



2022

ANNUAL REPORT



**FINGER  
TANGO**

**FingerTango Inc.**  
**指尖悅動控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6860



# CONTENTS

2	Corporate Information
4	Five Year Financial Summary
5	Chairman's Statement
6	Management Discussion and Analysis
17	Directors' Report
43	Director and Senior Management
47	Corporate Governance Report
62	Environmental, Social and Governance Report
105	Independent Auditor's Report
111	Consolidated Statement of Profit or Loss and Other Comprehensive Income
112	Consolidated Statement of Financial Position
114	Consolidated Statement of Changes in Equity
115	Consolidated Statement of Cash Flows
117	Notes to the Consolidated Financial Statements
174	Glossary

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. LIU Jie (劉傑) (*Chairman and Chief Executive Officer*)

Mr. ZHU Yanbin (朱炎彬)

### Independent Non-executive Directors

Dr. LIU Jianhua (柳建華)

Mr. GUO Jingdou (郭靜斗)

Mr. Sui Pengda (隋鵬達) (appointed on 21 March 2022)

## AUDIT COMMITTEE

Dr. LIU Jianhua (柳建華) (*Chairperson*)

Mr. GUO Jingdou (郭靜斗)

Mr. Sui Pengda (隋鵬達) (appointed on 21 March 2022)

## REMUNERATION COMMITTEE

Mr. GUO Jingdou (郭靜斗) (*Chairperson*)

Mr. ZHU Yanbin (朱炎彬)

Mr. Sui Pengda (隋鵬達) (appointed on 21 March 2022)

## NOMINATION COMMITTEE

Mr. LIU Jie (劉傑) (*Chairperson*)

Mr. GUO Jingdou (郭靜斗)

Mr. Sui Pengda (隋鵬達) (appointed on 21 March 2022)

## AUTHORIZED REPRESENTATIVES

Mr. LIU Jie (劉傑)

Ms. Anne Yu (余安妮) (appointed on 30 August 2022)

Mr. Wong Yu Kit (黃儒傑) (resigned on 30 August 2022)

## COMPANY SECRETARIES

Ms. Anne Yu (余安妮) (appointed on 30 August 2022)

Mr. Wong Yu Kit (黃儒傑) (resigned on 30 August 2022)

## AUDITOR

### ZHONGHUI ANDA CPA Limited

23/F, Tower 2

Enterprise Square Five

38 Wang Chiu Road

Kowloon Bay, Kowloon

Hong Kong

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

## HEADQUARTERS

Building 5, Zone A, Huaxin Kechuang Island,

No. 248 Qiaotou Street,

Haizhu District

Guangzhou

PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40<sup>th</sup> Floor, Dah Sing Financial Centre

No. 248 Queen's Road East

Wanchai

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

**Conyers Trust Company (Cayman) Limited**

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## COMPANY WEBSITE

[www.fingertango.com](http://www.fingertango.com)

## STOCK CODE

6860

## LISTING DATE

12 July 2018

## HONG KONG SHARE REGISTRAR

**Computershare Hong Kong Investor Services limited**

Shops 1712–1716  
17/F, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## PRINCIPAL BANK

**China Merchants Bank Co. Ltd.**

Guangzhou Gaoxin Branch  
1 Huajing Road, Zhongshan Avenue  
Guangzhou  
PRC

# Five Year Financial Summary

A summary of the Group's operating results, assets and liabilities for the last five financial years, is set out below.

## Consolidated Statement of Profit or Loss

	Year ended 31 December				
	2018	2019	2020	2021	2022
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Revenue	1,085.9	1,051.1	748.2	613.0	832.5
Gross Profit	641.6	663.5	464.0	360.8	529.8
Profit/(loss) for the Year	155.6	38.7	127.6	(517.4)	(139.4)
Non-IFRS Measures					
Adjusted profit/(loss) for the Year <sup>Note</sup>	254.3	71.2	135.8	(515.6)	(139.4)

Note: During the Reporting Period, adjusted loss for the year excludes share-based compensation to key employees of nil from loss for the year ((2021: RMB1.8 million).

## Consolidated Statement of Financial Position

	As at 31 December				
	2018	2019	2020	2021	2022
	RMB'Million	RMB'Million	RMB'Million	RMB'Million	RMB'Million
Non-current assets	164.7	205.1	149.1	214.3	149.1
Current assets	1,457.8	1,410.3	1,491.5	973.8	907.1
Current liabilities	286.9	273.5	209.6	268.9	259.4
Net current assets	1,170.9	1,136.8	1,281.9	704.9	647.7
Non-current liabilities	—	1.3	0.3	24.9	19.1
Total equity	1,335.6	1,340.6	1,430.7	894.3	777.8

# Chairman's Statement

To all Shareholders,

Since 2022, the complex and changeable international situation has led to a general decline in the global game market. The novel coronavirus (“**COVID-19**”) pandemic has brought unprecedented challenges to the global economy, resulting in obstacles to investment and financing in China's game industry, limited production and research and development of enterprises, and a decline in users' willingness and ability to consume, thereby inhibiting industry growth momentum. Although China's game industry is under various pressures, it is actively responding, striving to find and create development opportunities.

To cope with the changing market conditions and regulatory environment of the Chinese gaming market, the Company drew on its strong operating capability as well as keen market insight and extensive industry experience of senior management team and responded rapidly. In response to the increasing unit costs of advertising and promotion activities, we adapted and re-positioned to streamline and refine our game operations, and sought out innovative promotion channels.

Moreover, the changes in regulatory environment of the Chinese gaming market had led to the suspension of approval of online game publication for nine months in 2018. Although the above-mentioned suspension has been lifted, there's been a distinct decrease in approvals for games with publication license in 2022. According to GameLook, there're 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 have been decreased for five consecutive years since 2018.

Certain games launched in late 2021, 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. In view of the market conditions, we have made strategic adjustment and planning in the launch of our new games, and have been conducting deep optimization customizing to the players' evolving preferences, including continuing improvements in gameplay by upgrading heroes and rolling out new in-game events was also conducted to ensure their sound performance upon 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, 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.

On behalf of the Board, I would like to express my gratitude to all our staff and the management team for their commitment for excellence and valuable contribution. I would also like to thank all of our Shareholders, users and business partners, and wish for their continuous support in the future.

**LIU Jie**

*Chairman, Chief Executive Officer  
and Executive Director*

Hong Kong, 30 March 2023

# 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 RMB832.5 million during the Reporting Period, an increase of 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 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.



## Management Discussion and Analysis

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

# Management Discussion and Analysis

## Revenue

The Group recorded total revenue of RMB832.5 million during the Reporting Period, an increase of 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 RMB397.4 million as compared to the corresponding period of last year, representing 47.7% of the total revenue. Co-publishing revenue was RMB435.1 million, representing 52.3% of the total revenue.

## Cost of Revenue

The cost of revenue in the Reporting Period was RMB302.7 million and increased by 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 RMB529.8 million, as compared to RMB360.8 million in the corresponding period of last year. Gross profit margin increased to 63.6% as compared to 58.8% in the corresponding period of last year, since the magnitude of the increase in revenue is larger than that of the increase in cost of revenue.

## Selling and Marketing Expenses

The selling and marketing expenses in the Reporting Period were RMB408.6 million, surged by 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 RMB73.5 million, representing a decrease of 30.5% or 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 RMB78.4 million, which was increased by 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 RMB106.0 million, as compared to 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 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 RMB10.4 million during the Reporting Period, comparing to RMB13.9 million for the corresponding period of last year. It was a consequent result of decreased loss before tax.

# Management Discussion and Analysis

## 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 RMB Million	2021 RMB Million
Loss for the year	(139.4)	(517.4)
Add:		
Share-based compensation	—	1.8
Adjusted loss	(139.4)	(515.6)

## Liquidity and source of funding and borrowing

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

## Management Discussion and Analysis

### Investments at Fair Value through Profit or Loss

As at 31 December 2022, investments at fair value through profit or loss were 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
<b>Investments at fair value through profit or loss</b>						
Listed equity securities in Hong Kong	72.8	—	(61.2)	—	4.0	15.6
Wealth management product — Central China Dragon Growth Fund SP7 (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
<b>Total</b>	<b>232.3</b>	<b>210.0</b>	<b>(60.9)</b>	<b>(243.5)</b>	<b>9.4</b>	<b>147.3</b>

## Management Discussion and Analysis

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 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.

### Loans to Other Third Parties

During the period from May 2020 to March 2021, the Group granted loans to other third parties bearing interests ranging from 3% to 12% per annum with maturity term under one year, the balance of such loans to other third parties was RMB397,894,000 (in principal, before provision for expected credit losses) as at 31 December 2022. Loss allowance provisions of RMB51,570,000 was recorded in respect of loans to other third parties for the year ended 31 December 2022 (2021: RMB327,966,000). As at 31 December 2022, the loans to other third parties have been fully impaired on the basis that the loans are matured and aged over 1 year.

The purpose of granting the loans to other third parties was to utilise the Group’s idle capital in order to maximise the interest gains and generate a higher return than ordinary deposit interests without affecting the normal operations of the Group and hence in line with the business strategies of the Company to maximise returns for its shareholders. The loans to other third parties were funded by the Group’s idle capital and the terms of the respective loan agreements were arrived at by the Group and the borrowers after arm’s length negotiations. Having considered the interest income to be received by the Group, the Company considered that the terms of the respective loans were fair and reasonable and the granting of these loans was in the interest of the Company and its shareholders as a whole.

### Additional Information Relating to the Qualified Opinion

As set out on pages 105 to 106 of this annual report, a qualified opinion on the Group’s consolidated financial statements for the year ended 31 December 2022 (the “**Qualified Opinion**”) was issued in relation to:

- (1) 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 (the “**Investment Audit Qualification**”); and

- (2) 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 “**Receivables Audit Qualification**”, together with the Investment Audit Qualification, the “**Audit Qualifications**”).

### Management’s view on the Qualified Opinion

Based on the discussion with the Auditor, the management of the Company (the “**Management**”) agreed to the Audit Qualification on the following basis:

- (1) the Management noted the limitation for the Auditor to obtain sufficient appropriate audit evidence in relation to the Investment Audit Qualification as it involved 16,962,000 shares of China Gas Industry Investment Holdings Co. Limited (“**CGII Shares**”), being a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (HKEx stock code: 1940) (“**CGII**”) which had been suspended for trading since 25 March 2021 and only resumed by 13 September 2022;
- (2) the Management also noted the limitation for the Auditor to obtain sufficient appropriate audit evidence in relation to the Receivables Audit Qualification as the negotiations with the note issuer and certain borrowers for the repayment of the outstanding debts and the legal actions being taken against the note issuer and certain borrowers to recover the outstanding debts were still in progress;
- (3) despite the fact that the Company has been closely monitoring the resumption progress of CGII and has taken initiative to contact CGII regularly with an aim to understand the latest development and obtain further information in relation to CGII, the Management noted that there were no other audit procedures to the satisfaction of the Auditor as to the valuation of the carrying amount of certain investments at fair value through profit or loss as at 31 December 2021 and whether which change in fair value on investments at fair value through profit or loss for the years ended 31 December 2022 and 2021 respectively is properly recorded; and
- (4) despite the fact that the Company had been in discussion and negotiation with the note issuer and certain borrowers for the repayment of the outstanding debts and had taken legal actions against the note issuer and certain borrowers to recover the outstanding debts since the default in repayment of the relevant debts, the Management noted that there were no other audit procedures to the satisfaction of the Auditor 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, and whether the loss allowance provisions are properly recorded in the consolidated financial statements of the Company for the years ended 31 December 2022 and 2021.



## Management Discussion and Analysis

To address the Audit Qualifications, the Management will adopt the following action plans:

- (1) for the Investment Audit Qualification, the Management will continuously monitor the market performance of CGII with reference to its latest financial publications available on the website of the Stock Exchange and continue to take initiative to contact CGII regularly with an aim to understand the latest development and obtain further information in relation to CGII; and depending on its market performance, the Management will consider taking further actions, such as whether to dispose the acquired CGII Shares; and
- (2) for the Receivables Audit Qualification, the Management will continue to negotiate with the note issuer and certain borrowers and to proceed with the legal actions taken or to be taken against the note issuer and certain borrowers in order to recover the outstanding debts, especially with the easing of the COVID restrictions at the beginning of 2023.

Regarding the Investment Audit Qualification, the Management and the Auditor are of the view that such audit qualification is expected to be removed in subsequent consolidated financial statements of the Company.

Regarding the Receivables Audit Qualification, since the carrying amounts of notes receivables and certain other receivables as at 31 December 2022 will appear as the opening balance in the consolidated financial statements for the year ending 31 December 2023, the Receivables Audit Qualification on the carrying amount of notes receivables and certain other receivables as at 31 December 2023 may remain. However, the Management and the Auditor are of the view that the Receivables Audit Qualification is expected to be removed in subsequent consolidated financial statements given that the progress of legal actions against those issuer and borrowers will provide more information about those issuer's and borrowers' financial conditions and those issuer's and borrowers' repayment ability. When the information is sufficient to verify the financial difficulties of those issuer and borrowers and is consistent with the impairment provided by the Group, the Management believes that the Receivables Audit Qualification will be removed in subsequent consolidated financial statements. In any event, as the notes receivables and all the loans have been fully impaired as at 31 December 2022, there will not be further impairment to be recognised for such note issuer and such borrowers for the year ending 31 December 2023 and hence the Receivables Audit Qualification on the loss allowance provisions for notes receivables and certain other receivables will not recur in the year ending 31 December 2023 and beyond.

The Board considered that the Audit Qualifications were not caused by any internal control deficiency.

As noted on page 106 of this annual report, any adjustment to the figures stated 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.

There is no difference in views between the Board and the Auditor with regard to the Qualified Opinion.

### **Audit Committee's view on the Qualified Opinion**

Based on the discussion with the Auditor, the audit committee of the Company concurred with the view of the Management as set out above, both the Board and the audit committee will endeavour to remove the Audit Qualifications in subsequent consolidated financial statements of the Company in the soonest practicable.

# Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022.

## PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is a leading mobile game publisher and a pioneer in the SLG game publishing industry in China. Details of the principal activities of the principal subsidiaries of the Company are set out in Note 18 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

## BUSINESS REVIEW

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

## RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended 31 December 2022 are set out on pages 111 to 173 of this annual report.

The Board does not recommend payment of a final dividend for year ended 31 December 2022 (31 December 2021: Nil).

## CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting will be held on Friday, 23 June 2023 (the "Annual General Meeting").

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.

## FIVE YEAR FINANCIAL SUMMARY

A summary of the Group's operating results, assets and liabilities for the past five financial years is set out on page 4 of this annual report. This summary does not form part of the audited consolidated financial statements.

### TAX RELIEF AND EXEMPTION

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

### PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements on page 151 of this annual report.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Board has the overall responsibility for the Group's environmental, social and governance and is highly aware of the importance of environment protection. The Board has not noted any material non-compliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment during the Reporting Period. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2022 contained in this annual report.

### SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2022 are set out in Note 30 to the consolidated financial statements on page 165 of this annual report.

### SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Group and of the Company during the year ended 31 December 2022 are set out in consolidated statement of changes in equity and Note 32 to the consolidated financial statements on pages 114 and 167 to 170, respectively of this annual report.

### DISTRIBUTABLE RESERVES

The Company's total distributable reserves as at 31 December 2022 amounted to Nil.

### BORROWINGS

As at 31 December 2022, the Company did not have any bank borrowings.

## FOREIGN EXCHANGE RISK

The income of the Group was principally and mostly denominated in RMB. The Group will continue to monitor its foreign exchange risk exposure to best preserve the Group's cash value. As at 31 December 2022, the Group did not enter into any hedging transactions.

## PLEDGE OF ASSETS

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

## PRE-EMPTIVE RIGHTS

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

## SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

## CONTINGENT LIABILITIES

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

## 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.

### SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

During the Reporting Period, the Group has 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 21 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.

## EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, the Group 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; and
- (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 Jinqi" 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.

## USE OF PROCEEDS

The net proceeds received from the listing have been 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:

	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
<b>Total</b>	<b>100%</b>	<b>967.1</b>	<b>578.8</b>	<b>(106.6)</b>	<b>472.2</b>

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.

## DIRECTORS

The Directors of the Company as at the date of this annual report were:

Directors	Position
Liu Jie (劉傑)	Executive Director, chairman of the Board and chief executive officer
Zhu Yanbin (朱炎彬)	Executive Director and vice president
Liu Jianhua (柳建華)	Independent non-executive Director
Guo Jingdou (郭靜斗)	Independent non-executive Director
Sui Pengda (隋鵬達)	Independent non-executive Director (appointed on 21 March 2022)

Biographical details of the Directors and the senior management of the Group are set out on pages 43 to 46 in this annual report.

All Directors are appointed for a specific term of three years which may be extended as each and the Company may agree, subject to retirement by rotation and re-election at the annual general meeting (“AGM”) in accordance with the articles of association of the Company.

Article 84 of the articles of association of the Company provides that at each AGM, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

Article 83(3) of the articles of association of the Company provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first annual general meeting of Members after his appointment, and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

## DIRECTORS' SERVICE CONTRACTS

Mr. Liu Jie has entered into a service contract with the Company for a term of three years commencing from 19 June 2018, which has been renewed for another term of three years commencing from 19 June 2021 and may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. Mr. Zhu Yanbin has entered into a service contract with the Company for a term of three years commencing from 19 June 2019, which has been renewed for another term of three years commencing from 19 June 2022.



## Directors' Report

Mr. Guo Jingdou, have signed an appointment letter with the Company for a term of three years with effect from 19 June 2018, which has been renewed for another term of three years commencing from 19 June 2021. Dr. Liu Jianhua has signed an appointment letter with the Company for a term of three years, with effect from 13 January 2020, which has been renewed for another term of three years commencing from 13 January 2023. And Mr. Sui Pengda has signed an appointment letter with the Company for a term of three years, with effect from 21 March 2022.

None of the Directors has entered into any service contract or appointment letters with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

### CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than the section headed "Related Party Transactions", Note 37 to the consolidated financial statements and those related party transactions and balances disclosed elsewhere in this annual report, no contract of significance was entered between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries, and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2022 or subsisted at the end of the year.

### DIRECTOR'S INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

Save as disclosed in the section "Connected Transactions" in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2022.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 12 to the consolidated financial statements on pages 147 to 149 of this annual report.

For the year ended 31 December 2022, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2022.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2022, by our Group to any of the Directors.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2022, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries under Rule 8.10 of the Listing Rules.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

### DEED OF NON-COMPETITION

Each of the Controlling Shareholders entered into the deed of non-competition ("**Deed of Non-competition**") in favour of the Company, pursuant to which the Controlling Shareholders have irrevocably, jointly and severally given certain non-competition undertakings to the Company. Details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" in the Prospectus.

During the Reporting Period, no written notice of any New Opportunity (as defined in the Deed of Non-competition) had been received by the Company. The Controlling Shareholders confirmed that they have complied with the Deed of Non-competition for the year ended 31 December 2022 (the "**Confirmation**"). Upon receiving the Confirmation, the independent non-executive Directors of the Company have reviewed the same as part of the annual review process. In view of the above, the independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the non-competition undertakings in the Deed of Non-competition given by them.

### MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2022.

### EQUITY-LINKED AGREEMENTS

Save as disclosed, no equity-linked agreement was entered into by the Company or subsisted at any time during the year ended 31 December 2022.

### MATERIAL LEGAL PROCEEDINGS

#### 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 report, 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 report. 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.

### LOAN AND GUARANTEE TO DIRECTORS

During the year ended 31 December 2022, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected person.

## RESTRICTED SHARE UNIT (THE “RSU”) SCHEME

We have adopted the RSU Scheme (the “**RSU Scheme**”) with a view to formalize our grant and our proposal to grant share incentives to eligible management and employees of our Group. The RSU Scheme was approved and adopted by the Board on 16 March 2018, the principal terms of which are set out in “Statutory and General Information — D. RSU Scheme and Share Option Scheme — 1. RSU Scheme” in Appendix IV of the Company’s Prospectus.

We have appointed The Core Trust Company Limited as the trustee (the “**Trustee**”) to assist with the administration and vesting of the RSUs granted pursuant to the RSU Scheme. A total of 75,000,000 Shares (as adjusted after share sub-division conducted on 22 March 2018) were issued to Super Fleets Limited (the “**RSU Nominee**”), who hold the shares for the benefit of eligible participants pursuant to the RSU Scheme. No further Shares will be allotted and issued to the RSU Nominee or the trustee for the purpose of the RSU Scheme (other than pursuant to sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company in accordance with the RSU Scheme). As the RSU Scheme does not involve the grant of options to subscribe for any new Shares of the Company, it is not required to be subject to the provisions under Chapter 17 of the Listing Rules.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Scheme**”) pursuant to a resolution passed on 19 June 2018 which will be valid for 10 years from the adoption date for the purposes of (i) motivating the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attracting and retaining or otherwise maintaining an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group. Further details of the Scheme are set forth in the section headed “Statutory and General Information — D. RSU Scheme and Share Option Scheme” in Appendix IV to the Prospectus.

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at the Exercise Price (as defined below):

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any Directors (including independent non-executive Directors) of our Company or any of its subsidiaries; and
- (iii) any advisers, consultants, agents, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company and/or any of its subsidiaries.

Upon acceptance of the option, the grantee shall pay US\$0.000005 to our Company by way of consideration for the grant.

## Directors' Report

The new Shares which may be issued by our Company upon exercise of all share options to be granted under the Share Option Scheme and other share option schemes of our Company (and to which the provisions of the Listing Rules are applicable) shall not exceed 200,000,000 Shares, (i.e. 10% of the aggregate of the Shares in issue on the Listing Date assuming the Over-allotment Option is not exercised and approximately 10.36% of the aggregate of the Shares in issue as at the date of this annual report).

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

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

The exercise price ("**Exercise price**") shall be such price determined by our Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option), but in the case that any Share would be allotted and issued to a Grantee upon the exercise of an Option in accordance with the terms of the Share Option Scheme, the Exercise Price shall be at least the higher of (a) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities; (b) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.

For the year ended 31 December 2022, no share option was granted, exercised, cancelled or lapsed since its adoption and there is no outstanding share option under the Share Option Scheme.

## INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2022, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to herein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

### Interest in Shares or Underlying Shares of our Company

Name	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of interest
Mr. Liu Jie <sup>(2)</sup>	Interest in a controlled corporation	1,007,837,500 <sup>(1)</sup>	52.18%
Mr. Zhu Yanbin <sup>(3)</sup>	Interest in a controlled corporation	148,488,000(L) <sup>(1)</sup>	7.69%

Notes:

- (1) The letter "L" denotes the person's long position in our Shares.
- (2) LJ Technology Holding Limited, a beneficial owner 1,007,837,500 shares, is wholly-owned by Mr. LIU Jie. Thus, Mr. LIU Jie is deemed to be interested in the same number of Shares in which LJ Technology Holding Limited is interested by virtue of the SFO.
- (3) ZYB Holding Limited, a beneficial owner 148,488,000 shares, is wholly-owned by Mr. ZHU Yanbin. Thus, Mr. ZHU Yanbin is deemed to be interested in the same number of Shares in which ZYB Holding Limited is interested by virtue of the SFO.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2022, the following persons (other than the interest of the Directors or chief executives of the Company disclosed above) who had an interest or short positions in the ordinary shares and underlying shares which fall to be disclosed to the Company and Stock Exchange under the provisions of Division 2 or 3 or Part XV of the SFO which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of shares held/interested	Approximate percentage of interest
LJ Technology Holding Limited <sup>(2)</sup>	Beneficial owner	1,007,837,500 <sup>(1)</sup>	52.18%
ZYB Holding Limited <sup>(3)</sup>		148,488,000(L) <sup>(1)</sup>	7.69%

Notes:

- (1) The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in our Shares.
- (2) LJ Technology Holding Limited is wholly-owned by Mr. LIU Jie. Thus, Mr. LIU Jie is deemed to be interested in the same number of Shares in which LJ Technology Holding Limited is interested by virtue of the SFO.
- (3) ZYB Holding Limited is wholly-owned by Mr. ZHU Yanbin. Thus, Mr. ZHU Yanbin is deemed to be interested in the same number of Shares in which ZYB Holding Limited is interested by virtue of the SFO.

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

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the sections headed "RSU Scheme" and "Share Option Scheme", at no time during the Reporting Period was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate.

### MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2022, the percentages of cost of revenue from the Group's largest supplier and five largest suppliers were 34.1% and 71.3%, respectively. The percentages of sales attributable to the Group's largest customer and the five largest customers were 51.8% and 93.2%, respectively.

As far as the Directors are aware, none of the Directors, their close associates (as defined under the Listing Rules) nor any substantial shareholders has any beneficial interest in the five largest suppliers or customers of the Group.

