Feiyu Technology International Company Ltd.
飛魚科技國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1022)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2023, together with the comparative information for the year ended 31 December 2022.

FINANCIAL PERFORMANCE HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	**Change %**
	(RMB'000)	*(RMB'000)*	
	(audited)	(audited)	
Revenue	**226,189**	191,519	18.1
Gross profit	**194,467**	154,201	26.1
Profit/(Loss) before tax	**52,560**	(23,129)	N/A
Profit/(Loss) after tax	**52,180**	(24,356)	N/A
Profit/(Loss) for the year attributable to owners of the parent	**52,013**	(29,637)	N/A
Non-IFRSs Measures			
– Adjusted net profit/(loss) attributable to owners of the parent (unaudited)[1]	**52,013**	(31,543)	N/A
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
For profit/(loss) for the year	RMB0.03	RMB(0.02)	
Diluted			
For profit/(loss) for the year	RMB0.03	RMB(0.02)	

Note:

(1) Please refer to the section headed "Non-IFRSs measures – Adjusted net profit/(loss) attributable to owners of the parent" for definition of adjusted net profit/(loss) attributable to owners of the parent.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

In 2023, the online game industry in China experienced a dynamic mix of opportunities and challenges. On one hand, the industry managed to bounce back from the adverse impacts of the COVID-19 pandemic, and the approval of new game launches returned to a normalised state providing a much-needed boost to the sector. According to China Game Industry Report for 2023 (《2023年中國遊戲產業報告》)[1], the industry witnessed impressive growth, as evidenced by a 14.0% year-on-year increase in total revenue. However, on the other hand, the weak consumer sentiment cast a shadow over the industry's progress by dampening users' willingness to pay for gaming experiences. In addition, the heightened scrutiny of game content by regulatory bodies has become the new normal.

Despite these obstacles, the Company demonstrated strong resilience and closed the year with attributable profit of approximately RMB52.2 million, turning around from a loss position in 2022. Total revenue for the year was approximately RMB226.2 million, increasing by 18.1% year-over-year. The significant improvement was primarily attributed to the launch of new games, in particular *Carrot Fantasy 4 (保衛蘿蔔4)* and *Shen Xian Dao 3 (神仙道3)*, in June 2022 and June 2023 respectively. In the meantime, the enduring popularity of the long-running existing game portfolio continued to generate decent income, further bolstering the overall financial performance of the Group.

The Company launched three new games in 2023, including *Shen Xian Dao 3 (神仙道3)*, a sequel to the Company's hit title series of *Shen Xian Dao (神仙道)*, which was a phenomenal game when it was first introduced 12 years ago and continues to captivate and engage users to this day. *Shen Xian Dao 3 (神仙道3)* has been highly anticipated by the series' 160+ million fanbase such that it ranked number 1 on both of the free download list in Apple's China App Store and Bilibili Game popularity list on the day of its launch. The successful launch of *Shen Xian Dao 3 (神仙道3)* is a testament to our steadfast commitment to in-house developed IPs and unwavering dedication to crafting innovative, top-notch games that leave a lasting impact on the industry and our players.

The strong performance of *Carrot Fantasy 4 (保衛蘿蔔4)* in 2023 further underscores the success of our strategy that we consistently adhered to. Building on the momentum since its launch in 2022, the Company continued to introduce engaging activities and content updates throughout the year. Notably, the introduction of a Player versus Player ("**PVP**") feature in the second half of 2023 enhanced the game's social aspect, fostering increased interaction among players. These new elements injected fresh excitement and ignited passion among its dedicated player base, and thereby drove growth in the number of active users and user payment statistics.

1 The report was jointly published by Game Publishers Association Publications Committee (GPC) of the China Audio-Video and Digital Publishing Association (中國音數協遊戲工委), China Game Industry Research Institute (中國遊戲產業研究院) and Gamma Data.

On the IP licensing front, the Company continued to collaborate with existing and new business partners who are licensed to use elements from our *Carrot Fantasy (保衛蘿蔔)* game series in their products or service offerings design. A total of 155 new stock-keeping units ("**SKU**") were introduced in 2023, encompassing a diverse range of categories including small household appliances, stationery, toys, and shoes. These SKUs include both physical and digital products, allowing us to effectively attract diverse customer segments across various online and offline channels and ensuring a broad accessibility of the *Carrot Fantasy (保衛蘿蔔)*-themed products. Additionally, the Company also collaborated with Tastien (塔斯汀), a prominent player in China's homegrown fast-food industry renowned for its Chinese-style burgers, on a joint promotional campaign to attract a wider customer base and enhance brand visibility.

Principal risks relating to the Company's business

There are certain risks involved in the Company's operations and prospects, and future financial results could be materially and adversely affected by these risks. The following highlights the principal risks exposed to the Group and is not meant to be exhaustive:

- China has strict regulations and policies governing the online game industry and related businesses, and the online game industry is subject to the supervision of various authorities. Any failure of the Company to consistently obtain its license from the authorities may have an adverse impact on its business operations;

- The Company processes, stores and uses personal information and other data, and is therefore subject to governmental regulation and other legal obligations related to privacy, and the Company's actual or perceived failure to comply with such obligations could harm its business;

- Any defects, disruptions or other problems affecting the functioning of the Company's network infrastructure or information technology systems could materially and adversely affect its business;

- Delays in game launches could negatively affect the Company's operations and prospects;

- The Company's business could suffer if the Company does not successfully manage its current and future growth, which involves optimising its game portfolio, building its workforce and balancing its growth;

- The mobile game and web game industries are highly competitive. If the Company is unable to compete effectively, its business, financial condition, results of operations and prospects will be materially and adversely affected;

- The Company depends on key personnel, and its business and growth prospects may be severely disrupted if it loses their services or is unable to attract new key employees;

- The Company may not be able to continuously enhance its existing games and player experience and launch high-quality new games and services, which will materially and adversely affect its ability to continue to revenue and profitability. Due to the life cycle of games, changes in player preferences may cause uncertainties around the Company's ability to retain existing players and attract new players; and

- The Company utilises major social networking websites, online application stores and third-party payment vendors to generate a substantial portion of revenues and if the Company is unable to maintain a good relationship with these distribution and payment channels or if the use of these distribution or payment channels is adversely affected by any factor such as new measures imposed or intervention by any regulators or third parties, the business and results of operations of the Company will be adversely affected.

To mitigate the identified risks, the Company regularly monitors the risks, and reviews its business strategies and financial results. The Company has implemented the following strategies to ensure the risks are being managed:

- The Company sets up a professional team and engages external professional consultants to actively exchange views and information in relation to new policies and amendments to current policies of the game industry with relevant regulatory authorities, and takes appropriate actions to respond to the changes and ensure the Company is in compliance with the latest applicable laws and regulations;

- In order to safeguard the physical and mental health of our game players, the Company has established a game content review group to ensure the Company's game content is in strict compliance with relevant laws and regulations and does not contain inappropriate violence, gambling or nudity;

- The Company takes technical and other measures, such as encryption and access restrictions, and seeks advice from independent specialists over its data protection practices to prevent the collected personal information from any unauthorised disclosure, damage or loss;

- The Company continues to make significant investments in its technology infrastructure to maintain and improve all aspects of player experience and game performance;

- The Company adopts an OKR (Objectives and Key Results) goal system and uses third-party project management tools to closely monitors the progress of its pipeline games;

- The Company maintains and expands the game distribution platforms to deepen penetration in existing markets and expand into new markets within and outside of the PRC;

- The Company continues to manage and optimise its current game portfolio, as well as constantly enhance or upgrade its existing games, offer new and high-quality games to attract and retain players to increase player activity level and monetisation; and

- The Company attracts and retains talent, continues to manage, train, expand and motivate our workforce as well as maintains a positive corporate culture, to maintain the competitiveness of its R&D teams and operation teams.

Outlook for 2024

In the lead-up to 2024, we anticipate the business environment for China's online game industry will remain challenging. The industry will face fierce competition for users' time, as the short video and livestreaming sectors vie for attention. Additionally, the prevailing weak consumer sentiment adds another layer of complexity to the industry's profitability.

Yet, amidst the challenges, there are also notable opportunities emerging within the online game industry. Regulatory bodies have shown support for high-quality games that offer innovative content and engaging gameplay. This support acts as a filter, ensuring that players have access to games that meet certain standards, ultimately fostering a healthy development of the industry. In addition, the growth potential of HTML5 games has become increasingly evident in recent years presenting tremendous opportunities for participants in the industry. As the industry continues to evolve, it is essential for the Company to navigate the obstacles and capitalise on these opportunities by staying agile, striving for excellence and enhancing operating efficiency.

The Company plans to introduce five new games in 2024, including HTML5 games, mobile games, and console games. Alongside the launch of new titles, the Company remains committed to investing in existing games by releasing fresh and engaging content, enhancing gameplay features, as well as implementing targeted operational strategies to foster deeper connections with players. We believe the continuous investment is paramount in cultivating user loyalty, prolonging the lifecycle of games, and ultimately maximising return on investment.

In 2024, the Company's IP licensing team will not only focus on existing licensing forms, such as merchandise, promotional campaigns and offline events, but also undertake endeavours to continue developing the *Carrot Fantasy (保衛蘿蔔)* game series IP and extend the IP into more diverse formats such as short videos, animation series and music. By embracing these new avenues, we aim to bring the beloved *Carrot Fantasy (保衛蘿蔔)* IP to a wider audience and create exciting experiences across various forms of media and entertainment.

Event after the year ended 31 December 2023

There was no material subsequent event during the period from 1 January 2024 to the date of this announcement.

Final Dividend

The Board did not declare a final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil).

