



2023

ANNUAL REPORT



**FINGER
TANGO**

FingerTango Inc.
指尖悅動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6860



CONTENTS

2	Corporate Information
4	Five Year Financial Summary
5	Chairman's Statement
6	Management Discussion and Analysis
14	Directors' Report
41	Director and Senior Management
45	Corporate Governance Report
62	Environmental, Social and Governance Report
113	Independent Auditor's Report
118	Consolidated Statement of Profit or Loss and Other Comprehensive Income
119	Consolidated Statement of Financial Position
121	Consolidated Statement of Changes in Equity
122	Consolidated Statement of Cash Flows
124	Notes to the Consolidated Financial Statements
178	Glossary

Corporate Information

DIRECTORS

Executive Directors

Mr. LIU Jie (劉傑) (*Chairman and Chief Executive Officer*)
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)

Independent Non-executive Directors

Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)

AUDIT COMMITTEE

Mr. CHOW Wing Yiu (周永堯) (*Chairperson*)
(appointed on 29 August 2023)
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)

REMUNERATION COMMITTEE

Mr. JIANG Huihui (江輝輝) (*Chairperson*)
(appointed as member on 29 June 2023 and
re-designated as chairperson on 29 August 2023)
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)

NOMINATION COMMITTEE

Mr. LIU Jie (劉傑) (*Chairperson*)
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)

AUTHORIZED REPRESENTATIVES

Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)
Ms. CHIK Wai Chun (戚偉珍) (appointed on 21 July 2023)
Mr. LIU Jie (劉傑) (resigned on 29 June 2023)
Ms. YU Anne (余安妮) (resigned on 21 July 2023)

COMPANY SECRETARIES

Ms. CHIK Wai Chun (戚偉珍) (appointed on 21 July 2023)
Ms. YU Anne (余安妮) (resigned on 21 July 2023)

AUDITOR

CWK CPA Limited

21/F, Cosco Tower
No. 183 Queen's Road Central
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

HEADQUARTERS

Building 5, Zone A, Huaxin Kechuang Island
No. 248 Qiaotou Street
Haizhu District
Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1602, 16/F., Park Commercial Centre
180 Tung Lo Wan Road
Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANK

China Merchants Bank Co. Ltd.
Guangzhou Gaoxin Branch
1 Huajing Road, Zhongshan Avenue
Guangzhou
PRC

COMPANY WEBSITE

www.fingertango.com

STOCK CODE

6860

LISTING DATE

12 July 2018

Five Year Financial Summary

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

Condensed Consolidated Statement of Profit or Loss

	Year ended 31 December				
	2019	2020	2021	2022	2023
	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million
Revenue	1,051.1	748.2	613.0	832.5	646.1
Gross Profit	663.5	464.0	360.8	529.8	371.9
Profit/(loss) for the Year	38.7	127.6	(517.4)	(139.4)	6.8
Non-IFRS Measures					
Adjusted profit/(loss) for the Year	71.2	135.8	(515.6)	(139.4)	6.8

Condensed Consolidated Statement of Financial Position

	As at 31 December				
	2019	2020	2021	2022	2023
	RMB' Million	RMB' Million	RMB' Million	RMB' Million	RMB' Million
Non-current assets	205.1	149.1	214.3	149.1	186.8
Current assets	1,410.3	1,491.5	973.8	907.1	825.1
Current liabilities	273.5	209.6	268.9	259.4	212.4
Net current assets	1,136.8	1,281.9	704.9	647.7	612.7
Non-current liabilities	1.3	0.3	24.9	19.1	13.8
Total equity	1,340.6	1,430.7	894.3	777.8	785.7

Chairman's Statement

I am pleased to present our annual report for the year ended 31 December 2023 to the shareholders.

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

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

In the past year, the Company was striving for the sustainable development of business and actively laying a foundation for healthy growth in the future despite the challenges. Looking ahead, while adhering to the original aspirations with commitment, ambition and perseverance, we will also continue to stride forward against adversity, be so deeply versed and accumulated as to be able to present it with ease, and through which we aspire to turn to a new chapter in the Group's development.