### EMPLOYEE REMUNERATION AND RELATIONS

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 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.

### RETIREMENT BENEFITS SCHEME

All of our employees are in PRC and they are members of the state-managed retirement benefits scheme operated by the PRC government. Our employees are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the pension obligations of the Company are set out in Notes 11, 12 and 37 to the consolidated financial statements in this annual report.

### DIVIDEND POLICY

The Company had adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**"), provided that the Group records a profit after tax and that the declaration and distribution of dividends does not affect the normal operations of the Group. The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the Shareholders.



## Directors' Report

In deciding whether to declare a dividend, the Board shall also take into account, inter alia:

- (a) the Company's actual and expected financial performance;
- (b) retained earnings and distributable reserves of the Company and each of the members of the Group;
- (c) the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
- (d) any restrictions on payment of dividends that may be imposed by the Group's lenders;
- (e) the Group's expected working capital requirements and future expansion plans;
- (f) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
- (g) any other factors that the Board deem appropriate.

Any payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, the Articles of Association of the Company and the Shareholders.

## CONNECTED TRANSACTIONS

During the year ended 31 December 2022, no related party transactions disclosed in Note 37 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

## Contractual Arrangements

Our Group conducts the mobile game publishing business through our PRC Operating Entities in the PRC. As PRC laws and regulations, or the implementation of those laws and regulations by the relevant government authorities, generally prohibit foreign ownership in the mobile game publishing industry in the PRC, our Company is unable to own or hold any direct or indirect equity interest in our PRC Operating Entities. The Contractual Arrangements, through which we are able to exercise control over and derive the economic benefits from our PRC Operating Entities, have been narrowly tailored to achieve our business purpose and minimize the potential conflict with relevant PRC laws and regulations.

Investment activities in the PRC by foreign investors are mainly governed by the Guidance Catalog of Industries for Foreign Investment (the “**Catalog**”), which was promulgated and is amended from time to time jointly by the MOFCOM and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會). The Catalog divides industries into four categories in terms of foreign investment, including “encouraged,” “restricted” and “prohibited,” and all industries not listed under any of these categories are deemed to be “permitted.” As confirmed by the Company’s PRC legal advisers, according to the Catalog, the mobile game publishing business that our Company currently operates falls into the internet cultural business which is considered “prohibited,” and relates to the value-added telecommunications services which is considered “restricted.”

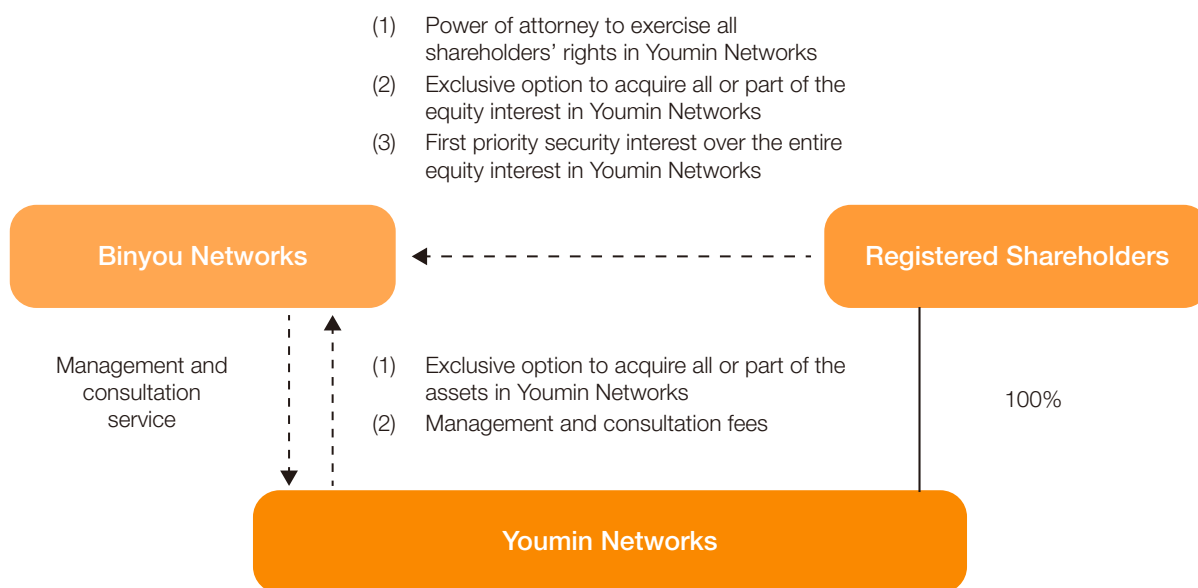
Furthermore, according to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, which were issued on 11 December 2001 by the State Council and amended on 10 September 2008 and February 6, 2016 foreign investors are not allowed to hold more than 50% of the equity interests of a company providing value-added telecommunications services, including ICP services. A foreign investor who invests in a value-added telecommunications businesses in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the “**Qualification Requirement**”).

As advised by the Company’s PRC legal advisers, as at 31 December 2022, no applicable PRC laws, regulations or rules had provided clear guidance or interpretation on the Qualification Requirement, and there was no update to the Qualification Requirement.

In order for the Company to be able to carry on its businesses in China, the Group has in place the Contractual Arrangements between Binyou Networks, on one hand, Youmin Networks and its registered shareholders on the other hand, which enable the Company to exercise control over the PRC Operating Entities, and to consolidate the financial results of the PRC Operating Entities in the results of the Company under IFRSs as if they were wholly-owned subsidiaries of the Company.

## Directors' Report

The following simplified diagram illustrates the flow of economic benefits from the PRC Operating Entities to our Group as stipulated under the Contractual Arrangements:



### Summary of the major terms of the structured contracts under the Contractual Arrangements

The following sets out a summary of the major terms of the structured contracts under the Contractual Arrangements which were in place during the year ended 31 December 2022:

1. Exclusive Option Agreement dated 24 March 2018, pursuant to which Binyou Networks (or its designee) has an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in Youmin Networks, and an irrevocable and exclusive right to purchase from Youmin Networks all or any part of its assets, at a nominal price, unless the relevant government authorities request that another amount be used as the purchase price and in which case the purchase price shall be such amount;

2. Exclusive Business Cooperation Agreement dated 24 March 2018, pursuant to which Youmin Networks agreed to engage Binyou Networks as its exclusive provider of business support, technical and consulting services, including technology services, network support and maintenance, research and development, employee training, business and management consultancy, intellectual property licensing, equipment leasing, market research and other services, in exchange for service fee;
3. Share Pledge Agreement dated 24 March 2018, pursuant to which the Registered Shareholders pledged all of their equity interests in Youmine Networks to Binyou Networks as collateral security for all of their payments due to Binyou Networks and to secure performance of all obligations of Youmin Networks and the Registered Shareholders under the Contractual Arrangements;
4. Powers of Attorney dated 24 March 2018 executed by each Registered Shareholders, appointing Binyou Networks, or any person designated by it, as its exclusive agent and attorney to act on their behalf on all matters concerning Youmin Networks and to exercise all of their rights as registered shareholders of Youmin Networks;
5. Spouse Undertaking dated 24 March 2018 signed by the spouse of each Registered Shareholders.

During the year ended 31 December 2022, (i) there were no new contractual arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entities, (ii) there were no material changes in the Contractual Arrangements or the circumstances under which they were adopted, and (iii) none of the structured contracts under the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements have been removed.

# Directors' Report

## Particulars of the PRC Operating Entities

Particulars of the PRC Operating Entities as at 31 December 2022 are presented as follows:

Name of the PRC Operating Entities	Type of legal entity/place of establishment and operation	Registered owners as at 31 December 2019	Business activities
Youmin Networks	Limited liability company/PRC	Mr. Liu, Mr. Zhu, Mr. Wu, Zhuhai Sangu Limited Partnership and Zhuhai Jugu Limited Partnership hold 68.86%, 13.49%, 2.08%, 10.38% and 5.19% of the equity interest of Youmin Networks respectively	Internet culture operations
Kuoyou Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Yiguo Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Feimiao Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Shanghai Langxianjing	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Binjie Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Jieba Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Guangzhou Langxianjing	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Miyuan Networks	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations
Shanghai Zhijianyuedong	Limited liability company/PRC	100% by Youmin Networks	Internet culture operations

The Board considers that the above PRC Operating Entities are significant to the Group in the view that (i) they have obtained the Online Culture Operating Permit, which is essential to the operation of all our business, and the ICP License and (ii) most of our intellectual property rights, including software copyrights, trademarks, patents and domain names, are held by Youmin Networks.

## Revenue and assets subject to the structured contracts under the Contractual Arrangements

For the year ended 31 December 2022, the services provided by Binyou Networks to the PRC Operating Entities, including the provision of business support, technical and controlling services, amounted to nil. The revenue and the total asset value of the PRC Operating Entities subject to the Contractual Arrangements amounted to RMB793.4 million for the year ended 31 December 2022 and RMB763.4 million as at 31 December 2022, respectively.

## Risk associated with the Contractual Arrangements and the actions taken to mitigate the risks

### Risks associated with Contractual Arrangements

### Mitigation actions taken by the Group

- |  |   |
|--|---|
| <p>1. Current PRC laws and regulations impose certain prohibitions on foreign ownership of companies that engage in the Internet cultural business, such as mobile game publishing. If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Company could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of its interest in our PRC Operating Entities.</p> | <p>Pursuant to the relevant exclusive business cooperation agreement under the Contractual Arrangements, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change of such laws, regulations or rules, the following agreements shall be applicable: If the economic interests of any party under the agreements suffer a significant adverse effect directly or indirectly due to above change of laws, regulations or rules, the agreements should continue to operate pursuant to the original terms. Each of the parties shall obtain a waiver for complying with such change or rule via all legal channels. If any adverse effect on the economic interests of any party may not be eliminated according to the relevant agreement, upon the receipt by the other parties of such notice from the affected party, all the parties shall promptly discuss and make all necessary modification to the agreements to preserve the economic interests of the affected party under the agreement.</p> |
| <p>2. The Contractual Arrangements may not be as effective in providing operational control as direct ownership. The PRC Operating Entities may fail to perform their obligations under our Contractual Arrangements.</p>  | <p>According to the relevant powers of attorney, share pledge agreements and exclusive business cooperation agreements under the Contractual Arrangements, the arbitration tribunal may decide (i) compensation for the equity interests or property ownership of the PRC Operating Entities or their shareholders, or (ii) enforceable remedy or to demand bankruptcy of the PRC Operating Entities or their shareholders for relevant business or enforceable asset transfer. Any party is entitled to request a competent court to execute the arbitration award when it comes into effect.</p>  |

## Directors' Report

Risks associated with Contractual Arrangements	Mitigation actions taken by the Group
3. The Company may lose the ability to use and enjoy assets held by its PRC Operating Entities that are material to its business operations if its PRC Operating Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.	Pursuant to the relevant exclusive option agreement under the Contractual Arrangements, in the event of a mandatory liquidation required by the laws of the PRC, the relevant PRC Operating Entities shall sell all of their assets and any residual interest through a non-reciprocal transfer to the extent permitted by the laws of the PRC to Binyou Networks or another qualifying entity designated by Binyou Networks, at the lowest selling price permitted by applicable laws of the PRC.
4. The ultimate shareholders of the Company's PRC Operating Entities may have conflicts of interest with them, which may materially and adversely affect its business.	The shareholders of the PRC Operating Entities have undertaken to Binyou Networks that during the period when the Contractual Arrangements remain effective, (i) unless otherwise agreed by Binyou Networks in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, be interested in, engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of the PRC Operational Entities or any of its affiliates and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Binyou Networks (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interest where Binyou Networks has the sole absolute discretion to determine whether such conflict arises, he agrees to take any appropriate actions as instructed by Binyou Networks.
5. Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities. A finding that the Company owe additional taxes could substantially reduce its consolidated net income and the value of the investments.	As advised by the Company's PRC legal advisers, who took the view that the Contractual Arrangements will not be challenged by the PRC tax authorities or other government authorities unless the PRC tax authorities determine that such transactions are not conducted on an arm's length basis, provided that Binyou Networks and the PRC Operating Entities implement the Contractual Arrangements in accordance with the terms of the structured contracts.

For details of the risks associated with the Contractual Arrangements, please refer to the section headed “Risk Factors — Risks relating to our Contractual Arrangements” in the Prospectus.

### **Requirements related to the Contractual Arrangements (other than relevant foreign ownership restrictions)**

As advised by the Company’s PRC legal advisers, requirements related to the Contractual Arrangements (other than relevant foreign ownership restrictions) include:

- i. Pursuant to Article 52 of the PRC Contract Law, a contract is void under any of the following five circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the state, (ii) malicious collusion is conducted to damage the interest of the state, a collective unit or a third party, (iii) the contract damages the public interest, (iv) an illegitimate purpose is concealed under the guise of legitimate acts or (v) the contract violates the mandatory provisions of the laws or administrative regulations. As advised by the Company’s PRC legal advisers, the relevant terms of the Contractual Arrangements do not fall within any of the aforementioned five circumstances, and in particular, would not be deemed as “concealing an illegitimate purpose under the guise of legitimate acts” under Article 52 of the PRC Contract Law, and do not violate the provisions of the PRC Contract Law or the General Principles of the PRC Civil Law. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and future PRC laws and regulations, and there can be no assurance that any PRC government agency will not take a view that is contrary to or otherwise different from the above.
- ii. According to the Contractual Arrangements, when a dispute arises, any party to the agreements may submit such dispute to the China International Economic and Trade Arbitration Commission for settlement pursuant to the effective arbitration rules at that time, and the arbitration award shall be final and binding on the parties. Arbitration tribunal may decide compensation for the equity interests and property ownership of the on-shore subsidiaries, decide enforceable remedy or demand liquidation of relevant business or enforceable asset transfer. Any party is entitled to request the competent court to execute the arbitration award when it comes into effect. The courts in Hong Kong and Cayman Islands also have the right to grant or execute awards of arbitration tribunal and make decision or execute temporary remedy on the equity interests and property ownership of the on-shore subsidiaries. However, pursuant to the laws of China, in the settlement of dispute, the arbitration tribunals shall not be entitled to grant an injunctive order to protect the property ownership or equity interests of the on-shore subsidiaries, and shall not issue a temporary or final liquidation order directly. Moreover, the interim remedies or orders granted by the off-shore courts, including Hong Kong and Cayman Islands, may not be recognised or enforced by the courts in China. Therefore, such terms in above agreements may not be enforceable under the laws of China.



## Waiver from the Stock Exchange

As Mr, Liu Jie and Mr. Zhu Yanbin are the Controlling Shareholder or substantial Shareholders, or executive Directors where applicable, they are the Company's connected persons pursuant to Rule 14A.07 of the Listing Rules.

Each of the PRC Operating Entities is directly or indirectly controlled by the Controlling Shareholders or substantial Shareholders, or and the Executive Directors, they are therefore each an associate of the Controlling Shareholders or substantial Shareholders, and the Executive Directors, and a connected person of the Company pursuant to Rule 14A.12(1)(c) of the Listing Rules.

In view of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to the Company from strict compliance with (i) the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules, (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules, and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules for so long as the Company's Shares are listed on the Stock Exchange subject to certain conditions.

For details, please refer to the section "*Connected Transactions*" in the Prospectus.

## Annual Review

The Directors, including the Independent Non-executive Directors, have reviewed each of the Contractual Arrangements set out above and have confirmed that the Contractual Arrangements were entered into (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the respective agreement governing them on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Independent Non-executive Directors have also reviewed and confirmed that:

1. the transactions carried out during the year ended 31 December 2022 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that the revenue generated by the PRC Operating Entities has been mainly retained by the Group;
2. no dividends or other distributions have been made by the PRC Operating Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and
3. there was no new contract entered into, renewed or reproduced between the Group and the PRC Operating Entities during the year ended 31 December 2022.

Further, the Company's auditor, ZHONGHUI ANDA CPA Limited, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

### RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2022 are set out in Note 37 to the consolidated financial statements contained herein.

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

### INDEMNITY OF DIRECTORS

The Articles of Association provide that the Directors are entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to such Director. The Company has purchased and maintained Directors' liability insurance during the year under review, which provides appropriate coverage for the Directors.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Company is incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange of Hong Kong Limited. The Group's subsidiaries are incorporated in the British Virgin Islands, Hong Kong and China. The Group's operations are mainly carried out by the Group's subsidiaries in China. Our establishments and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, the British Virgin Islands, China and Hong Kong. During the year under review, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on the Group.

### CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules as its own code to govern its corporate governance practices.

## Directors' Report

In the opinion of the Directors, the Company has complied with the relevant code provisions, except for the deviations from provision C.2.1 contained in the Corporate Governance Code during the Reporting Period.

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

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 47 to 61 of this annual report.

### 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 Issuers (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

### SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company’s issued shares as required under the Listing Rules.

### AUDITOR

The consolidated financial statements for the year ended 31 December 2022 was audited by ZHONGHUI ANDA CPA Limited, who is proposed for reappointment at the forthcoming annual general meeting of the Company.

Save as disclosed herein, there has been no other change in auditors of the Group in the preceding three years.

On behalf of the Board

**Liu Jie**

*Chairman and Chief Executive Officer*

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

# Director and Senior Management

The directors and senior management of the Company during the year and up to the date of this annual report were:

## BOARD OF DIRECTORS

### Executive Directors

LIU Jie (劉傑) (*Chairman*)

ZHU Yanbin (朱炎彬)

### Independent Non-executive Directors

LIU Jianhua (柳建華)

GUO Jingdou (郭靜斗)

SUI Pengda (隋鵬達) (appointed on 21 March 2022)

In accordance with Article 84 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Liu Jie and Dr. Liu Jianhua will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Company has received from each independent non-executive Director a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers all the Independent non-executive Directors as independent.

### Biographical Details of Directors

**Mr. LIU Jie** (劉傑), aged 42, is the co-founder of our Group and currently is Director of the Company. Mr. Liu was appointed as chairman, chief executive officer of the Company and has been re-designated as an executive Director on 16 March 2018. Mr. Liu has served as the president of Shanghai Youmin Networks Technology Limited since December 2013. With more than 16 years of experience in the mobile internet industry and profound expertise in user experience and traffic, Mr. Liu has been the key driver of our business strategy and achievements to date. Mr. Liu is mainly responsible for the strategic development, overall operation and management and major decision-making of our Group.

From December 2004 to February 2005, Mr. Liu worked as a product manager at Shenzhen Xuntian Communication Technology Company Limited (深圳市訊天通信技術有限公司). From December 2004 to February 2005, Mr. Liu worked as a product manager at Shenzhen Haotian Investment Company Limited. From October 2006 to December 2012, Mr. Liu served as the general manager at Shenzhen Dongrun Information Consultation Company Limited, an advertising and consulting company, and was mainly responsible for corporate operation and management.

## Director and Senior Management

Mr. Liu obtained a graduate certificate in computer science and application from Guangdong University of Foreign Studies in July 2003.

**Mr. ZHU Yanbin** (朱炎彬), aged 42, was appointed as an executive Director on 19 June 2019 and is the co-founder of our Group and currently is the chief operating officer of our Company, mainly responsible for business operation and development of our Group. He has joined the Group and served as the vice president of Youmin Networks since December 2013.

From June 2003 to December 2004, Mr. Zhu worked as a product manager at Shenzhen Xuntian Communication Technology Company Limited. From May 2005 to April 2006, he worked as a product manager at Shenzhen Haotian Investment Company Limited. From May 2006 to September 2007, he worked as a operation manager at Guangzhou Rock Mobile Networks Company Limited. From September 2007 to December 2012, he worked as the vice president of operation at Shenzhen Dongrun Information Consultation Company Limited, an advertising and consulting company, where he was mainly responsible for operation management.

Mr. Zhu obtained a graduate certificate in electronic commerce from Jinan University (暨南大學) in July 2003.

**Dr. LIU Jianhua** (柳建華), aged 42, was appointed as an independent non-executive Director of the Company on 13 January 2021. Mr. Liu is primarily responsible for supervising and providing independent judgement to the Board.

Dr. Liu has over 10 years of experience in the education industry. Dr. Liu has been a postgraduate mentor of the department of finance of Sun Yat-sen University since June 2013. He has also become an associate professor and the deputy chief of the department of finance of Lingnan College of Sun Yat-sen University since June and October 2016, respectively. He was selected by the ministry of finance of the PRC as one of the national accounting leading (back-up) talents (academics) (全國會計領軍(後備)人才(學術類)) in 2013.

Dr. Liu also has three years of experience in professional accounting in relation to listed companies. Dr. Liu has served as an independent non-executive director of Guangzhou Great Power Energy & Technology Company Limited, which is listed on the ChiNext board of the Shenzhen Stock Exchange (stock code: 300438), China National Electric Apparatus Research Institute Co., Ltd., which is listed on the Shanghai Stock Exchange (stock code: 688128) and Scholar Education Group, which is listed on The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”) (stock code: 1769) since September 2017, April 2019 and June 2019, respectively. He is also an independent non-executive director of Guangzhou Ruoyuchen Technology Company Limited, which was delisted from the National Equities Exchange and Quotation in October 2017 and has filed its listing application to the Shenzhen Stock Exchange.

Dr. Liu obtained his bachelor degree and masters’ degree in management from Nanchang University in Jiangxi Province, the PRC in June 2002 and June 2005, respectively, and later graduated from Sun Yat-sen University in Guangzhou, the PRC in June 2008 with a doctorate degree of management. He was awarded the title of postdoctoral fellow of excellence from Sun Yat-sen University in January 2010.

## Director and Senior Management

**Mr. GUO Jingdou** (郭靜斗), aged 45, was appointed as an independent non-executive Director of the Company on 19 June 2018. Mr. Guo is primarily responsible for supervising and providing independent judgement to the Board.

From May 2010 to October 2010, Mr. Guo served as the senior manager of assets management at Foshan Jiachuang Real Estate Co., Ltd, and was primarily responsible for real estate investment management. From October 2010 to September 2017, Mr. Guo worked as the investment director of the strategic investment department of Alpha Group (a company listed on the Shenzhen Stock Exchange, stock code: 002292), where Mr. Guo was mainly responsible for the investment and acquisition and merger of listed companies. From September 2017 to May 2018, Mr. Guo served as the managing director at Guangzhou Chengfa Capital Company Limited, where he is mainly responsible for the management of Guangzhou Culture Investment Fund. In June 2018, Mr. Guo founded Guangzhou City Qingting Cultural Development Co., Ltd, a company mainly engaged in animation content production and development, and has served as president.

Mr. Guo graduated from Shijiazhuang College of Economics (currently known as Hebei GEO University) with a bachelor degree in economics in July 1999. Mr. Guo graduated from Euromed Marseille Ecole de Management (currently known as KEDGE Business School) in France with a master of international business in September 2003. Mr. Guo was qualified as an intermediate economist (中級經濟師) by Guangzhou Municipal Bureau of Human Resources and Social Security in December 2014.

**Mr. Sui Pengda** (隋鵬達), aged 37, was appointed as an independent non-executive Director of the Company on 21 March 2022. Mr. Sui is primarily responsible for supervising and providing independent judgement to the Board.

From September 2011 to September 2013, Mr. Sui worked as a consulting manager at The First Huida Risk Management Consulting Co., Ltd. From September 2013 to September 2016, Mr. Sui worked as an account director at Zhongcai Haoyuan Asset Management Co., Ltd. From September 2016 to October 2020, Mr. Sui was the special assistant to chairman at Beijing Paide Electronic Commerce Co., Ltd. (also known as “**DOTUS**”). From November 2020 to September 2021, Mr. Sui was a senior manager of Beijing Spruce World Information Technology Co., Ltd (also known as “**Meicai**”). From September 2021 to date, Mr. Sui was the special assistant to chairman at Beijing Paide Electronic Commerce Co., Ltd. (also known as “**DOTUS**”).

Mr. Sui obtained his bachelor degree in Economics from Lanzhou University in Gansu Province, the PRC in July 2009, and later graduated from the joined program by Central University of Finance and Economics and Stevens Institute of Technology in March 2012 with a Master’s degree in Management. Mr. Sui is a member of The Forensic CPA Society (FCPAS) and has extensive experience in business valuation, loss measurement and anti-fraud investigations.

## Director and Senior Management

### SENIOR MANAGEMENT

The senior management team of the Group is composed of the following:

Name	Age	Position	Roles and responsibilities
Mr. WU Junjie (吳俊傑)	45	Vice president	Strategic development and daily management
Ms. LI Nini (李妮妮)	40	Vice president	Business operation and project management

**Mr. WU Junjie** (吳俊傑), aged 45, currently is a vice president of the Company. Mr. Wu is also a vice president of the Company, mainly responsible for strategic development and daily management of our Group. Mr. Wu has served as the vice president of Shanghai Youmin Networks Technology Limited since December 2013.