FINANCIAL REVIEW

Operating Information

The Company's Games

In 2023, the Company remained dedicated to delivering top-notch games that cater to the ever-changing demands of gamers while also fortifying its game distribution capabilities. Additionally, the Company remained committed to the long-term operation of its esteemed IP portfolio, which includes *Carrot Fantasy (保衛蘿蔔)* and *Shen Xian Dao (神仙道)*, laying a sturdy groundwork for potential sequels. As part of the IP strategy, the Company launched *Shen Xian Dao 3 (神仙道3)*, an RPG mobile game, on 7 June 2023. The new game is a highly anticipated sequel to the Company's hit title *Shen Xian Dao (神仙道)* and has achieved great popularity in Mainland China since its launch. The Company also launched a mobile game named *Qing Kong Shuang Zi (晴空雙子)* which was developed by a third-party game developer, and a Virtual Reality game named *block hunter (方塊獵人)* in the second half of 2023.

The table below presents a breakdown of revenue from game operations in absolute amounts and as a percentage of total revenue:

	For the year ended 31 December			
	2023		2022	
	(RMB'000)	***(% of Total Revenue)***	*(RMB'000)*	*(% of Total Revenue)*
Game Operation				
Web games	**12,094**	**5.4**	13,256	6.9
Mobile games				
RPGs	**60,770**	**26.9**	71,545	37.4
Casual	**98,058**	**43.3**	59,750	31.1
PC games	**2,170**	**0.9**	4,697	2.5
HTML5 games	**258**	**0.1**	130	0.1
Console games	**1,324**	**0.6**	4,390	2.3
Total	**174,674**	**77.2**	153,768	80.3

Revenue contributed by game operations was approximately RMB174.7 million for the year ended 31 December 2023, representing an increase of approximately 13.6%, compared with approximately RMB153.8 million for the year ended 31 December 2022. The increase was primarily due to the launch of *Shen Xian Dao 3 (神仙道3)* on 7 June 2023, which had been highly anticipated and well received by the game series' fans. The increase was also attributable to the launch of *Carrot Fantasy 4 (保衛蘿蔔4)* on 30 June 2022 which had only six months of contribution for the year ended 31 December 2022 as compared with twelve months of contribution for the year ended 31 December 2023. The increase was partially offset by the decline in revenue generated by *Dougui (斗詭)*, which was launched in the first half of 2022 and entered the mature stage of its expected lifecycle in 2023.

The Company's Players

The Company assesses its operating performance using a set of key performance indicators, which include MAUs, MPUs and ARPPU. Fluctuations in operating data were primarily a result of changes in the number of players who played, downloaded (in the case of mobile games and PC games) and paid for virtual items and premium features in the games. Using these key performance indicators helps the Company monitor its ability to offer engaging online games, the popularity of its games, the monetisation potential of its player base and the degree of competition in the online game industry, and as a result, it allows the Company to continuously improve its business strategies.

As at 31 December 2023, the Company's (i) RPG mobile games and web games had approximately 234.8 million cumulative registered users, composed of approximately 173.3 million web game users and approximately 61.5 million mobile game users; (ii) casual games had approximately 711.9 million cumulative activated downloads; (iii) HTML5 games had approximately 39.4 million cumulative registered users; (iv) PC games had approximately 1.9 million cumulative copies sold; and (v) console games had approximately 493,000 cumulative copies sold. For the month of December 2023, the Company's (i) RPG mobile games and web games had approximately 0.2 million MAUs, composed of approximately 0.1 million mobile game MAUs and approximately 0.1 million web game MAUs; and (ii) casual games had approximately 5.8 million MAUs.

The following table sets forth certain operating statistics related to the Company's business for the years indicated:

	For the year ended 31 December		
	2023	2022	**Change %**
Average MPUs			
Web games (RPGs) (000's)	**6**	7	(14.3)
Mobile games (RPGs) (000's)	**94**	75	25.3
Casual (000's)	**316**	246	28.5
ARPPU			
Web games (RPGs) (RMB)	**181.4**	161.2	12.5
Mobile games (RPGs) (RMB)	**53.7**	79.5	(32.5)
Casual (RMB)	**25.9**	20.2	27.9

Note: Duplicated paying users of games published on the Company's own platforms were not eliminated during calculation.

Average MPUs for web games were approximately 6,000 for the year ended 31 December 2023, which remained steady as compared with the year ended 31 December 2022. Average MPUs for mobile RPG games increased by 25.3% from approximately 75,000 for the year ended 31 December 2022 to approximately 94,000 for the year ended 31 December 2023, primarily due to the launch of *Shen Xian Dao 3 (神仙道3)* in 2023. Average MPUs for casual games increased by 28.5% from approximately 246,000 for the year ended 31 December 2022 to approximately 316,000 for the year ended 31 December 2023, primarily due to the introduction of engaging activities and content updates such as PVP feature of *Carrot Fantasy 4 (保衛蘿蔔4)* in 2023.

ARPPU for web games increased from approximately RMB161.2 for the year ended 31 December 2022 to approximately RMB181.4 for the year ended 31 December 2023. The increase was primarily driven by higher ARPPU for the web version of *Shen Xian Dao (神仙道)* and *Da Hua Shen Xian (大話神仙)*, which have entered the mature stage of their expected lifecycle when loyal players are more willing to make in-game purchases. ARPPU for RPG mobile games decreased from approximately RMB79.5 for the year ended 31 December 2022 to approximately RMB53.7 for the year ended 31 December 2023, primarily due to the launch of *Shen Xian Dao 3 (神仙道3)*, which had lower ARPPU in the early stage of its expected lifecycle. ARPPU for casual games increased by 27.9% from approximately RMB20.2 for the year ended 31 December 2022 to approximately RMB25.9 for the year ended 31 December 2023, primarily due to the increase in ARPPU for the *Carrot Fantasy (保衛蘿蔔)* game series, which was updated frequently with new features, resulting in users being more willing to pay.

As part of its business strategy, the Company continued to launch various in-game promotions and activities, release regular updates for premium games, and offer high-quality customer service, in order to enhance in-game features and maintain user interest. The Company believes that these initiatives are vital for retaining players' engagement and expanding the active player base of the Group.

The year ended 31 December 2023 compared with the year ended 31 December 2022

The following table sets forth the Group's income statement for the year ended 31 December 2023 as compared with the year ended 31 December 2022.

	For the year ended 31 December		
	2023	2022	**Change %**
	(RMB'000)	*(RMB'000)*	
	(audited)	(audited)	
Revenue	**226,189**	191,519	18.1
Cost of sales	**(31,722)**	(37,318)	(15.0)
Gross profit	**194,467**	154,201	26.1
Other income and gains	**22,310**	16,181	37.9
Selling and distribution expenses	**(37,494)**	(40,444)	(7.3)
Administrative expenses	**(54,576)**	(64,389)	(15.2)
Research and development costs	**(64,092)**	(76,847)	(16.6)
Finance costs	**(3,685)**	(3,968)	(7.1)
Other expenses	**(3,970)**	(8,618)	(53.9)
Share of profits and losses of associates	**(400)**	755	N/A
PROFIT/(LOSS) BEFORE TAX	**52,560**	(23,129)	N/A
Income tax expense	**(380)**	(1,227)	(69.0)
PROFIT/(LOSS) FOR THE YEAR	**52,180**	(24,356)	N/A
Attributable to:			
Owners of the parent	**52,013**	(29,637)	N/A
Non-controlling interests	**167**	5,281	(96.8)

Revenue

The following table sets forth a breakdown of the Group's revenue for the years ended 31 December 2023 and 2022:

	For the year ended 31 December			
	2023		2022	
	(RMB'000) **(audited)**	***(% of Total Revenue)***	*(RMB'000)* (audited)	*(% of Total Revenue)*
Game Operations	**174,674**	**77.2**	153,768	80.3
Online game distribution	**2,672**	**1.2**	462	0.2
Licensing and IP-related income	**28,010**	**12.4**	7,747	4.0
Advertising revenue	**18,711**	**8.3**	21,557	11.3
Game development service income	**1,865**	**0.8**	7,651	4.0
Technical service income	**257**	**0.1**	334	0.2
Total	**226,189**	**100.0**	191,519	100.0

Total revenue increased by 18.1% to approximately RMB226.2 million for the year ended 31 December 2023 from approximately RMB191.5 million for the year ended 31 December 2022.

Revenue from game operations was approximately RMB174.7 million for the year ended 31 December 2023, representing an increase of approximately 13.6%, compared with approximately RMB153.8 million for the year ended 31 December 2022. The increase was primarily due to the launch of *Shen Xian Dao 3 (神仙道3)* on 7 June 2023, which had been highly anticipated and well received by the game series' fans. The increase was also attributable to the launch of *Carrot Fantasy 4 (保衛蘿蔔4)* on 30 June 2022, which had only six months of contribution for the year end 31 December 2022 as compared to twelve months of contribution for the year ended 31 December 2023. The increase was partially offset by the decline in revenue generated by *Dougui (斗詭)*, which was launched in the first half of 2022 and entered the mature stage of its expected lifecycle in 2023.

Revenue from online game distribution increased by approximately 478.4% to approximately RMB2.7 million for the year ended 31 December 2023 from approximately RMB0.5 million for the year ended 31 December 2022. The increase was mainly due to the launch of a mobile game named *Qing Kong Shuang Zi (晴空雙子)* in the second half of 2023 which was developed by a third-party game developer.

Licensing and IP-related income increased by approximately 261.6% from approximately RMB7.7 million for the year ended 31 December 2022 to approximately RMB28.0 million for the year ended 31 December 2023. The increase was primarily attributable to the recognition of a one-off licensing fee for *Shen Xian Dao 3 (神仙道3)* which was initially operated by third-party agency but transferred to self-operation at the end of 2023. The termination of the licensing agreement resulted in the recognition of a one-off licensing fee of RMB20.3 million.

Advertising revenue decreased by approximately 13.2% from approximately RMB21.6 million for the year ended 31 December 2022 to approximately RMB18.7 million for the year ended 31 December 2023. Advertising revenue was primarily generated by *Carrot Fantasy 1 (保衛蘿蔔1)*, *Carrot Fantasy 2 (保衛蘿蔔2)* and *Carrot Fantasy 3 (保衛蘿蔔3)*, which was launched in 2012, 2013 and 2016 respectively and each had a large player base. The decrease in advertising revenue was primarily attributable to the three games entering the latter stage of their expected lifecycle.

