

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**FingerTango Inc.**

指尖悅動控股有限公司

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

**(Stock Code: 6860)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023**

The board of directors (the “**Board**”) of FingerTango Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “**Group**”, “**we**”, “**our**” or “**us**”) for the six-month period ended 30 June 2023 (the “**Reporting Period**”), which was prepared in accordance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“**IASB**”) and reviewed by the Company’s audit committee.

### **FINANCIAL SUMMARY**

	<b>Six months ended 30 June</b>		<b>Change %</b>
	<b>2023</b>	<b>2022</b>	
	<b><i>RMB million</i></b>	<b><i>RMB million</i></b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>312.6</b>	392.8	(20.4%)
Gross profit	<b>174.8</b>	248.0	(29.5%)
Loss for the period	<b>(21.0)</b>	(63.7)	(67.0%)

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET OVERVIEW

According to the China Gaming Industry Report for January-June 2023 (《2023年1-6月中國遊戲產業報告》) issued by the Game Publishers Association Publications Committee (GPC) of the China Audio-video and Digital Publishing Association (中國音數協遊戲工委) and China Game Industry Research Institute (中國遊戲產業研究院), China's game industry saw a rebound from pressure, with a remarkable upward trend for market revenue amid the sluggish global game industry. In the first half of 2023, the actual sales revenue from China's gaming market was Renminbi (“RMB”)144.263 billion, representing a decrease of 2.39% as compared to the corresponding period last year. Among them, the actual sales revenue from the mobile games market was RMB106.705 billion in the first half of 2023, representing a decrease of 3.41% as compared to the corresponding period last year. The year-on-year decrease in revenue was mainly attributable to the drop in users' online hours and the insignificant recovery in consumption willingness and spending power at the early stage of economic recovery, which resulted in a short-term negative impact on the revenue from the game industry.

In the first half of 2023, revenue from China's independently developed games in overseas market was US\$8.206 billion, representing a decrease of 8.72% as compared to the corresponding period last year. Users' consumption willingness and spending power were also affected by the economic downturn in the major overseas markets. International conflicts, exchange rate fluctuations and intensifying market competition have significantly increased overseas marketing costs. Simulation games (“SLG”) came out top in terms of revenue from China's independently developed games in overseas markets, accounting for 33.5%.

In the first half of 2023, the number of gamers in China reached 668.0 million, representing an increase of 0.35% year-on-year. The regulatory authorities further strengthened measures to protect the minors from online games, which promoted the standardized management of the game industry and made the user structure more healthy and reasonable, but the user scale encountered a bottleneck. Along with the dwindling demographic dividend, the growth of China's game users continued to slow down and the competition in the game market became more intense.

In the first half of 2023, there are 549 games with publication license approved by the National Press and Publication Administration (NPPA), exceeding 512 approved in 2022. The number of approvals for games with publication license has begun to stabilize.

In addition, it has been an industry consensus that the unit cost of game advertising and promotion activities is increasing year by year, and the way to reduce waste of resources caused by ineffective exposure and invalid clicks has become one of the market challenges that major game publishers should pay attention to.

## BUSINESS REVIEW

During the Reporting Period, the Group recorded revenue of approximately RMB312.6 million, a decrease of approximately 20.4% as compared to the corresponding period last year. Decrease in revenue was mainly attributable to the combined effect of (i) 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; (ii) 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; (iii) the recovery of consumption willingness and spending power of game players was in significant at the early stage of economic recovery; and (iv) uncertain outcome of advertising and promotion activities.

During the Reporting Period, the loss attributable to owners of the Company recorded approximately RMB21.0 million, as compared to approximately RMB63.7 million in the corresponding period last year. The decrease in loss was primarily due to (i) decrease in selling and marketing expenses as we engaged in less advertising and promotion activities during the Reporting Period; and (ii) decrease in administrative expenses resulting from reversal of provision for expected credit losses (“ECL”) of other receivables.