APPRECIATION

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

LIU Jie

Chairman, Chief Executive Officer and Executive Director

Guangzhou, the People's Republic of China, 28 March 2024

Management Discussion and Analysis

MARKET OVERVIEW

According to the China Gaming Industry Report for 2023 (《2023 年中國遊戲產業報告》) issued by the Game Publishers Association Publications Committee (GPC) (中國音數協遊戲工委) of the China Audio-video and Digital Publishing Association (中國音像與數字出版協會) and China Game Industry Research Institute (中國遊戲產業研究院), China's game industry saw a rebound from pressure, with a remarkable upward trend for market revenue amid the sluggish global game industry. In 2023, the actual sales revenue from China's gaming market was Renminbi ("RMB") 302.96 billion, representing an increase of 13.95% year-on-year and breaking through the 300 billion mark for the first time. The actual sales revenue from China's mobile game market, which accounting for approximately three quarters of the whole gaming market in China, was RMB226.86 billion, representing an increase of 17.5% year-on-year. The main reasons for the year-on-year increase and new high achieved in sales revenue from China's gaming market include: 1) many negative factors during the pandemic have subsided significantly, and users' willingness and ability to consume have rebounded; 2) new game products were launched in a centralized manner and there were certain hit games, which, together with long-term operation products, supported revenue growth; and 3) the widespread use of multi-terminal publication has significantly contributed to revenue growth.

In 2023, revenue of independently developed games generated from overseas markets was US\$16.37 billion, representing a decrease of approximately 5.7% year-on-year, which reflected the difficulty of developing in overseas markets and the increase in operating costs due to factors such as turbulent international situation, fierce market competition, and changes in privacy policies. Simulation games ("SLG") came out top in terms of revenue of independently developed games generated from overseas markets, accounting for approximately 40.3%.

In 2023, the number of gamers in China reached 670 million, representing a slight increase of 0.9% year-on-year; among which, the number of mobile gamers reached approximately 660 million, representing a slight increase of 0.4% year-on-year. In 2023, the regulatory authorities continued to take strict management measures on the protection of minors and the anti-addiction work of online games, which promoted the standardized management of the game industry, effectively improved the problem of excessive gaming among minors and made the user structure more healthy and reasonable.

In 2023, there are 1,075 games with publication license approved by the National Press and Publication Administration (NPPA). The number of approvals for games with publication license was gradually normalized.

BUSINESS REVIEW

During the Reporting Period, the Group recorded total revenue of approximately RMB646.1 million, a decrease of approximately 22.4% as compared to the corresponding period of last year. Decrease in revenue was mainly attributable to (i) a natural drop of revenue from the classic games which have been in operation and are in their mature stage; (ii) certain pipeline games of the Group were not launched as scheduled during the Reporting Period as we made strategic adjustment and planning in the launch of our new games; and (iii) uncertain outcome of advertising and promotion activities.

Management Discussion and Analysis

During the Reporting Period, the Group recorded a profit of approximately RMB6.8 million, as compared to a loss of approximately RMB139.4 million in the corresponding period of last year. The change was primarily due to (i) decrease in selling and marketing expenses as we engaged in less advertising and promotion activities during the Reporting Period; and (ii) increase in other income and gains.

In view of the market conditions, we have made strategic adjustment and planning in the launch of our new games, and have been conducting comprehensive tests for the new games launched during the Reporting Period. Deep optimization customizing to the players' evolving preferences was also conducted to ensure their sound performance in the market upon official launch. On the other hand, new games launched by the Group during the Reporting Period are still in the promotion period and the stage of incubation of player base.

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

During the Reporting Period, we have seen increased user stickiness as the monthly active users (MAUs) reached 3.4 million, representing a growth of 32.3% as compared to the corresponding period of last year. As at 31 December 2023, the total number of accumulative registered users maintained a steady growth and reached 231.8 million, representing a growth of 13.5% as compared to that of 31 December 2022. The enormous user base enables us to better understand player preferences and market changes through strong data analytics ability, so as to launch new games with higher popularity in the market, and to conduct targeted marketing with more cost-effective strategies.