Game development service income decreased by approximately 75.6% from approximately RMB7.7 million for the year ended 31 December 2022 to approximately RMB1.9 million for the year ended 31 December 2023. The decrease was primarily due to the completion of the commissioned game development in early 2023 and there was no such commissioned game development conducted in the rest of 2023.

Technical service income was approximately RMB0.3 million for the year ended 31 December 2023, which remained steady compared with approximately RMB0.3 million for the year ended 31 December 2022.

Cost of sales

Cost of sales decreased by 15.0% to approximately RMB31.7 million for the year ended 31 December 2023 from approximately RMB37.3 million for the year ended 31 December 2022. The decrease was mainly attributable to the decrease of staff cost from approximately RMB28.4 million for the year ended 31 December 2022 to approximately RMB22.3 million for the year ended 31 December 2023 as a result of the Company's efforts to streamline its corporate structure to allocate resources to units generating higher business value.

Gross profit and gross profit margin

Gross profit increased by 26.1% to approximately RMB194.5 million for the year ended 31 December 2023 from approximately RMB154.2 million for the year ended 31 December 2022. Gross profit margin for the year ended 31 December 2023 was 86.0%, representing an increase of 5.5 percentage points from 80.5% for the year ended 31 December 2022.

Other income and gains

Other income and gains increased by approximately 37.9% from approximately RMB16.2 million for the year ended 31 December 2022, to approximately RMB22.3 million for the year ended 31 December 2023. The increase was primarily attributable to higher investment income of approximately RMB7.2 million for the year ended 31 December 2023, as compared to approximately RMB1.5 million for the year ended 31 December 2022, which was primarily driven by the fair value changes in the Company's financial assets at fair value through profit or loss.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately 7.3% from approximately RMB40.4 million for the year ended 31 December 2022, to approximately RMB37.5 million for the year ended 31 December 2023. The decrease was mainly attributable to the decrease in promotional and advertising fees from approximately RMB15.3 million to approximately RMB9.7 million, as most of the promotional activities for *Dougui (斗詭)* and *Carrot Fantasy 4 (保衛蘿蔔4)* were carried out a few months before and after the launch of the games in 2022. The decrease in selling and distribution expenses was partially offset by the increase in channel fees from approximately RMB20.1 million for the year ended 31 December 2022 to approximately RMB22.9 million for the year ended 31 December 2023. The increase in channel fees was mainly due to the launch of *Carrot Fantasy 4 (保衛蘿蔔4)* on Apple Inc.'s App Store in June 2022 which we recognised its revenue on a gross basis and its App Store channel fees in selling and distribution expenses.

Administrative expenses

Administrative expenses decreased by approximately 15.2% from approximately RMB64.4 million for the year ended 31 December 2022 to approximately RMB54.6 million for the year ended 31 December 2023. The decrease was mainly attributable to the recognition of irrecoverable licensing fees and advanced revenue as bad debt of approximately RMB9.7 million in 2022, while no such expenses were recognised in 2023.

R&D costs

R&D costs decreased by approximately 16.6% from approximately RMB76.8 million for the year ended 31 December 2022 to approximately RMB64.1 million for the year ended 31 December 2023. The decrease was primarily attributable to the decline in outsourcing expenses from approximately RMB6.1 million for the year ended 31 December 2022, to approximately RMB0.6 million for the year ended 31 December 2023, as the Company reduced the outsourcing of certain aspects of game development, such as the graphic design for several pipeline games. The decrease in R&D costs was also attributable to the decrease in staff costs from approximately RMB67.0 million for the year ended 31 December 2022 to approximately RMB61.2 million for the year ended 31 December 2023 as a result of the Company's efforts to streamline its corporate structure.

Finance costs

Finance costs were approximately RMB3.7 million for the year ended 31 December 2023, which remained steady compared with approximately RMB4.0 million for the year ended 31 December 2022.

Other expenses

Other expenses were approximately RMB4.0 million for the year ended 31 December 2023, compared with approximately RMB8.6 million for the year ended 31 December 2022. The decrease was primarily due to the decrease in losses of fair value changes in the Company's financial assets at fair value through profit or loss.

Income tax expense

Income tax expense decreased by approximately 69.0% from approximately RMB1.2 million for the year ended 31 December 2022, to approximately RMB0.4 million for the year ended 31 December 2023. The decrease was primarily attributable to the change in deferred tax expenses resulting from the fair value changes of the investment properties.

Profit for the year

As a result of the above, profit for the year ended 31 December 2023 was approximately RMB52.2 million, as compared to a loss for the year ended 31 December 2022 of approximately RMB24.4 million. Profit attributable to owners of the parent for the year ended 31 December 2023 was approximately RMB52.0 million, as compared to a loss attributable to owners of the parent for the year ended 31 December 2022 of approximately RMB29.6 million.

Non-IFRSs measures – Adjusted net profit/(loss) attributable to owners of the parent

In addition to the Company's consolidated financial statements that are presented in accordance with IFRSs, Feiyu also provides further information based on the adjusted net profit/(loss) attributable to owners of the parent as an additional financial measure. The Company presents this financial measure because it is used by management to evaluate financial performance by eliminating the impact of items that the Company does not consider indicative of business performance. The Company also believes that these non-IFRSs measures provide additional information to investors and others, helping them understand and evaluate the consolidated results of operations in the same manner as management, and to compare financial results across accounting periods and with those of various peer companies.

For the years ended 31 December 2023 and 2022, the Company defined the adjusted net profit/(loss) attributable to owners of the parent as net profit/(loss) attributable to owners of the parent excluding share-based compensation. The term of adjusted net profit/(loss) attributable to owners of the parent was not defined under IFRSs. The use of adjusted net profit/(loss) attributable to owners of the parent has material limitations as an analytical tool as it did not include all items that would impact net profit/(loss) attributable to owners of the parent for the accounting period.

	For the year ended 31 December		
	2023	2022	**Change %**
	(RMB'000)	*(RMB'000)*	
	(audited)	(audited)	
Profit/(Loss) for the year attributable to owners of the parent	**52,013**	(29,637)	N/A
Add:			
Share-based compensation	**–**	(1,906)	N/A
Total	**52,013**	(31,543)	N/A

Financial Position

As at 31 December 2023, total equity of the Group was approximately RMB525.9 million, compared with approximately RMB456.5 million as at 31 December 2022. The increase was mainly due to the profit of approximately RMB52.2 million recorded for the year ended 31 December 2023. The increase was also attributable to the exchange differences on translation of foreign operations and changes in fair value of equity investments at fair value through other comprehensive income.

As at 31 December 2023, the Group had net current assets of approximately RMB143.4 million, representing an increase of approximately 27.0% from approximately RMB112.9 million as at 31 December 2022. The increase was mainly due to the cash inflow from the Company's operating activities, partially offset by the cash outflow for the payment of annual bonus for 2022 and repayment of part of the bank loans.

Liquidity and Capital Resources

The table below sets forth selected cash flow data from the Group's audited consolidated statement of cash flows:

	2023 *(RMB'000)* **(audited)**	2022 *(RMB'000)* (audited)	**Change %**
Net cash flow from/(used in) operating activities	**40,071**	(4,496)	N/A
Net cash flow (used in)/from investing activities	**(43,693)**	22,329	N/A
Net cash flow from/(used in) financing activities	**27,987**	(13,655)	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	**24,365**	4,178	483.2
Cash and cash equivalents at the beginning of year	**133,153**	126,261	5.5
Effect of foreign exchange rate changes, net	**3,160**	2,714	16.4
Cash and cash equivalents at the end of year	**160,678**	133,153	20.7

Total cash and cash equivalents were approximately RMB160.7 million as at 31 December 2023, compared with approximately RMB133.2 million as at 31 December 2022. The increase was primarily due to the cash inflow from the Company's operating activities, which was partially offset by the utilisation of our cash and cash equivalent for investment in certificate of deposit.

As at 31 December 2023, approximately RMB7.4 million of financial resources (31 December 2022: RMB10.2 million) were held in deposits denominated in non-RMB currencies. The Company currently does not hedge transactions undertaken in foreign currencies, rather it manages foreign exchange exposure by limiting foreign currency exposure and constantly monitoring foreign currency levels. The Group adopts a prudent cash and financial management policy. In order to better control costs and minimise the cost of funds, the Group's treasury activities were centralised and cash was generally deposited at banks, denominated mostly in Renminbi, Hong Kong dollars and United States dollars.

As at 31 December 2023, the Group had aggregate bank loans of approximately RMB95.5 million (31 December 2022: RMB70.0 million), of which approximately RMB6.0 million is payable within one year, approximately RMB24.8 million is payable between one and five years and approximately RMB64.7 million is payable after five years. The Group had lease liabilities of approximately RMB1.7 million (31 December 2022: RMB4.3 million), of which approximately RMB1.6 million is payable within one year and approximately RMB0.1 million is payable between one and five years as set out in the agreements.

In May 2023, the Company replaced the original bank loans for the construction of the Company's R&D centre and headquarters building with an operation period loan, and the interest rate decreased from approximately 5.05% to approximately 4.3%. As at 31 December 2023, the Group's bank loans of approximately RMB95.5 million were used by the Company for the operation of the Company's R&D center. The loans were secured by the land use rights, investment properties and building on the Land.

Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss

As at 31 December 2023, the Company had debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss of approximately RMB147.0 million (31 December 2022: RMB126.3 million), which represented the Company's investment in straight bonds and a bond fund issued by banks or reputable companies with coupon rates ranging from 2.25% to 4.5% per annum, and interest held by the Group in six unlisted companies and one company listed on the National Equities Exchange And Quotations of the PRC.