From December 2000 to April 2002, Mr. Wu served as a human resources supervisor at San Miguel Shunde Brewery Co., Ltd. From February 2003 to March 2004, he served at Guangdong Vtron Rixin Electronics Company Limited. From April 2004 to May 2006, Mr. Wu served as a human resource manager at Guangzhou Hangxin Electronics Company Limited. From January 2007 to September 2010, Mr. Wu served as the vice head of human resources at Aspire Holdings Limited.

Mr. Wu graduated from Wuhan University of Science and Technology with a bachelor degree in business administration in June 2000. Mr. Wu graduated from Sun Yat-sen University with an EMBA degree (part time degree) in December 2012.

Mr. Wu ceased to act as an executive director of the Company on 19 June 2019.

**Ms. LI Nini** (李妮妮), aged 40, is vice president of the Group, mainly responsible for the business operation and project management. She has served as vice president of Youmin Networks since December 2013.

From July 2009 to December 2012, she served as an operation manager at Shenzhen Dongrun Information Consultation Company Limited, an advertising and consulting company.

Ms. Li graduated from Guangdong Ocean University with a bachelor degree in food science and engineering in June 2006 and graduated from Guangdong University of Technology with a master degree in food science and engineering in June 2009.

# Corporate Governance Report

## OVERVIEW

The Company and its subsidiaries are committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

## 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. 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 two 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.

### Board of Directors

The Board is responsible for overseeing the management, businesses, strategic directions and financial performance of the Group. The Board holds regular meetings to discuss the Group’s businesses and operations. The Board delegates the day-to-day management, administration and operation of the Group to the management team. The delegated functions are reviewed by the Board periodically to ensure that they accommodate the needs of the Group.



# Corporate Governance Report

As at 31 December 2022, the Board consists of five Directors, of whom two are executive Directors and the remaining three are independent non-executive Directors. The table below sets out the roles of each member of the Board:

Directors	Position
Liu Jie (劉傑)	Executive Director, chairman of the Board and chief executive officer
Zhu Yanbin (朱炎彬)	Executive Director and chief operating officer
Liu Jianhua (柳建華)	Independent non-executive Director
Guo Jingdou (郭靜斗)	Independent non-executive Director
Sui Pengda (隋鵬達)	Independent non-executive Director

None of the Directors have a relationship (including financial, family or other material or related relationship) with each other. The Board has a balance of skills and experience appropriate for the requirements of the business of the Company.

The biographies of the Directors of the Company are set out on pages 43 to 45 of this annual report.

For the year ended 31 December 2022, the Board has complied with the requirements of the Listing Rules on appointment of at least three independent non-executive Directors, representing at least one-third of members of the Board and at least one of whom shall have appropriate professional qualifications, or accounting or relevant financial management expertise. The qualifications of the three independent non-executive Directors of the Company fully comply with the requirements of Rules 3.10(1) and (2) of the Listing Rules. The Board is well-balanced in structure and each of its members possesses extensive knowledge, experience and talent in relation to the business operation and development of the Company. All the Directors are well aware of their joint and several responsibilities towards the shareholders of the Company.

None of the independent non-executive Directors of the Company has any business or financial interests in the Company and its subsidiaries, nor do they hold any executive positions in the Company, which effectively guaranteed their independence.

In order to take advantage of the skills, experiences and diversity of perspectives of the Directors and in order to ensure that the Directors give sufficient time and attention to the Group's affairs, the Company requested each of the Directors to disclose to the Company, the number and the nature of their offices held in public companies or organizations and other significant commitments.

The Board's composition is in compliance with the requirement under Rule 3.10A of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board. The Board believes that the balance between the executive Directors and the non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of the shareholders and the Group.

## Mechanism to Ensure Independent Views of Directors

To ensure that the Board can obtain independent views and opinions, our Company has established various formal and informal channels whereby independent non-executive directors can express their opinions in an open and candid manner, and in a confidential manner, should circumstances require.

Independent non-executive Directors provide constructive suggestions to the Board based on objective judgment through formal and informal channels to improve the efficiency and decision-making of the Board. According to the rules of proceedings of the Board, the views of independent non-executive Directors shall be recorded separately for resolutions which require independent non-executive Directors to express their special views. If the views of independent non-executive Directors are inconsistent, their views shall be recorded respectively. For resolutions which are required to be disclosed, the views of independent non-executive Directors shall be disclosed separately.

## Confirmation of Independence of Independent Non-Executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of their independence under Rule 3.13 of the Listing Rules. Accordingly, the Company is of the opinion that all the independent non-executive Directors are independent under Rule 3.13 of the Listing Rules.

## Company Secretary

Ms. Anne Yu was appointed as the company secretary of the Company upon the resignation of Mr. Wong Yu Kit with effect from 30 August 2022.

Ms Anne Yu is an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited and is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures, and applicable laws, rules and regulations are followed.

The Company has nominated Mr. Liu Jie, an executive Director of the Company as its contact point for Ms. Anne Yu. For the year ended 31 December 2022, Ms Anne Yu has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## Directors' Continuous Training and Development

Pursuant to code provision C.1.4 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

# Corporate Governance Report

During the Reporting Period, the Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. All Directors have participated in continuous professional development by reading training materials and attending training courses on the topics related to corporate governance and regulations.

According to the records maintained by the Company, all Directors of the Company participated in the trainings regarding the knowledge of Listing Rules and other legislations, as well as the knowledge in relation to responsibilities of directors of a listed company, in order to comply with the requirements of the Corporate Governance Code in relation to continuous professional development.

The training record of each Director received during the year ended 31 December 2022 is set out below:

Name of director	Reading materials relevant to corporate governance and regulations	Attending training session(s) relevant to corporate governance and regulations
<b>Executive Directors</b>		
Liu Jie (劉傑)	Y	Y
Zhu Yanbin (朱炎彬)	Y	Y
<b>Independent Non-executive directors</b>		
Liu Jianhua (柳建華)	Y	Y
Guo Jingdou (郭靜斗)	Y	Y
Sui Pengda (隋鵬達)	Y	Y

## Appointment and Re-election of Directors

All Directors (including non-executive Directors) are appointed for a specific term of three years which may be extended as each and the Company may agree, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company. Article 84 of the articles of association of the Company provides that at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the nomination committee of the Board (the "Nomination Committee") and then submitted to the Board, subject to approval by election at the general meeting.

Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors, and recommends candidates for Directors to the Board.

The Nomination Committee considers candidates with individual skills, experience and professional knowledge that can best assist and facilitate the effectiveness of the Board. The Nomination Committee takes the policy on Board diversity of the Company into consideration when it considers the balance of composition of the Board as a whole.

## Nomination Policy

In order to nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election at general meetings, the secretary of the Nomination Committee shall call a meeting with the list and information of the candidates. For proposing candidates to stand for election at a general meeting, a circular which contains the names, brief biographies, independence, proposed remuneration and any other information as required pursuant to the applicable laws and regulations, will be sent to the Shareholders. Other than the nomination recommended by the Board for election, the Shareholders can serve a notice in writing of the intention to propose that certain person for election as a Director within the lodgement period. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee has the discretion to nominate any person as it considers appropriate and in assessing the suitability of a proposed candidate, the criteria as set out below will be used as reference.

- Reputation and integrity;
- Experience in the directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas;
- Commitment in performing the duties as a director and a member of the Board committees (if applicable); and
- Board diversity, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions can be brought to the Board.

## Emoluments of Directors and Senior Management and Five Highest Paid Individuals

Emoluments of Directors shall be proposed by the remuneration committee (the “**Remuneration Committee**”) based on their educational background and working experience. As authorized by the general meeting, emoluments of Directors shall be determined by the Board with reference to Directors’ experience, working performance and position as well as the market conditions.

Emoluments of senior management shall be determined by the Board. There are no equity-based remuneration (e.g. share options or grants) with performance related elements granted to any of the independent non-executive Directors.

Details of emoluments of Directors, senior management and five highest paid individuals of the Company are set out in Notes 12, 37 and 12 to the consolidated financial statements in this annual report, respectively.

## CULTURES AND VALUES

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

### 1. Integrity and code of conduct

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's employee handbook (including therein the Group's code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity.

### 2. Commitment

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

## BOARD DIVERSITY POLICY

In accordance with the latest amendment and requirements of the Corporate Governance Code, the Company has adopted a board diversity policy (the "**Policy**"). The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will disclose the composition of the Board in Corporate Governance Report every year and supervise the implementation of this Policy. The Nomination Committee will review the effectiveness of this Policy, as appropriate discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

As at the date of this annual report, the Board consists of five male with one Director of age 31–40 years old and four Directors of age 41–50 years old. The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation.

The Nomination Committee monitors the implementation of the Board Diversity Policy and will review the policy annually to ensure its continued effectiveness.

## Directors' and Senior Management's Liability Insurance

The Company has entered into Directors' and senior management's liability insurance policy to cover any possible legal action against the Directors during the Reporting Period and remained in force as at the date of this annual report.

## GENDER DIVERSITY

The Board currently has no female Director in the Board but we will continue to strive to enhance female representation and achieve an appropriate balance of gender diversity with reference to shareholders' expectation and international and local recommended best practices. The Nomination Committee will use its best endeavors and on suitable basis, identify and recommend female candidates to our Board for its consideration on appointment of a Director as and when appropriate with the goal to maintain at least one female Director in our Board, subject to the Directors (i) being satisfied with the competence and experience of the relevant candidate based on reasonable criteria; and (ii) fulfilling their fiduciary duties to act in the best interests of the Company and its Shareholders as a whole when considering the appointment. The Board will appoint a female Director no later than 31 December 2024 according to the Rule 13.92 of the Listing Rules.

We will also ensure that there is gender diversity when recruiting staff at mid to senior level and we are committed to provide career development opportunities for female staff so that we will have a pipeline of female senior management and potential successors to our Board in near future.

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. As at December 31, 2022, the gender ratio in our workforce for male and female employees were 65.53% and 34.47%, respectively.

## BOARD MEETING

The Company adopts a practice to convene Board meetings regularly which is at least four meetings per year and roughly on a quarterly basis with active participation of the majority of the Directors, either in person or through electronic means of communication. A notice of a regular Board meeting shall be delivered to all the Directors at least 14 days in advance with the matters to be discussed specified in the agenda of the meeting. For other Board and committee meetings, reasonable notice is generally served. Agendas or relevant documents of the Board or committee meetings shall be despatched to the Directors or members of the committees at least 3 days prior to the convening of the meetings to ensure that they have sufficient time to review the relevant documents and be adequately prepared for the meetings. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given opportunity to make their views known to the Chairman prior to the meeting.

# Corporate Governance Report

The minutes of the Board meetings and committees thoroughly recorded all matters under consideration and decisions made including any problems raised by the Directors. Directors have a right to review the minutes of the Board meetings and the committee meetings. The minutes are kept by the joint company secretaries of the Company and the copies are circulated to all Directors for reference record purpose.

For the year ended 31 December 2022 and up to the date of this annual report, the Company held four Board meetings in total. The Company held one general meeting during the reporting period. The Company will fully comply with the requirement under the code provision A.1.1 of the Corporate Governance Code to convene Board meetings at least four times a year at approximately quarterly intervals.

The attendance records of the Directors of the Board Meeting are as follows:

Name of director	Attendance/Number of Meeting(s)
<b>Executive Directors</b>	
Liu Jie (劉傑) (Chairman)	4/4
Zhu Yanbin (朱炎彬)	4/4
<b>Independent Non-executive directors</b>	
Liu Jianhua (柳建華)	4/4
Guo Jingdou (郭靜斗)	4/4
Sui Pengda (隋鵬達) (appointed 21 March 2022)	3/4

## BOARD COMMITTEES

The Company has three Board committees, namely the audit committee (the “**Audit Committee**”), the Remuneration Committee and the Nomination Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company ([www.fingertango.com](http://www.fingertango.com)) and that of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), respectively.

## Audit Committee

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The Audit Committee comprises three members, namely Dr. Liu Jianhua, Mr. Guo Jingdou and Mr. Sui Pengda, all being independent non-executive Directors of the Company. Dr. Liu Jianhua is the chairperson of the Audit Committee, who possesses appropriate professional qualifications. The primary duties of the Audit Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, risk management and internal control systems of our Group, to oversee the audit process, the develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

The Audit Committee held two meetings during the reporting period and up to the date of this annual report to review and consider, in respect of the year ended 31 December 2022, the interim and annual financial results and reports, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and the preliminary quotation of the range of audit fee to be charged by the external auditors for the ensuing year. The Audit Committee also met the external auditors once during the reporting period without the presence of the executive Directors and the management.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance/Number of Meeting(s)
Liu Jianhua (柳建華) (Chairperson)	2/2
Guo Jingdou (郭靜斗)	2/2
Sui Pengda (隋鵬達) (appointed 21 March 2022)	2/2

The Audit Committee is of the opinion that the Group's consolidated financial statements for the year ended 31 December 2022 comply with the applicable accounting principles, standards, and requirements and that adequate disclosures have been made. The Audit Committee therefore recommend for the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2022.



# Corporate Governance Report

## Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee comprises three members, namely Mr. Guo Jingdou, Mr. Zhu Yanbin and Mr. Sui Pengda. Mr. Guo Jingdou, and INED of the Company is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations to the Board on employee benefit arrangement.

For the year ended 31 December 2022 and up to the date of this annual report, two meetings of the Remuneration Committee were held on 31 March 2022 in amending its terms of reference to include reviewing of the share option scheme of the Company under Chapter 17 of the Listing Rules, to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance/Number of Meeting(s)
Guo Jingdou (郭靜斗) (Chairperson)	2/2
Zhu Yanbin (朱炎彬)	2/2
Sui Pengda (隋鵬達) (appointed 21 March 2022)	1/2

## Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The Nomination Committee comprises three members, namely Mr. Liu Jie, Mr. Guo Jingdou and Mr. Sui Pengda. Mr. Liu Jie has been appointed as the chairman of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of members of our Board.

For the year ended 31 December 2022 and up to the date of this annual report, two meetings of the Nomination Committee was held on 31 March 2022 to review composition and structure of the Board, evaluate the independence of the independent non-executive Directors and recommend the Board on the nomination of a newly appointed independent non-executive Director and the re-election of Directors in the AGM. The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance/Number of Meeting(s)
Liu Jie (劉傑) (Chairperson)	2/2
Guo Jingdou (郭靜斗)	2/2
Sui Pengda (隋鵬達) (appointed 21 March 2022)	1/2

## Corporate Governance Functions

No corporate governance committee has been established. The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, reviewing and monitoring the Company's policies and practices in compliance with legal and regulatory requirements, reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries to all Directors, all of them confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

## AUDITOR AND THEIR REMUNERATION

ZHONGHUI ANDA CPA Limited has been appointed as the external auditor of the Group for the financial year ended 31 December 2022. For the year ended 31 December 2022, the services fees paid/payable to ZHONGHUI ANDA CPA Limited are as follows:

	Fees (RMB'000)
Audit services	3,165
Non-audit services	201

In respect of matters relating to the selection, appointment, resignation or dismissal of the external auditor, the Board concurs with the view of the Audit Committee.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge that they are responsible for overseeing the preparation of the financial statements which give a true and fair view of the state of affairs and results of the Group. In doing so, the Directors opted for suitable accounting policies and applied them consistently and used accounting estimates as appropriate in the circumstances. With the assistance of the accounting and finance staffs, the Directors ensured that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

The statement of the external auditor of the Group, ZHONGHUI ANDA CPA Limited, in relation to their responsibilities for the audit of the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 106 and 110.

## RISK MANAGEMENT AND INTERNAL CONTROL

Assisted by the Audit Committee, the Board monitors the effectiveness of risk management and internal control systems of the Company, in order to protect the assets and value of the Company. The risk management and internal control systems implemented by the Company aim to manage rather than eliminate risks of failure to achieve the business objectives, and only to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Company has an internal audit function in place, which is responsible for independently reviewing the effectiveness of the risk management and internal control system of the Company, and reporting the results to the Audit Committee. Internal control supervisor of the Company is responsible for coordinating the internal control, sorting out and improving the business process and management mechanism, and carrying out the effectiveness evaluation of internal control. In addition to the internal control and internal audit functions, all employees are liable for risk management and internal control within their business scope. Each business department shall actively cooperate with the internal control and internal review, report to the management on

the important development of the department's business and the implementation of policies and strategies established by the Company, and identify, evaluate and manage major risks in time.

The Company has established risk management and internal control management to build general risk management and internal control environment. At present, the Company has built an internal control process framework covering procurement, sales, human resources and compensation management, marketing and promotion management, tax management, capital management, information security and intellectual property rights, financial reporting and disclosure and other business processes and carry out risk assessment regularly to ensure risk management and internal control being in operation effectively.

During the year ended 31 December 2022, the Board has reviewed the risk management and internal control system and consider them to be sound and effective. The scope of review covers key control, including the function of finance, operation and compliance control and risk management. The Board considers that the Company has substantially sufficient resource in accounting, internal audit and financial reporting, and training course and the related budget also be sufficient. The relevant review has been discussed by the management of the Company, external and internal auditor and audited by Audit Committee. The Board will review the effectiveness of the risk management and internal control system on an annual basis.

### ANTI-CORRUPTION POLICY

The Company has also established policies and systems that promote and support anti-corruption laws and regulations. We require our employees to follow our employee manual and code of business conduct and ethics, which contains internal rules and guidelines regarding best commercial practice, work ethics, fraud prevention mechanisms, negligence and corruption. We also carry out regular on-the-job compliance training to our senior management and employees to maintain a healthy corporate culture and enhance their compliance perception and responsibility. Our staff can anonymously report any suspected corrupt incident to the Company. The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

### WHISTLEBLOWING POLICY

The Company has established a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Company.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2022 has been discovered.

The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there was no significant change in constitutional documents of the Company. The Board proposes to amend the existing articles of association of the Company (the “**Existing Articles**”) to, among other things, (i) bring the Existing Articles in alignment with the amendments made to the applicable laws of the Cayman Islands and the Listing Rules, in particular Appendix 3 to the Listing Rules regarding the core shareholder protection standards which took effect from 1 January 2022; (ii) allow the Company to hold hybrid and electronic meetings of the Shareholders; and (iii) adopt certain consequential and housekeeping amendments (collectively the “**Proposed Amendments**”). The Board also proposes to adopt the amended and restated articles of association of the Company (the “**New Articles**”) which consolidates the Proposed Amendments in substitution for the Existing Articles.

The Proposed Amendments and the proposed adoption of the New Articles shall be subject to the passing of a special resolution by the Shareholders at the forthcoming annual general meeting to be convened by the Company (the “**AGM**”). A consolidated version of the New Articles will be made available on the websites of the Company and the Stock Exchange.

## SHAREHOLDERS’ RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders of the Company and the Board. An annual general meeting of the Company shall be held each year at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting (“**EGM**”).

### 1. Right to Convene EGM

Any one or more members holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, be signed by the requisitionist(s) and deposited to the Board or the company secretary of the Company at the Company’s principal place of business, and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company’s branch share registrars in Hong Kong and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified to not be in order, the shareholders will be advised of this outcome and accordingly, an EGM will not be convened as requested. If within 21 days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

concerned at the EGM varies according to the nature of the proposal, as follows:

- At least 21 clear days' notice (and not less than 10 clear business days) if the proposal constitutes a special resolution of the Company in EGM;
- At least 14 clear days' notice (and not less than 10 clear business days) for proposal of all other EGMs.

## 2. Right to Put Enquiries to the Board

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the company secretary.

## 3. Right to Put Forward Proposals at General Meetings

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2011 Revision). However, shareholders are requested to follow Article 58 of the Company's Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above. Pursuant to Article 85 of the Company's Articles of Association, no person other than a director retiring at a meeting shall, unless recommended by the directors for election, be eligible for appointment as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office of the Company at Building 5, Zone A, Huaxin Kechuang Island, No. 248 Qiaotou Street, Haizhu District, Guangzhou, PRC or at the registration office of the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong, provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodging of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

## SHAREHOLDERS' COMMUNICATION

The Company has maintained a continuing dialogue with the Company's shareholders and investors through various channels, including, among others, the Company's interim and annual reports, notices, announcements and the Company's website. The Company also holds press conferences from time to time at which the executive Directors and senior management of the Group are available to answer questions regarding the Group's business and performance.

The Company has adopted a Shareholders' Communication Policy, and that the Board has reviewed its effectiveness and considered that the communication with Shareholders during the Reporting Period are adequate and effective.

# Environmental, Social and Governance Report

## 1. ABOUT THIS REPORT

This is the fifth Environmental, Social and Governance report (hereafter as the “**ESG Report**” or the “**Report**”) published by FingerTango Inc. and its subsidiaries (hereafter as “**FingerTango**”, the “**Group**” or “**We**”), disclosing the Group’s performance in environmental, social and governance aspects and its policies and control procedures on corporate social responsibility and sustainable development. The Group has actively communicated with stakeholders, striving to achieve common progress with them.

### Reporting Guideline

The Report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “**Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The contents in the Report have complied with the requirements of “comply or explain” provisions under the Guide and that of four reporting principles (Materiality, Quantitative, Balance and Consistency). A content index for the Guide compiled by referencing this Report was appended in the last chapter of the Report for quick reference.

---

Materiality:	We identified material stakeholders in preparing the Report and identified material issues related to the Group’s business through communication with stakeholders and materiality assessment.
Quantitative:	The statistical standards, methods, assumptions and/or calculation tools used for reporting emissions/energy consumption (if applicable) and the source of conversion factors in the Report are explained in the definition of the Report.
Balance:	The Report provides an unbiased picture of the Group’s performance during the reporting period, and avoids selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the reader.
Consistency:	The statistical methods and standards used for the information disclosed in the Report are consistent with those in the previous years. Changes, if any, will be explained clearly in the Report.

---

### Reporting Scope

The Report elaborates the Company’s sustainable development policies, measures and key performance indicators in respect of its core business from 1 January 2022 to 31 December 2022 (hereafter as “**the year**” or “**reporting period**”). Unless otherwise specified, the Report covers the business of the entire Group.

### Data Source and Reliability Statement

The data and cases in the Report are sourced from the original data generated from the actual operation of the Group and we also acquired such data through a specific procedure for collecting ESG information, including administrative documents, information documents, procedural documents, pictures and reports during the reporting period. The Group undertakes that the Report does not contain any false information or misleading statement or major omissions, and accepts responsibilities for the contents of the Report as to its authenticity, accuracy and completeness.

### Language of The Report

The Report is published in both Traditional Chinese and English. In case of any inconsistency between the Traditional Chinese and English versions, the Traditional Chinese version shall prevail.

## Confirmation and Approval

The ESG Report was confirmed by the management and approved by the Board of Directors on 30 March 2023.

## Feedback on the Report

Your opinions on the Report are treasured by us. For any enquiry or recommendation, please feel free to contact us via the following email: [ir@fingertango.com](mailto:ir@fingertango.com).

## 2. AWARDS AND HONOURS

FingerTango always regards quality products and services as our primary pursuit. Keeping in mind the support from all sectors of society, we actively participates in social public welfare activities to enhance our corporate value while operating with integrity. During the reporting period, we have been widely recognized and praised by many professional institutions.

No.	Name of Awards	Awarding Organization
1	HUAWEI AppGallery 2021 Vibrant Star Award	HUAWEI
2	The Most Popular Strategy Game of the Year at the 7th Mobile Hardcore Alliance Blackstone Awards in 2021	Mobile Hardcore Alliance
3	2021 Comprehensive Strength Gold Award	Shanghai Lantian Economic City (上海藍天經濟城)
4	AAA Contract Grade for 2020–2021	Shanghai Contract Credit Promotion Commission (上海市合同信用促進會)
5	Shanghai Enterprise of Observing Contract and Valuing Credit	
6	Xiaomi's 10th Anniversary (2012–2022)	Xiaomi
7	2022 Zongheng Planning Industry Summit	OPPO
8	2022 Game Data Driven Conference Gold Award	Shushu Information Technology
9	November 2022 Huawei Game Center Pioneer Game Award Behemoth Battlefield	Huawei Game Center
10	Vivo Best Business Strategy Game of the Year	vivo
11	2022 Top 100 Private Service Enterprises in Shanghai	Shanghai Enterprise Confederation Shanghai Entrepreneurs Association Liberation Daily
12	Drafter for "Basic Requirements for Game Distribution and Promotion" Group Standards	China Game Industry Research Institute China Audio-video and Digital Publishing Association
13	Guangzhou Shiguang Public Welfare Foundation	Guangzhou Women and Children Welfare Association Guangzhou Women and Children Development Center Guangzhou Women's Federation
14	2021 Supreme Contribution Award	
15	2021 Excellent Enterprise Award	
16	2021 Public Welfare Award	
17	2021 Epidemic Prevention and Control Contribution Award	Guangzhou Games Industry Association
18	2021 Forging Ahead Award	
19	2021 Excellent Network Ecological Governance Enterprise in Guangzhou Games Industry	



# Environmental, Social and Governance Report



## 3. SUSTAINABLE DEVELOPMENT OF CORPORATE

### 3.1 Statement of the Board

As a mobile game operation company, FingerTango pays utmost attention to the Group's sustainable development performance. In order to integrate ESG concepts into each aspect of our management, we have established a governance structure to oversee ESG matters. The Board, as the top management of the Group, is responsible for all ESG matters, and manages ESG policies and measures, sets ESG goals, reviews and prioritizes the material ESG issues identified. In addition, we formed the ESG working team to cooperate with the Board in monitoring the achievement of ESG targets and implement the policies and measures formulated by the Board in all aspects of enterprise operations.

