashed in second half of 2020 and 2021. With the lifting of the above-mentioned suspension, we have acquired 3 new licensed games from the start of 2020 and up to the date of this announcement, building substantial momentum for the Company to further publish new games and continuously create new income sources.

During the Reporting Period, the profit attributable to owners of the Company was approximately RMB87.2 million, as compared to RMB47.3 million during the corresponding period last year. The increase of profit was primarily due to a decrease in selling and marketing expenses as the Company has engaged in less extensive advertising and promotion activities for classic games which have been in operation for years and are in their mature stage during the Reporting Period.

The level of game monetization has continued to reflect our strengths and keen ability. Despite a volatile game market caused by the prolonged suspension of approval of online game publication in China, the average revenue per month per paying user ("ARPPU") of the Company remain steady at RMB621 during the Reporting Period as compared to RMB477 for the same period last year. The total number of accumulative registered users has reached 172.3 million as at 30 June 2020, representing a 8.6% growth as compared for the same period last year. 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.

China's game market faced fluctuations in the first half of 2020 due to the major challenge for the global economy resulting from the COVID-19 outbreak in different cities around the world and a lag in the effect caused by the suspension of approval of online games publication. Despite the challenging macro situation, looking back on the past six months, the Company was still striving for the sustainable development of business and actively laying a foundation for healthy growth in the future. We upheld our persistence in the SLG game segment while broadening our game category. Leveraging SLG's inherent advantage of long lifecycle, the Company's strong operating capability and the extensive industry experience of our senior management team, the Company has achieved sound performance throughout the Reporting Period. The strategy of upholding our persistence in the SLG game segment while broadening our game category has been successful. My Duty (「我的使命」), a SLG game, and Romance of Stars (「星辰奇緣」), a MMORPG game, are still popular after more than 42 months' and 56 months' operation, respectively, and has achieved a monthly gross billings of up to RMB37 million and RMB20 million, respectively during the Reporting Period. The performance of games in the growth stage continued to be strong and maintained an upward momentum, those in the mature stage saw a natural drop but steady gross billings were maintained. Three titles have generated an average monthly gross billings of RMB13 million or above in the Reporting Period. We constantly launched updated versions and introduced iterative calculations and new gameplay. The games have maintained robust lifecycles and continued to generate steady revenue for us over a longer period of time.

Outlook for the second half of 2020

Entering 2020, the COVID-19 outbreak in different cities around the world has led to a major challenge for the global economy and has caused a serious impact on all sectors. The Group has responded quickly with comprehensive arrangements and collaborated with regional offices and subsidiaries to stand in the frontline of epidemic prevention and control. The Group will continuously monitor and assess the latest development, and react actively to potential impacts on the Group's business operations.

2020 is a year full of challenges and opportunities for China's game industry. In June 2019, China's Ministry of Industry and Information Technology officially issued 5G commercial licenses to major telecom operators in China, promoting 5G commercial development in China. The ultra-high speed and low latency of 5G network can bring more refined gaming experience for players. In addition, the ability of 5G in handling increased synchronous connections could lead to more powerful multiplayer gameplay. On the other hand, the screen frame number of smart phones can reach super smooth 60 frames per second, while 5G network speeds up transmission with higher bandwidth and speed. Mobile games will have a new look and game experience will be enhanced when 5G becomes popular along with the next generation smart phones which will be equipped with a full 3D and a robust engine. It is expected that market competition will become increasingly keen when the 5G network becomes popular.

In the meantime, the growth that relies on the bonus of user increment will not be able to last. Companies need to create products with both cultural and commercial values and seek for new growth models in the increasingly competitive market. The massive amount of mobile game users offers a large user base for mobile games market. Player demands and market potential are awaiting exploration.

Moreover, it is also a challenge for mobile game developers to win users' attention. The emergence of new entertainment choices such as short online video clips has consumed some of the time previously spent on playing games. Such a change in users' behavioral pattern has posed a bigger challenge to both the game publishing industry and the developers.

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 impetus is in full play in future.

Adherence to and focus on products with long lifecycle, the concept of continuous operation with long-term flow, and constant offer of new gameplay to extend product lifecycle — these are our initial intention, our strength and development strategy. In the face of a complex and changing market environment, we will 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 enriched and enhanced player experience, thereby improving the ability to monetization and continuing to generate stable revenue for the Company.

We are conducting comprehensive tests for the new titles to be launched in 2020 while optimizing product launch 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 analysis, 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.