The principal of the debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 31 December 2023 were not protected.

According to the Company's current internal investment management policies, no less than 50% of total investments can be invested in risk-free or principal protected investments, while for the remainder, up to 50% of the total investments is invested in low-risk products. The Company has a diversified investment portfolio to mitigate risks. In addition, the abovementioned investments were made in line with the Company's effective capital and investment management policies and strategies.

Performance and Future Prospect of Significant Debt Investments at Fair Value Through Other Comprehensive Income, Equity Investments Designated at Fair Value Through Other Comprehensive Income, and Financial Assets at Fair Value Through Profit or Loss

Details of the Group's debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income, and financial assets at fair value through profit or loss as at 31 December 2023 are presented as follows:

(A) Straight Bonds

Name of the straight bonds	*Notes*	Interest income recognised in consolidated statement of profit or loss for the year ended 31 December 2023 *(RMB'000)*	Gain/(loss) on fair value changes recognised in consolidated statement of comprehensive income for the year ended 31 December 2023 *(RMB'000)*	Fair value as at 31 December 2023 *(RMB'000)*	Percentage of total FVOCI and FVPL Investments at 31 December 2023	Percentage of total assets of the Group as at 31 December 2023
CHINLP Medium Term Note Programme ("**CHINLP**")	*2*	553	1,199	21,012	14.3%	3.0%
POLHON Guaranteed Notes ("**POLHON**")	*3*	786	(267)	18,436	12.5%	2.6%
NWDEVL Medium Term Note Programme ("**NWDEVL**")	*4*	1,106	(1,348)	18,729	12.7%	2.7%

Notes:

1. The Group's investment in straight bonds has been accounted for as debt investments at fair value through other comprehensive income. The fair value of the straight bonds was estimated using a discounted cash flow valuation model based on the assumptions that were supported by observable market inputs. Please refer to note 12 to the financial statements for details of the investment in straight bonds.

2. On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited ("**CLP Financing**") and guaranteed by CLP Power Hong Kong Limited ("**CLP HK**") with a nominal amount of US$3,500,000 at a consideration of US$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

CLP Financing, the issuer, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of the guarantor CLP HK. CLP Financing was established to raise financing for CLP HK. The net proceeds from the issue of CHINLP will be on-lent by CLP Financing to CLP HK to be used for general corporate purposes. CLP HK, established in 1901 in Hong Kong, is one of the only two electricity providers in Hong Kong, which supplies approximately 77% of the electricity consumed in Hong Kong. CLP Holdings Limited, the parent company of CLP HK was listed on the Main Board of the Stock Exchange in 1998 with the stock code of 00002. CLP Holdings Limited, together with its subsidiaries, namely the CLP Group, is an investor and operator in the Asia-Pacific energy sector. In Hong Kong, through CLP HK, it operates a vertically-integrated electricity supply business providing a highly-reliable supply of electricity. Outside Hong Kong, CLP Group holds investments in the energy sector in Mainland China, India, Southeast Asia, Taiwan, and Australia. Its diversified portfolio of power generation assets include coal, gas, nuclear and renewables (wind, hydro, solar).

According to the annual report for the year ended 31 December 2023 of CLP Holdings Limited, group operating earnings before fair value movements for 2023 increased 33.2% to HK$10,127 million, attributable to dependable contributions from its core businesses in Hong Kong and Mainland China and significant improvement in overseas businesses. Consolidated revenue decreased 13.4% to HK$87,169 million, including a 5.1% reduction from the deconsolidation of Apraava Energy and the impact from softer wholesale spot prices in Australia. The net profit after tax for the year ended 31 December 2023 was HK$7,670 million, a strong rebound from HK$1,487 million one year ago.

Over a long history, CLP Group has been well positioned to navigate the many opportunities and uncertainties that lie ahead. The energy transition journey demands bold actions, and it stand ready to Power Brighter Tomorrows for its future generations. As long as Hong Kong thrives and acts to attract more businesses and tourists from around the world, the reliability and sustainability of electricity supply will become even more crucial in supporting the city's growth. The Group is therefore optimistic about the future prospect of the bond CHINLP.

3. During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited ("**Ease Trade**") and guaranteed by Poly Property Group Co. Limited ("**Poly Property**") with an accumulated nominal amount of US$2,800,000 at an accumulated consideration of US$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

   Ease Trade, the issuer, is the direct wholly owned subsidiary of the guarantor Poly Property, which is a limited liability company incorporated in Hong Kong and is listed on the Main Board of the Stock Exchange with the stock code of 00119. Poly Property, together with its subsidiaries, namely the Poly Group, is a prominent property developer in the PRC. It is principally engaged in the business of property development, investment and management. Its projects typically comprise various types of developments, including apartments, villas, offices and commercial properties. As at 30 June 2023, China Poly Group Corporation Limited, being one of the large-scale state-owned enterprises under the supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (SASAC), is deemed to be interested in 48.09% of the issued share capital of Poly Property under the Securities and Futures Ordinance (Cap. 571) of the law of Hong Kong.

   According to the annual results announcement for the year ended 31 December 2023 issued by Poly Property, the profit attributable to owners of Poly Property for the year ended 31 December 2023 was RMB1,445 million, representing a year-on-year increase of 77.0%. Poly Property achieved cost reduction and efficiency gains by strengthening operational and tax control. The core net profit attributable to parent company of Poly Property after deducting the changes in fair value of investment property and financial assets and exchange gains and losses was RMB1,761 million, representing a year-on-year increase of 15.9%. During the year, Poly Property realized a net cash inflow from operating activities of approximately RMB5.4 billion and proactively adjusted its leverage level. As at the end of 2023, total debt decreased by 7.7% year-on-year to RMB73.9 billion and the net gearing ratio decreased by 22.8 percentage points year-on-year to 93.1%. The structure of existing debts continued to be optimized through replacement.

Poly Property controlled leverage to prevent risks, stabilised operations and then sought development. Ply Property has a strong development resilience despite the weak market confidence and intensive industry competition. Therefore, the Group is optimistic about the future prospect of the bond POLHON.

4. On 15 July 2021, the Group invested in a bond issued by NWD (MTN) Limited ("**NWD**") and guaranteed by New World Development Company Limited ("**New World**") with a nominal amount of US$3,500,000 at a consideration of US$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

   The issuer NWD is one of wholly owned subsidiaries of New World, the guarantor. New World is the holding company of one of the largest Hong Kong-based property developers. Established in 1970, New World was listed on the Main Board of the Stock Exchange in 1972 (Stock code: 00017) and its shares are currently a constituent stock of the Hang Seng Index. New World, together with its subsidiaries, namely New World Group is one of the major property developers in Hong Kong and is engaged in the development of residential, retail, office and hotel properties. NWS Holdings Limited, one of New World's subsidiaries, engaged in road construction and aviation infrastructure, is also listed on the Main Board of the Stock Exchange (Stock Code:00659). New World China Land Limited, wholly owned by New World, is one of the largest foreign property developers and investors in the PRC.

   According to the interim results announcement for the six months ended 31 December 2023 of New World Group, recorded revenue from continuing operations was approximately HK$17,066 million for the six months ended 31 December 2023, representing a year-over-year decrease of 25.1% compared to HK$22,786 million in 2022, due to less bookings from property development in both Hong Kong and mainland China; however, gross profit was up by 2.4% to HK$7,257 million contributed by higher margin from property investment in K11 portfolio. Net profit after tax from continuing operation for the six months ended 31 December 2023 amounted to HK$1,543 million, representing an increase of 15.8% compared to the HK$1,332 million for the corresponding period in 2022.

   In the second half of 2024, New World Group will successively launch a number of residential projects in phases and provide over 2,500 units. It will also continuously solicit sales for its Grade A office projects including remaining units at NCB Innovation Centre and projects at both Wing Hong Street and King Lam Street, Cheung Sha Wan. Therefore, the Group is optimistic about the future prospect of the bond NWDEVL.

(B) Bond Fund

Name of the perpetual bonds	*Notes*	Interest income recognised in consolidated statement of profit or loss for the year ended 31 December 2023 *(RMB'000)*	Loss on fair value changes recognised in consolidated statement of profit or loss for the year ended 31 December 2023 *(RMB'000)*	Fair value as at 31 December 2023 *(RMB'000)*	Percentage of total FVOCI and FVPL Investments as at 31 December 2023	Percentage of total assets of the Group as at 31 December 2023
UBS Asian Bonds Series 5 (USD)	2	460	(366)	7,347	5.0%	1.0%

Notes:

1. The Group's investment in bond fund, UBS Asian Bonds, has been accounted for as financial assets at fair value through profit or loss. The fair value of the bond fund represented the net asset value of the sub-fund determined by UBS Asset Management (Singapore) Ltd, as manager (the "**Manager**") in consultation with HSBC Trustee (Cayman) Limited as trustee (the "**Trustee**"). Please refer to note 12 to the financial statements for details of the UBS Asian Bonds.

2. On 23 January 2020, the Group invested in 16,000 units of the UBS (CAY) Investment Fund Series – UBS Asian Bonds Series 5 (USD) Class A-qdist (USD) Units (the "**Sub-Fund**") at the subscription price of US$100 per unit with a consideration of US$1,614,000 (equivalent to approximately RMB11.1 million). The Sub-Fund has a maturity period of 4.5 years and a target yield to maturity of 4.8% to 5.3% per annum, assuming no defaults and is held to maturity.

   UBS (CAY) Investment Fund Series is an open-ended unit trust established under the Trusts Law (as amended) of the Cayman Islands as an umbrella fund by the Trust Deed dated 24 May 2017 between the Manager and the Trustee. The investment objective of the Sub-Fund is to achieve total return by investing primarily in a portfolio of USD-denominated fixed income securities issued by Asia Pacific ex-Japan issuers.