OUTLOOK FOR 2024

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

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

In 2024, we will continue to implement our business strategy of strengthening our game sourcing capabilities and expanding our game portfolio. We will continue to (i) identify and evaluate opportunities to invest in third-party game developers, so as to obtain the right of first refusal on games developed by such game developers; and (ii) acquire rights to develop games based on popular or mainstream contents licensed from third parties.

We are in discussions with potential partners regarding investment opportunities and access to game contents.

Management Discussion and Analysis

We are conducting comprehensive tests for the new games to be launched in 2024 while optimizing product launch strategies and plans. Over the years, we have accumulated an immense user database. We will continue to leverage our big data analytics ability with our proprietary multi-dimensional data analysis engine which collates and structures our data in a variety of ways for ad-hoc analysis and real-time on-line analysis. Moreover, we will enhance gameplay strategies, characters, scenes, technical depth, and other parameters and improve cross-promotion efficacy by analyzing player demographic, gameplay preference, gaming time, level-up, in-game purchase amount and user turnover rate, etc. These initiatives are being performed to ensure sound performance of our games in the market upon official launch.

In the past year, the Group was striving for the sustainable development of business and actively laying a foundation for healthy growth in the future despite the challenges. Looking ahead, we will continue to extend our existing game portfolio and broaden our game category while focusing on the SLG game segment. We will implement the concept of “Premium Game” and strive to create high-quality games. While adhering to the original aspirations with commitment, ambition and perseverance, we will also continue to stride forward against adversity, be so deeply versed and accumulated as to be able to present it with ease, and through which we aspire to turn to a new chapter in the Group’s development.

FINANCIAL PERFORMANCE

Revenue

During the Reporting Period, the Group recorded total revenue of approximately RMB646.1 million, a decrease of approximately 22.4% as compared to the corresponding period of last year. Decrease in revenue was mainly attributable to (i) a natural drop of revenue from the classic games which have been in operation and are in their mature stage; (ii) certain pipeline games of the Group were not launched as scheduled during the Reporting Period as we made strategic adjustment and planning in the launch of our new games; and (iii) uncertain outcome of advertising and promotion activities.

With respect to revenue categorized by method of publication, self-publishing revenue was approximately RMB328.1 million, representing approximately 50.8% of the total revenue. Co-publishing revenue was approximately RMB318.0 million, representing approximately 49.2% of the total revenue.

Cost of Revenue

The cost of revenue in the Reporting Period was approximately RMB274.2 million and decreased by approximately 9.4% or approximately RMB28.5 million as compared to the corresponding period of last year. It was mainly because the decrease in platform sharing charges and the commissions charged by game developers as total revenue in the Reporting Period decreased.

Gross Profit and Gross Profit Margin

During the Reporting Period, gross profit was approximately RMB371.9 million, as compared to approximately RMB529.8 million in the corresponding period of last year. Gross profit margin decreased from approximately 63.6% to approximately 57.6% as compared to the corresponding period of last year, since the magnitude of the decrease in cost is smaller than that of the decrease in revenue.

Selling and Marketing Expenses

The selling and marketing expenses in the Reporting Period were approximately RMB305.7 million, decreased by approximately 25.2% or approximately RMB102.9 million as compared to the corresponding period of last year. It constituted approximately 47.3% of the total revenue, comparing to approximately 49.1% in the corresponding period of last year. The decrease was primarily due to less advertising and promotion activities for certain games.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB51.6 million, representing a decrease of approximately 29.7% or approximately RMB21.9 million as compared to the corresponding period of last year. The change was primarily due to decrease in employee benefit expenses and bad debt loss.

Research and Development Expenses

The research and development expenses of the Group in the Reporting Period were approximately RMB70.9 million, decreased by approximately 9.5% or approximately RMB7.5 million as compared to the corresponding period of last year. The decrease was primarily attributable to the decrease in employee benefit expenses.

Other Income, Gains and Losses

During the Reporting Period, the Group recorded other income and gains of approximately RMB63.1 million as compared to other losses of approximately RMB106.0 million in the corresponding period of last year. It was mainly attributable to the increase in fair value on investments at fair value through profit or loss and reversal of loss allowance for certain other receivables during the Reporting Period.