### 3.2 Sustainability Strategy

FingerTango always takes social responsibility as its own responsibility, attaches importance to ESG management, and continues to integrate sustainable development with daily business operations. According to the ESG structure we have established, the Board is the final decision-making level of ESG matters. The ESG working team coordinates various tasks between the Board, executive departments and stakeholders, and each department executes various decisions made by the Board.

#### FingerTango ESG management structure

##### Decision level — Board of Directors

- Assigning authority to the ESG working team
- Review and approve the Group's ESG management policies, strategies and annual work, including assessing, prioritizing and managing material ESG issues
- Regularly review and supervise the achievement of ESG performance and targets
- Discuss ESG material events and future development
- Review ESG management effectiveness

##### Coordination level — ESG working team

- Identify ESG material issues and major risks of the Group
- Formulate ESG planning and goal management
- Coordinate ESG management and disclosure
- Formulate ESG strategies and guidelines
- Coordinate and organizes communication with stakeholders
- Report to the Board of Directors on ESG management on a regular basis

##### Implementation level — ESG coordinator of each department

- Implement ESG information and policy management
- Support ESG working team

# Environmental, Social and Governance Report

## 3.3 Communication with Stakeholders

The Group has always attached great importance to the opinions of stakeholders, and insisted on collecting their opinions and suggestions through multiple channels to understand the demands of different stakeholders and respond to their expectations. Moreover, in formulating the sustainable development strategy, we have incorporated the opinions of various stakeholders to ensure that stakeholders are deeply involved in the development decisions of the enterprise.

Stakeholders	Expectations and demands	Major channels for communication and feedback
<b>Player</b>	<ul style="list-style-type: none"> <li>Quality of products and services</li> <li>Fair play</li> <li>Product innovation and research and development</li> <li>Privacy information protection</li> <li>Responsible marketing</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey and opinion form</li> <li>Customer service centre</li> <li>Customer relationship manager visits</li> <li>Daily operations/communication</li> <li>Online service platform</li> <li>Social media platforms</li> <li>Telephone/Mailbox</li> </ul>
<b>Shareholder</b>	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Business growth</li> <li>Return on investment</li> <li>Transparent information</li> <li>Stable operation</li> <li>Investment income</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting and other general meeting</li> <li>Interim and annual reports</li> <li>Corporate communications such as letters to Shareholders/circulars and notice of meetings</li> <li>Results announcement</li> <li>Investor/senior management meetings</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>Remuneration and benefit package</li> <li>Health and safety of employee</li> <li>Belonging of the employees</li> <li>Employee development and training</li> <li>Protection of employees' rights</li> </ul>	<ul style="list-style-type: none"> <li>Channels for employees to express their opinions such as form, suggestion box</li> <li>Performance reviews</li> <li>Panel discussions</li> <li>Meetings and interviews</li> <li>Presentation on business operations</li> <li>Volunteering activity</li> <li>Seminars/workshops/lectures</li> <li>Publications such as staff newsletters</li> <li>Staff meeting for communication</li> <li>Employee intranet</li> </ul>
<b>Government and regulator</b>	<ul style="list-style-type: none"> <li>Operation compliance</li> <li>Employment promotion</li> <li>Quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Meeting</li> <li>Written responses to public consultation</li> <li>Compliance report</li> </ul>

# Environmental, Social and Governance Report

Stakeholders	Expectations and demands	Major channels for communication and feedback
<b>Business Partner</b>	<ul style="list-style-type: none"> <li>• Business growth</li> <li>• Operation compliance</li> <li>• Compliance with contracts</li> <li>• Stable operation</li> <li>• Quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>• Report</li> <li>• Meeting</li> <li>• Visit</li> <li>• Seminar</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>• Open, fair and just procurement</li> <li>• Compliance with contracts</li> <li>• Anti-corruption</li> <li>• Sustainable development of supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier management procedure</li> <li>• Assessment system on supplier/contractor</li> <li>• Site visit</li> <li>• Meeting</li> </ul>
<b>Peers</b>	<ul style="list-style-type: none"> <li>• Business growth</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic cooperation projects</li> <li>• Communication meeting</li> </ul>
<b>Community/Non-government organization</b>	<ul style="list-style-type: none"> <li>• Facilitating community development</li> <li>• Participate in public welfare and charity activities</li> <li>• Response to climate change</li> <li>• Environment protection</li> </ul>	<ul style="list-style-type: none"> <li>• Volunteering activity</li> <li>• Donation</li> <li>• Community investment program</li> <li>• Community activity</li> <li>• Seminars/lectures/workshops</li> <li>• Meeting</li> </ul>

## 3.4 Materiality Assessment

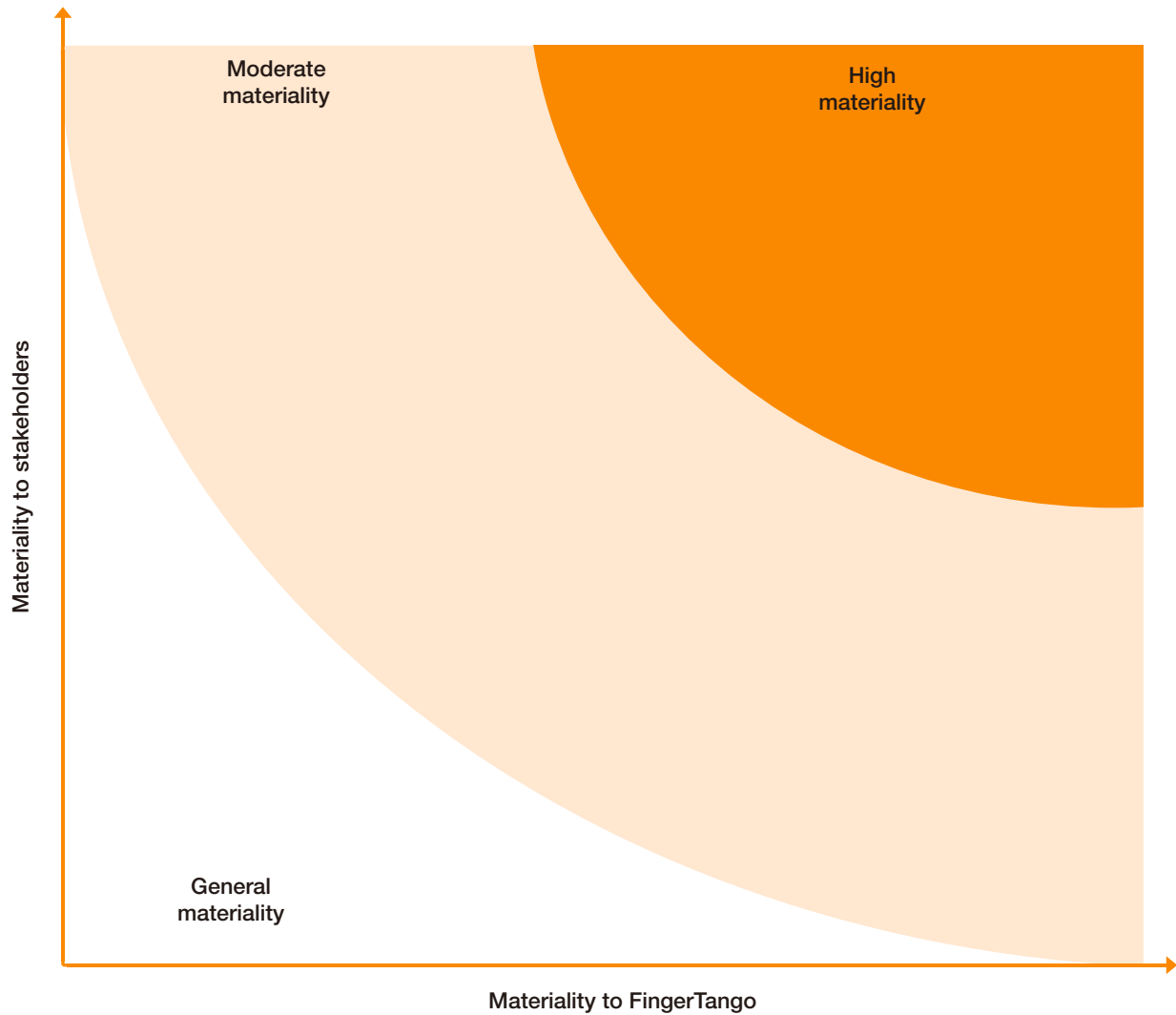
In order to manage important sustainable development risks and opportunities, FingerTango conducted materiality assessment in 2021 with reference to various external reporting requirements and taking into account its business operation status and the concerns of various stakeholders.

The management of the Group has confirmed that the results of materiality assessment for 2021 are still applicable to the Year after considering that (i) there were no significant changes in the business and operating environment during the Year and (ii) the results of materiality assessment could nevertheless reflect the expectations of stakeholders.

# Environmental, Social and Governance Report

The Group has identified a total of 21 material issues covering ESG, including 8 high materiality issues, 6 moderate materiality issues and 7 general materiality issues, which are highlighted to varying degrees in the Report and are taken as key considerations in formulating ESG policies and strategies.

**ESG Materiality Analysis Matrix**



# Environmental, Social and Governance Report

High materiality	ESG scope
• Product innovation	Stable Operation
• Promotion and product/service labelling	Stable Operation
• Product/Service quality management	Stable Operation
• Player service and communication	Stable Operation
• Protection of players' privacy	Stable Operation
• Protection of intellectual property rights	Corporate Management
• Compliance operation and anti-corruption	Corporate Management
• Supply chain management	Corporate Management
Moderate materiality	ESG scope
• Employment rights	People-Oriented
• Lawful employment (prevention of child labour and forced labour)	People-Oriented
• Employee recruitment and retention of talents	People-Oriented
• Employee diversity and equal opportunities	People-Oriented
• Employee health and safety	People-Oriented
• Employee training and development	People-Oriented
General materiality	ESG scope
• Community engagement and investment	Investment in Public Welfare
• Greenhouse gas management	Environment Protection
• Reduction of pollutant emissions	Environment Protection
• Energy management	Environment Protection
• Waste management	Environment Protection
• Environmental protection and natural resources	Environment Protection
• Responding to climate change	Environment Protection

## 4. STABLE OPERATION

FingerTango always prioritizes its own products and services, is deeply engaged in product quality, improves service system and is committed to improving the game experience of players. We continue to optimise management measures on products. In addition to ensuring product safety and reliability, we implement diversified innovation incentives to continuously cultivate innovative achievements and bring new products with high quality to players.

### 4.1 Improving Game Experience

With the core concept of “Enjoying life at your fingertips”, FingerTango focuses on the quality of game products and services, and puts players’ gaming experience in the first place. While improving existing games, we are constantly innovating and looking forward to bringing players a more innovative gaming experience. Super Beast (《巨兽战场》), our strategy mobile game containing the fictions of prehistoric super beast technologies, combined with high-definition 3D modeling images of super beasts, brings players a grand and vivid battlefield of super beasts. Players have access in various map scenes such as jungles, oceans, and mountains, as well as choose more than a hundred kinds of super beasts from sea, land and air to tame.



In addition, in order to give back to players and shorten the distance between us and consumers, we opened an official Weibo account and regularly carried out forwarding and lucky draw activities to give back to players. In addition, we have also provided free benefits, such as daily gifts, limited benefits, exclusive benefits and others, for players. Players may also enter the player community through the WeChat public account, looking for like-minded players to explore the fun of the game together.

## 4.2 Health and Safety of Games

The Group strives to provide healthy and safe game experience and focuses on the physical and mental health of players, especially minors. We proactively followed the Notice on Further Strict Management, Practical Prevention of Minors' Addiction to the Internet and the Implementation Plan for Comprehensive Prevention and Control of Juveniles' Myopia and other national policy plans to create enabling environment for the growth of minors. As required by the management and control of the nation, we have also implemented the real-name system and anti-addiction system, as well as introduced advanced technologies from various industries, in order to improve the protection system of minors as a whole. In recent years, measures we have rolled out include:

### Game real name validation

We have established the Anti-addiction Real-name Authentication System for Online Games as required by the National Press and Publication Administration (NPPA). Players are required to fill in valid identification information and play games after validation, with an aim to manage various game playing durations and topping up amounts related to minors.

### Real-name game topping up

Corresponding limits have been set for playing, topping up and consumption:

- Guest mode without real-name validation and registration provides less than 1 hour game playing duration, during which users cannot conduct topping up and consumption; such mode is accessible once every 15 days for the same device;
- Users under the age of 8 cannot top up and will receive a message of "You have been listed in the anti-addiction system pursuant to your identification information, and you may not top up in accordance with related requirements";
- For minor users aged above 8 and below 16, the single top-up amount shall not exceed RMB50, and the accumulated monthly top-up amount shall not exceed RMB200;
- For minor users over 16 years old, the single top-up amount shall not exceed RMB100, and the accumulated monthly top-up amount shall not exceed RMB400.

### Anti-addiction System

The duration and the time interval of game services for minors has been set:

- Juvenile users can use 1 hour online game service from 20:00 to 21:00 on Fridays, Saturdays, Sundays and statutory holidays.



## Environmental, Social and Governance Report

To restrict minors from addicting to online games, we have continued to optimize related management policies, established and implemented the protection plan for minors, and created a healthy online game environment. Minors who participate in our games should be allowed by their parents or legal guardians who should supervise and guide the minors to play. Meanwhile, we published the “Tips on the Health of Minors Participating in Online Games” to hope their parents or legal guardians in establishing the “Parents’ surveillance System” with us. As such, we can work together with their parents to guide minors in proper participation in online games as we reasonably restrict minors spending their time on online games. Also, parents, by virtue of the legal guardian qualification, may apply for restriction measures for the account number of minor players in ways that limits the time length of children’s game play on mobile phones or banned the account. If the account is banned, all attributes of the account remain unchanged, and the account owner can apply for the release of the account and then regain all the virtual property after attaining the legal adult age.

We have set up a dedicated consumer customer service department to provide various customer service methods including online consultation and hotline to serve consumers. After receiving suggestions or complaints from consumers, we will respond as soon as possible by proactively getting in touch with consumers to understand consumers’ complaints, and then solve problems in a timely manner. For minor consumers, we will arrange special customer service personnel to connect with them, and priority will be given to solve problems related to minor users. We will strictly abide by national laws, regulations and administrative regulations, and implement guidance and restrictive measures for minor users to participate in online games, thereby protecting the healthy growth of minor consumers.

### **High quality game content**

FingerTango understands that online games should not only satisfy the entertainment and leisure of players, but also enrich the spiritual life of players as much as possible. In order to protect the sound civilized atmosphere of the game platform, we have established forbidden blocked vocabularies and regularly updated them to filter bad information. At the same time, we have also set up supervision and complaint channels to maintain a harmonious game environment for players, and are committed to building an active and healthy game platform.

The Group strictly follows the Advertising Law of the People’s Republic of China, the Interim Measures for the Administration of Internet Advertising and other relevant laws and regulations, and has formulated the Regulations on Review of Advertising Content. When placing advertisements, we will review the existence of reactionary, violent, pornographic, gambling, superstition, discrimination, propaganda of terrorism and other illegal situations, false propaganda, etc., and shall not induce consumers. If any problem exists, we will enforce the advertisement to be taken off the shelves, and correct and solve the problem in time.

During the reporting period, the Group did not violate any relevant laws and regulations in respect of health and safety, advertising, labeling and privacy matters relating to products and services, nor was there any products and services subject to recalls for safety and health reasons.

## 4.3 Focus on Customer Needs

FingerTango is guided by customer experience and needs, and adheres to providing high-quality products and excellent services. We continue to improve our customer service system, establish a series of internal and external communication channels for players to express their opinions, and conduct in-depth research on user needs in order to improve the game experience and our service quality in a targeted manner.

Players' expression channel	Measure
Internal	<ul style="list-style-type: none"><li>• GM hotline</li><li>• Game K diagram</li><li>• 3K official website</li><li>• GM function in system setting</li><li>• Official WeChat account</li><li>• Game feedback function</li></ul>
External	<ul style="list-style-type: none"><li>• 12315 consumer complaint hotline</li><li>• Industry and Commerce Bureau</li><li>• Culture and Tourism Bureau</li><li>• Cultural law enforcement system</li><li>• Consumer Rights Protection Association</li><li>• Ministry of Industry and Information Technology</li></ul>

FingerTango strictly controls product quality, and takes the gaming experience of players as our main development goal. For the sake of targeted improvement, we have formulated the Complaint System Manual to improve the whole process of customer feedback and enhance the processing efficiency in terms of complaint sources, processing ideas, specific problem handling process and information return. For the specific complaint of 11 types, such as account security, re-charging issues, account abnormality, punishment measures and etc., we have preset handling ideas and processes in advance to ensure that players' game experience is efficient and enjoyable.

# Environmental, Social and Governance Report

Complaint type	2022	2021
Game abnormality	19	40
Punishment measures	3	10
Account re-charge	8	10
GM service	0	0
Misconduct report	2	4
Re-charge by minor	26	46
<b>Total</b>	<b>58</b>	<b>110</b>

The complaints we received during this year decreased by 47.27% as compared to last year and the complaints handling ratio is 100%. We have improved our game experience based on the feedback from players for the dedication to provide high quality experiences to the players.

## 4.4 Focus on Service Quality

FingerTango committed to creating a good service experience for players by strictly monitoring the quality of customer service. In order to ensure the service quality, we have formulated the 3K Regulations on Quality Inspection and the 3K Regulations on Quality Inspection to supervise customer service quality and quantity.

We have formulated the 3K GM Telephone Complaint Reception Guidelines to guide customer service employees to master the skills of communicating with customers. For different games, we have set up customer service workflows for the dedication based on game characteristics and customer groups, such as the newly added Magic Mirror Story VIP Customer Service Workflow this year. In addition to daily tasks such as information collection, handling user inquiries and proactively providing care to users, we also need to prevent customer turnover, understand the reasons for the turnover, and try to retain users in the game in our best effort. In response to players' complaints, we have also formulated the Specific Procedures for Complaints to improve the complaint handling system, and adopt different handling methods for internal complaints and complaints from external channels such as industry and business administration departments and consumer associations, with a view to assist players in solving their doubts and meet their reasonable requests.

We have also formulated the 3K Regulations on Quality Inspection to inspect the quality of customer service in terms of quantity. We conduct online quality checks with no less than 100 calls per day and implement a scoring mechanism to score four levels of A +/A/B/C for customer service. We also analyze the quality inspection data on a weekly and monthly basis to monitor the quality of service customers. We are committed to maintaining fairness in the game and protecting the interests of players. We have formulated the Game Work Sheet Handling Procedure of GM Customer Service Center, under which the customer service staff verifies the abnormal issues and the players' complaints by logging into the game backstage to verify the log information. We quickly crack down on click farming by players and block accounts with click farming.

## 4.5 Privacy Protection Policy

Data security is crucial for FingerTango. We value our own network information security and the privacy of every customer. The Group strictly abides by the Safety Protection of Computer Information System Regulations of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Provisions on Technological Measures for Internet Security Protection, the Administrative Measures on Internet Information Service of the People's Republic of China, the Administrative Measures on the Security Protection of Computer Information Network with International Connections and other laws and regulations.

For internal information security, we have formulated the Information Safety Management System, Information Safety Confidentiality System, Network Safety Operation Management System, Information Safety Technology Protection Policies and other policies to guide the implementation of security work in information system, effectively ensure the implementation of various security responsibilities, and ensure the construction of a secure online gaming platform. In addition, we have established an information security group to jointly implement, inspect, and update information security protection technologies with other relevant technical departments. Meanwhile, we have established an independent contact group for each department to convey various emergency information and instructions through 24-hour phone calls, emails, SMS alerts, and other means.

We will take effective and necessary measures to protect the security of personal information collected from users, and use commercially reasonable security technical measures to protect personal information from unauthorized access, use, or leak. Meanwhile, we will use genuine antivirus software to prevent computer viruses, and keep our virus database updated and scanned regularly to ensure virus prevention. For important databases and systems, we conduct off-site disaster recovery and regular full backups through the intranet to ensure data transmission security and disaster recovery.

In order to continuously and stably provide services to users, help them complete registration and login, identity authentication, payment and consumption, and maintain the normal operation of the functions, and ensure account security, we have formulated the 3K Game Privacy Policies and various information and network security management and confidentiality systems, stating that unless otherwise stipulated by laws and regulations or regulatory authorities, we will only retain player information for the period necessary for the purposes stated in the 3K Game Privacy Policies and for the period required by laws and regulations. In addition, players also have the right to request us to delete or cancel all service information and data related to their personal information account.

During the reporting period, the Group did not have any complaints or litigation regarding data protection and privacy protection.

## 5. CORPORATE GOVERNANCE

FingerTango is concerned with the internal management of the enterprise. In order to seek the long-term development, we protect the interests of the enterprise itself while maintaining the quality of products.

### 5.1 Protection of Intellectual Property Rights

As a mobile game company, the Group is clear that intellectual property is a reflection of our employees' creativity and that safeguarding it is the basis for our sound development. The Group strictly abides by relevant laws and regulations, such as the Intellectual Property Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations to maintain and protect its own intellectual property rights and respect the intellectual property rights of others.

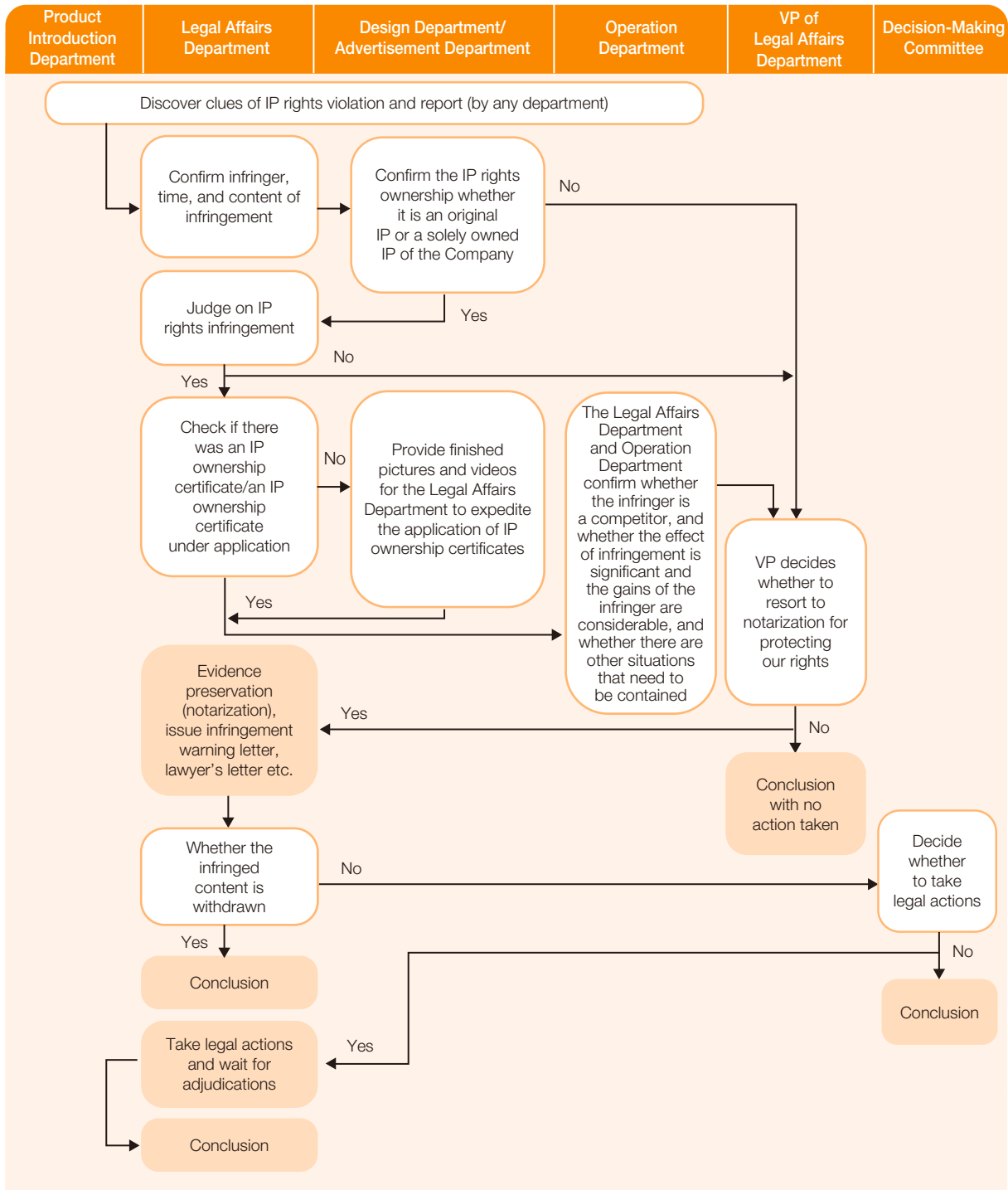
To protect the legal rights of the Group, we have established a comprehensive intellectual property rights management system and protection process to assist us in giving feedback when necessary through the coordination of multiple departments. When cooperation is confirmed, product introduction staff, game designer and producer and operation staff are required to provide game names, finished pictures and videos and the tentative game names respectively within one work day for the staff of Legal Affairs Department to apply for intellectual property rights ownership certifications. Any department can report any potential infringe, including but not limited to infringing links and screenshots, and submit the clues to our legal staff to verify the infringer, infringement time and infringed content. The game designer and producer shall then determine whether such content belongs to the original or exclusive intellectual property of the Group, and the Legal Affairs Department shall make the conclusion of infringement or not. In case of refusing to withdraw the infringed content, the Decision-Making Committee will determine if any legal action is necessary.