   Pursuant to UBS (CAY) Investment Fund Series Reports and Financial Statements for the year ended 31 December 2022, the Sub-Fund recorded income of approximately USD – 60 million and a decrease in net assets attributable to unitholders from operations of approximately USD80 million.

   The Sub-Fund in general takes a buy-and-hold to maturity approach, investing in a diversified USD bond portfolio. Given the short maturity of the portfolio, it has relatively low interest risk. Besides, compared to global peers, Asian bonds usually provide higher yields with lower duration risk. Finally, it is operated by a professional Asian fixed maturity funds team consisted of managers with more than 10 years of experience. The Manager, in general, actively monitors and reviews all the securities in the Sub-Fund's portfolio on a regular basis and takes appropriate action where necessary (including but not limited to re-investing proceeds from securities that have matured prior to the Sub-Fund's maturity date). Therefore, the Group is optimistic about the Sub-Fund operated by the Manager in the future.

(C) Unlisted Equity Investments

Company Name	*Notes*	Percentage of Shareholdings as at 31 December 2023	Gain on fair value changes recognised in consolidated statement of comprehensive income for the year ended 31 December 2023 *(RMB'000)*	Fair value as at 31 December 2023 *(RMB'000)*	Percentage of total FVOCI and FVPL investments as at 31 December 2023	Percentage of the total assets of the Group as at 31 December 2023
Xiamen eName Technology Co., Ltd. ("**eName**")	*2*	2%	10,707	22,763	15.5%	3.2%
Others	*3*	–	193	11,441	7.8%	1.6%

Notes:

1. The Group's unlisted equity investments have been accounted for as equity investments designated at fair value through other comprehensive income. The fair value of the unlisted equity investments was assessed by management or employed by other available methods.

2. eName is a company listed on China New Third Board (Stock Code: 838413) principally engaged in domain related businesses and providing domain registration, transfer and transaction services for internet customers. It is a well-known domain service provider in China.

   Pursuant to eName's interim report for the six months ended 30 June 2023, eName recorded revenue of approximately RMB146.9 million, representing an increase of 197.0% compared with the corresponding period in 2022, and net profit attributable to the shareholders of approximately RMB11.5 million, representing an increase of 574.8% compared with RMB1.7 million for the six months ended 30 June 2022. The abovementioned increase in net profit attributable to the shareholders was mainly attributable to the acquisition of a subsidiary in the second half of 2022.

   eName has established a leading position in the domain transaction and service sector through mature technical support, convenient transaction procedure and humanized service management. eName adhered to expanding its domain name business and it has actively increased promotional efforts and successfully maintained its transactions despite a gloomy economic environment. The Group is therefore optimistic about the domain service market in China and the performance of eName in the future.

3. Others comprised four unlisted limited liability companies and none of these investments accounted for more than 1.0% of the total assets of the Group as at 31 December 2023.

(D) Unlisted Debt Investments

Company Name	*Notes*	Percentage of Shareholdings as at 31 December 2023	Gain on fair value changes recognised in consolidated statement of profit or loss for the year ended 31 December 2023 *(RMB'000)*	Fair value as at 31 December 2023 *(RMB'000)*	Percentage of total FVOCI and FVPL investments as at 31 December 2023	Percentage of the total assets of the Group as at 31 December 2023
Future Capital Discovery Fund II, L.P. ("**Future Capital**")	*2*	1.8797%	4,889	45,420	30.9%	6.5%
Others	*3*	–	49	1,877	1.3%	0.3%

Notes:

1. The Group's unlisted debt investments have been accounted for as financial assets at fair value through profit or loss. The fair value of the unlisted debt investments was assessed by management or employed by other available methods.

2. Future Capital is an unlisted limited partnership principally engaged in investment in companies which are primarily in the sectors of intelligent system, auto system and information technology to achieve gains in the form of medium to long term capital appreciation. The aggregate investment cost of the investment in Future Capital was USD1,452,197.91. As at 31 December 2023, the Company held approximately 1.8797% partnership interests in Future Capital.

   Pursuant to Future Capital's financial statements for the year ended 31 December 2023, Future Capital recorded income of approximately US$19,587 and net increase in partners' capital resulting from operations of approximately US$49.2 million. The substantial increase in partners' capital resulting from operations was primarily due to an increase in fair value changes on several Future Capital's investments. Future Capital expected to realise its investments at a later stage in order to attain a higher capital appreciation.

   The Group believes that Future Capital has sufficient capital and is managed by an experienced management team and the sectors it invests in have promising future and its business prospect is positive.

3. Others represented one unlisted debt investment which accounted for 0.3% of the total assets of the Group as at 31 December 2023.

There was no impairment made for any investments in debt instruments for the year ended 31 December 2023. Investments in equity instruments did not involve any separate impairment accounting under IFRS 9 – Financial Instruments.

Other significant investments held, significant acquisitions and disposal of subsidiaries, associates and joint ventures and future plans for material investments or capital assets

Save as disclosed in this announcement, there were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures for the year ended 31 December 2023. Except for those disclosed in this announcement, there was no plan authorised by the Board for other significant investments or acquisitions of major capital assets or other businesses in 2023. However, the Group will continue to identify new opportunities for business development.

Gearing ratio

The Group's gearing ratio, which is calculated based on total liabilities divided by total assets, was 25.1% as at 31 December 2023 and 27.0% as at 31 December 2022.

Capital expenditures

The following table sets forth the Group's capital expenditures for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December		
	2023	2022	**Change %**
	(RMB'000)	*(RMB'000)*	
Property, plant and equipment	**2,614**	5,579	(53.1)
Intangible assets	**–**	13	(100.0)
Total	**2,614**	5,592	(53.3)

Capital expenditures consisted of property, plant and equipment, including but not limited to office equipment, company vehicles for employees' use and leasehold improvements. The total capital expenditures for the year ended 31 December 2023 were approximately RMB2.6 million, compared with RMB5.6 million for the year ended 31 December 2022, representing a decrease of approximately 53.3%. The decrease was mainly attributable to the decrease in leasehold improvements for our offices.

Pledge of Assets

As at 31 December 2023, bank loans of approximately RMB95.5 million were used for the operation of the Company's R&D center. The bank loans were secured by the land use rights, investment properties and building on the Land with a total carrying value of approximately RMB241.4 million.

Contingent liabilities and guarantees

As at 31 December 2023, the Company did not have any unrecorded significant contingent liabilities, guarantees or any litigation with claims made against it.

Use of Net Proceeds from Subscription of New Shares by THL H Limited

Net proceeds of the Subscription by Tencent (through its wholly-owned subsidiary named THL H Limited) in 2021 were approximately HK$119.1 million after deducting the relevant expenses of the Subscription.

As at 31 December 2023, the utilisation of the net proceeds from the Subscription are as follows:

	Intended use of net proceeds *(HK$ million)*	Actual use of net proceeds up to 31 December 2023 *(HK$ million)*	Unutilised net proceeds up to 31 December 2023 *(HK$ million)*
Supporting new product development	119.1	43.1	–
Attracting suitable personnel		45.4	
Increase the publishing and marketing budget		30.6	
Total	119.1	119.1	–

During the year ended 31 December 2023, the net proceeds from the Subscription were utilised according to the intentions previously disclosed by the Company. As at 31 December 2023, the Company had utilised all of the net proceeds of the Subscription.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Company had 334 full-time employees, the majority of whom were based in Xiamen, Fujian Province of the PRC. The following table sets forth the number of employees categorised by function as at 31 December 2023:

	Number of Employees	% of Total
Development	190	56.9
Operations	70	21.0
Administration	59	17.7
Sales and marketing	15	4.4
Total	334	100.0

The remuneration of the Group's employees is determined based on their performance, experience, competence and market comparables. Their remuneration package includes salaries, bonuses related to the Group's performance, allowances, equity settled share-based payments and state-managed retirement benefit schemes for employees in the PRC. The Company also provides customised training to its staff to enhance their technical and product knowledge.

The remuneration of Directors and members of senior management is determined on the basis of each individual's responsibilities, qualifications, position, experience, performance, seniority and time devoted to the Group's business. They receive compensation in the form of salaries, bonuses, share options, RSUs, and other allowances and benefits-in-kind, including the Company's contribution to their pension scheme on their behalf. The remuneration policy of the Directors and the senior management is reviewed by the Remuneration Committee and approved by the Board.

In addition, the Group has currently adopted the Post-IPO Share Option Scheme and RSU Plan II as long-term incentive schemes.

Foreign currency risk

For the year ended 31 December 2023, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

Interest rate risk

Other than interest-bearing bank deposits and bank loans, the Group has no other significant interest-bearing assets or liabilities. The Directors do not anticipate any significant impact on the interest-bearing bank deposits resulting from changes in interest rates, because the bank deposit interest rates are not expected to change significantly. In addition, the Directors do not anticipate any significant impact on the bank loans resulting from changes in interest rates, because the interest rates are primarily determined with reference to the loan prime rate as at the drawdown date, which have a low likelihood of wide fluctuation in the short run. Therefore, the Group has not adopted any hedging policy to mitigate interest rate risk. However, the Group will continue to monitor the long-term interest rate fluctuations in the market and take appropriate actions to minimise interest rate risk.

Corporate Social Responsibility

The Group has sought to operate in a responsible, transparent and sustainable way. The Group is committed to promoting the long-term sustainability of the environment by advocating green office practices such as using double-sided printing and copying, setting up recycling bins, installing energy-efficient lighting systems, growing plants in the office, attempting to provide good air quality on company premises and promoting the use of public transport and video conferencing in lieu of business travel to reduce the carbon footprint. The Group also improves employee awareness of environmental protection and encourages them to bring their own plants to make the office greener.

The Group has adopted a 3Rs (Reduce, Reuse and Recycle) strategy and taken effective measures for waste management, such as installing an efficient water flushing system in the restrooms and performing regular checks to prevent leakages.

The Group is determined to review and improve its policies and practices related to environmental protection from time to time to continuously contribute to making the earth a better planet.