In view of the market conditions, we have made strategic adjustment and planning in the launch of our new games, and have been conducting comprehensive tests for the new titles launched during the Reporting Period. Deep optimization customizing to the players’ evolving preferences was also conducted to ensure their sound performance upon official launch. On the other hand, new titles launched during the Reporting Period are still in the promotion period and the stage of incubation of player base. It is expected the growth momentum of the new games and their contribution to the revenue of the Group would be gradually unleashed in the second half of 2023 and after.

In response to the increasing unit cost and uncertain outcome of advertising and promotion activities, we have adapted and re-positioned to refine our game operations, and sought out innovative promotion channels.

During the Reporting Period, we have seen increased user stickiness as the monthly active users (MAUs) reached 2.9 million, representing a growth of 19.5% as compared to the corresponding period last year. As at 30 June 2023, the total number of accumulative registered users maintained a steady growth and reached 215.4 million, representing a 10.9% growth as compared to the corresponding period last year. The enormous user base enables us to better understand player preferences and market changes through strong data analytics ability, so as to launch new games with higher popularity in the market, and to conduct targeted marketing with more cost-effective strategies.

## **OUTLOOK FOR THE SECOND HALF OF 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 impetus is in full play in future.

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

We are conducting comprehensive tests for the new titles to be launched in the second half of 2023 while optimizing product launch strategies and plans. Over the years, we have accumulated an immense user database. We will continue to leverage our big data analytics ability with our proprietary multi-dimensional data analysis engine which collates and structures our data in a variety of ways for ad-hoc analysis 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 six months, the Group 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**

### ***Revenue***

During the Reporting Period, the Group recorded revenue of approximately RMB312.6 million, a decrease of approximately 20.4% as compared to the corresponding period last year. Decrease in revenue was mainly attributable to the combined effect of (i) 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; (ii) 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; (iii) the recovery of consumption willingness and spending power of game players was in significant at the early stage of economic recovery; and (iv) uncertain outcome of advertising and promotion activities.

With respect to revenue categorized by method of publication, self-publishing revenue was approximately RMB146.8 million, representing approximately 47.0% of the total revenue as compared to approximately 48.0% in the corresponding period last year. Co-publishing revenue surpassed self-publishing revenue and recorded approximately RMB165.8 million, representing approximately 53.0% of the total revenue, as compared to approximately 52.0% in the corresponding period last year.

### ***Cost of Revenue***

Cost of revenue in the Reporting Period was approximately RMB137.9 million and decreased by approximately 4.8% or approximately RMB7.0 million as compared to the corresponding period last year. It was mainly due to decrease in platform sharing charges and commissions charged by game developers.

### ***Gross Profit and Gross Profit Margin***

During the Reporting Period, gross profit was approximately RMB174.8 million as compared to approximately RMB248.0 million in the corresponding period last year. Gross profit margin decreased from approximately 63.1% to approximately 55.9% as compared to the corresponding period last year, since the magnitude of the decrease in cost is smaller than that of the decrease in revenue.

### ***Other Income***

During the Reporting Period, other income was approximately RMB2.0 million as compared to approximately RMB4.3 million in the corresponding period last year. The decrease was mainly due to the decrease in government grant and deduction of value-added tax recognized during the Reporting Period.

### ***Other Gains/(Losses), net***

During the Reporting Period, net other gains were approximately RMB1.7 million as compared to net other losses of approximately RMB0.09 million in the corresponding period last year, primarily attributable to changes in fair value of investments at fair value through profit or loss.

### ***Interest revenue***

During the Reporting Period, interest revenue was approximately RMB3.9 million as compared to approximately RMB4.6 million in the corresponding last year. The decrease was mainly due to the decrease in interest revenue from bank balances and loans to third parties.