We also respect the intellectual property rights of others. All terminal equipment and information systems of the Group have been installed and used genuine software, and employees are strictly prohibited to download or use unauthorized software and files illegally.

During the reporting period, the Group maintained 846 trademarks and registered patents, 10 new trademarks and patents were granted, and 10 new trademarks were registered.

# Environmental, Social and Governance Report

## Procedure of IP rights protection



## 5.2 Corporate Anti-Corruption Governance

FingerTango incorporates business ethics throughout the entire process of business operation and is committed to creating a clean business environment with zero tolerance for unethical business practices such as corruption, bribery and fraud. The Group strictly abides by the Company Law of the People's Republic of China, the Law of the People's Republic of China on Anti-Unfair Competition, the Interim Provisions on Banning Commercial Bribery and other laws and regulations to regulate the business ethics of its staff.

In order to strengthen the construction of the Group's internal control system to prevent reduce risks of fraud, corruption and bribery, we have formulated the Anti-Fraud, Anti-Corruption and Anti-Commercial Bribery System based on our situation so as to regulate our business practices and ultimately to safeguard the legitimate rights and interests of the Company and our shareholders. Internal and external personnel of the Company shall not damage the economic interests of the Company or its shareholders for personal improper benefits by using deception and other illegal and irregular means, including but not limited to illegal use of the Company's assets, embezzlement, misappropriation or theft of the Company's assets, giving or accepting bribes or kickbacks, etc..

The management of the Company solely responsible for the work of anti-fraud, anti-corruption and anti-bribery, and has established an audit committee to organise and implement those cross-departmental tasks on corporate level during such campaign. Besides, the Company has established various channels for whistleblowers to report ethical issues and fraud. The audit committee shall record the report once received and, in case of senior management being involved, report to the Board of the Company within two work days for further investigation. Any employee committing fraud, corruption and commercial bribery, whether or not constitute criminal offence, shall be deemed serious breach of the Company's rules and regulations and their employment contracts shall be terminated by law. Any person in breach of criminal law shall be referred to the judicial departments for legal actions. We will also protect whistleblowers and prohibit retaliation of any nature.

During the year, all directors and staff of the Group had participated in anti-fraud and anti-corruption training.

During the reporting period, the Group did not have litigation cases related to corruption, nor did it violate relevant laws and regulations that have a significant impact on the Group's operations.

## 5.3 Supply Chain Management

In order to maintain a stable and sustainable supply chain and better fulfil our commitment to the environment and society, FingerTango has established a sound supplier management mechanism and formulated the Review and Management Measures on Suppliers, which applies to different types of suppliers, including arts, advertisement media, catering, electronics products, office equipment and security service. We have also developed management measures for suppliers by category to achieve more accurate management, such as the Review and Management Measures on Advertisement Media Dealers. When reviewing suppliers, we consider their qualifications and size, cost effectiveness, business capability, contract performance rate and after-sales service capability. We also include integrity clauses in our contracts with suppliers to govern their behavior, and we have the right to hold them accountable for any breaches.

When selecting suppliers, we also consider environmental and social risks in the whole supply chain, and prefer those suppliers who pay attention to health and safety of employees, anti-corruption operation, environment protection and application of environmentally friendly products, which demonstrates our emphasis on social responsibility of supply chains and sustainable development.

In order to effectively monitor suppliers, we will review the product quality, environmental and social performance of suppliers once a year and update files in a timely manner. In case of specific needs, we will conduct half-year or quarterly review.

During the year, we had 36 major suppliers in Guangzhou, which provided us with products and services like office furniture, stationeries, printing services, catering, art and cultural services, renovation works and air-conditioning works, etc.

## 6. FOCUS ON TALENTS

FingerTango understands that employees are solid foundation and valuable wealth for a corporation. In this regards, in addition to protecting legitimate rights and interests of employees, we also continuously improve employment system, provide various trainings and creating a diverse and equal working atmosphere.

### 6.1 Improvement of Employment Management

In terms of human resources management, FingerTango insists on an approach of people-oriented, fully respects the value of each employee and is committed to creating a comfortable working environment for employees. The Group strictly abides by the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and other laws and regulations relating to employment. We persists equal employment with no discrimination arising from race, gender, religion, age, family status or other factors in recruitment, assessment, promotion, career development, welfare and other aspects, so as to protect the rights and interests of each employee.



# Environmental, Social and Governance Report

Based on the business development, the Group regularly conducts talents recruitment, and seeks for talents through various channels. All employees sign labour contracts with the Group voluntarily and in accordance with the law. We conduct background checks on prospective employees through a rigorous recruitment process, and require applicants to provide documents such as identification documents. For any employee with acts of fraud, the Group has the right to terminate the labour relationship with such employee immediately, without any economic compensation and preserves the right to recover the loss caused by such employee. When considering the promotion of an employee, the human resource department and the head of department will conduct a joint review on the employee taking into account of length of work and performance.

We strictly prohibit and resist any form of child labour and forced labour, and fully respect employees' independent choices. We have formulated 3K Employee Handbook to protect rights and interests of employees. A shift system is adopted to ensure sufficient resting time for employees based on their positions and resolutely eliminate forced labour. In addition, employees are entitled to determine their leaving and staying, and we will assist with the resignation procedures.

During the reporting period, there were no cases of non-compliance in relation to remuneration, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination and other benefits and welfare, nor were there any cases of non-compliance in relation to the employment of child labour or forced labour.

## 6.2 Focus on Employees' Well-being

FingerTango attaches great importance to employees' well-being. In order to achieve long-term and stable growth of the Group and attract and retain outstanding talents, the Group strictly complies with the laws and regulations such as the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China and the Tax Law of the People's Republic of China to provide its talents with reliable remuneration and comprehensive welfare. We provide employees with a variety of welfare in accordance with the Employee Handbook and make relevant adjustment based on the actual situation.

# Environmental, Social and Governance Report

We provide employees with following welfare:

Welfare	Projects
Basic security benefits	<ul style="list-style-type: none"><li>• Social security and provident fund</li><li>• Commercial insurance</li><li>• Health protection</li></ul>
Paid leave	<ul style="list-style-type: none"><li>• Employees are entitled to paid leave in accordance with national and local laws</li></ul>
Caring of employees	<ul style="list-style-type: none"><li>• Gifts or cash for festivals</li><li>• Gifts or cash for birthdays</li><li>• Cash for weddings for benediction</li><li>• Cash for funerals for condolences</li></ul>
Activities	<ul style="list-style-type: none"><li>• Departmental activity funds</li><li>• Travel at least once a year</li></ul>

We have enacted the Employee Welfare Management System and fulfilled its legal obligations by paying pension, medical insurance, maternity insurance, work injury insurance, unemployment insurance and housing fund, and tried to help employees deal with their concerns in life as much as possible. We provide paid public holidays. For those who cannot enjoy statutory rest day due to the arrangement of the Company, overtime wages will be given for works during holidays according to the Labour Law of the People's Republic of China. We also provide paid annual leave, sick leave, wedding leave, maternity leave, breastfeed leave, and funeral leave based on employees' needs.

## 6.3 Focus on Employees' Health

FingerTango regards employees' health and safety as the top priority in its operations. The Group strictly abides by the Provisions on the Supervision and Management of Occupational Health at Work Sites, the Industrial Injury Insurance Regulations of People's Republic of China, the Fire Protection Law of the People's Republic of China and other rules and regulations relating to safety and fire safety in workplace, and takes practical actions to ensure the safety and health of employees.

### Daily Safety

In order to ensure workplace safety and provide a healthy and comfortable working environment for employees, we always strive to eliminate safety hazards in work sites to improve safety and comfort in work sites.

## Environmental, Social and Governance Report

In terms of fire safety, we have formulated the Procedure of Security Service Works with the security company to strengthen the patrol checks on lighting equipment, air-conditioners and other electrical switches, in order to ensure the electricity safety of the office. Meanwhile, we regularly inspect fire escape and fire equipment to ensure the fire escape of office floors is free from obstruction and no expired or damaged fire equipment. Furthermore, we also improve employees' awareness of fire safety by posting safety signs in the workplace and through internal safety communications of personal safety.

In terms of food safety, we carefully select our catering service suppliers to provide healthy, safe, nutritious-balanced meal packages. When selecting suppliers and signing contract with them, we require the suppliers to ensure the food quantity, temperature, quality and safety. We will collect employees' opinions on food quality and will give feedback to the suppliers to rectify accordingly, and we will change the suppliers if they fail to satisfy our employees' requirement after rectification.

In terms of the physical health of our employees, we arrange annual body check for employees, and provide employees with comprehensive health protection covering disease prevention, accidents, vital diseases, illness and death, and in-hospital treatment, so as to help employees identify and respond to various accident risks. Meanwhile, we also provide employees with commercial insurance and two days of paid sick leave per month as one of the regular benefits. We have also spared a specific plan to assist employees in the treatment of work-related injuries during office hours and follow-up work-related injury applications to cater for the special needs of the injured employees. We also advocate employees do sports to enhance their physical fitness, therefore we equipped a gym in the office and organize weekly sports activities such as badminton, football and basketball, and provides employees with ergonomic desks and chairs to prevent shoulder and neck strain caused by long sitting in the office.

During the reporting period, the Group did not receive any complaints and litigations regarding violations of health and safety laws, and there were no cases of work-related fatalities in the past three years including the reporting year (Year 2022, 2021, 2020).

### **Pandemic prevention and control**

In order to carry out pandemic prevention work in a normal and orderly manner during the pandemic and ensure the health and safety of each employee, FingerTango has enacted the Notice on the Arrangement of Relevant Rules on Epidemic Prevention.

Closely paying attention to the latest pandemic prevention and control policy issued by the state, province, city and districts, the Group adjusted the pandemic prevention and control measures dynamically, published various related notices from time to time and reminded employees to do nucleic acid test, wear mask, gather less, wash hand more often and go out less. The Group advocated all employees to actively cooperate with the government's prevention and control work, acquire latest information from industrial property in time and such information have been informed to all employees simultaneously.

# Environmental, Social and Governance Report

In order to reduce the infection rate of our employees, we required all employees to wear their employee badge throughout the day in the office area, which is the only valid document for entering and leaving the Company. All personnel without employee badge are not allowed to enter the office area. We also purchased anti-pandemic supplies, such as masks, alcohol, 84 disinfectant, medical gloves and antigen detection kits, to ensure that all employees can receive 5 masks each person each week in advance. We also drafted the Temporary Management Regulations for Work-From-Home in advance by technical department, HR department, legal department and financial department, to respond to unexpected situations and ensure that all employees can smoothly work from home. We analyzed and made judgement according to the situations reported by employees. Employees who have close contact, yellow and red code and tested positive can work from home, which effectively avoids the risk of gathering infection in the company.

We flexibly adjusted according to national policies in situations where outside visits, interviews and service visits from our partners occur. The Company has set up a healthy visit area where all visitors shall wait after the QR code registration.

## 6.4 Development and Training of Employees

With a commitment to enhancing employee's personal capability to cultivate outstanding talent for corporate, FingerTango provides employees from different levels with corresponding training projects, such as newcomer induction training, position tutor training and quality training courses, so as to comprehensively enhance the professional skills and management skills of employees, provide opportunities for employees to constantly improve and develop themselves.

During the year, we provided various training in line with the requirement for employees from different levels for social hires, tutors and all employees of the Company according to business needs. A total of over 251 people received the training we held for employees. The average satisfaction rate of employees trained exceeded 96.40%, exceeding that of 94.28% of last year. The main training projects during the year are as follows:

Training project	Training target	Brief introduction of training content
Social hire training project	Social hires	<ul style="list-style-type: none"><li>Regular training focusing on social hires with the aim to help social hires quickly understand the culture, rules and regulations of the Company</li><li>Studying of "Knowing 3K", "Step in R&amp;D", "Grow in 3K", "Workplace Training", "Meet Together in 3K" and "Business Lesson"</li></ul>
Position tutor system	tutors	<ul style="list-style-type: none"><li>Upgrade position tutor system of the Company to help employees quickly adapt to the Company's environment, integrate into the team and receive guidance of professional knowledge and experience</li><li>Encourage tutors to share their knowledge and experience</li><li>Carry out offline "Tutor Training" lesson, empowering position tutors and teaching tutors to teach newcomers</li></ul>

# Environmental, Social and Governance Report

Training project	Training target	Brief introduction of training content
Sharing Club	All employees of the Company	<ul style="list-style-type: none"><li>• Intend to define the philosophy as building a learning platform for “constantly growth and mutual achievement”</li><li>• Establish internal trainer club to find someone who is willing to share</li><li>• Remove the perspective of “lesson” from content and diversify the sharing</li></ul>
3K TALK Project	All employees of the Company	<ul style="list-style-type: none"><li>• The first corporate culture event in 2022</li><li>• Actively carry out activities such as “Giant’s Meet and Greet”</li></ul>
Quality training course	All employees of the Company	<ul style="list-style-type: none"><li>• General course on quality focusing on all employees so as to solve the learning needs of employees on general ability</li><li>• Introduce courses like “Structured Thinking and Reporting”</li></ul>

In order to help employees to foster good habits such as constant learning and further enhance the development potential of the Company, FingerTango has built a large reading zone at the open office space to build a great learning environment. In order to keep abreast with the latest industrial movement and keep in line with the changing market requirements, we have carried out various training lessons for the purpose of enhancing the professional quality and business capabilities of our employees.

We have established a smooth career development path by providing promotion and growth opportunities for employees in different positions within the Company. The Group has established a promotion committee and adopted the Administrative Measures for Employee Changes and Compensation and the Promotion Process for Rank, which allow employees to make fair and reasonable adjustments to their positions and salaries after going through the four steps of promotion application, qualification review, promotion evaluation and result feedback. We take the contribution to the business as the measurement standard, and reward the individual contribution of employees to ensure the reasonableness of the internal compensation system while enhancing the enthusiasm and creativity of employees.

## 7. INVESTMENT IN PUBLIC INTERESTS

FingerTango cares about the needs of the society and commits to fulfill its social responsibility by doing everything in its power to help the underprivileged groups and supporting the positive and healthy development of young people. During the reporting period, the total investment of the Group in public interest exceeds RMB180,000.

### Pandemic Prevention and Control

#### Case: Donation of pandemic prevention materials

This year, FingerTango donated disposable medical surgical masks, protective clothing, warmer pads, military coats and other pandemic prevention materials, to the Xi'an Charity Foundation for the Welfare and Poverty, amounting to RMB99,586.4. All donations were used on the prevention and control of the COVID-19 in Xi'an.



# Environmental, Social and Governance Report

## Case: Establishing a volunteer team for pandemic prevention

This year, FingerTango established a special volunteer team for pandemic prevention and control, and employees can voluntarily engage in social pandemic prevention and control volunteer services. We have participated in 4 voluntary services for pandemic prevention and control in the streets where the company is located, with a total service time of 130 hours and a total of 36,000 people served.



## Case: Providing support for pandemic prevention

This year, in response to the outbreak in Guangzhou, FingerTango donated self-heating meals, protective clothing, instant noodles, drinking water and other pandemic prevention materials to Xingang Street, Guangzhou Street of Haizhu District, and Guangzhou Women and Children Welfare Association, respectively, amounting to RMB 27,672.36.



## Social Welfare Activities

### Case: Special activities for veterans care

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with Guangzhou Social Union and Zengcheng Veterans Affairs Administration, visited 20 war veterans in Zengcheng District and offer additional help of RMB10,000 and living materials, amounting to RMB 12,916.4.





# Environmental, Social and Governance Report

## Rural revitalization

### Case: Procurement assistance for agricultural products

This year, in response to the call for the implementation of the national rural revitalization strategy, FingerTango continued to promote poverty alleviation through consumption, and helped bee farmers in underdeveloped remote areas in Deqin County, Yunnan Province to expand the sales channels of mountain honey, and promoted local e-commerce business development through direct procurement of honey amounting to RMB140,600.



## 8. ENVIRONMENTAL PROTECTION

FingerTango is dedicated to achieving a balance between corporate growth and environmental protection, and continuously improving the environmental sustainability of its business. We constantly implements energy-saving measures to reduce waste of resources in our operations. Our main business is mobile gaming, therefore our daily operations do not involve industrial emissions, sewage and waste. The impact on the environment mainly produced by the daily office activities consumption, such as the use of electricity, domestic water, and waste generated by the office and the office supplies. Although the Group has minimal impact on the environment, we strive to assume corporate social responsibility. During the reporting period, we strictly complied with laws and regulations related to environmental protection such as the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China and the Water Pollution Prevention and Control Law of the People’s Republic of China. To further mitigate the impact on the environment, we also place emphasis on helping our employees become more environmentally conscious.

During the reporting period, the Group did not have any environmental violations with significant impact.

## 8.1 Reducing Environmental Impact

In order to reduce the potential impact of its own operations on the environment, FingerTango has formulated and implemented various energy-saving and emission-reduction plans to manage energy and water use, waste and GHG emissions to ensure the optimal utilization of resources and improve our environmental performance. To this end, FingerTango has set preliminary directional goals in the last year (2021), and continues to practice green development in daily office and operation.

Previously, the Group has set environmental targets, and the electricity and water consumption and density have increased this year, which is due to the opening of new office locations during the reporting period. As a result of the increase in office space, we decided to reset the emission density target to the current reporting period. With a new target using 2022 as the benchmark year, we aim to maintain or gradually reduce the density of GHG emissions, power consumption, water consumption, and waste generation in the future.

### Greenhouse gas emission management

FingerTango actively promotes the management of GHG emissions, continuously explores measures and methods that may reduce carbon emissions from operations, and actively practices low-carbon operations.

This year, we conducts GHG emissions inspections according to the Greenhouse Gas Protocol issued by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 set by the International Organization for Standardization for the Group's offices in Shanghai and Guangzhou. During the year, the summary of GHG emissions is as follows:

GHG Emissions Performance <sup>1</sup>	Unit	2022
<b>GHG Emissions<sup>2</sup></b>		
Direct GHG emissions (Scope 1)	tonnes of CO equivalent	244.91
Indirect GHG emissions (Scope 2)	tonnes of CO equivalent	397.36
Total GHG emissions (Scope 1 and 2)	tonnes of CO equivalent	642.27
<b>GHG emissions intensity</b>		
per square metre (Scope 1 and 2)	tonnes of CO <sub>2</sub> equivalent/square metre	0.08
per employee (Scope 1 and 2)	tonnes of CO <sub>2</sub> equivalent/employee	1.83

Scope 1: Direct GHG emissions generated by sources owned and controlled by the Group.

Scope 2: Indirect GHG emissions from electricity generation, heating and cooling or steam purchased by the Group.

1 Figures are expressed as rounded

2 Calculated based on the emission factors in the "Guidelines on Reporting of Environmental Key Performance Indicators" in Appendix II issued by the Stock Exchange

# Environmental, Social and Governance Report

In addition to greenhouse gases, the types and data of emissions generated by vehicles are as follows:

Emission Type	Unit	2022
Nitrogen oxides (NO <sub>x</sub> )	kg	178.96
Sulphur oxides (SO <sub>x</sub> )	kg	0.17
Particulate matter (PM)	kg	16.66

GHG emissions from the Group's operations mainly arise from fuel consumption of its vehicles (Scope 1) and electricity consumption during business operations (Scope 2). During the year, the Group's total GHG emissions amounted to 642.27 tCO<sub>2</sub>e, representing an increase of approximately 17.07% as compared to last year. For the use of company vehicles, we require employees to turn off the engine when idling to reduce carbon emissions and air emissions.

## Energy management

Energy use is also closely related to greenhouse gas emissions; therefore, in addition to direct greenhouse gas emissions, we also prioritize energy management, such as the use of air-conditioning system, lighting system and other electronic equipment.

To enhance brightness and reduce lighting usage, we have utilized materials like glass during decoration. In addition, the Company's office area employs energy-saving LED lighting with low cost and high-energy efficiency, which can prompt the good habit of turning off the lights when leaving the office. Daily checks by colleagues and security staff ensure that lighting and air conditioning are under control. We encourage employees to turn off electronic devices (including computers), whenever possible, during their off-hours and to employ energy-saving LED lighting in office areas as possible. In addition, we control the indoor air-conditioning temperature at an appropriate temperature of between 25–26°C, and we have installed lighting devices with sensor control functions in places with low utilization rates such as staircases and toilets, so as to reduce the waste of power resources.

# Environmental, Social and Governance Report

During the reporting period, our consumption of purchased electricity is as follows:

Electricity purchased	Unit	2022
Electricity purchased	kWh	683,919.85
Electricity purchased intensity (per square meter)	kWh/square metre	83.53
Electricity purchased intensity (per employee)	kWh/employee	1,948.49

## Water resources management

FingerTango strives to achieve water conservation goals by implementing various water conservation measures and improving water utilization. We aim to promote sustainable development among our employees provide relevant assistance. We have been promoting water conservation and posting relevant environmental information in our pantries and washrooms to provide our employees with the skills and knowledge to implement sustainable development.

Avoiding water waste, the Group post educational water-saving labels in pantries and washrooms to remind employees to conserve water and control water flow. We have adopted environmental-friendly energy-saving toilets with high energy-efficiency compression flushing technology and innovative super-large pipe-diameter flushing valves, which could control water consumption during normal use. In addition, if there is any water leakage, water seepage or dripping in washroom of the Company, we will arrange professionals for maintenance by the administrative department in a timely manner.

During the reporting period, our water consumption data is as follows:

Water resources consumption	Unit	2022
Total water consumption	Cubic metre	3,815.01
Total water consumption intensity (per employee)	Cubic metre/employee	10.87

## Cherishing natural resources and waste management

FingerTango understands that good waste management is beneficial to environmental protection. The Group has formulated the Management Measures and Processing Procedures for Waste Materials to regulate the disposal of waste materials. To assist in accomplishing our waste reduction goals, we adopted an online system to improve office efficiency while minimizing paper consumption and realizing paperless office. We encourage employees to use double-sided printing when necessary. When purchasing office supplies, we prefer environmentally friendly and recyclable materials. At the same time, we provide environmental friendly bags and personal drinking cups for new employees upon joining us, and advocate the reduction of disposable plastic bags and disposable paper cups during travel and office work.

# Environmental, Social and Governance Report

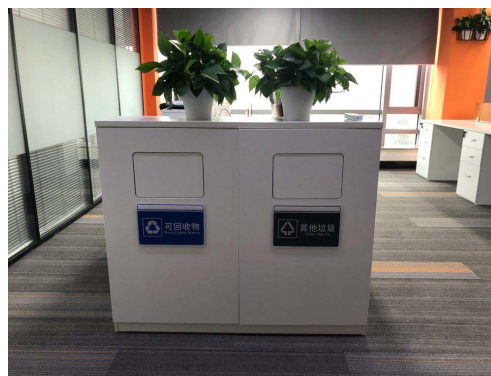
For general waste, we promote waste sorting and recycling, and a recycling area for used batteries has been set up at the Company's reception. At the same time, the Company has set up express carton recycling area to facilitate employees to reuse and reduce waste. Qualified third-party companies dispose of hazardous waste (such as electronics, waste toner cartridges and ink cartridges) and non-hazardous waste (such as company restaurants food waste, waste paper, etc.).