Looking forward, 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. At the same time, we will continue to optimize the game content, enhance the player experience, boost player stickiness and loyalty, and actively optimize the product launch strategy. In addition, we will continue to invest sufficient resources in our research and development and operating teams, continue to attract elite talents worldwide, expand the player base, and capture huge opportunities in the market. The Company will also continue to seek synergetic merger and acquisition opportunities to accelerate business growth and breakthroughs, with the aim to further reinforce our leadership in mobile game operation.

Financial Performance

The following table sets forth our interim condensed consolidated statement of profit or loss for the six months ended 30 June 2020 and 2019, respectively:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	429,451	525,129
Cost of revenue	(157,601)	(206,508)
Gross Profit	271,850	318,621
Selling and marketing expenses	(108,901)	(219,092)
Administrative expenses	(58,025)	(27,801)
Research and development expenses	(26,666)	(32,832)
Other income	5,115	3,611
Other (losses)/gains, net	(5,438)	6,395
Operating profit	77,935	48,902
Finance income	21,666	5,120
Finance costs	(146)	(238)
Profit before income tax	99,455	53,784
Income tax expense	(12,243)	(6,510)
Profit for the period attributable to owners of the Company	87,212	47,274
Non-IFRS Measure		
Adjusted profit attributable to owners of the Company	94,293	70,175

Revenue

The Group's revenue in the Reporting Period was approximately RMB429.5 million, representing a decrease by approximately 18.2% or RMB95.6 million as compared to the corresponding period in 2019. The decrease was primarily due to (i) the natural drop in revenue of the classic games which have been in operation for years and are in their mature stage, (ii) games launched during the Reporting Period are still in promotion period and yet to generate sizable income, and (iii) the suspension of approval of online games publication for a period as long as nine months in 2018 that has cast an impact to the growth momentum which has yet to recover.

With respect to revenue categorized by method of publication, self-publishing revenue was approximately RMB237.1 million as compared to RMB263.4 million in the corresponding period last year, representing 55.2% of the total revenue as compared to 50.2% in the corresponding period last year. Co-publishing revenue was approximately RMB192.4 million, representing 44.8% of the total revenue.

Cost of Revenue

The cost of revenue in the Reporting Period was approximately RMB157.6 million and decreased by approximately 23.7% or RMB48.9 million as compared to the corresponding period last year. It was mainly due to the decrease in platform sharing charges was partially offset by the growing commissions charged by game developers.

Gross Profit and Gross Profit Margin

During the Reporting Period, gross profit was approximately RMB271.9 million, as compared to RMB318.6 million in the corresponding period last year. Gross profit margin was increased to 63.3% as compared to 60.7% in the corresponding period last year, since the magnitude of the decrease in cost was larger than that of the decrease in revenue.

Other Income

During the Reporting Period, other income was approximately RMB5.1 million as compared to approximately RMB3.6 million in the corresponding period last year. The rise was mainly due to the additional deduction of value-added tax during the Reporting Period.

Other (losses)/gains, net

During the Reporting Period, net other loss was approximately RMB5.4 million, as compared to a net other gain of approximately RMB6.4 million in the corresponding period last year. The changes was primarily attributable to the donation and charge deducted over deposits during the Reporting Period.

Finance Income, net

During the Reporting Period, net finance income was approximately RMB21.5 million, an increase of approximately 338.8% or RMB16.6 million as compared to the corresponding period last year. The increase was mainly from interest income of the short-term deposit with maturity less than 90 days and loans to third parties as well as finance income from notes receivables.

Selling and Marketing Expenses

The selling and marketing expenses in the Reporting Period were approximately RMB108.9 million, decreased by approximately 50.3% or approximately RMB110.2 million as compared to the corresponding period last year. It constituted 25.4% of the total revenue, representing a decrease from 41.7% in the corresponding period last year. The decrease was primarily due to adjustment in game launching plan in 2020 and less extensive advertising and promotion activities for classic games which have been in operation for years and are in their mature stage during the Reporting Period.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB58.0 million, as compared to approximately RMB27.8 million in the corresponding period last year. The change was primarily due to the increase of impairment loss of assets.

Research and Development Expenses

The research and development expenses of the Group in the Reporting Period were approximately RMB26.7 million, decreased by approximately 18.8% or RMB6.1 million as compared to the corresponding period last year. The change was primarily due to the decrease of share-based compensation to key employees.

Income Tax Expense

The income tax expense in the Reporting Period was approximately RMB12.2 million, increased by 88.1% or approximately RMB5.7 million as compared to the corresponding period last year. It was a consequent result of an increased taxable income.

Profit for the Reporting Period

The profit attributable to owners of the Company in the Reporting Period was RMB87.2 million, increased by 84.4% as compared to RMB47.3 million in the corresponding period last year. The increase of profit was primarily due to a decrease in selling and marketing expenses as the Group has engaged in less extensive advertising and promotion activities for classic games which have been in operation for years and are in their mature stage during the Reporting Period.