### ***Selling and Marketing Expenses***

Selling and marketing expenses in the Reporting Period were approximately RMB144.7 million, decreased by approximately 43.3% or approximately RMB110.4 million as compared to the corresponding period last year. It constituted approximately 46.3% of the total revenue, comparing to approximately 64.9% in the corresponding period last year. The decrease was primarily due to reduction in advertising and promotion activities as we made strategic adjustment and planning in the launch of our new games.

### ***Administrative Expenses***

Administrative expenses of the Group in the Reporting Period were approximately RMB17.5 million as compared to approximately RMB35.1 million in the corresponding period last year. The decrease was primarily due to increase in reversal of provision for ECL of other receivables.

### ***Research and Development Expenses***

Research and development expenses of the Group in the Reporting Period were approximately RMB40.0 million, increased by approximately 13.3% or approximately RMB4.7 million as compared to the corresponding period last year. The increase was primarily attributable to increase in employee benefits of research and development staff of the Group which was partially offset by decrease in depreciation of property and equipment and right-of-use asset, and amortisation of certain intangible assets.

### ***Income Tax (Expense)/Credit***

The Group recorded an income tax expense of approximately RMB0.6 million for the Reporting Period as compared to an income tax credit of approximately RMB5.8 million for the corresponding period last year. It was mainly due to decrease in contract liabilities.

### ***Loss for the Reporting Period***

During the Reporting Period, the loss attributable to owners of the Company recorded approximately RMB21.0 million as compared to approximately RMB63.7 million in the corresponding period last year. The decrease in loss was primarily due to (i) decrease in selling and marketing expenses as we engaged in less advertising and promotion activities during the Reporting Period; and (ii) decrease in administrative expenses resulting from reversal of provision for ECL of other receivables.

### ***Liquidity and source of funding and borrowing***

As at 30 June 2023, current assets of the Group amounted to approximately RMB810.2 million, including bank and cash balances of approximately RMB512.5 million and other current assets of approximately RMB297.7 million. Current liabilities of the Group amounted to approximately RMB216.1 million, including trade payables and contract liabilities of approximately RMB117.2 million and other current liabilities of approximately RMB98.9 million. As at 30 June 2023, the current ratio (current assets to current liabilities ratio) of the Group was 3.8, as compared with 3.5 as at 31 December 2022.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group does not have any bank borrowings and other debt financing obligations as at 30 June 2023 and the resulting gearing ratio is nil. The Group intends to finance the expansion, investments and business operations with internal resources.

## Investments at Fair Value through Profit or Loss

As at 30 June 2023, investments at fair value through profit or loss were approximately RMB250.2 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 2022 RMB million (Audited)	Increases for the 6 months ended 30 June 2023 RMB million (Unaudited)	Changes in fair value for the 6 months ended 30 June 2023 RMB million (Unaudited)	Settlements for the 6 months ended 30 June 2023 RMB million (Unaudited)	Currency translation differences for the 6 months ended 30 June 2023 RMB million (Unaudited)	Fair value as at 30 June 2023 RMB million (Unaudited)
Listed equity securities in Hong Kong	15.6	—	(2.1)	—	0.4	13.9
Wealth management products:						
Central China Dragon Growth Fund SP7 「中州龍騰增長七號基金」	63.4	—	1.6	—	2.1	67.1
Private equity investment fund Boniu Yuedong (previously named Private equity investment fund Yuedong Stable Win*) 「博牛悅動私募證券投資基金」(原名「悅動穩贏私募證券投資基金」)	—	40.0	0.8	—	—	40.8
Investments in private company A	8.0	—	—	—	—	8.0
Investments in private company B	0.1	—	—	—	—	0.1
Non-capital protected wealth management products (非保本理財產品)						
Placed on:						
China Merchants Bank Co., Ltd.* (“CMB”)	—	60.0	0.3	(30.2)	—	30.1
CIB Wealth Management Co., Ltd.* (“CIB Wealth Management”)	—	60.0	0.2	(30.1)	—	30.1
SPD Wealth Management Co., Ltd.* (“SPD Wealth Management”)	—	30.0	0.1	—	—	30.1
CGB Wealth Management Co., Ltd.* (“CGB Wealth Management”)	—	60.0	0.3	(30.3)	—	30.0
CMB Financial Management Co., Ltd.*	30.2	—	(0.2)	(30.0)	—	—
Shanghai Pudong Development Bank Co., Ltd.* (“SPD Bank”)	30.0	90.0	0.3	(120.3)	—	—
<b>Total</b>	<b>147.3</b>	<b>340.0</b>	<b>1.3</b>	<b>(240.9)</b>	<b>2.5</b>	<b>250.2</b>