During the reporting period, the Group consumed a total of 126.00 kg of non-hazardous waste and 0.36 kg per employee. The waste production data is as follows:

Total Waste Performance	Unit	2022
<b>Non-hazardous Waste</b>		
Total non-hazardous waste	kg	126.00
Non-hazardous waste intensity	kg/employee	0.36
Non-hazardous waste recycled	kg	126.00
<b>Hazardous Waste</b>		
Hazardous Waste	kg	1.50
Cartridge	piece	10
Scrap IT equipment	piece	180



Guangzhou domestic waste classification and disposal guide



Recyclable collection bin in the office

## 8.2 Mitigating Climate Change

FingerTango acknowledges the climate change is a critical global challenge. We actively responding to the national “3060” dual carbon policy and contributing to the country’s goal of achieving carbon neutrality by 2060. FingerTango will continue to reduce carbon emissions and address the risks posed by climate change to enterprises. We have incorporated climate change elements into the Group’s game brand “my Mission” to alert game players to the environment of extreme weather brought by climate change and promote the importance of environmental protection. During the year, we have identified climate change-related risks based on the characteristics of our business.

Risk category	Potential impact	Risks response strategies
Physical risks	<ul style="list-style-type: none"> <li>Game login depends on the integrity of local Internet infrastructure, and potential damage to the Internet infrastructure from extreme weather will increase the instability of the business</li> <li>The frequent occurrence of extreme weather due to global warming caused by typhoons, heavy rains and high temperatures may have an impact on employee commuting and workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>Developing emergency procedures for extreme weather to reduce related risks and issue work arrangement instructions to employees under typhoon and rainstorm warnings</li> <li>Always pay attention to disastrous weather, strictly comply with the relevant extreme weather guidelines issued by the government, and strengthen the emergency planning measures for extreme weather</li> <li>Formulating emergency response plans for natural disasters and continuously improve natural disaster emergency response mechanisms</li> <li>Taking corresponding energy saving measures to reduce energy consumption</li> </ul>
Transition risks	<ul style="list-style-type: none"> <li>Affected by increasingly stringent environmental and climate-related standards and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>Tracking the latest laws and regulations regarding climate change and integrate them into management strategies</li> <li>Integrating environmental measures into business operations and monitoring the carbon footprint of business operations</li> </ul>

## APPENDIX I: ESG RELATED LAWS, REGULATIONS, AND POLICIES

### FingerTango 2022 ESG related laws, regulations, and policies

ESG aspects	Compliance with external laws and regulations	Internal policies of the Company
<b>A1 Emissions</b>	<i>National Catalogue of Hazardous Wastes Regulations on the Administration of Domestic Waste Classification in Guangzhou Administrative Measures for Urban Domestic Garbage</i>	<i>Waste Management Approach &amp; Handling Procedure FingerTango Office Energy Conservation Guidelines</i>
<b>A2 Use of resources</b>	<i>Energy Conservation Law of the PRC Water Pollution Prevention and Control Law of the PRC</i>	<i>FingerTango Office Energy Conservation Guidelines “3K Game Security Service Workflow”</i>
<b>A3 Environment and natural resources</b>	<i>Environmental Protection Law of the PRC Energy Conservation Law of the PRC</i>	<i>FingerTango Office Energy Conservation Guidelines Explanation on Wastes Management Procedure</i>
<b>A4 Climate change</b>	<i>China’s Policies and Actions for addressing Climate Change White Paper</i>	The Group actively follows the national strategy for addressing climate change, identifies possible climate change risks in its operations, and continues to adopt energy conservation and environmental protection measures in this report to reduce energy consumption.
<b>B1 Employment</b>	<i>Labour Law of the PRC Labour Contract Law of the PRC Tax Law of the PRC Social Insurance Law of the PRC Regulations on Unemployment Insurance Tentative Measures for Corporate Employee Maternity Insurance Regulations on Management of Housing Fund</i>	<i>3K Employee Handbook Employee Welfare Management System Employee Promotion and Remuneration Management Measures Welfare Costs Adjustment Plan</i>
<b>B2 Health and safety</b>	<i>Employment Injury Insurance Provisions of the People’s Republic of China Supervision and Management Regulations on Work Space Occupational Sanitation Fire Control Law of the PRC</i>	<i>Employee Welfare Management System</i>
<b>B3 Development and training</b>	<i>Labour Law of the PRC</i>	<i>3K Employee Training Agreement Promotion Process for Rank and Rank</i>
<b>B4 Labour standards</b>	<i>Law of the PRC on the Protection of Minors Provisions on Prohibition of Child Labour</i>	The Group recruits university and college graduates and people with work experiences, and confirms their age by checking their IDs during on boarding, preventing child labour from the beginning.

## Environmental, Social and Governance Report

ESG aspects	Compliance with external laws and regulations	Internal policies of the Company
<b>B5 Supply chain management</b>	<p><i>Company Law of the PRC</i></p> <p><i>Contract Law of the PRC</i></p>	<p><i>Anti-Fraud, Anti-Corruption and Anti-Commercial Bribery System</i></p> <p>We have considered environmental and social risk factors in our contracts with suppliers of meals, electronics, office equipment and security service.</p>
<b>B6 Product responsibility</b>	<p><i>Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers</i></p> <p><i>Regulation on Internet Information Service of the People's Republic of China</i></p> <p><i>Interim Provisions on Cyber Culture Management</i></p> <p><i>Advertisement Law of the People's Republic of China</i></p> <p><i>Interim Measures for Online Advertisement Management</i></p> <p><i>Product Quality Law of the People's Republic of China</i></p> <p><i>Provisions on Publication Administration</i></p> <p><i>Notice on Mobile Game Publication Service Management</i></p> <p><i>Regulations on Online Publication Service Administration</i></p> <p><i>Trademark Law of the People's Republic of China</i></p> <p><i>Measures for the Administration of Telecommunications Business Licensing</i></p> <p><i>Notice of the Ministry of Culture on Enhancing Afterwards Supervision and Strengthening Regulations of Online Games</i></p> <p><i>Regulations on Internet Player Account Name Administration</i></p> <p><i>Cybersecurity Law of the People's Republic of China</i></p> <p><i>Intellectual Property Rights Protection Law of the People's Republic of China</i></p> <p><i>Implementation Plan for Comprehensive Prevention and Control of Juvenile Myopia</i></p>	<p><i>3K Games Privacy Policies</i></p> <p><i>Regulations on Advertisement Content Review</i></p> <p><i>3K Regulations on Quality Inspection Works on Customer Service</i></p> <p><i>3K GM Telephone Complaint Reception Guidelines</i></p> <p><i>Explanation on 3K Game User Data Destruction Procedure</i></p> <p><i>Workflow for Player Visit (generic version)</i></p> <p><i>Game Work Sheet Handling Procedure of GM Customer Service Center</i></p> <p><i>Regulations on Daily Monitoring Works</i></p> <p><i>Player Group Works Guidelines</i></p> <p><i>Community Monitoring Work Regulations</i></p> <p><i>Information Safety Management System</i></p> <p><i>Information Safety Confidentiality System</i></p> <p><i>Network Safety Operation Management System</i></p> <p><i>Information Safety Technology Protection Policies</i></p>
<b>B7 Anti-corruption</b>	<p><i>Law of the People's Republic of China on Anti-Unfair Competition</i></p> <p><i>Interim Provisions on Banning Commercial Bribery</i></p> <p><i>Company Law of the PRC</i></p>	<p><i>Anti-Fraud, Anti-Corruption and Anti-Commercial Bribery System</i></p>
<b>B8 Community investment</b>	<p><i>Charity Law of the People's Republic of China</i></p>	<p>The Group established Guangzhou Shiguang Community Foundation (廣州市拾光公益基金會) to carry out various charitable activities.</p>



## APPENDIX II: SUSTAINABILITY DATA STATEMENTS

Environmental performance <sup>3</sup>	Unit	2022	2021
<b>Air Emissions<sup>4</sup></b>			
Nitrogen oxides (NO <sub>x</sub> )	kg	178.96	184.74
Sulphur oxides (SO <sub>x</sub> )	kg	0.17	0.19
Particulate matter (PM)	kg	16.66	17.20
<b>GHG emissions</b>			
Direct GHG emissions (Scope 1)	tonnes CO <sub>2</sub> equivalent	244.91	245.75
Indirect GHG emissions (Scope 2)	tonnes CO <sub>2</sub> equivalent	397.36	302.87
Total GHG emissions (Scope 1 and 2)	tonnes CO <sub>2</sub> equivalent	642.27	548.62
<b>GHG Emissions Intensity</b>			
GHG emissions Intensity (per square metre)	tonnes CO <sub>2</sub> equivalent/square metre	0.08	0.09
GHG emissions Intensity (per employee)	tonnes CO <sub>2</sub> equivalent/employee	1.83	1.45
<b>Energy Consumption</b>			
Total energy consumption	kWh	787,323.66	612,439.17
Energy consumption intensity (per employee)	kWh/employee	2,243.09	1,620.21
Total electricity purchased	kWh	683,919.85	496,420.65
Total electricity purchased intensity (per square metre)	kWh/square metre	83.53	78.09
Total electricity purchased intensity (per employee)	kWh/employee	1,948.49	1,313.28
Gasoline consumption	Litre	11,230.00	126,000.00
<b>Water Consumption</b>			
Total water consumption	m <sup>3</sup>	3,815.01	2,179.00
Total water consumption intensity (per employee)	m <sup>3</sup> /employee	10.87	5.76
<b>Non-hazardous Waste</b>			
Total non-hazardous waste	kg	126.00	150.00
Non-hazardous waste intensity (per employee)	kg/employee	0.36	0.40
Non-hazardous waste recycled	kg	126.00	70.00

<sup>3</sup> The scope of environmental data includes the Group's offices in Shanghai and Guangzhou.

<sup>4</sup> Air emissions generate from the Company's vehicles.

## Environmental, Social and Governance Report

Environmental performance	Unit	2022	2021
<b>Hazardous Waste</b>			
Fluorescent tube	kg	0.00	10.00
Used battery	kg	1.50	2.00
Toner cartridges	piece	10	12
Scrap IT equipment	piece	180	130
<b>Use of materials</b>			
Refrigerants	kg	150.00	148.00
Paper consumption	kg	1,412.50	650.00
Paper consumption intensity (per employee)	kg/employee	4.02	1.72

Social performance	Unit	2022	2021
Total employees	no. of people	351	334
<b>Total Employees (by Gender)</b>			
Total female employees	no. of people	121	122
Total male employees	no. of people	230	212
<b>Total Employees (by Age Group)</b>			
Below 30	no. of people	196	186
30–50	no. of people	155	148
Above 50	no. of people	0	0
<b>Total Employees (by Employee Category)</b>			
Full-time development/R&D	no. of people	134	164
Full-time operation	no. of people	147	97
Full-time supporting department	no. of people	70	73
<b>Total Employees (by Geographical Region)<sup>5</sup></b>			
Employees in East China	no. of people	2	2
Employees in South China	no. of people	349	332

5 Based on the actual location of work

# Environmental, Social and Governance Report

Social performance	Unit	2022	2021
<b>Employee Turnover Rate<sup>6</sup> (by Gender)</b>			
Female	Percentage	10.0	13.8
Male	Percentage	22.2	22.6
<b>Employee Turnover Rate<sup>6</sup> (by Age Group)</b>			
Below 30	Percentage	21.6	24.2
30–50	Percentage	10.6	12.4
Above 50	Percentage	0.0	0.0
<b>Employee Turnover Rate<sup>6</sup> (by Geographical Region)</b>			
Employees in East China	Percentage	0.0	0.0
Employees in South China	Percentage	32.2	36.4
<b>Percentage of employees trained<sup>7</sup> (by Gender)</b>			
Female	Percentage	35.1	43.5
Male	Percentage	64.9	56.5
<b>Percentage of employees trained<sup>7</sup> (by Employee Category)</b>			
Full-time development/R&D	Percentage	26.3	11.8
Full-time operation	Percentage	72.9	68.8
Full-time supporting department	Percentage	0.8	19.4
<b>Average Training Hours for Each Employee (by Gender)</b>			
Female	hours	2	1.5
Male	hours	3.5	2.4
<b>Average Training Hours for Each Employee (by Employee Type)</b>			
Per full-time junior employee	hours	3.2	4.6
Per full-time intermediate employee	hours	2.03	6.3
Per full-time senior employee	hours	1.9	2.8

6 Calculation method: number of employee turnover ÷ (number of employee turnover + number of year-end employee) x 100%.

7 Calculation method: number of employees of the category trained ÷ total number of employees trained x 100%

## Environmental, Social and Governance Report

Occupational Health and Safety		Unit	2022	2021
<b>Work-related Injuries and Fatalities of Directly Employed Workers</b>				
Rate of work-related fatalities occurred in each of the past three years including the reporting year (Year 2020, 2021, 2022)	Percentage		0	0
Number of work-related fatalities occurred in each of the past three years including the reporting year (Year 2020, 2021, 2022)	no. of people		0	0
Lost days due to work injury	days		0	0
Anti-corruption		Unit	2022	2021
Number of concluded cases regarding corrupt practices brought against the Group or employee	no. of cases		0	0
Community investment		Unit	2022	2021
Public service investment	RMB		180,772.16	614,200
Total number of participations for employees participating in public service activities <sup>8</sup>	no. of participations		32	40

8 Since the Group's donation activity was carried out by the Foundation during 2021, the data for the year did not include employees who made donations.

## APPENDIX III: CONTENT INDEX OF HONG KONG STOCK EXCHANGE ESG GUIDE

Description of indicator		Relevant Chapter	
<b>A. Environmental Area</b>			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	8.1 Reducing Environmental Impact
	A1.1	The types of emissions and respective emissions data.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A1.2	Greenhouse gas emissions and intensity.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A1.3	Total hazardous waste produced and intensity.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A1.4	Total non-hazardous waste produced and intensity.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A1.5	Description of emission target(s) set and steps taken to achieve them.	8.1 Reducing Environmental Impact
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	8.1 Reducing Environmental Impact

# Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	8.1 Reducing Environmental Impact
	A2.1	Direct and/or indirect energy consumption by type in total (for example, electricity, gas or oil) and intensity.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A2.2	Water consumption in total and intensity.	8.1 Reducing Environmental Impact Appendix II: Sustainability Data Statements
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	8.1 Reducing Environmental Impact
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	8.1 Reducing Environmental Impact
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable, the Group's business does not involve packaging materials
A3: Environmental and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	8.1 Reducing Environmental Impact
	A3.1	Describe the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8.1 Reducing Environmental Impact
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	8.2 Mitigating Climate Change
	A4.1	Description of the significant climate related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	8.2 Mitigating Climate Change

# Environmental, Social and Governance Report

Description of indicator		Relevant Chapter	
<b>B. Social Area</b>			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	6.1 Improvement of Employment Management 6.2 Focus on Employees' Well-being
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Appendix II: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix II: Sustainability Data Statements
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.3 Focus on Employees' Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix II: Sustainability Data Statements
	B2.2	Lost days due to work injury.	Appendix II: Sustainability Data Statements
	B2.3	Describe occupational health and safety measures adopted, how they are implemented and monitored.	6.3 Focus on Employees' Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.4 Development and Training of Employees
	B3.1	The percentage of employees trained by gender and employee category.	Appendix II: Sustainability Data Statements
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix II: Sustainability Data Statements
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	6.1 Improvement of Employment Management
	B4.1	Describe measures to review employment practices to avoid child and forced labour.	6.1 Improvement of Employment Management
	B4.2	Describe steps taken to eliminate such practices when discovered.	6.1 Improvement of Employment Management

# Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
B5: Supply chain management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.3 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	5.3 Supply Chain Management
	B5.2	Describe the practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	5.3 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.3 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.3 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.2 Health and Safety of Games 4.5 Privacy Protection Policy
	B6.1	Percentage of sold or shipped products to be recalled due to safety and health reasons.	4.2 Health and Safety of Games
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.3 Focus on Customer Needs
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.1 Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	4.4 Focus on Service Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.5 Privacy Protection Policy



# Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.2 Corporate Anti-Corruption Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	5.2 Corporate Anti-Corruption Governance Appendix II: Sustainability Data Statements
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	5.2 Corporate Anti-Corruption Governance
	B7.3	Description of anti-corruption training provided to directors and employees.	5.2 Corporate Anti-Corruption Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Investment in Public Interests
	B8.1	Focus areas of contribution.	7. Investment in Public Interests
	B8.2	Resources contributed to the focus area.	7. Investment in Public Interests Appendix II: Sustainability Data Statements

# Independent Auditor's Report



To the Shareholders of FingerTango Inc.

*(Incorporated in the Cayman Islands with limited liability)*

## Qualified Opinion

We have audited the consolidated financial statements of FingerTango Inc. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 111 to 173, which comprise the consolidated statement of financial position as at 31 December 2022, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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.

# Independent Auditor's Report

## Basis for Qualified Opinion (continued)

### 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.

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

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Revenue and cost of revenue

Refer to Note 7 to the consolidated financial statements.

The Group is engaged in publishing third party/self-owned games to game players through third party and self-operated platforms. Revenue derives from sales of in-game virtual items and is recognised ratably over the estimates of playing period of paying players ("**Player Relationship Period**") as the Group has a continuing implied obligation to game developers and game players. Commissions charged by platforms are recognised in cost of revenue ratably over the Player Relationship Period as the platforms have similar obligations to the Group. In addition, the Group pays commissions to third party game programmers who are sub-contractors of the Group's self-owned game. The commissions are also recognised in cost of revenue ratably over the Player Relationship Period.

During the year ended 31 December 2022, the Group's revenue from game publishing amounted to RMB832,510,000. The balance of contract liabilities amounted to RMB69,642,000 as at 31 December 2022.

During the year ended 31 December 2022, the commissions charged by platforms and game programmers (where the Group is the game owner) amounted to RMB247,004,000 and RMB30,072,000 respectively. The balance of contract costs amounted to RMB24,646,000 as at 31 December 2022.

The Group determines the Player Relationship Period on a game-by-game basis taking into account all known and relevant information at the time of assessment. We focused on this area due to the fact that management applied significant judgements and estimation in determining the Player Relationship Period of each game. These judgements and estimation included: (i) the determination of key assumptions applied in the Player Relationship Period, including but not limited to the games profile, target audience and players of different demographic groups; (ii) the identification of events that may trigger changes in the Player Relationship Period; and (iii) the estimation of Player Relationship Period of newly launched games by considering the performance of similar types of games.

Our audit procedures included, among others:

- Understanding and evaluating the key internal controls in relation to the assessment of the Player Relationship Period;

# Independent Auditor's Report

## Key Audit Matters (continued)

### Revenue and cost of revenue (continued)

Our audit procedures included, among others: (continued)

- On a sample basis, validating key internal controls in respect of the assessment of the Player Relationship Period, including management's review and approval of (i) determination of the estimated Player Relationship Period of new games; and (ii) changes in the estimated Player Relationship Period of existing games based on periodic reassessment on any indications triggering such changes;
- Validating the data generated from the Group's information system used for the assessment of the Player Relationship Period, including testing the information technology general controls and verifying the data integrity;
- Evaluating the reasonableness of key assumptions applied in the determination of Player Relationship Period by comparing the Group's game profile with existing games category and assessing the variation on profile of target audience and players of different demographics groups;
- Testing the accuracy of revenue and cost of revenue by confirming the sales proceeds amount with the platforms, testing the reconciliation between cash received and sales proceeds, and checking the commission percentage charged by platforms and third party game programmers to the contract, on a sample basis;
- Testing the result of Player Relationship Period by reperforming the computation, on a sample basis;
- Comparing the current Player Relationship Period with the results of prior years to assess the reasonableness of the original estimation, on a sample basis;
- Comparing the newly launched games with existing game profile and assessing the reasonableness of the Player Relationship Period by comparing it with the results of similar types of games, on a sample basis; and
- Recalculating revenue and contract liabilities, cost of revenue and contract costs based on the respective Player Relationship Period of each game on a sample basis.

We consider that the Group's estimates of the contract costs and contract liabilities balances, as well as the revenue and cost of revenue recognised are supported by the available evidence.

### Investments at fair value through profit or loss

Refer to Note 19 to the consolidated financial statements.

The Group measured its investments at fair value through profit or loss with the changes in fair value recognised in the consolidated profit or loss. This fair value measurement is significant to our audit because the balance of investments at fair value through profit or loss of RMB147,303,000 as at 31 December 2022 is material to the consolidated financial statements. In addition, the Group's fair value measurement involves application of judgement and is based on assumptions and estimates.

## Key Audit Matters (continued)

### Investments at fair value through profit or loss (continued)

Our audit procedures included, among others:

- Assessing the competence, independence and integrity of the external valuer engaged by client;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgements and assumptions applied in the valuation model;
- Checking key assumptions and input data in the valuation model to supporting evidence;
- Checking arithmetical accuracy of the valuation model; and
- Assessing the disclosure of the fair value measurement in the consolidated financial statements.

We consider that the Group's fair value measurement of investments at fair value through profit or loss are supported by the available evidence.

## Other Information in the Annual Report

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about valuation and recoverability of certain investments at fair value through profit or loss. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

## Independent Auditor's Report

### Responsibilities of Directors for the Consolidated Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Yeung Hong Chun**

*Audit Engagement Director*

Practising Certificate Number P07374

Hong Kong, 30 March 2023

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>Revenue</b>	7	<b>832,510</b>	613,007
Cost of revenue		<b>(302,678)</b>	(252,255)
<b>Gross profit</b>		<b>529,832</b>	360,752
Selling and marketing expenses		<b>(408,605)</b>	(186,383)
Administrative expenses		<b>(73,495)</b>	(105,712)
Research and development expenses		<b>(78,367)</b>	(76,346)
Other income, gains and losses	8	<b>(105,983)</b>	(524,249)
<b>Operating loss</b>		<b>(136,618)</b>	(531,938)
Interest revenue	9	<b>9,056</b>	29,569
Lease interests		<b>(1,418)</b>	(1,173)
<b>Loss before income tax</b>		<b>(128,980)</b>	(503,542)
Income tax expense	10	<b>(10,374)</b>	(13,857)
<b>Loss for the year attributable to owners of the Company</b>	11	<b>(139,354)</b>	(517,399)
<b>Other comprehensive income/(expense):</b>			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		<b>22,865</b>	(20,797)
<b>Other comprehensive income/(expense) for the year, net of income tax</b>		<b>22,865</b>	(20,797)
<b>Total comprehensive expense for the year attributable to owners of the Company</b>		<b>(116,489)</b>	(538,196)
<b>Loss per share (RMB)</b>	14		
— Basic		<b>(0.0733)</b>	(0.2727)
— Diluted		<b>(0.0733)</b>	(0.2727)



# Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	15	12,998	9,193
Right-of-use assets	16	22,242	32,370
Intangible assets	17	15,970	18,096
Investments at fair value through profit or loss	19	71,457	119,246
Prepayments and deposits	22	4,923	12,159
Other receivables	23	2,841	—
Deferred tax assets	29	18,681	23,249
<b>Total non-current assets</b>		<b>149,112</b>	<b>214,313</b>
<b>Current assets</b>			
Trade receivables	20	67,238	76,495
Contract costs	21	24,646	33,042
Prepayments and deposits	22	24,811	25,384
Other receivables	23	29,594	97,742
Notes receivables	24	—	—
Investments at fair value through profit or loss	19	75,846	113,095
Restricted bank deposits	25	2,213	—
Time deposits	25	—	20,000
Bank and cash balances	25	682,799	608,041
<b>Total current assets</b>		<b>907,147</b>	<b>973,799</b>
<b>TOTAL ASSETS</b>		<b>1,056,259</b>	<b>1,188,112</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	30	62	62
Reserves	32	777,748	894,237
<b>Total equity</b>		<b>777,810</b>	<b>894,299</b>

# Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	26	61,408	50,969
Contract liabilities	21	69,642	90,272
Accruals and other payables	27	89,480	87,557
Lease liabilities	28	7,486	7,517
Current tax liabilities		31,353	32,551
<b>Total current liabilities</b>		<b>259,369</b>	268,866
<b>Non-current liabilities</b>			
Lease liabilities	28	19,080	24,947
<b>Total liabilities</b>		<b>278,449</b>	293,813
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,056,259</b>	1,188,112

The consolidated financial statements on pages 111 to 173 were approved and authorised for issue by the board of directors on 30 March 2023 and signed on its behalf by:

**Liu Jie**  
Director

**Zhu Yanbin**  
Director

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000 (Note 32)	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
<b>At 1 January 2021</b>	62	712,720	(2)	152,814	565,106	1,430,700
Total comprehensive expense for the year	—	—	—	(20,797)	(517,399)	(538,196)
Share-based payments (note 33)	—	—	—	1,795	—	1,795
<b>Changes in equity for the year</b>	—	—	—	(19,002)	(517,399)	(536,401)
<b>At 31 December 2021</b>	62	712,720	(2)	133,812	47,707	894,299
<b>At 1 January 2022</b>	62	712,720	(2)	133,812	47,707	894,299
Total comprehensive income/ (expense) for the year	—	—	—	22,865	(139,354)	(116,489)
<b>Changes in equity for the year</b>	—	—	—	22,865	(139,354)	(116,489)
<b>At 31 December 2022</b>	62	712,720	(2)	156,677	(91,647)	777,810

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022	2021
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Loss before income tax	(128,980)	(503,542)
Adjustments for:		
Lease interests	1,418	1,173
Interest revenue	(9,056)	(29,569)
Depreciation of property and equipment	5,354	4,221
Depreciation of right-of-use assets	5,321	12,286
Amortisation of intangible assets	5,569	4,946
Loss on disposals of property and equipment	23	210
Net foreign exchange (gains)/losses	(394)	148
Share-based payments expenses	—	1,795
Changes in fair value of investments at fair value through profit or loss	61,000	695
(Reversal of)/loss allowance provision for trade receivables	(3,827)	6,420
Loss on written off intangible assets	2,335	502
Impairment on prepayments	7,564	29,749
Loss allowance provision for notes receivables	—	202,241
Loss allowance provision for other receivables	51,570	327,966
(Reversal of)/provision for expected credit losses of notes and other receivables	(669)	4,022
Lease modification	—	(130)
Operating (loss)/profit before changes in working capital	(2,772)	63,133
Change in trade receivables	13,084	(29,879)
Change in contract costs	8,396	(787)
Change in prepayments, deposits and other receivables	16,035	23,496
Change in trade payables	10,439	11,894
Change in contract liabilities	(20,630)	1,417
Change in accruals and other payables	1,782	39,888
Cash generated from operating activities	26,334	109,162
Income tax paid	(7,389)	(11,839)
Interest received	10,471	14,565
Lease interests paid	(1,418)	(1,173)
<b>Net cash generated from operating activities</b>	<b>27,998</b>	<b>110,715</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000
<b>Cash flows from investing activities</b>		
Placement of restricted bank deposits	(2,213)	—
Release of restricted bank deposits	—	302
Placement of time deposits	(25,000)	(140,000)
Release of time deposits	45,000	239,575
Purchases of property and equipment	(7,214)	(6,100)
Proceeds from disposals of property and equipment	55	270
Purchases of intangible assets	(5,751)	(4,590)
Purchases of investments at fair value through profit or loss	(210,000)	(274,713)
Settlement of investments at fair value through profit or loss	243,454	186,743
Prepayments for purchases of property and equipment and intangible assets	(2,830)	(2,440)
Proceeds from written off of prepayments for purchases of intangible assets	—	895
<b>Net cash generated from/(used in) investing activities</b>	<b>35,501</b>	<b>(58)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(5,898)	(11,813)
<b>Net cash used in financing activities</b>	<b>(5,898)</b>	<b>(11,813)</b>
<b>Net increase in cash and cash equivalents</b>	<b>57,601</b>	<b>98,844</b>
Effect of foreign exchange rate changes	17,157	(12,352)
Cash and cash equivalents at the beginning of the year	608,041	521,549
<b>Cash and cash equivalents at the end of the year</b>	<b>682,799</b>	<b>608,041</b>
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	682,799	608,041

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 1. General information

FingerTango Inc. (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 subsidiaries of the Company is set out in note 18 to the consolidated financial statements.