Non-IFRS Measures — Adjusted Profit

The adjusted profit in the Reporting Period, adjusted by excluding the impact from the share-based compensation to key employees, was RMB94.3 million, increased by 34.3% as compared to RMB70.2 million in the corresponding period last year.

The following table sets out the adjusted profit as well as the calculation process based on non-IFRS measures for the Reporting Period:

	For the six months ended 30 June	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Profit for the period	87.2	47.3
Add:		
Share-based compensation	7.1	22.9
Adjusted profit for the period	94.3	70.2

Liquidity and source of funding and borrowing

As at 30 June 2020, the Group's total cash and cash equivalents amounted to approximately RMB799.1 million, representing an increase of approximately 2.7% as compared with approximately RMB778.0 million as at 31 December 2019.

As at 30 June 2020, the current assets of the Group amounted to approximately RMB1,481.7 million, including cash and cash equivalents of approximately RMB799.1 million and other current assets of approximately RMB682.6 million. Current liabilities of the Group amounted to approximately RMB209.9 million, including trade payables and contract liabilities of approximately RMB141.4 million and other current liabilities of approximately RMB68.5 million. As at 30 June 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 7.1, as compared with 5.2 as at 31 December 2019.

The 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 30 June 2020 and the resulting gearing ratio is nil. The Group intends to finance the expansion, investments and business operations of the Group with its internal resources.

INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2020, investments at fair value through profit or loss recorded approximately RMB113.4 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 2019	Changes in fair value for the six months ended 30 June 2020	Additions for the six months ended 30 June 2020	Settlements for the six months ended 30 June 2020	Currency translation difference for the six months ended 30 June 2020	Fair value as at 30 June 2020
Investments at fair value through profit or loss	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<i>(RMB million)</i>						
Wealth management product Central China Dragon Growth Fund SP7 (中州龍騰增長七號基金)	95.4	0.4	—	(22.9)	1.5	74.4
Investments in private company A	8.0	—	—	—	—	8.0
Private equity investment fund Yuedong Stable Win (悅動穩贏私募證券投資基金)	—	1.0	30.0	—	—	31.0
Total	103.4	1.4	30.0	(22.9)	1.5	113.4

As at 30 June 2020, investments at fair value through profit or loss are mainly composed of investments in the wealth management product Central China Dragon Growth Fund SP7 (中州龍騰增長七號基金) and private equity investment fund Yuedong Stable Win (悅動穩贏私募證券投資基金). The carrying amount of wealth management product Central China Dragon Growth Fund SP7 (中州龍騰增長七號基金) was approximately RMB74.4 million as at 30 June 2020 after a redemption of Hong Kong dollars (“HK\$”) 25.0 million during the Reporting Period, accounting for approximately 4.5% of the Group’s total assets as at 30 June 2020. For details of the subscription in Central China Dragon Growth Fund SP7 (中州龍騰增長七號基金) by the Company, please refer to the announcement of the Company dated 11 December 2018. The carrying amount of private equity investment fund Yuedong Stable Win (悅動穩贏私募證券投資基金) was approximately RMB31.0 million as at 30 June 2020, accounting for approximately 1.9% of the Group’s total assets as at 30 June 2020.

The performance of the investments has been closely and effectively monitored by the Company. For the six months ended 30 June 2020, the returns of the investments were consistent with its fair value change. The Company believes that the investments will continue to generate stable income for the Company.

FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
		Notes	
Revenue	4	429,451	525,129
Cost of revenue		(157,601)	(206,508)
Gross profit		271,850	318,621
Selling and marketing expenses		(108,901)	(219,092)
Administrative expenses		(58,025)	(27,801)
Research and development expenses		(26,666)	(32,832)
Other income		5,115	3,611
Other (losses)/gains, net	5	(5,438)	6,395
Operating profit		77,935	48,902
Finance income	6	21,666	5,120
Finance costs	6	(146)	(238)
Profit before income tax		99,455	53,784
Income tax expense	7	(12,243)	(6,510)
Profit for the period attributable to owners of the Company	8	87,212	47,274
Other comprehensive income:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		15,496	3,080
Other comprehensive income for the period, net of tax		15,496	3,080
Total comprehensive income for the period attributable to owners of the Company		102,708	50,354
Earnings per share (RMB)	10		
— Basic		0.0463	0.0247
— Diluted		0.0460	0.0245