Finance Income, net

During the Reporting Period, net finance income (interest revenue less lease interests) was approximately RMB8.1 million, as compare to approximately RMB7.6 million in the corresponding period of last year. The changes was mainly from interest income from other receivables of third parties.

Management Discussion and Analysis

Income Tax Expenses

Income tax expenses recorded approximately RMB8.2 million during the Reporting Period, comparing to approximately RMB10.4 million for the corresponding period last year. It was a consequent result of reduced taxable income.

Profit/(Loss) for the Year

During the Reporting Period, the Group recorded a profit of approximately RMB6.8 million, as compared to a loss of approximately RMB139.4 million in the corresponding period last year. The change was primarily due to (i) decrease in selling and marketing expenses as we engaged in less advertising and promotion activities during the Reporting Period; and (ii) increase in other income and gains.

LIQUIDITY AND SOURCE OF FUNDING AND BORROWING

As at 31 December 2023, current assets of the Group amounted to approximately RMB825.1 million, including bank and cash balances of approximately RMB534.5 million and other current assets of approximately RMB290.6 million. Bank and cash balances decreased by 21.7% as compared with RMB682.8 million as at 31 December 2022. Current liabilities of the Group amounted to approximately RMB212.4 million, including trade payables and contract liabilities of approximately RMB111.5 million and other current liabilities of approximately RMB100.9 million. As at 31 December 2023, the current ratio (the current assets to current liabilities ratio) of the Group was 3.9, as compared with 3.5 as at 31 December 2022.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group does not have any bank borrowings and other debt financing obligations as at 31 December 2023 and the resulting gearing ratio is nil. The Group intends to finance the expansion, investments and business operations with internal resources.

FOREIGN EXCHANGE RISK

The income of the Group was principally and mostly denominated in RMB. The Group will continue to monitor its foreign exchange risk exposure to best preserve the Group's cash value. As at 31 December 2023, the Group did not enter into any hedging transactions.

PLEDGE OF ASSETS

As at 31 December 2023, none of the Group's assets was pledged.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

EMPLOYEE REMUNERATION

As at 31 December 2023, the Group had a total of 301 employees, comparing to 361 employees as at 31 December 2022. The total staff costs (including fees, salaries and other allowance for both Directors and other staff) for the Reporting Period were approximately RMB103.0 million (2022: approximately RMB117.9 million). The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provide training programs to employees, including new hire training for new employees and continuing technical training primarily for our research and development team and game operation team to enhance their skill and knowledge.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD

During the Reporting Period, the Group had the following significant investment held with a value of 5% or more of the Company's total assets:

Name of the investments	Investment costs	Fair value as at 31 December 2022	Fair value as at 31 December 2023	Percentage of investments held as at 31 December 2023	Size as Compared to the Group's total assets as at 31 December 2023	Realised	Unrealised	Dividend
						gain/(loss) during the Reporting Period	gain/(loss) during the Reporting Period	received during the Reporting Period
	RMB million	RMB million	RMB million	(%)	(%)	RMB million	RMB million	RMB million
Central Ching Dragan Growth Fung SP7 (中州龍騰增長七號基金) (Note)	88.3	63.4	75.6	29.2%	7.5%	—	12.2	—

Note: Central China Dragon Growth Fund SPC is an exempted Segregated Portfolio Company incorporated in the Cayman Islands on 20 July 2016. The investment objective of the fund is to provide investors with a stable total return through a combination of current income and capital appreciation through providing loans to suitable investment target.

The Group has adopted an investment strategy with the aim of effectively managing and enhancing the return on its cash reserves. This strategy is being implemented while the Group contemplates its longer-term investments.

Save as disclosed above, the Group had no other significant investment held with a value of 5% or more of the Company's total assets as at 31 December 2023.