The Group has also been committed to enhancing its contribution to local communities by participating in community services, supporting people in need and sponsoring educational activities. In addition, the Group also encourages its employees at all levels to participate in the activities by way of a charity bazaar. The Group will continue to invest in social activities to develop a better future for its community.

Compliance with Relevant Laws and Regulations

To the best of the Directors' knowledge, information and belief, as at the date of this announcement, the Company has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

In relation to game development and operation, the Company is committed to complying with the laws and regulations such as Regulation on the Protection of Minors in Cyberspace (2024), Personal Information Protection Act of the PRC (2021), Data Security Act of the PRC (2021), Notice by the National Press and Publication Administration of Further Imposing Strict Administrative Measures to Prevent Minors from Becoming Addicted to Online Games (2021), Civil Code of the PRC (2020), Law on the Protection of Minors (2020 Amendment), the Copyright Law of the PRC (2020 Amendment), Regulation on the Administration of Publication (2020 Revision), Trademark Law of the People's Republic of China(2019 Revision), Provisions on Ecological Governance of Network Information Content (2019), Notice by the General Administration of Press and Publication of Preventing Minors from Indulging in Online Games (2019) and Online Publishing Service Management Rules (2016).

In addition, as a company listed on the Main Board of the Stock Exchange, the Company is subject to, among others, the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules, the Takeovers Code, and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Any changes in the applicable laws and regulations are brought to the attention of the relevant departments from time to time.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**226,189**	191,519
Cost of sales		**(31,722)**	(37,318)
Gross profit		**194,467**	154,201
Other income and gains	*4*	**22,310**	16,181
Selling and distribution expenses		**(37,494)**	(40,444)
Administrative expenses		**(54,576)**	(64,389)
Research and development costs		**(64,092)**	(76,847)
Other expenses		**(3,970)**	(8,618)
Finance costs		**(3,685)**	(3,968)
Share of profits and losses of associates		**(400)**	755
PROFIT/(LOSS) BEFORE TAX	*5*	**52,560**	(23,129)
Income tax expense	*6*	**(380)**	(1,227)
PROFIT/(LOSS) FOR THE YEAR		**52,180**	(24,356)
Attributable to:			
Owners of the parent		**52,013**	(29,637)
Non-controlling interests		**167**	5,281
		52,180	(24,356)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*8*		
Basic			
For profit/(loss) for the year		**RMB0.03**	RMB(0.02)
Diluted			
For profit/(loss) for the year		**RMB0.03**	RMB(0.02)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR	**52,180**	(24,356)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Debt investments at fair value through other comprehensive income:		
Changes in fair value	**(416)**	(10,432)
Exchange differences on translation of financial statements	**1,760**	13,107
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**1,344**	2,675
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**10,999**	(13,697)
Income tax effect	**–**	(120)
	10,999	(13,817)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**10,999**	(13,817)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**12,343**	(11,142)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**64,523**	(35,498)
Attributable to:		
Owners of the parent	**64,356**	(40,782)
Non-controlling interests	**167**	5,284
	64,523	(35,498)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**2023** *RMB'000*	2022 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**60,577**	62,182
Investment property		**156,154**	159,166
Right-of-use assets		**32,601**	36,088
Goodwill	*9*	**11,427**	11,427
Other intangible assets		**417**	648
Investments in associates		**10,210**	10,910
Prepayments, other receivables and other assets	*11*	**19,261**	18,370
Time deposits	*12*	**40,000**	–
Equity investments designated at fair value through other comprehensive income	*12*	**34,204**	16,205
Debt investments at fair value through other comprehensive income	*12*	**58,177**	58,121
Financial assets at fair value through profit or loss	*12*	**54,644**	51,942
Total non-current assets		**477,672**	425,059
CURRENT ASSETS			
Accounts receivable and receivables due from third-party game distribution platforms and payment channels	*10*	**36,940**	41,373
Prepayments, other receivables and other assets	*11*	**15,843**	15,413
Other current assets		**10,796**	10,659
Cash and cash equivalents		**160,678**	133,153
Total current assets		**224,257**	200,598
CURRENT LIABILITIES			
Other payables and accruals		**61,840**	59,609
Interest-bearing bank loans		**6,000**	10,000
Lease liabilities		**1,569**	2,640
Tax payable		**2,013**	2,010
Contract liabilities		**9,419**	13,436
Total current liabilities		**80,841**	87,695
NET CURRENT ASSETS		**143,416**	112,903
TOTAL ASSETS LESS CURRENT LIABILITIES		**621,088**	537,962

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**89,500**	60,000
Lease liabilities		**106**	1,614
Deferred tax liabilities		**2,169**	1,789
Contract liabilities		**3,373**	18,056
Total non-current liabilities		**95,148**	81,459
Net assets		**525,940**	456,503
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**1**	1
Share premium		**604,566**	597,945
Reserves		**(93,133)**	(151,727)
		511,434	446,219
Non-controlling interests		**14,506**	10,284
Total equity		**525,940**	456,503

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands on 6 March 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is the offices of Conyers Trust Company (Cayman) Ltd. at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in the operation and development of web and mobile games in the People's Republic of China (the "PRC"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on 5 December 2014.

Information about subsidiaries

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

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Date of incorporation	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Feiyu Technology Hong Kong Ltd.	Hong Kong	HK$1	25 March 2014	100	–	Investment holding
Xiamen Guanghuan Information Technology Co., Ltd. ("Xiamen Guanghuan")	PRC/Chinese Mainland	RMB10,000,000	12 January 2009	–	100	Game development and distribution
Xiamen Youli Information Technology Co., Ltd. ("Xiamen Youli")	PRC/Chinese Mainland	RMB150,000,000	19 September 2011	–	100	Game development and distribution
Xiamen Yidou Internet Technology Co., Ltd. ("Xiamen Yidou")	PRC/Chinese Mainland	RMB20,000,000	11 June 2012	–	100	Game development
Beijing Kailuo Tianxia Technology Co., Ltd. ("Kailuo Tianxia")	PRC/Chinese Mainland	RMB60,000,000	3 May 2012	–	100	Game development and distribution
Xiamen Feiyu Technology Co., Ltd.* ("Xiamen Feiyu")	PRC/Chinese Mainland	US$20,000,000	24 June 2014	–	100	Investment holding Game development
Xiamen Xiyu Internet Technology Co., Ltd. ("Xiamen Xiyu")	PRC/Chinese Mainland	RMB30,000,000	4 June 2015	–	100	Game development
Beijing Baicai Tianxia Technology Co., Ltd. ("Baicai Tianxia")	PRC/Chinese Mainland	RMB10,000,000	10 July 2015	–	100	Game development and distribution
Xiamen Feixiangyue Investment Management Co., Ltd. ("Xiamen Feixiangyue")	PRC/Chinese Mainland	RMB200,000,000	9 August 2016	–	100	Asset management
Xiamen Feiyu Tianxia Information Technology Co., Ltd.* ("Feiyu Tianxia")	PRC/Chinese Mainland	US$10,000,000	21 July 2021	–	100	Game development
Xiamen Veewo Games Co., Ltd. ("Xiamen Veewo")	PRC/Chinese Mainland	RMB1,350,000	29 February 2016	–	51	Game development

* Xiamen Feiyu Technology Co., Ltd. and Xiamen Feiyu Tianxia Information Technology Co., Ltd. are registered as wholly-foreign-owned enterprises under PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments at fair value through other comprehensive income, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of these amendments to IAS 12 did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.3 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

The Group focuses primarily on the operation and development of web and mobile games in Chinese Mainland. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about geographical areas

Since no revenue or operating profit from transactions with a single geographical area other than Chinese Mainland accounted for 10% or more of the Group's revenue and all of the Group's identifiable assets and liabilities were located in Chinese Mainland, no geographical segment information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue for the year ended 31 December 2023 (2022: No revenue from the Company's sales to a single customer amounted to 10% or more of the Group's revenue).

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Game operation	**174,674**	153,768
– Gross basis	**72,022**	64,714
– Net basis	**102,652**	89,054
Online game distribution	**2,672**	462
Licensing income	**25,135**	5,747
Game development service	**1,865**	7,651
Advertising revenue	**18,711**	21,557
Sale of goods	**2,875**	2,000
Technical service income	**257**	334
Total	**226,189**	191,519
Timing of revenue recognition		
Services transferred over time	**27,000**	13,398
Services and goods transferred at a point of time	**199,189**	178,121
Total	**226,189**	191,519
Other income		
Government grants	**2,479**	3,735
Interest income	**3,146**	3,181
Rental income	**6,205**	5,861
Total other income	**11,830**	12,777
Gains		
Fair value gains, net:		
Financial assets	**7,216**	1,479
Fair value gains on investment properties	**–**	635
Gain on disposal of items of property, plant and equipment	**213**	499
Others	**3,051**	791
Total gains	**10,480**	3,404
Total other income and gains	**22,310**	16,181

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Channel costs	**22,938**	20,145
Advertising expenses	**9,670**	15,456
Depreciation of property, plant and equipment	**4,062**	3,533
Depreciation of right-of-use assets	**3,086**	4,822
Amortisation of intangible assets	**231**	244
Impairment of prepayments, other receivables and other assets, net	**(100)**	9,695
Lease payments not included in the measurement of lease liabilities	**2,353**	3,088
Auditor's remuneration	**2,050**	1,950
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**95,920**	112,437
Pension scheme contributions	**13,152**	8,910
Equity-settled share option expense	**–**	(1,906)
Total	**109,072**	119,441
Foreign exchange differences, net	**(37)**	(365)
Gain on disposal of items of property, plant and equipment, net	**(117)**	(492)
Changes in fair value of investment properties	**3,012**	(635)
Fair value (gains)/losses, net:		
Financial assets at fair value through profit or loss	**(6,391)**	6,450

6. INCOME TAX

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

Under the relevant income tax law, the PRC subsidiaries were subject to income tax at a statutory rate of 25% for the year on their respective taxable income, except for Kailuo Tianxia and Xiamen Feixin, which were certified as High and New Technology Enterprises ("HNTEs") and entitled to a preferential income tax rate of 15% from 2022 to 2025, and Xiamen Yidou, Xiamen Youli and Xiamen Feiyu which were certified as High and New Technology Enterprises ("HNTEs") in 2021 and entitled to a preferential income tax rate of 15% from 2021 to 2024. Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. At 31 December 2023, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese Mainland for which deferred tax liabilities have not been recognised totalled approximately RMB276,898,000 at 31 December 2023 (2022: RMB315,703,000).