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
	Note		
ASSETS			
Non-current assets			
Property and equipment		10,454	10,158
Right-of-use assets		4,253	8,262
Intangible assets		7,692	8,095
Prepayments and deposits		26,402	27,070
Investments at fair value through profit or loss		82,363	103,351
Deferred tax assets		27,461	28,156
Time deposits		20,000	20,000
Total non-current assets		178,625	205,092
Current assets			
Trade receivables	11	55,538	75,095
Contract costs		33,154	42,126
Prepayments and deposits		89,867	132,833
Other receivables		204,703	157,416
Notes receivables		228,350	223,950
Investments at fair value through profit or loss		30,999	—
Restricted bank deposits		—	892
Time deposits		40,000	—
Bank and cash balances		799,094	777,962
Total current assets		1,481,705	1,410,274
Total assets		1,660,330	1,615,366
EQUITY AND LIABILITIES			
Equity			
Share capital		62	62
Reserves		1,450,315	1,340,526
Total equity		1,450,377	1,340,588

		As at 30 June 2020 <i>RMB'000</i> <i>(Unaudited)</i>	As at 31 December 2019 <i>RMB'000</i> <i>(Audited)</i>
	<i>Note</i>		
Liabilities			
Current liabilities			
Trade payables	12	42,747	69,043
Contract liabilities		98,609	126,617
Accruals and other payables		36,943	46,227
Lease liabilities		4,179	7,124
Current tax liabilities		27,440	24,516
Total current liabilities		209,918	273,527
Non-current liabilities			
Lease liabilities		35	1,251
Total liabilities		209,953	274,778
Total equity and liabilities		1,660,330	1,615,366

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General information

FingerTango Inc. (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 9 January 2018. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is 40/F, Sunlight Tower, 248 Queen’s Road East, Wanchai, Hong Kong. The address of the headquarters is 3/F, Huixin Building, 1132 Zhongshan Avenue West, Tianhe District, Guangzhou, the People’s Republic of China (“**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The condensed consolidated financial statements are presented in Renminbi (the “**RMB**”), which is the Company’s presentation currency and the functional currency of the principal operating subsidiaries of the Company.

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.

2 Basis of preparation

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2019.

3 Adoption of new and revised International Financial Reporting Standards

In the current period, the Company and its subsidiaries (collectively referred to as the “**Group**”) has adopted all the new and revised International Financial Reporting Standards (“**IFRSs**”) issued by the IASB that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. 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 period 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.

4 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.

Six months ended 30 June

	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Self-publishing	237,115	263,374
Co-publishing	192,336	261,755
Total revenue	429,451	525,129

Disaggregation of revenue from contracts with customers:

Timing of revenue recognition

Over time	429,451	525,129
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Revenue from major customers:

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (for the six months ended 30 June 2019: nil).

The following table summarises the percentage of revenue from games licensed by single game developers exceeding individually 10% of the Group's revenue during the six months ended 30 June 2020.

Six months ended 30 June

	2020	2019
	(Unaudited)	(Unaudited)
Game developer a	43.0%	24.2%
Game developer b	16.9%	24.5%
Game developer c	16.4%	21.2%
Game developer d	*	12.7%

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

5 Other (losses)/gains, net

Six months ended 30 June

	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Donation	(3,891)	—
Fair value changes on investments at fair value through profit or loss	1,386	5,875
Charge deducted over deposits	(4,600)	—
Loss on disposals of property and equipment	(34)	(44)
Net foreign exchange gains	1,770	577
Others	(69)	(13)
	(5,438)	6,395

6 Finance income/finance costs

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
<u>Finance income</u>		
Finance income from bank balances	8,857	5,120
Finance income from loans to third parties	5,392	—
Finance income from notes receivables	7,417	—
	<u>21,666</u>	<u>5,120</u>
<u>Finance costs</u>		
Lease interests	<u>146</u>	<u>238</u>

7 Income tax expense

	Six months ended 30 June	
	2020 RMB'000 (Unaudited)	2019 RMB'000 (Unaudited)
Current tax	11,548	2,687
Deferred tax	<u>695</u>	<u>3,823</u>
	<u>12,243</u>	<u>6,510</u>

Hong Kong Profits Tax has been provided at the rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 for the six months ended 30 June 2020. No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2019 as the Group did not generate any assessable profits arising in Hong Kong during that period.

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 Group’s PRC subsidiaries is 25% (for the six months ended 30 June 2019: 25%).

Shanghai Binyou Networks Technology Limited (“**Binyou Networks**”) was accredited as a “software enterprise” under the relevant PRC laws and regulations. It is exempt from EIT for two years, followed by 50% reduction in the applicable income tax rates for the next three years from year 2019, commencing from the first year of profitable operation after offsetting tax losses generating from prior years.