\* for identification purpose only.



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 year ended 31 December 2021. 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 99 days. As at 30 June 2023, carrying amount of the investments in wealth management products of various commercial banks was approximately RMB120.3 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 7 February 2023, 8 February 2023, 15 March 2023, 23 March 2023, 24 March 2023, 27 April 2023, 19 May 2023, 7 June 2023 and 28 June 2023.

## FINANCIAL INFORMATION

### Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>312,622</b>	392,795
Cost of revenue		<u>(137,871)</u>	<u>(144,824)</u>
<b>Gross profit</b>		<b>174,751</b>	247,971
Selling and marketing expenses		(144,658)	(255,057)
Administrative expenses		(17,453)	(35,148)
Research and development expenses		(40,018)	(35,315)
Other income		1,966	4,296
Other gains/(losses), net	5	<u>1,682</u>	<u>(90)</u>
<b>Operating loss</b>		<b>(23,730)</b>	(73,343)
Interest revenue		3,915	4,590
Lease interests		<u>(598)</u>	<u>(742)</u>
<b>Loss before income tax</b>		<b>(20,413)</b>	(69,495)
Income tax (expense)/credit	6	<u>(634)</u>	<u>5,800</u>
<b>Loss for the period attributable to the owners of the Company</b>	7	<b><u>(21,047)</u></b>	<u>(63,695)</u>
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>9,361</u>	<u>14,258</u>
<b>Other comprehensive income for the period, net of income tax</b>		<b><u>9,361</u></b>	<u>14,258</u>
<b>Total comprehensive expense for the period attributable to the owners of the Company</b>		<b><u>(11,686)</u></b>	<b><u>(49,437)</u></b>
<b>Loss per share (RMB)</b>	9		
— Basic		<u>(0.0111)</u>	<u>(0.0335)</u>
— Diluted		<u>(0.0111)</u>	<u>(0.0335)</u>

## Condensed Consolidated Statement of Financial Position

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		<b>13,552</b>	12,998
Right-of-use assets		<b>19,314</b>	22,242
Intangible assets		<b>14,709</b>	15,970
Investments at fair value through profit or loss	10	<b>115,941</b>	71,457
Prepayments and deposits		<b>4,919</b>	4,923
Other receivables	12	<b>2,395</b>	2,841
Deferred tax assets		<b>17,162</b>	18,681
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>187,992</b>	149,112
		<hr/>	<hr/>
<b>Current assets</b>			
Trade receivables	11	<b>89,747</b>	67,238
Contract costs		<b>22,593</b>	24,646
Prepayments and deposits		<b>24,303</b>	24,811
Other receivables	12	<b>24,459</b>	29,594
Investments at fair value through profit or loss	10	<b>134,298</b>	75,846
Restricted bank deposits		<b>2,374</b>	2,213
Bank and cash balances		<b>512,474</b>	682,799
		<hr/>	<hr/>
<b>Total current assets</b>		<b>810,248</b>	907,147
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>998,240</b>	1,056,259
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		<b>62</b>	62
Reserves		<b>766,062</b>	777,748
		<hr/>	<hr/>
<b>Total equity</b>		<b>766,124</b>	777,810
		<hr/>	<hr/>