Management Discussion and Analysis

Investments at Fair Value through Profit or Loss

As at 31 December 2023, investments at fair value through profit or loss recorded approximately RMB258.7 million. Details of investments at fair value through profit or loss for the years ended 31 December 2023 are shown as below:

	Fair value as at 31 December 2022 RMB million	Increases for the year ended 31 December 2023 RMB million	Changes in fair value for the year ended 31 December 2023 RMB million	Settlements for the year ended 31 December 2023 RMB million	Currency translation difference for the year ended 31 December 2023 RMB million	Fair value as at 31 December 2023 RMB million
Investments at fair value through profit or loss						
Listed equity securities in Hong Kong#	15.6	—	7.2	—	0.3	23.1
Wealth management product:						
Central China Dragon Growth Fund SP7 (中州龍騰增長七號基金)	63.4	—	10.4	—	1.8	75.6
Private equity investment fund						
Boniu Yuedong (博牛悅動專享私募證券投資基金)	—	40.0	—	—	—	40.0
Investments in private company A	8.0	—	(8.0)	—	—	—
Investments in private company B	0.1	—	(0.1)	—	—	—
Non-capital protected wealth management products (非保本理財產品) Placed on:						
Shanghai Pudong Development Bank Co., Ltd.	30.0	150.0	—	(150.0)	—	30.0
Industrial Bank Co., Ltd.	—	120.0	—	(90.0)	—	30.0
China Guangfa Bank Co., Ltd.*	—	90.0	—	(60.0)	—	30.0
CMB Financial Management Co., Ltd.*	30.2	—	(0.2)	(30.0)	—	—
BOCOM Wealth Management Co., Ltd.	—	120.0	—	(90.0)	—	30.0
Total	147.3	520.0	9.3	(420.0)	2.1	258.7

Listed equity securities in Hong Kong primarily included (i) 16,962,000 shares of China Gas Industry Investment Holdings Co. Ltd. (Stock Code: 1940) ("CGII Shares") acquired on the open market. For further details of the acquisitions of CGII Shares, please refer to the announcement of the Company dated 15 March 2021; and (ii) 8,706,500 shares of New Sparkle Roll International Group Limited (Stock Code: 970) acquired on the open market.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED SOURCES OF FUNDING

Save as disclosed in this annual report, the Group did not have other plan for material investments or acquisition of material capital assets as at 31 December 2023.

Directors' Report

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

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

BUSINESS REVIEW

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including health and safety, workplace conditions, employment and the environment. The Group has implemented environmental protection measures and has also encouraged staff to be environmental friendly at work by consuming the electricity and paper according to actual needs, so as to reduce energy consumption and minimize unnecessary waste. Further details of the Group's environmental policies and performance will be disclosed in the environmental, social and governance report of the Company for the year ended 31 December 2023 contained in this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

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

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Directors are of view that maintaining a good working relationship with its employees, customers, suppliers and other stakeholders are the keys to the sustainable development of the Group. During the year, there was no significant dispute between the Group and its employees, customers, suppliers and other stakeholders.

RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended 31 December 2023 are set out on pages 118 to 177 of this annual report.

The Board does not recommend payment of a final dividend for year ended 31 December 2023 (31 December 2022: Nil).

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

CLOSURE OF THE REGISTER OF MEMBERS

The annual general meeting will be held on Friday, 21 June 2024 (the “**Annual General Meeting**”).

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrars in Hong Kong, Computershare Hong Kong Investor Services Limited, located at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 17 June 2024.

FIVE YEAR FINANCIAL SUMMARY

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

TAX RELIEF AND EXEMPTION

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association and the Companies Laws of the Cayman Islands.

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the Reporting Period are set out in Note 15 to the consolidated financial statements on page 157 of this annual report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2023 are set out in Note 30 to the consolidated financial statements on page 171 of this annual report.

SHARE PREMIUM AND RESERVES

Details of the movements in the share premium and reserves of the Group and of the Company during the year ended 31 December 2023 are set out in consolidated statement of changes in equity and Note 32 to the consolidated financial statements on page 121 and pages 173 to 175, respectively of this annual report.

DISTRIBUTABLE RESERVES

The Company's total distributable reserves as at 31 December 2023 amounted to Nil.

BORROWINGS

As at 31 December 2023, the Company did not have any bank borrowings.