Binyou Networks started to enjoy the 0% preferential tax rate for two years beginning from year 2019, followed by 50% reduction in the applicable tax rates for the next three years, since it has made profit in year 2019.

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 income 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% for the six months ended 30 June 2020 (for the six months ended 30 June 2019: 15%).

8 Profit for the period

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Amortisation of intangible assets	2,155	816
Depreciation	6,692	6,551
Loss on disposals of property and equipment	34	44
Allowance/(reversal of allowance) for trade receivables (included in administrative expenses)	151	(221)
Impairment loss on intangible assets (included in cost of revenue)	418	842
Impairment loss on prepayments for purchase of licenses and to game developers (included in administrative expenses)	21,334	2,242
Staff costs including directors' emoluments	54,041	62,669

9 Dividend

No dividends was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2020, nor has any dividend been proposed at the end of the reporting period (for the six months ended 30 June 2019: nil).

10 Earnings per share

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	87,212	47,274

	Six months ended 30 June	
	2020	2019
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,885,377,366	1,917,424,260
Adjustments for unvested restricted share units	8,626,644	14,765,467
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,894,004,010	1,932,189,727

11 Trade receivables

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Trade receivables	56,549	75,955
Provision for loss allowance	(1,011)	(860)
Carrying amount	<u>55,538</u>	<u>75,095</u>

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
0 to 1 month	25,701	31,834
1 month to 3 months	24,360	36,742
3 months to 6 months	5,299	6,323
6 months to 1 year	178	196
	<u>55,538</u>	<u>75,095</u>

12 Trade payables

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

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
0 to 1 month	11,118	14,773
1 month to 3 months	21,461	30,382
3 months to 6 months	8,307	21,575
6 months to 1 year	964	1,996
Over 1 year	897	317
	<u>42,747</u>	<u>69,043</u>

13 Events after the reporting period

There were no material subsequent events during the period from 1 July 2020 to the approval date of the condensed consolidated financial statements by the board of directors on 28 August 2020.

14 Approval of condensed consolidated financial statements

The condensed consolidated financial statements were approved and authorised for issue by the board of directors on 28 August 2020.

OTHER INFORMATION

Interim Dividend

The Board does not recommend payment of any interim dividend for the six-month period ended 30 June 2020.

Employee Remuneration and Relations

As at 30 June 2020, the Group had a total of 361 employees, comparing to 413 employees as at 30 June 2019. 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 provides 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.

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 investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments and capital assets

Save as disclosed herein, the Group has no significant investment held, no material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period, and that there was no plan authorised by the Board for other material investments or addition of capital assets at the date of this announcement.

Pledge of Assets

As at 30 June 2020, none of the Group's assets were pledged.

Contingent Liabilities

As at 30 June 2020, the Group did not have any material contingent liabilities.

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 Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) 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.

Material Events after the Reporting Period

As at the date of this announcement, there were no material events after the Reporting Period.

Compliance with the Corporate Governance Code

As at the date of this announcement, the Company has complied with all the code provisions set forth in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules, except for the following deviation from provision A.2.1 of the CG Code which is explained below:

According to provision A.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.

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 provision C.3 of the CG Code. The Audit Committee comprises three members, namely, Ms. Yao Minru, Mr. Guo Jingdou and Dr. LIU Jianhua, all being independent non-executive Directors of the Company. Ms. Yao Minru is the chairperson of the Audit Committee, who possesses suitable professional qualifications.

The Audit Committee has reviewed the Company’s unaudited condensed consolidated interim results for the Reporting Period with the management 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.

The interim results for the Reporting Period is unaudited, but have been reviewed by the Independent Auditor, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

Change of Auditor

PricewaterhouseCoopers was removed as the auditor of the Group by approval of the shareholders at the extraordinary general meeting of the Company held on 17 February 2020.

ZHONGHUI ANDA CPA Limited was appointed as the auditor of the Group in place of PricewaterhouseCoopers immediately following its removal, and to hold office until the conclusion of the forthcoming annual general meeting of the Company. For further details, please refer to the announcements dated 17 January 2020, 24 January 2020, 4 February 2020 and 17 February 2020 respectively and the circular of the Company dated 24 January 2020.

Publication of the Interim Results and Interim Report

The interim 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 2020 interim 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*

Hong Kong, 28 August 2020

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIU Jie, Mr. ZHU Yanbin, Mr. WANG Zaicheng and Mr. LIU Zhanxi as executive Directors and Ms. YAO Minru, Mr. GUO Jingdou and Dr. LIU Jianhua as independent non-executive Directors.