		<b>30 June</b>	31 December
		<b>2023</b>	2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	13	<b>52,221</b>	61,408
Contract liabilities		<b>64,967</b>	69,642
Accruals and other payables		<b>72,010</b>	89,480
Lease liabilities		<b>7,237</b>	7,486
Current tax liabilities		<b>19,624</b>	31,353
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>216,059</b>	259,369
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Lease liabilities		<b>16,057</b>	19,080
		<hr/>	<hr/>
<b>Total liabilities</b>		<b>232,116</b>	278,449
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>998,240</b>	1,056,259
		<hr/> <hr/>	<hr/> <hr/>

# Notes To The Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 9 January 2018 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room 1602, 16/F., Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, 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 condensed consolidated financial statements are presented in RMB, which is the Company's presentation currency and the functional currency of the principal operating subsidiaries of the Company.

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

## 2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" issued by IASB and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the 2022 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2022.

## 3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards; International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current period and prior years.

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

#### 4. REVENUE AND SEGMENT INFORMATION

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

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Self-publishing	146,786	188,428
Co-publishing	165,836	204,367
	<u>312,622</u>	<u>392,795</u>
Total revenue	<u><u>312,622</u></u>	<u><u>392,795</u></u>

#### Disaggregation of revenue from contracts with customers:

##### Timing of revenue recognition

Over time	<u><u>312,622</u></u>	<u><u>392,795</u></u>
-----------	-----------------------	-----------------------

#### Revenue from major customers:

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (six months ended 30 June 2022: 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 six months ended 30 June 2023 and 2022:

	(Unaudited)	
	Six months ended 30 June	
	2023	2022
Game developer a	68.2%	49.8%
Game developer b	#	21.1%
Game developer c	#	10.8%
Game developer d	#	10.7%
	<u><u>68.2%</u></u>	<u><u>10.7%</u></u>

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

## 5. OTHER GAINS/(LOSSES), NET

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Changes in fair value of investments at fair value through profit or loss	<b>1,264</b>	(5,278)
Gain on disposals of property and equipment	—	9
Net foreign exchange gains	<b>380</b>	5,568
Others	<b>38</b>	(389)
	<b>1,682</b>	<b>(90)</b>

## 6. INCOME TAX (EXPENSE)/CREDIT

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current tax	<b>885</b>	(441)
Deferred tax	<b>(1,519)</b>	6,241
	<b>(634)</b>	<b>5,800</b>

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% (six months ended 30 June 2022: 25%).

Shanghai Kaixi Networks Technology Limited (“**Kaixi Networks**”), a subsidiary of the Company, was 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.

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.

## 7. LOSS FOR THE PERIOD

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Amortisation of intangible assets	<b>2,408</b>	3,291
Depreciation	<b>5,259</b>	7,954
Loss allowance provision for trade receivables (included in administrative expenses)	<b>1,684</b>	747
Reversal of provision for ECL of other receivables (included in administrative expenses)	<b>(11,513)</b>	(237)
Staff costs including directors' emoluments	<b>55,038</b>	62,614
	<b><u>55,038</u></b>	<b><u>62,614</u></b>

## 8. DIVIDEND

No dividends was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2023, nor has any dividend been proposed at the end of the reporting period (six months ended 30 June 2022: nil).

## 9. LOSS PER SHARE

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

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Loss</b>		
Loss for the purpose of calculating basic and diluted loss per share	<b><u>(21,047)</u></b>	<b><u>(63,695)</u></b>
	<b>'000</b>	<b>'000</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b><u>1,899,956</u></b>	<b><u>1,899,956</u></b>

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary share during the six months ended 30 June 2023 and 2022.