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 (“**BVI**”), is the ultimate holding company; and Mr. Liu Jie is the ultimate controlling party of the Company.

## 2. Adoption of new and revised International Financial Reporting Standards

In the current year, 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 International Accounting Standards Board (“**IASB**”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies

These consolidated financial statements have been prepared in accordance with IFRSs issued by IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by investments which are carried at their fair values.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

### Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity’s returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

## 3. Significant accounting policies (continued)

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Group. The functional currency of the Company is Hong Kong dollars ("HK\$"). The Directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors.

#### (b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### (c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the exchange reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Servers and other equipment	3–5 years
Motor vehicles	4 years
Leasehold improvements	Over the shorter of estimated useful lives or remaining terms of the lease

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

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

### Leases

#### The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate of buildings is 20% – 50%.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below United States dollars (“USD”) 5,000 (equivalent to RMB35,000).

## 3. Significant accounting policies (continued)

### Leases (continued)

#### The Group as lessor

Finance leases: Leases that substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the leases.

### Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

### Licenses

Under certain exclusive online mobile games arrangements entered between the Group and the game developers, the Group pays upfront license fees to the game developers to obtain an exclusive right to operate the games in specified geographic areas for a certain period of time. The Group recognises the exclusive license fee as an intangible asset. The intangible asset is amortised on a straight-line basis upon the commercial launch of the related online mobile games over the shorter of the estimated economic game life and the license period of the games, which range from 2 to 10 years. The amortisation is expensed to cost of revenue.

### Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 1.25 to 10 years.

### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as under the following categories:

- Financial assets at amortised cost; and
- Investments at fair value through profit or loss.

#### (a) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

#### (b) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

## 3. Significant accounting policies (continued)

### Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### Trade and other payables

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

### Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

### Other revenue

Interest income is recognised using the effective interest method.

### Employee benefits

#### (a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

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

## 3. Significant accounting policies (continued)

### Employee benefits (continued)

#### (b) Pension obligations

The Group's subsidiaries incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan and other defined contribution social security plans organised by relevant government authorities in the PRC on a monthly basis. Employees of the Group in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on a fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees. The government authorities undertake to assume the retirement benefit obligations payable and other social security payables to all existing and future retired employees under these plans and the Group has no further obligation beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

#### (c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

### Share-based payment

The Group operates a restricted share unit ("RSU") scheme ("RSU Scheme") which is an equity-settled share-based compensation plan under which share awards are granted to certain directors, employees and consultants as part of their remuneration packages.

Equity-settled share-based payments to directors, employees and consultants are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value of the employee services received in exchange for the grant of the share-based awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share-based awards granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Share-based payment (continued)

At the end of the reporting period, the Group revises its estimates of the number of share-based awards that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

### Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

### Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

## 3. Significant accounting policies (continued)

### Taxation (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

### Segment reporting

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

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

## 3. Significant accounting policies (continued)

### Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except deferred tax assets, investments and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Provisions and contingent liabilities

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 3. Significant accounting policies (continued)

### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

## 4. Critical judgement and key estimates

### Critical judgement in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgement that has the most significant effect on the amounts recognised in the consolidated financial statements:

#### **Contractual Arrangements**

The Group conducts its business through Shanghai Youmin Networks Technology Limited ("**Youmin Networks**") and its subsidiaries (collectively referred to as the "**PRC Operating Entities**") in the PRC. Due to the regulatory restrictions on the foreign ownership of the publishing of mobile game business (the "**Publishing Business**") in the PRC, the Group does not have any equity interest in Youmin Networks. The Directors assessed whether or not the Group has control over the PRC Operating Entities by assessing whether it has the rights to variable returns from its involvement with the PRC Operating Entities and has the ability to affect those returns through its power over the PRC Operating Entities. After assessment, the Directors concluded that the Group has control over the PRC Operating Entities as a result of a series of agreements signed on 24 March 2018 (the "**Contractual Arrangements**") and accordingly the financial position and the operating results of the PRC Operating Entities are included in the Group's consolidated financial statements. Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the PRC Operating Entities and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the PRC Operating Entities. The Directors, based on the advice of its legal counsel, consider that the Contractual Arrangements with Youmin Networks and its equity holders are in compliance with the relevant PRC laws and regulations and are legally enforceable.

## 4. Critical judgement and key estimates (continued)

### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### (a) Revenue recognition

Pursuant to game publishing and operation arrangements signed between the Group and the third party game developers or third party distribution platforms (“**Platforms**”), the Group’s responsibilities in publishing and operating the licensed or commissioned-developed games vary for each game. The determination of whether to record these revenues using gross or net basis is based on an assessment of various factors, including but not limited to whether the Group (i) is the primary obligor to the game developers and game players in the arrangements; (ii) has latitude in establishing the selling price of virtual items; (iii) changes the products or performs part of the services; (iv) has involvement in the determination of product and service specifications; and (v) has the rights to determine secondary Platforms and payment channels, such as the various mobile carriers and third-party internet payment systems (collectively referred to as “**Payment Channels**”).

#### (b) Estimates of the playing period of paying players (“**Player Relationship Period**”) in the Group’s game publishing services

As described in note 7 to the consolidated financial statements, the Group recognises revenue from virtual items ratably over the Player Relationship Period. The determination of Player Relationship Period of each game is based on the Group’s best estimate that takes into account all known and relevant information at the time of assessment. Such estimates are subject to re-evaluation on a semi-annual basis. Any adjustments arising from changes in the Player Relationship Period as a result of new information will be accounted for prospectively as a change in accounting estimate.

#### (c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 4. Critical judgement and key estimates (continued)

### Key sources of estimation uncertainty (continued)

#### (d) Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

#### (e) Fair value of investments

In the absence of quoted market prices in an active market, the Directors estimate the fair value of the Group's unlisted wealth management products and private equity investments, details of which are set out in note 6 to the consolidated financial statements, by considering information from a variety of sources, including the latest published financial information, the historical data on market volatility as well as the price and industry and sector performance of the Group's unlisted wealth management products and private equity investments.

## 5. Financial risk management

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in either RMB or USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2022, if RMB had weakened/strengthened 5% against USD with all other variables held constant, consolidated loss after income tax for the year would have been RMB21,000 (2021: RMB22,000) lower/higher, arising mainly as a result of the foreign exchange gains/losses on translation of USD denominated cash and cash equivalents and receivables of the subsidiaries of the Company in the PRC.

## 5. Financial risk management (continued)

### (b) Price risk

The Group's investments at fair value through profit or loss are measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk. The Directors manage this exposure by maintaining a portfolio of investments with difference risk profiles.

As at 31 December 2022, if the fair value of the investments increase/decrease by 5%, loss before income tax for the year would have been RMB7,365,000 (2021: RMB11,617,000) lower/higher, arising as a result of the fair value gain/loss of the investments.

### (c) Credit risk

The carrying amount of time deposits, bank and cash balances, trade and other receivables, and investments included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The credit risk on time deposits, bank and cash balances and investments at fair value through profit or loss are limited because the counterparties are reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

Trade receivables are due from Platforms and Payment Channels in cooperation with the Group. If the strategic relationship with the Platforms and Payment Channels is terminated or scaled-back; or if the Platforms and Payment Channels alter the co-operative arrangements; or if they experience financial difficulties in paying the Group, the Group's game publishing receivables might be adversely affected in terms of recoverability. To minimise this risk, the Group maintains frequent communications with the Platforms and Payment Channels to ensure the effective credit control. In view of the history of cooperation with the Platforms and Payment Channels and the sound collection history of receivables due from them, the Directors believe that the credit risk inherent in the Group's outstanding trade receivable balances due from the Platforms and Payment Channels is low.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 5. Financial risk management (continued)

### (c) Credit risk (continued)

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers.

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loan loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category	Definition	Loss provision
Performing	Low risk of default and strong capacity to pay	12-month expected losses
Non-performing	Significant increase in credit risk	Lifetime expected losses

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 5. Financial risk management (continued)

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000
<b>At 31 December 2022</b>			
Trade payables	61,408	—	—
Accruals and other payables	86,211	—	—
Lease liabilities	7,273	7,237	14,474
	<b>154,892</b>	<b>7,237</b>	<b>14,474</b>
<b>At 31 December 2021</b>			
Trade payables	50,969	—	—
Accruals and other payables	83,863	—	—
Lease liabilities	7,519	7,273	21,711
	<b>142,351</b>	<b>7,273</b>	<b>21,711</b>

### (e) Interest rate risk

As the Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

The Group's bank deposits bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 5. Financial risk management (continued)

### (f) Categories of financial instruments at 31 December

	2022 RMB'000	2021 RMB'000
<b>Financial assets:</b>		
Investments at fair value through profit or loss	147,303	232,341
Financial assets at amortised cost (including cash and cash equivalents)	784,023	802,815
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	147,619	134,832

### (g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

## 6. Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 6. Fair value measurements (continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

### (a) Disclosures of level in fair value hierarchy at 31 December

Fair value measurements using: Description	Level 1 RMB'000	Level 3 RMB'000	Total 2022 RMB'000
<b>Recurring fair value measurements:</b>			
Investments at fair value through profit or loss			
— Listed equity securities in Hong Kong	15,632	—	15,632
— Unlisted wealth management products	—	123,638	123,638
— Private equity investments	—	8,033	8,033
<b>Total recurring fair value measurements</b>	<b>15,632</b>	<b>131,671</b>	<b>147,303</b>

Fair value measurements using: Description	Level 1 RMB'000	Level 3 RMB'000	Total 2021 RMB'000
<b>Recurring fair value measurements:</b>			
Investments at fair value through profit or loss			
— Listed equity securities in Hong Kong	72,794	—	72,794
— Unlisted wealth management products	—	148,547	148,547
— Private equity investments	—	11,000	11,000
<b>Total recurring fair value measurements</b>	<b>72,794</b>	<b>159,547</b>	<b>232,341</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 6. Fair value measurements (continued)

### (b) Reconciliation of assets measured at fair value based on level 3

Description	Investments at fair value through profit or loss	
	2022 RMB'000	2021 RMB'000
At 1 January	159,547	147,792
Total gains or losses recognised in profit or loss (#)	194	10,156
Additions	210,000	190,000
Settlements	(243,454)	(186,743)
Currency translation differences	5,384	(1,658)
At 31 December	131,671	159,547
(#) Include gains or losses for assets held at the end of the reporting period	(2,959)	8,314

The total gains or losses recognised in profit or loss including those for assets held at the end of the reporting period are presented in other income, gains and losses in the consolidated statement of profit or loss and other comprehensive income.

### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the board of directors (the "Board") for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board at least twice a year.

For level 3 fair value measurements, the Group has a team that manages the valuation exercise of level 3 financial instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case-by-case basis. At least twice every year, the team would use valuation techniques to determine the fair value of the Group's level 3 financial instruments. External valuation experts will be involved when necessary.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 6. Fair value measurements (continued)

### (c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at the end of the reporting period (continued)

#### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value RMB'000
<b>At 31 December 2022</b>					
<i>Investments at fair value through profit or loss</i>					
– Unlisted wealth management products (note)	Market comparable approach	Dealer quotes for similar instruments	up to 5.0%	Increase	63,424
	Discounted cash flow	Estimated return	3.2%-3.3%	Increase	60,214
– Private equity investments	Discounted cash flow	Weighted average cost of capital	40.0%	Decrease	8,033
		Long-term revenue growth rate	38.2%-38.5%	Increase	
		Discount for lack of marketability	20.0%	Decrease	
<b>At 31 December 2021</b>					
<i>Investments at fair value through profit or loss</i>					
– Unlisted wealth management products (note)	Market comparable approach	Dealer quotes for similar instruments	up to 5.0%	Increase	58,246
	Discounted cash flow	Estimated return	3.9%-4.0%	Increase	90,301
– Private equity investments	Discounted cash flow	Weighted average cost of capital	40.0%	Decrease	11,000
		Long-term revenue growth rate	36.6%-39.9%	Increase	
		Discount for lack of marketability	20.0%	Decrease	

Note: The fair value of certain unlisted wealth management product as at 31 December 2022 has been arrived at on the basis of a valuation carried out on those dates by Ravia Global Appraisal Advisory Limited, an independent qualified professional valuer not connected to the Group.

There were no changes in the valuation techniques used.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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

### Game publishing service revenue

The Group is a publisher of online mobile games developed by third party game developers or its own through commissioned development arrangements. The Group licenses online games from game developers and earns game publishing service revenue by publishing them to the game players through Platforms, include commissioned development arrangements. The Group licenses online games from game developers and major online platforms and application stores (installed in mobile telecommunications devices), and its self-operated platform. The games licensed to the Group are operated under a free-to-play model whereby game players can play the games free of charge and are charged for the purchase of virtual items via Payment Channels.

#### (i) Principal-Agent consideration

##### *Third party developed games*

Proceeds earned from selling game tokens and other virtual items are shared between the Group and game developers, with the amount payable to game developers generally calculated based on face value of game tokens or other virtual items determined by game developers, after deducting certain deductible fees and multiplied by a predetermined percentage for each game. The deductible fees are predetermined and negotiated game by game, including the fees to be shared with the Platforms and payment handling costs charged by the Payment Channels.

## 7. Revenue and segment information (continued)

### Game publishing service revenue (continued)

#### (i) Principal-Agent consideration (continued)

##### *Third party developed games (continued)*

With respect to the Group's licensed games, the game developers have the primary responsibilities for the hosting and maintenance of the game servers and providing the game content to the game players and have the right to determine the pricing of in-game virtual items and the specification, modification or any update of the game themselves or as proposed by the Group. The Group's responsibilities to the game developers are publishing, providing payment solution, market promotion service, customer service and maintaining the access portal network. Both the game developers and the Group have responsibilities to ensure the game players can continue to gain access to the mobile game to get the games experience and benefit after the sale of the virtual items. Therefore, the Group's service obligations as a publisher to the game developers are also directly linked to each user's engagement. The Group views both game developers and game players to be its customers. The Group considers for each sharing of payment made by the game player, it has implied obligation to maintain the access portal network for certain period for the game player to access to the game. Accordingly, the Group records the game publishing service revenue from in-game payments for these licensed games, net of amounts paid to game developers and recognised the revenue over the Player Relationship Period as detailed in note 7(ii) to the consolidated financial statements.

The Group published games on its self-operated platform and via cooperation with the Platforms, under which the Group is responsible for determining the Platforms and Payment Channels, and providing customer services as well as marketing activities. For games self-operated by the Group, Payment Channels are responsible for payment collections. For games cooperated with the Platforms, the Platforms are responsible for distribution, platform maintenance, paying player authentication and payment collections related to the games.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 7. Revenue and segment information (continued)

### Game publishing service revenue (continued)

#### (i) Principal-Agent consideration (continued)

##### *Commissioned-developed games*

The Group commissioned third-party game programmers to develop mobile games based on the Group's instruction. Under the game development and operation arrangement, the Group owns the commissioned-developed games' copyrights and other intellectual property, and takes primary responsibilities of game development and game operation, including designing, development, and updating of the games including the game content, as well as the pricing of virtual items, providing on-going updates of new contents and bug fixing, determining the Platforms and Payment Channels, and providing customer services. Under this type of agreement, the Group considers itself the principal in this arrangement to the game players. Accordingly, the Group records the online game revenue from these games on a gross basis. Commission fees payable to the game programmers and the Platforms, and payment handling costs charged by Payment Channels are recorded as cost of revenue.

#### (ii) Timing of revenue recognition

##### *Third party developed games*

As detailed in note 7(i) to the consolidated financial statements, the Group has a continuing implied obligation to game developers and game players, therefore, for the purposes of determining when services have been provided to the respective players, the Group estimates the Player Relationship Period on a game-by-game basis and re-assesses such periods monthly. Revenues of game publishing service are recognised ratably over the Player Relationship Period for a specific game. If there are insufficient data to determine the Player Relationship Period, such as in the case of a newly launched game, it estimates the Player Relationship Period based on other similar types of games developed by third-party developers until the new game establishes its own patterns and history. The Group considers the games profile, target audience, and its appeal to players of different demographics groups in estimating the Player Relationship Period.

##### *Commissioned-developed games*

Revenue of commissioned-developed games are recognised ratably over the Player Relationship Period or as the consumable virtual items are consumed.

If the Group does not have the ability to differentiate revenue attributable to durable virtual items from consumable virtual items for a specific game, the Group recognises revenue from both durable and consumable virtual items for that game ratably over the Player Relationship Period, which is similar to the policy for timing of revenue recognition of third party developed games.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 7. Revenue and segment information (continued)

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.

## 8. Other income, gains and losses

	2022	2021
	RMB'000	RMB'000
Government grants	6,579	8,328
Changes in fair value of 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
	(105,983)	(524,249)



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 9. Interest revenue

	2022 RMB'000	2021 RMB'000
Interest revenue from bank balances	8,818	10,395
Interest revenue from subleasing right-of-use assets	179	—
Interest revenue from loans to third parties	59	12,671
Interest revenue from notes receivables	—	6,503
	9,056	29,569

## 10. Income tax expense

	2022 RMB'000	2021 RMB'000
Current tax — PRC Enterprise Income Tax (“EIT”) and other jurisdictions	5,806	13,869
Deferred tax (note 29)	4,568	(12)
	10,374	13,857

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.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 10. Income tax expense (continued)

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.

The reconciliation between the income tax expense and the product of loss before income tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2022 RMB'000	2021 RMB'000
Loss before income tax	(128,980)	(503,542)
Tax at the weighted average tax rate	(20,603)	(83,663)
Tax effect of expenses not deductible for tax purpose	21,561	106,068
Tax effect of utilisation of tax losses not previously recognised	(67)	(4,109)
Tax effect of tax losses not recognised	10,907	7,544
Preferential tax rates applicable to certain subsidiaries of the Company	(1,424)	(11,983)
Income tax expense	10,374	13,857

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 11. Loss for the year

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

	2022 RMB'000	2021 RMB'000
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
	3,366	3,265
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
	117,879	115,669

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 12. Directors' and chief executive's emoluments and five highest paid employees

### (a) Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules, is as follows:

Name of directors	2022					Total RMB'000
	Fees RMB'000	Salaries RMB'000	Pension costs — defined contribution plans RMB'000	Social security costs, housing benefits and other employee benefits RMB'000		
<b>Executive directors:</b>						
Mr. Liu Jie (note (i))	201	2,201	40	50		2,492
Mr. Zhu Yanbin	201	2,198	40	50		2,489
<b>Independent non-executive directors:</b>						
Dr. Liu Jianhua	167	—	—	—		167
Mr. Guo Jingdou	167	—	—	—		167
Mr. Sui Pengda (note (ii))	138	—	—	—		138
	874	4,399	80	100		5,453

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 12. Directors' and chief executive's emoluments and five highest paid employees (continued)

### (a) Directors' and chief executive's emoluments (continued)

Directors' and chief executive's emoluments for the year, disclosed pursuant to the applicable Listing Rules, is as follows: (continued)

Name of directors	2021					Total RMB'000
	Fees RMB'000	Salaries RMB'000	Pension costs — defined contribution plans RMB'000	Social security costs, housing benefits and other employee benefits RMB'000		
<b>Executive directors:</b>						
Mr. Liu Jie (note (i))	199	1,844	36	46		2,125
Mr. Zhu Yanbin	199	1,578	36	46		1,859
Mr. Wang Zaicheng (note (iii))	82	327	14	19		442
Mr. Liu Zhanxi (note (iii))	82	225	14	19		340
<b>Independent non-executive directors:</b>						
Dr. Liu Jianhua	166	—	—	—		166
Mr. Guo Jingdou	166	—	—	—		166
Ms. Yao Minru (note (iv))	90	—	—	—		90
	984	3,974	100	130		5,188

Notes:

- (i) Mr. Liu Jie is the chief executive officer of the Company.
- (ii) Appointed on 21 March 2022.
- (iii) Resigned on 28 May 2021.
- (iv) Resigned on 13 July 2021.

There was no arrangement under which a director or the chief executive waived or agreed to waive any emoluments during the year.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 12. Directors' and chief executive's emoluments and five highest paid employees (continued)

### (b) Directors' material interests in transactions, arrangements or contracts

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2022 (2021: nil).

### (c) Five highest paid employees

The five highest paid employees of the Group during the year included 2 (2021: 2) Directors whose emoluments are set out in note 12(a) to the consolidated financial statements. Details of the emoluments for the year of the remaining 3 (2021: 3) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses	4,460	3,526
Pension costs — defined contribution plans	121	109
Social security costs, housing benefits and other employee benefits	150	138
Share-based payments expenses	—	1,620
	<b>4,731</b>	<b>5,393</b>

The number of the highest paid employees who are not the Directors and whose emoluments falls within the following bands:

	Number of individuals	
	2022	2021
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	1	2
HK\$2,000,001 to HK\$2,500,000	1	—
HK\$3,000,001 to HK\$3,500,000	—	1
	<b>3</b>	<b>3</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 13. 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).