	2023	2022
	RMB'000	*RMB'000*
Current tax expense	**–**	–
Deferred tax	**380**	1,227
Total tax expense for the year	**380**	1,227

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before tax	**52,560**	(23,129)
Tax at the applicable tax rate	**12,648**	(3,555)
Lower tax rates enacted by local authorities	**(3,131)**	(1,700)
Expenses not deductible for tax	**427**	267
Other tax credit	**(12,380)**	(11,608)
Profits and losses attributable to associates	**100**	(189)
Tax losses utilised from previous years	**(9,657)**	(13,391)
Tax losses not recognised	**12,373**	31,403
Tax expense	**380**	1,227

7. DIVIDENDS

The Board does not recommend the payment of a final dividend to the ordinary equity holders of the Company for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil)

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings (2022: loss) per share amount is based on the profit (2022: loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,733,496,296 (2022: 1,718,826,062) in issue during the year, as adjusted to reflect the share issuance and repurchase, and treasury shares on hand during the year.

The calculation of the diluted earnings (2022: loss) per share amounts is based on the profit (2022: loss) for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings (2022: loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings/(loss)		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation:	**52,013**	(29,637)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculations	**1,733,496,296**	1,718,826,062
Effect of dilution – weighted average number of ordinary shares:		
Share options	**614,317**	–
Total	**1,734,110,613**	1,718,826,062

9. GOODWILL

	RMB'000
At 31 January 2022	
Cost	432,278
Accumulated impairment*	(420,851)
Net carrying amount	11,427
Cost at 1 January 2022, net of accumulated impairment	11,427
Impairment during the year	–
At 31 December 2022	11,427
At 31 December 2022	
Cost	432,278
Accumulated impairment*	(420,851)
Net carrying amount	11,427
Cost at 1 January 2023, net of accumulated impairment	11,427
Impairment during the year	–
Cost and net carrying amount at 31 December 2023	11,427
At 31 December 2023	
Cost	432,278
Accumulated impairment*	(420,851)
Net carrying amount	11,427

* The Group recognised an accumulated full impairment amounting to RMB419,441,000 (2022: RMB419,441,000) for Carrot Fantasy cash-generating unit, Shenzhen Zhangxin cash-generating unit, Chengdu Guangcheng cash-generating unit and Jiong Xi You cash-generating unit and an accumulated impairment amounting to RMB1,410,000 (2022: RMB1,410,000) for Veewo cash-generating unit in prior years.

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Veewo cash-generating unit

- Sanguo Zhiren cash-generating unit

The recoverable amounts of the above cash-generating units have been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by the senior management. The discount rates applied to the cash flow projections are 22% to 23% (2022: 23% to 34%). The growth rate used to extrapolate the cash flows of the relevant games beyond the five-year period is 2.3%. The carrying amount of goodwill allocated to each cash-generating unit is as follows:

	2023	2022
	RMB'000	*RMB'000*
Veewo cash-generating unit	**11,040**	11,040
Sanguo Zhiren cash-generating unit	**387**	387
Carrying amount of goodwill	**11,427**	11,427

Assumptions were used in the value-in-use calculation of the cash-generating units for the years ended 31 December 2023 and 31 December 2022. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted income – The budgeted income includes estimated income from existing games and games in the pipeline, taking into account game popularity, income patterns in the game life cycle and the Group's strategy in operation. The Company believes this budgeted income is justified given its strong game development capability and experience of games, the cooperation with major third-party distribution platforms and the successful record of developing its games.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

10. ACCOUNTS RECEIVABLE AND RECEIVABLES DUE FROM THIRD-PARTY GAME DISTRIBUTION PLATFORMS AND PAYMENT CHANNELS

The Group's credit terms with customers generally range from one month to four months. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its receivable balances. These receivables are non-interest-bearing.

An ageing analysis of the receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**36,940**	41,373

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

The balances consist of receivables from third parties which have no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023	2022
	RMB'000	*RMB'000*
Non-current		
Prepayments	**10,669**	14,649
Prepaid land lease payments related deposits	**1,605**	1,605
Other receivables	**21,464**	16,651
Deposits	**698**	740
	34,436	33,645
Impairment allowance	**(15,175)**	(15,275)
	19,261	18,370
Current		
Prepayments	**4,591**	6,804
Investment property rental income	**4,834**	4,393
Deposits	**529**	253
Contract costs	**–**	370
Other receivables	**20,958**	18,662
	30,912	30,482
Impairment allowance	**(15,069)**	(15,069)
	15,843	15,413

Except for the allowance for prepayments amounting to RMB4,342,000 (2022: RMB4,342,000), the movements in the loss allowance for impairment of other receivables and deposits are as follows:

	2023	2022
	RMB'000	*RMB'000*
	Stage 3	Stage 3
At beginning of year	**26,002**	17,649
Reversal of impairment losses	**(100)**	–
Impairment losses recognised	**–**	8,353
At end of year	**25,902**	26,002

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The increase of impairment was due to the increase of debtors' probability of default under the current conditions and forecasts of future economic conditions. Other than the aforementioned impaired receivables and deposits, the financial assets included in the above balances related to receivables and deposits for which there was no recent history of default and are classified as stage 1, the loss allowance is minimal.

12. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2023	2022
	Notes	***RMB'000***	*RMB'000*
Debt investments at fair value through other comprehensive income			
Straight bonds	*(1)*	**58,177**	58,121
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value	*(2)*	**34,204**	16,205
Financial assets at fair value through profit or loss			
Unlisted debt investments, at fair value	*(3)*	**47,297**	44,337
Bond fund	*(4)*	**7,347**	7,605
		54,644	51,942

(1) On 15 July 2021, the Group invested in a bond issued by CLP Power Hong Kong Financing Limited with a nominal amount of US$3,500,000 at a consideration of US$3,542,000 (equivalent to approximately RMB23.0 million). The bond has a coupon interest rate of 2.25% per annum with a maturity period of 10 years.

During the second half of July 2021, the Group successively invested in a bond issued by Ease Trade Global Limited with an accumulated nominal amount of US$2,800,000 at an accumulated consideration of US$2,883,000 (equivalent to approximately RMB18.6 million). The bond has a coupon interest rate of 4.0% per annum with a maturity period of 5 years.

On 15 July 2021, the Group invested in a bond issued by New World Development Company Limited with a nominal amount of US$3,500,000 at a consideration of US$3,783,000 (equivalent to approximately RMB24.5 million). The bond has a coupon interest rate of 4.5% per annum with a maturity period of 10 years.

Debt investments at fair value through other comprehensive income are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

(2) The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature, which represented equity investments in one company listed on the National Equities Exchange And Quotations of the PRC, and three unlisted entities incorporated in the PRC and Singapore.

(3) The above unlisted debt investments represented the investments in one unlisted limited partnerships, and one unlisted entity incorporated in the Cayman Islands.

(4) In January 2020, the Group invested in a bond fund issued by UBS (CAY) Fund Series with a nominal amount of US$1,600,000 and with an income stream from a diversified portfolio at a consideration of US$1,614,000 (equivalent to approximately RMB11.1 million).

13. SHARE CAPITAL

Shares

	2023	2022
Issued and fully paid or credited as fully paid:		
Ordinary shares of US$0.0000001 each	**1,749,166,062**	1,718,826,062
Equivalent to RMB'000	**1**	1

A summary of movements in the Company's share capital is as follows:

	Number of issued and fully paid ordinary shares	**Nominal value of ordinary shares** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
At 1 January 2022	1,718,826,062	1	597,945	597,946
At 31 December 2022 and 1 January 2023	1,718,826,062	1	597,945	597,946
Share options exercise	30,340,000	–	6,621	6,621
At 31 December 2023	**1,749,166,062**	**1**	**604,566**	**604,567**

14. EQUITY-SETTLED SHARE-BASED PAYMENTS

(1) Share option schemes

The Company approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a post-IPO share option scheme (the "Post-IPO Share Option Scheme", together as the "Schemes") pursuant to shareholders' written resolutions and directors' written resolution passed on 17 November 2014. The purpose of the Schemes is to provide rewards to eligible participants for their services to the Group. Eligible participants include any full-time employees, consultants, executives or officers of the Company and any of its subsidiaries who, in the sole opinion of the Board, have contributed or will contribute to the Group.

The total number of ordinary shares subject to the Pre-IPO Share Option Scheme is 105,570,000. On 17 November 2014, under the Pre-IPO Share Option Scheme, share options were granted to 2 members of senior management and 120 other employees to subscribe for 105,570,000 shares at an exercise price of HK$0.55 per share. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 31 December 2015, 2016, 2017 and 2018, respectively. Each option granted if not exercised subsequently expired on 5 December 2019.