## 10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Listed equity securities in Hong Kong	13,964	15,632
Unlisted wealth management products	228,242	123,638
Private equity investments	8,033	8,033
	<u>250,239</u>	<u>147,303</u>
Total investments at fair value through profit or loss	<b><u>250,239</u></b>	<b><u>147,303</u></b>
Analysed as:		
Non-current assets	115,941	71,457
Current assets	134,298	75,846
	<u>250,239</u>	<u>147,303</u>

## 11. TRADE RECEIVABLES

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
0 to 1 month	25,955	25,995
1 month to 3 months	45,346	35,240
3 months to 6 months	16,466	5,292
6 months to 1 year	1,980	711
	<u>89,747</u>	<u>67,238</u>

## 12. OTHER RECEIVABLES

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Input value-added tax to be deducted	3,955	3,163
Interest receivables	24,011	23,264
Loans to third parties	397,120	397,894
Receivables from game developers	5,931	5,931
Finance lease receivables	3,276	3,702
Others	13,692	19,639
	<hr/>	<hr/>
	447,985	453,593
Less: provision for ECL	(421,131)	(421,158)
	<hr/>	<hr/>
	<b>26,854</b>	<b>32,435</b>
	<hr/> <hr/>	<hr/> <hr/>
Analysed as:		
Non-current assets	2,395	2,841
Current assets	24,459	29,594
	<hr/>	<hr/>
	<b>26,854</b>	<b>32,435</b>
	<hr/> <hr/>	<hr/> <hr/>

## 13. TRADE PAYABLES

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
0 to 1 month	13,534	10,582
1 month to 3 months	25,687	23,962
3 months to 6 months	11,167	15,952
6 months to 1 year	1,341	6,443
Over 1 year	492	4,469
	<hr/>	<hr/>
	<b>52,221</b>	<b>61,408</b>
	<hr/> <hr/>	<hr/> <hr/>

## OTHER INFORMATION

### USE OF PROCEEDS

Upon the listing of the Company on 12 July 2018, the Company raised net proceeds (the “**Net Proceeds**”) of HK\$967.1 million. Summary of the usages and amounts of the Net Proceeds utilised and the remaining Net Proceeds as at 30 June 2023 is set out as follows:

<b>Intended use of Net Proceeds</b>	<b>Percentage of the Net Proceeds for each intended usage</b>	<b>Amount of the Net Proceeds for each intended usage</b>	<b>Amount of the remaining Net Proceeds as at 31 December 2022</b>	<b>Amount of Net Proceeds utilised during the six months ended 30 June 2023</b>	<b>Amount of the remaining Net Proceeds as at 30 June 2023</b>
	<b>%</b>	<b>HK\$' Million</b>	<b>HK\$' Million</b>	<b>HK\$' Million</b>	<b>HK\$' Million</b>
Develop game sourcing capabilities and ensure us to acquire high quality game content	35%	338.5	279.6	(1.1)	278.5
Establish in-house game development team	25%	241.8	139.9	(20.1)	119.8
Fund marketing and promotional activities	20%	193.4	—	—	—
Expand into overseas markets and develop overseas operation	10%	96.7	—	—	—
Working capital and general corporate purposes	10%	96.7	52.7	(7.2)	45.5
<b>Total</b>	<b>100%</b>	<b>967.1</b>	<b>472.2</b>	<b>(28.4)</b>	<b>443.8</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.

### INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the six-month period ended 30 June 2023 (six months ended 30 June 2022: nil).

## EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2023, the Group had a total of 347 employees, comparing to 358 employees as at 30 June 2022. The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provide training programs to employees, including new hire training for new employees and continuing technical training primarily for our research and development team and game operation team to enhance their skill and knowledge.

## SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

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

1. On 11 January 2023, Shanghai Youmin Networks Technology Limited\* (“**Shanghai Youmin**”), a PRC subsidiary of the Company, subscribed for a private equity fund “Private equity investment fund Boniu Yuedong” (previously named “**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, Shanghai Youmin 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 3.00% per annum. For further details, please refer to the announcement of the Company dated 7 February 2023.
3. On 8 February 2023, Shanghai Youmin subscribed for a wealth management product “Class B, WenXiangLingDongHuiLi No. 1 of BOCOM Wealth Management with 90-day holding period” distributed by CMB in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return range of 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 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 in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return range of 3.30% to 3.80% per annum. For further details, please refer to the announcement of the Company dated 15 March 2023.