## 14. Loss per share

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

	2022 RMB'000	2021 RMB'000
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share	(139,354)	(517,399)

	2022 '000	2021 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	1,899,956	1,897,479

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 15. Property and equipment

	Servers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Cost</b>				
At 1 January 2021	8,819	11,584	5,312	25,715
Additions	843	300	4,957	6,100
Disposals	(1,126)	(398)	—	(1,524)
<b>At 31 December 2021 and 1 January 2022</b>	<b>8,536</b>	<b>11,486</b>	<b>10,269</b>	<b>30,291</b>
Additions	2,005	3,013	4,219	9,237
Disposals	(1,006)	—	—	(1,006)
Write off	(12)	—	(163)	(175)
<b>At 31 December 2022</b>	<b>9,523</b>	<b>14,499</b>	<b>14,325</b>	<b>38,347</b>
<b>Accumulated depreciation</b>				
At 1 January 2021	5,605	7,908	4,408	17,921
Charge for the year	1,912	1,720	589	4,221
Disposals	(887)	(157)	—	(1,044)
<b>At 31 December 2021 and 1 January 2022</b>	<b>6,630</b>	<b>9,471</b>	<b>4,997</b>	<b>21,098</b>
Charge for the year	1,429	1,399	2,526	5,354
Disposals	(928)	—	—	(928)
Write off	(12)	—	(163)	(175)
<b>At 31 December 2022</b>	<b>7,119</b>	<b>10,870</b>	<b>7,360</b>	<b>25,349</b>
<b>Carrying amount</b>				
<b>At 31 December 2022</b>	<b>2,404</b>	<b>3,629</b>	<b>6,965</b>	<b>12,998</b>
At 31 December 2021	1,906	2,015	5,272	9,193



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 16. Leases and right-of-use assets

Disclosures of lease-related items:

At 31 December	2022 RMB'000	2021 RMB'000
Right-of-use assets		
– Buildings	22,242	32,370
Lease commitments of short-term leases	420	2
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
– Less than 1 year	7,273	7,519
– Between 1 and 2 years	7,237	7,273
– Between 2 and 5 years	14,474	21,711
	28,984	36,503
Year ended 31 December	2022 RMB'000	2021 RMB'000
Depreciation of right-of-use assets	5,321	12,286
Lease interests	1,418	1,173
Expenses related to short-term leases	2	95
Interest revenue from subleasing right-of-use assets	179	–
Total cash outflow for leases	7,318	13,081
Additions to right-of-use assets	–	41,185
Disposals/early termination of right-of-use assets	4,807	403

Lease agreements are typically made for fixed periods of two to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 17. Intangible assets

	Licenses RMB'000	Others RMB'000	Total RMB'000
<b>Cost</b>			
At 1 January 2021	17,681	1,470	19,151
Additions	16,538	1,760	18,298
Written off	(8,019)	—	(8,019)
Exchange difference	—	(8)	(8)
<b>At 31 December 2021 and 1 January 2022</b>	<b>26,200</b>	<b>3,222</b>	<b>29,422</b>
Additions	5,446	305	5,751
Written off	(4,541)	—	(4,541)
Exchange difference	—	65	65
<b>At 31 December 2022</b>	<b>27,105</b>	<b>3,592</b>	<b>30,697</b>
<b>Accumulated amortisation</b>			
At 1 January 2021	13,577	323	13,900
Amortisation for the year	4,494	452	4,946
Written off	(7,517)	—	(7,517)
Exchange difference	—	(3)	(3)
<b>At 31 December 2021 and 1 January 2022</b>	<b>10,554</b>	<b>772</b>	<b>11,326</b>
Amortisation for the year	4,152	1,417	5,569
Written off	(2,206)	—	(2,206)
Exchange difference	—	38	38
<b>At 31 December 2022</b>	<b>12,500</b>	<b>2,227</b>	<b>14,727</b>
<b>Carrying amount</b>			
<b>At 31 December 2022</b>	<b>14,605</b>	<b>1,365</b>	<b>15,970</b>
At 31 December 2021	15,646	2,450	18,096

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 18. Subsidiaries

The amounts due from and to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries of the Company as at 31 December 2022 are as follows:

Name	Place of incorporation/ registration and operations	Issued and paid up/ registered capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			2022 and 2021		
			Direct	Indirect	
FT Entertainment Limited	BVI	USD100	100%	0%	Investment holding
Finger Tango Interactive (HK) Limited	Hong Kong	HK\$10	0%	100%	Investment holding
Shanghai Binyou Networks Technology Limited (“Binyou Networks”)	The PRC	RMB15,000,000	0%	100%	Technical support and development services
Youmin Networks	The PRC	RMB19,267,015	0%	100%	Internet culture operations
Shanghai Binjie Networks Technology Limited	The PRC	RMB10,000,000	0%	100%	Internet culture operations
Guangzhou Langxianjing Networks Technology Co., Limited	The PRC	RMB1,000,000	0%	100%	Internet culture operations
Shanghai Feimiao Networks Technology Co., Limited	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Yiguo Network Technology Co., Limited	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Langxianjing Network Technology Co., Limited	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Kaixi Network	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 18. Subsidiaries (continued)

The English names of certain subsidiaries of the Company referred herein represent the management's best efforts in translating the Chinese name of these companies as no English names have been registered.

Pursuant to the Contractual Arrangements among Binyou Networks, Youmin Networks and its legally registered equity holders, Binyou Networks acquired effective control over the financial and operational policies of Youmin Networks and its subsidiaries and became entitled to the entire economic benefits generated by the PRC Operating Entities. Accordingly, Youmin Networks and its subsidiaries were accounted for as subsidiaries of Binyou Networks and the Reorganisation was completed.

Binyou Networks is a wholly-owned foreign enterprise established in the PRC.

## 19. Investments at fair value through profit or loss

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 20. Trade receivables

Trade receivables are primarily due from 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 RMB'000	2021 RMB'000
Trade receivables	70,645	83,729
Provision for loss allowance	(3,407)	(7,234)
Carrying amount	67,238	76,495

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

	2022 RMB'000	2021 RMB'000
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	711	880
	67,238	76,495

Reconciliation of loss allowance for trade receivables:

	2022 RMB'000	2021 RMB'000
<b>At 1 January</b>	7,234	814
(Decrease)/increase in loss allowance for the year	(3,827)	6,420
<b>At 31 December</b>	3,407	7,234

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 20. Trade receivables (continued)

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Within 30 days past due	31–60 days past due	61–120 days past due	Over 120 days past due	Total
<b>At 31 December 2022</b>						
Weighted average expected loss rate	0%	0%	0%	0%	78%	
Receivable amount (RMB'000)	32,531	20,288	9,429	4,013	4,384	70,645
Loss allowance (RMB'000)	—	—	—	—	3,407	3,407
<b>At 31 December 2021</b>						
Weighted average expected loss rate	0%	0%	0%	0%	88%	
Receivable amount (RMB'000)	43,743	21,149	5,344	5,294	8,199	83,729
Loss allowance (RMB'000)	—	—	—	—	7,234	7,234

### 21. Contract costs and liabilities

Disclosures of revenue-related items:

At 31 December	2022	2021
	RMB'000	RMB'000
Contract costs — costs to obtain contracts for game publishing	24,646	33,042

At	31 December 2022	31 December 2021	1 January 2021
	RMB'000	RMB'000	RMB'000
Contract liabilities — game publishing	69,642	90,272	88,855
Contract receivables (included in trade receivables)	67,238	76,495	53,036

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 21. Contract costs and liabilities (continued)

	2022 RMB'000	2021 RMB'000
Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 December:		
– 2022	N/A	90,272
– 2023	69,642	–
	69,642	90,272

Year ended 31 December	2022 RMB'000	2021 RMB'000
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	90,272	88,855

Significant changes in contract liabilities during the year:

	2022 RMB'000	2021 RMB'000
– Increase due to operations in the year	690,289	504,591
– Transfer of contract liabilities to revenue	(710,919)	(503,174)

A contract liability primarily consists of the unamortised revenue from sales of virtual items for mobile games, where there is still an implied obligation to be fulfilled by the Group over time.

Costs to obtain contracts, mainly related to contract acquisition costs, which primarily consist of unamortised commissions charged by the Platforms and third party game programmers are capitalised as contract costs and amortised over the Player Relationship Period because the Group expects to recover these costs. Capitalised contract costs are amortised to profit or loss when the related revenue is recognised.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 22. Prepayments and deposits

	2022 RMB'000	2021 RMB'000
<b>Included in non-current assets</b>		
Prepayments for purchase of licenses	25,004	22,174
Rental deposits and others	1,697	3,672
	26,701	25,846
Provision for impairment	(21,778)	(13,687)
	4,923	12,159
<b>Included in current assets</b>		
Prepayments for promotion expenses	54,623	49,194
Prepayments to game developers	17,582	18,553
Prepayments to game design	13	1,142
Rental deposits and others	804	2,517
	73,022	71,406
Provision for impairment	(48,211)	(46,022)
	24,811	25,384

Reconciliation of provision for impairment:

	2022 RMB'000	2021 RMB'000
<b>At 1 January</b>	59,709	35,919
Increase in impairment loss for the year	7,564	29,749
Amounts written off	—	(5,615)
Exchange differences	2,716	(344)
<b>At 31 December</b>	69,989	59,709



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 23. Other receivables

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

Notes:

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

(ii)

	Lease payments		Present value of lease payments	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Within one year	1,018	—	861	—
Over one year but within five years	3,054	—	2,841	—
	<b>4,072</b>	—		
Less: Unearned finance income	<b>(370)</b>	—		
Present value of lease payments	<b>3,702</b>	—	<b>3,702</b>	—
Less: Amount within 12 months (shown under current assets)			<b>(861)</b>	—
Amount receivable after 12 months			<b>2,841</b>	—

The Group sub-leases out certain of its building under finance leases. All leases are on a fixed repayment basis.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 23. Other receivables (continued)

Notes: (continued)

(ii) (continued)

Disclosures of finance lease-related items:

Year ended 31 December	2022 RMB'000	2021 RMB'000
Interest revenue from subleasing right-of-use assets	179	—
Significant changes in net investment in the leases		
— Increase due to new leases	4,455	—
— Decrease due to repayments	(753)	—

Reconciliation of provision for expected credit losses:

	2022 RMB'000	2021 RMB'000
<b>At 1 January</b>	<b>343,296</b>	11,402
Increase in provision for expected credit losses for the year	50,901	331,988
Exchange differences	26,961	(94)
<b>At 31 December</b>	<b>421,158</b>	343,296

## 24. Notes receivables

Notes receivables is secured by way of a charge on receivables owed to a third party and trade receivables owed to a company incorporated in Hong Kong with limited liability which is ultimately controlled by the shareholder of the third party. The interest rate is 7% p.a. and the maturity date was extended from 12 December 2020 to 12 June 2021 (“**Extended Maturity Date**”).

As disclosed in the announcement of the Company dated 22 June 2021, the issuer of the notes receivables, Orbitronic Global Development Co., Limited (the “**Issuer**”), failed to repay the principal amount of the notes receivables of HK\$250,000,000 together with the accrued interests on the notes receivables to the Company on Extended Maturity Date and such sums remained outstanding as at the date of this report. As at 31 December 2022, the principal amount of notes receivables is HK\$250,000,000 (equivalent to RMB223,325,000) (2021: HK\$250,000,000 (equivalents to RMB204,400,000)) and full provision for expected credit loss is made as at 31 December 2022 and 2021.

Pursuant to the terms and conditions of the notes receivables, it constitutes an event of default (“**Event of Default**”) if, among others, the Issuer fails to pay the principal when due or the Issuer fails to pay interest on the notes receivables when due unless non-payment of such interest is due solely to administrative or technical error and payment is made within seven business days of the due date thereof.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 24. Notes receivables (continued)

Accordingly, an Event of Default has occurred. The Company has issued a formal notice to the Issuer informing the occurrence of an Event of Default and preserving its rights under the notes receivables. The Company is in the course of seeking legal advice and assessing the Company's legal position on the possible course of action, including potential enforcement actions against the Issuer, in response to the occurrence of the Event of Default.

The Board is also in the process of assessing the financial impact of the Event of Default on the Group and will use its best endeavours and take all possible actions to seek recovery from the Issuer of the principal amount of the notes receivables and interests accrued thereon. On 16 March 2022, the Company has issued a letter of request for payment through legal counsel to the Issuer. However, there has been no further update or response from the Issuer up to the date of this report.

## 25. Restricted bank deposits, time deposits and bank and cash balances

As at 31 December 2022, the bank and cash balances of the Group denominated in RMB amounted to RMB510,564,000 (2021: RMB538,018,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

## 26. Trade payables

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

	2022 RMB'000	2021 RMB'000
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
	<b>61,408</b>	<b>50,969</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 27. Accruals and other payables

	2022 RMB'000	2021 RMB'000
Salary and staff welfare payables	40,161	37,097
Other tax payables	3,269	3,694
Promotion fee payables	33,938	36,099
Others	12,112	10,667
	<b>89,480</b>	<b>87,557</b>

## 28. Lease liabilities

	Lease payments		Present value of lease payments	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Within one year	7,273	7,519	7,486	7,517
Over one year but within five years	21,711	28,984	19,080	24,947
	<b>28,984</b>	36,503		
Less: Future finance charge	(2,418)	(4,039)		
Present value of lease liabilities	<b>26,566</b>	32,464	<b>26,566</b>	32,464
Less: Amount due for settlement within 12 months (shown under current liabilities)			(7,486)	(7,517)
Amount due for settlement after 12 months			<b>19,080</b>	24,947

As at 31 December 2022, the average effective borrowing rate was 4.75% (2021: 4.75%) p.a.. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

### 29. Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group:

	Contract costs RMB'000	Contract liabilities RMB'000	Provisions and others RMB'000	Total RMB'000
At 1 January 2021	(7,906)	21,826	9,317	23,237
(Charge)/credit to profit or loss	(261)	388	(115)	12
<b>At 31 December 2021 and 1 January 2022</b>	<b>(8,167)</b>	<b>22,214</b>	<b>9,202</b>	<b>23,249</b>
Credit/(charge) to profit or loss	2,187	(5,612)	(1,143)	(4,568)
<b>At 31 December 2022</b>	<b>(5,980)</b>	<b>16,602</b>	<b>8,059</b>	<b>18,681</b>

The following is the analysis of the deferred tax assets (after offset) for consolidated statement of financial position purposes:

	2022 RMB'000	2021 RMB'000
Deferred tax liabilities	(5,980)	(8,167)
Deferred tax assets	24,661	31,416
Deferred tax assets (after offset)	18,681	23,249

At the end of the reporting period, the Group did not recognise deferred tax assets of RMB27,668,000 (2021: RMB17,243,000) in respect of losses amounting to RMB113,295,000 (2021: RMB68,970,000) that can be carried forward against future taxable income. These tax losses will expire in year 2023 to 2027 (2021: 2022 to 2026).

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 30. Share capital

	Number of ordinary shares '000	Amount USD'000
--	--------------------------------------	-------------------

**Authorised:**

Ordinary shares of USD0.000005 (2021: USD0.000005) each

<b>At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</b>	<b>10,000,000</b>	<b>50</b>
---	-------------------	-----------

	Number of ordinary shares '000	Amount RMB'000
--	--------------------------------------	-------------------

**Issued and fully paid:**

Ordinary shares of USD0.000005 (2021: USD0.000005) each

<b>At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</b>	<b>1,931,387</b>	<b>62</b>
---	------------------	-----------

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 31. Statement of financial position of the Company

	2022 RMB'000	2021 RMB'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investments in subsidiaries	131,337	147,828
Investments at fair value through profit or loss	63,424	58,246
<b>Total non-current assets</b>	<b>194,761</b>	206,074
<b>Current assets</b>		
Prepayments and other receivables	274	66,210
Investments at fair value through profit or loss	15,632	72,794
Amounts due from subsidiaries	190,887	169,457
Bank and cash balances	42,264	47,619
<b>Total current assets</b>	<b>249,057</b>	356,080
<b>TOTAL ASSETS</b>	<b>443,818</b>	562,154
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	62	62
Reserves	430,827	546,194
<b>Total equity</b>	<b>430,889</b>	546,256
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accruals and other payables	3,773	3,815
Amounts due to subsidiaries	9,069	8,860
Current tax liabilities	87	3,223
<b>Total liabilities</b>	<b>12,929</b>	15,898
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>443,818</b>	562,154

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 32. Reserves

### (a) The Group

	Share-based payments reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Equity investments revaluation reserve RMB'000	Total RMB'000
At 1 January 2021	146,723	16,903	(2,412)	(8,400)	152,814
Currency translation difference	—	—	(20,797)	—	(20,797)
Share-based payments (note 33)	1,795	—	—	—	1,795
At 31 December 2021	148,518	16,903	(23,209)	(8,400)	133,812
<b>At 1 January 2022</b>	<b>148,518</b>	<b>16,903</b>	<b>(23,209)</b>	<b>(8,400)</b>	<b>133,812</b>
Currency translation difference	—	—	22,865	—	22,865
<b>At 31 December 2022</b>	<b>148,518</b>	<b>16,903</b>	<b>(344)</b>	<b>(8,400)</b>	<b>156,677</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 32. Reserves (continued)

### (b) The Company

	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Other reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2021	712,720	(2)	543,664	8,023	1,264,405
Total comprehensive expense for the year	—	—	(431,061)	(288,945)	(720,006)
Share-based payments	—	—	1,795	—	1,795
At 31 December 2021	712,720	(2)	114,398	(280,922)	546,194
<b>At 1 January 2022</b>	<b>712,720</b>	<b>(2)</b>	<b>114,398</b>	<b>(280,922)</b>	<b>546,194</b>
Total comprehensive income/(expense) for the year	—	—	14,926	(130,293)	(115,367)
<b>At 31 December 2022</b>	<b>712,720</b>	<b>(2)</b>	<b>129,324</b>	<b>(411,215)</b>	<b>430,827</b>

## 32. Reserves (continued)

### (c) Nature and purpose of reserves of the Group and the Company

#### (i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

#### (ii) Share-based payments reserve

The share-based payments reserve represents the fair value of the actual or estimated number of unexercised share options and unvested RSUs granted to directors, employees and consultants of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 3 to the consolidated financial statements.

#### (iii) Shares held for the RSU Scheme

The Company adopted the RSU Scheme to award shares to qualified grantees. Super Fleets Limited was set up as a special vehicle for the purpose of holding the ordinary shares allotted and issued by the Company.

#### (iv) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and the Articles of Association of subsidiaries located in the PRC, it is required to appropriate 10% of the annual statutory net profits after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of share capital. As at 31 December 2017, the balance of the statutory surplus reserve fund of all profitable subsidiaries had reached 50% of the share capital. The Group did not make any further appropriation for the years ended 31 December 2022 and 2021.

#### (v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies in note 3 to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 32. Reserves (continued)

### (c) Nature and purpose of reserves of the Group and the Company (continued)

#### (vi) Equity investments revaluation reserve

The equity investments revaluation reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 3 to the consolidated financial statements.

#### (vii) Other reserve

The other reserve of the Company includes share-based payments reserve, foreign currency translation reserve, and shareholders' contribution arising from the reorganisation to prepare for the listing on the Main Board of the Stock Exchange during the year ended 31 December 2018.

## 33. Share-based payments transactions

On 28 February 2018, the Company's shareholders approved the establishment of the RSU Scheme and the Company appointed The Core Trust Company Limited as the trustee to assist with the administration of the RSU Scheme. Under the RSU Scheme, the maximum number of shares which may be granted is 75,000,000. No RSUs were granted to employees of the Group during the years ended 31 December 2022 and 2021.

Movements in the number of award shares during the respective years are as follows:

	Number of RSUs '000	Weighted average fair value RMB
At 1 January 2021	4,293	2.11
Vested during the year	(4,293)	2.11
<b>At 31 December 2021, 1 January 2022 and 31 December 2022</b>	—	—

For the year ended 31 December 2021, the Group recognised share-based payments expenses of RMB1,795,000, which has been charged to the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 34. Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Lease liabilities	
	2022	2021
	RMB'000	RMB'000
<b>At 1 January</b>	<b>32,464</b>	3,625
Changes in cash flows	(5,898)	(11,813)
Non-cash changes		
— Additions	—	41,185
— Disposals	—	(533)
<b>At 31 December</b>	<b>26,566</b>	32,464

## 35. Contingent liabilities

As at 31 December 2022 and 2021, the Group did not have any significant contingent liabilities.

## 36. Capital commitments

The Group's capital commitments at the end of the reporting period are as follows:

	2022	2021
	RMB'000	RMB'000
Intangible assets — Contracted but not provided for	8,020	13,800

# Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

## 37. Related party transactions

### Key management personnel compensations

The compensations paid or payable to key management personnel (including Directors, chief executive officer and other senior executives) for employee services are as follows:

	2022 RMB'000	2021 RMB'000
Wages, salaries and bonuses	9,412	8,307
Pension costs — defined contribution plans	201	210
Social security costs, housing benefits and other employee benefits	249	268
Share-based payments expenses	—	1,620
	9,862	10,405

## 38. Litigation

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 (the “**Plaintiff**”) as plaintiff and the Company as the defendant. The Company has indicated its intention to defend the proceedings. 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 alleged claims against the Company for the sum of HK\$250,000,000 pursuant to a subscription agreement entered into between the Plaintiff and the Company on or around 16 July 2018 (the “**Alleged Subscription Agreement**”) and the 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 in accordance with the Alleged Subscription Agreement, together with interest, costs and further or other relief. 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.

## 39. Events after the reporting period

As at the date of this report, the Group has subscribed for the wealth management products after the end of the reporting period as below:

- 1) On 11 January 2023, Youmin Networks 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 uploaded on the website of the Stock Exchange on 12 January 2023 and 16 January 2023.
- 2) On 7 February 2023, Youmin Networks 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 annualised rate of return at 3.00% p.a.. For further details, please refer to the announcement of the Company dated 7 February 2023.
- 3) On 8 February 2023, Youmin Networks 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 annualised rate of return ranging from 2.60% to 4.00% p.a.. For further details, please refer to the announcement of the Company dated 8 February 2023.
- 4) On 15 March 2023, Youmin Networks 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 annualised rate of return ranging from 3.30% to 3.80% p.a.. For further details, please refer to the announcement of the Company dated 15 March 2023.
- 5) On 23 March 2023, Youmin Networks 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 Co., Ltd. in the amount of RMB30,000,000 for 30 days with the expected annualised rate of return ranging from 2.70% to 3.30% p.a.. For further details, please refer to the announcement of the Company dated 23 March 2023.
- 6) On 24 March 2023, Youmin Networks 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 annualised rate of return at 3.35% p.a.. For further details, please refer to the announcement of the Company dated 24 March 2023.

## 40. Approval of the consolidated financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 March 2023.

# Glossary

“ARPPU”	average revenue per monthly paying user, calculated by dividing total revenue during certain period by the number of average MPUs during the same period; average MPUs is the average of the aggregate number of paying users for our games in each month during a certain period
“Auditor”	ZHONGHUI ANDA CPA Limited, the auditor of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“Binyou Networks”	Shanghai Binyou Networks Technology Limited (上海繽遊科技有限 公司), a limited liability company incorporated under the laws of the PRC on 16 March 2018 and a wholly-owned subsidiary of our Company
“Cayman Islands”	the Cayman Islands
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Chairman”	Chairman of the Board
“Company”, “the Company”, “we” or “us”	FingerTango Inc. (指尖悅動控 股有 限公 司), an exempted company incorporated in the Cayman Islands with limited liability on 9 January 2018
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among others, Binyou Networks, the Registered Shareholders and Youmin Networks, details of which are set out in the section headed “Contractual Arrangements” in the Prospectus
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Group” or “the Group”	our Company, its subsidiaries and the PRC Operating Entities

“Hong Kong dollar(s)”, “HK dollar(s)” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS(s)”	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standard Board
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	The date which dealings in Shares first commence on the Stock Exchange, i.e. 12 July 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LJ Technology”	LJ Technology Holding Limited, an exempted company incorporated in the BVI on 8 January 2018 with limited liability, which was established and wholly-owned by Mr. Liu Jie
“Prospectus”	the prospectus dated 12 July 2018 issued by the Company
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“Registered Shareholders”	direct shareholders of Youmin Networks, being Mr. Liu Jie, Mr. Zhu Yanbin, Mr. Wu Junjie, Zhuhai Sangu and Zhuhai Jugu
“Reporting Period”	year ended 31 December 2022
“RSU(s)”	restricted share units or any one of them



## Glossary

“RSU Scheme”	The RSU scheme approved and conditionally adopted by the Shareholders on 28 February 2018, the principal terms of which are set out in “Statutory and General Information – D. RSU Scheme and Share Option Scheme – 1. RUS Scheme” in Appendix IV to the Prospectus
“Securities and Future Ordinance” or “SFO”	the Securities and Futures Ordinance of Hong Kong (chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.000005 each
“Shareholder(s)”	holder(s) of our Share(s)
“Share Option Scheme”	the share option scheme adopted by our Company on 19 June 2018 which complies with the provisions of Chapter 17 of the Listing Rules
“SLG”	simulation games, which are generally designed to closely simulate aspects of a real or fictional reality
“Youmin Networks”	Shanghai Youmin Networks Technology Limited (上海遊民網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 3 December 2013 and one of our PRC Operating Entities
“ZYB Holding”	ZYB Holding Limited, an exempted company incorporated in the BVI on 8 January 2018 with limited liability, which was established and wholly-owned by Mr. Zhu Yanbin