The maximum number of shares to be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and any other scheme of the Company shall not in aggregate exceed 150,000,000 shares and 30% of the shares of the Company in issue from time to time. On 27 March 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 10,160,000 shares at an exercise price of HK$1.256 per share. 7,160,000 share options granted will be vested equally in four tranches as to 25% of the number of shares on 31 December 2017, 2018, 2019 and 2020, respectively. 3,000,000 share options granted will be vested in three tranches as to 50%, 25% and 25% of the number of shares on 30 June 2017, 2018 and 2019, respectively. Each option granted if not exercised subsequently will expire on 26 March 2027. On 15 May 2017, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 5,000,000 shares at an exercise price of HK$1.1 per share. All share options granted will be vested equally in four tranches as to 25% of the aggregate number of shares on 15 May 2018, 2019, 2020 and 2021, respectively. Each option granted if not exercised subsequently will expire on 14 May 2027. On 13 November 2017, under the Post-IPO Share Option Scheme, share options were granted to one member of senior management to subscribe for 15,000,000 shares at an exercise price of HK$1.026 per share. All share options granted will be vested equally in three tranches as to 33% of the aggregate number of shares on 13 November 2018, 2019 and 2020, respectively. Each option granted if not exercised subsequently will expire on 12 November 2027. On 1 January 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 22,000,000 shares at an exercise price of HK$0.1804 per share. 10,000,000 share options granted will be vested in three tranches as to 10%, 40%, 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 12,000,000 share options granted will be vested equally in three tranches as to 33% of the number of shares on 31 December 2020, 2021 and 2022, respectively. Each option granted if not exercised subsequently will expire on 21 January 2024. On 8 May 2020, under the Post-IPO Share Option Scheme, share options were granted to employees to subscribe for 90,000,000 shares at an exercise price of HK$0.1804 per share. 50,000,000 share options granted will be vested in three tranches as to 20%, 30% and 50% of the number of shares on 31 December 2020, 2021 and 2022, respectively. 18,000,000 share options granted will be vested in two tranches as to 44% and 56% of the number of shares on 31 December 2021 and 2022, respectively. 22,000,000 share options granted will be vested in three tranches as to 32%, 32%, 36% of the number of shares on 31 December 2020, 2021 and 2022, respectively. Each option granted if not exercised subsequently will expire on 21 January 2024.

The following share options were outstanding under the Schemes during the year:

	2023		2022	
	Weighted average exercise price *HK$ per share*	**Number of options** *'000*	Weighted average exercise price *HK$ per share*	Number of options *'000*
At 1 January	**0.34**	**108,300**	0.41	138,300
Forfeited during the year	**0.36**	**(69,660)**	0.68	(30,000)
Exercised during the year	**0.18**	**(30,340)**	–	–
At 31 December	**0.71**	**8,300**	0.34	108,300

The weighted average share price at the date of exercise for share options exercised during the year was HK$0.1804 per share (2022: No share options were exercised).

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

2023

Number of options *'000*	**Exercise price*** *HK$ per share*	**Exercise period**
5,800	1.26	31-12-2017 to 26-03-2027
2,500	0.18	31-12-2020 to 20-01-2024
8,300		

2022

Number of options *'000*	Exercise price* *HK$ per share*	Exercise period
5,800	1.26	31-12-2017 to 26-03-2027
15,000	1.03	13-11-2018 to 12-11-2027
15,500	0.18	31-12-2020 to 20-01-2024
72,000	0.18	31-12-2020 to 20-01-2024
108,300		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the end of the reporting period, the Company had 8,300,000 share options outstanding under the Schemes. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 8,300,000 additional ordinary shares of the company, additional share capital of approximately RMB6 and a share premium of approximately RMB7,010,331.

At the date of approval of these financial statements, the Company had 8,300,000 share options outstanding under the Schemes, which represented 0.47% of the Company's shares in issue as at that date.

No share option expense was recognised by the Group for the year ended 31 December 2023 (The Group reversed total share option expenses of RMB1,906,000 for the year ended 31 December 2022).

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

Annual General Meeting

The 2024 AGM is scheduled to be held on Friday, 24 May 2024. A notice convening the AGM will be published and dispatched to the Shareholders in accordance with the requirements of the Articles of Association and the Listing Rules in due course.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2023, neither the Company, its subsidiaries nor any of the PRC Operating Entities has purchased, sold or redeemed any of the Company's listed securities.

Final Dividend

The Board did not declare a final dividend for the year ended 31 December 2023 (the year ended 31 December 2022: Nil).

Closure of Register of Members

To ascertain the eligibility of the Shareholders to attend and vote at the AGM to be held on Friday, 24 May 2024, the register of members of the Company will be closed as set out below:

Latest time to lodge transfer	At 4:30 p.m. on Monday, 20 May 2024
Closure of Register of Members	Tuesday, 21 May 2024 to Friday, 24 May 2024, (both days inclusive)
Record date	Friday, 24 May 2024

During the above closure period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant Share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than the aforementioned latest time.

Audit Committee

The Company established the Audit Committee on 17 November 2014 with written terms of reference adopted in compliance with the CG Code and the terms of reference was amended on 28 December 2015, 27 December 2018 and 26 March 2024 respectively. As at the date of this announcement, the Audit Committee comprises Ms. LIU Qianli, Mr. LAI Xiaoling and Mr. Cao Xi, all of whom are independent non-executive Directors.

The Audit Committee, together with the Board and the auditors of the Company, has reviewed the accounting standards and practices adopted by the Group and the consolidated financial statements of the Company for the year ended 31 December 2023.

Scope of Work of The Company's Auditors in Respect of The Preliminary Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The auditors made no comments as to the reasonableness or appropriateness of those assumptions of the "Non-IFRSs Measures" as presented in the preliminary announcement. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

Compliance with the CG Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. Save as disclosed herein below, the Company has complied with all applicable code provisions under the CG Code for the year ended 31 December 2023.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. YAO Jianjun serves as the Chairman and Chief Executive Officer of the Company. In view of Mr. YAO Jianjun's extensive experience in the industry, personal profile and role in the Group and its historical development, the Board believes that it is appropriate and beneficial to the business prospects of the Group that Mr. YAO Jianjun acts as both Chairman and Chief Executive Officer. Furthermore, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. YAO Jianjun would provide strong and consistent leadership, allowing the Company to plan and implement business decisions and strategies more effectively. Besides, all major decisions have been made in consultation with members of the Board, which comprises experienced and high caliber individuals, appropriate Board committees, as well as the senior management team. The Board is, therefore, of the view that there are adequate checks and balances in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and make necessary changes at an appropriate time.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices of the Company.

Compliance with the Model Code

The Company has adopted the Model Code for securities transactions by the Directors. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code throughout the year ended 31 December 2023.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2023.

Publication of the 2023 Annual Report

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.feiyuhk.com), and the 2023 annual report containing all the information required by the Listing Rules will be published on the abovementioned websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their continued support and contribution.

GLOSSARY

"ARPPU"	average revenue per paying user, calculated by dividing monthly average revenue from the sale of virtual items and premium features during a certain period by the number of average MPUs during the same period
"Articles of Association"	the articles of association of the Company currently in force
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Cayman Islands"	the Cayman Islands
"CG Code"	Corporate Governance Code as set out in Appendix C1 (previously Appendix 14) to the Listing Rules
"Chairman"	the chairman of the Board
"Chief Executive Officer"	the chief executive officer of the Company
"China" or "PRC" or "Mainland China"	the People's Republic of China excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China and Taiwan

“Company” or “Feiyu”	Feiyu Technology International Company Ltd., an exempted company incorporated in the Cayman Islands with limited liability on 6 March 2014
“Director(s)”	director(s) of the Company
“Group” or “the Group”	the Company, its subsidiaries and the PRC Operating Entities
“HK$” or “Hong Kong dollars” or “HKD”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IAS(s)”	International Accounting Standards
“IASB”	International Accounting Standard Board
“IFRS(s)”	International Financial Reporting Standards, amendments and interpretations issued by the IASB
“IP”	Intellectual Property
“Land”	the land located in Huli District, Xiamen, the PRC as disclosed in the Company’s announcement dated 21 July 2016
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“MAUs”	monthly active users, which is the number of players who logged into a particular game in the relevant calendar month. Under this metric, a player who logged into two different games in the same month is counted as two MAUs. Similarly, a player who plays the same game on two different publishing platforms in a month would be counted as two MAUs. Average MAUs for a particular period is the average of the MAUs in each month during that period
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (previously Appendix 10) to the Listing Rules
“MPUs”	monthly paying users, which is the number of paying players in the relevant calendar month. Average MPUs for a particular period is the average of the MPUs in each month during that period

“PC”	personal computer
“Post-IPO Share Option Scheme”	the post-IPO Share Option Scheme adopted by the Shareholders on 17 November 2014
“PRC Operating Entities”	Xiamen Guanghuan and its subsidiaries and “PRC Operating Entity” means any one of them
“R&D”	research and development
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“RPG”	role-playing games, which involve a large number of players who interact with each other in an evolving fictional world. Each player adopts the role of one or more “characters” who develop specific skill sets (such as melee combat or casting magic spells) and control the character’s actions. There are unlimited possible game scenarios where the evolution of the game world is determined by the actions of the players, and the storyline continuously evolves even while the players are offline and away from the games
“RSU(s)”	restricted share units or any one of them
“RSU Plan II”	the RSU Plan II adopted by the Shareholders on 28 May 2018
“Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of US$0.0000001 each
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 171,882,607 newly allotted and issued Shares by Tencent (through its wholly-owned subsidiary named THL H Limited) at approximately HK$0.6941 per subscription share under the subscription agreement dated 23 April 2021 as detailed in the Company’s announcements dated 23 April 2021 and 6 May 2021
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto in section 15 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“Tencent”	Tencent Holdings Limited, a limited liability company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 700)

"US$", "United States Dollars" or "USD"	United States dollars, the lawful currency of the United States of America
"Xiamen Guanghuan"	Xiamen Guanghuan Information Technology Co., Ltd. (廈門光環信息科技有限公司), a limited company incorporated under the laws of the PRC on 12 January 2009

By Order of the Board
Feiyu Technology International Company Ltd.
YAO Jianjun
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 26 March 2024

As at the date of this announcement, the Board comprises Messrs. YAO Jianjun, CHEN Jianyu, BI Lin, and LIN Zhibin, as executive Directors; and Ms. LIU Qianli, and Messrs. LAI Xiaoling and CAO Xi, as independent non-executive Directors.