\* *for identification purpose only*

5. On 23 March 2023, Shanghai Youmin subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series C by CIB Wealth Management” issued by CIB Wealth Management in the amount of RMB30,000,000 for 30 days with the expected annualised rate of return range of 2.70% to 3.30% per annum. For further details, please refer to the announcement of the Company dated 23 March 2023.
6. On 24 March 2023, Shanghai Youmin 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% per annum. For further details, please refer to the announcement of the Company dated 24 March 2023.
7. On 27 April 2023, Shanghai Youmin 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 3.00% per annum. For further details, please refer to the announcement of the Company dated 27 April 2023.
8. On 27 April 2023, Shanghai Youmin subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series A” issued by CIB Wealth Management in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 27 April 2023.
9. On 19 May 2023, Shanghai Youmin subscribed for a wealth management product “WenXiangLingDongHuiLi of BOCOM Wealth Management with 60-day holding period (ZhaoXiang)” distributed by CMB in the amount of RMB30,000,000 for 60 days with the expected annualised rate of return range of 2.70% to 3.70% per annum. For further details, please refer to the announcement of the Company dated 19 May 2023.
10. On 7 June 2023, Shanghai Youmin subscribed for a wealth management product “SPD Wealth Management No. 26 JiJiXin Closed-end Wealth Management Product” issued by SPD Wealth Management in the amount of RMB30,000,000 for 99 days with the expected annualised rate of return range of 2.90% to 3.15% per annum. For further details, please refer to the announcement of the Company dated 7 June 2023.
11. On 28 June 2023, Shanghai Youmin subscribed for a wealth management product “XingFuTianLi (3 Months) Guaranteed Fixed Return Wealth Investment Product No. 1 of CGB Wealth Management”, managed by CGB Wealth Management in the amount of RMB30,000,000 for at least 90 days with the expected annualised rate of return at 3.50% per annum. For further details, please refer to the announcement of the Company dated 28 June 2023.

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

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

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

The Group has no significant investment, acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

## **PLEDGE OF ASSETS**

As at 30 June 2023, none of the Group’s assets was pledged.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any material contingent liabilities.

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

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

1. On 26 July 2023, Shanghai Youmin subscribed for a wealth management product “Wealth Management Product WenXiangLingDongHuiLi No. 2 Version Anxin of BOCOM Wealth Management with 90-day holding period” distributed by CMB in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return range of 2.60% to 4.00% per annum. For further details, please refer to the announcement of the Company dated 26 July 2023.
2. On 4 August 2023, Shanghai Youmin subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series A” issued by CIB Wealth Management in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 4 August 2023.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

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

Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and visionary individuals. Our Board currently comprises 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.

## **AUDIT COMMITTEE**

The Company established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely, Mr. Chow Wing Yiu (the Chairman), Mr. Jiang Huihui and Mr. Shin Ho Chuen, all being independent non-executive Directors of the Company with appropriate professional qualification under Rule 3.10(2) of the Listing Rules.

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

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.fingertango.com](http://www.fingertango.com)). The Group’s 2023 interim report will be dispatched to shareholders and will be published on the aforementioned websites in due course.

## **APPRECIATION**

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

By order of the Board

**FingerTango Inc.**

**LIU Jie**

*Chairman, Chief Executive Officer  
and Executive Director*

Guangzhou, the People’s Republic of China, 31 August 2023

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. LIU Jie and Dr. CHAN Man Fung as executive Directors and Mr. CHOW Wing Yiu, Mr. JIANG Huihui and Mr. SHIN Ho Chuen as independent non-executive Directors.*