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

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

EVENTS AFTER THE REPORTING PERIOD

1. As at the date of this announcement, the Company has subscribed for the wealth management products after the Reporting Period as below:
 - (a) On 24 January 2024, Shanghai Youmin Networks Technology Limited* (上海遊民網絡科技有限公司) subscribed for a wealth management product "SPD Wealth Management No. 87 JiJiXin Closed-end Wealth Management Product" managed by SPD Wealth Management Co., Ltd. in the amount of RMB30,000,000 for 106 days with the expected annualised rate of return range of 2.80% to 3.05% per annum. For further details, please refer to the announcement of the Company dated 24 January 2024;
 - (b) On 6 February 2024, Shanghai Youmin subscribed for a wealth management product "Wealth Management Product WenXiangGuShou Daily-opened Selection of BOCOM Wealth Management with 180-day holding period" distributed by China Merchants Bank Co., Ltd. in the amount of RMB30,000,000 for 180 days with the expected annualised rate of return range of 2.90% to 3.50% per annum. For further details, please refer to the announcement of the Company dated 6 February 2024;
 - (c) On 6 February 2024, Shanghai Youmin subscribed for a wealth management product "XingFuTianLi (3 Months) Guaranteed Fixed Return Wealth Investment Product No. 1 of CGB Wealth Management" managed by CGB Wealth Management Co., Ltd. in the amount of RMB30,000,000 for at least three months with the expected annualised rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 6 February 2024;
 - (d) On 27 February 2024, Shanghai Youmin subscribed for a wealth management product "CIB Wealth Management Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series A" issued by CIB Wealth Management Co., Ltd.* (興銀理財有限責任公司) in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return at 2.70% to 3.56% per annum. For further details, please refer to the announcement of the Company dated 27 February 2024.
2. Reference is made to the announcement of the Company dated 29 July 2022. On 18 May 2020, the Company, as lender, entered into the loan agreement (the "**Loan Agreement**") with Mr. Sze Ka Ho ("**Mr. Sze**"), pursuant to which the Company agreed to provide the loan in the principal amount of HK\$27,000,000 (the "**Loan**") to Mr. Sze for a term of 6 months. On 18 November 2020, the Company and Mr. Sze entered into the supplemental agreement, pursuant to which, the maturity date of the Loan Agreement was extended to 18 May 2021. As at the date of the announcement on 29 July 2022, the aggregate outstanding amounts under the Loan amounted to HK\$27,168,979, being the sum of the outstanding principal amount of HK\$18,900,000 and all the interest and default interest accrued on the Loan up to the date of the announcement on 29 July 2022 of HK\$8,268,979.

Directors' Report

Between June and August 2023, the Company experienced significant changes in its Board composition. The new Board is determined and committed to recovering the outstanding loans. In August 2023, the Company engaged a Hong Kong legal firm to initiate legal proceedings for loan recovery. After extensive efforts and communication by the new Board, several discussions were held with Mr. Sze with a view to reach a comprehensive settlement.

On 12 October 2023, the Company and Mr. Sze entered into a deed of settlement, wherein Mr. Sze agreed to settle a liquidated sum payable immediately in the sum of HK\$27,367,497 (the “**Outstanding Sum**”) which being the sum of the outstanding principal amount of HK\$18,900,000 and the interest accrued on the Loan for the period from 18 May 2020 to 10 August 2023 of HK\$8,467,497. During the Reporting Period, the Company recognized HK\$20,500,000 (approximately RMB18.5 million) as a reversal of loss allowance for other receivables. As of January 2024, the Outstanding Sum has been settled in full.

3. On 28 March 2024, the Company disposed of an aggregate of 8,706,500 shares (the “**NSRI Shares**”) of New Sparkle Roll International Group Limited (stock code: 0970), a company whose shares are listed on the Stock Exchange. The disposal was conducted through cross trade on the open market at an aggregate cash consideration of approximately HK\$10.45 million (exclusive of transaction costs), representing a selling price of HK\$1.20 per NSRI Share. Completion of the disposal has taken place on 3 April 2024, being the second trading day after the date of transaction. Details of the disposal are further set out in the announcement of the Company dated 28 March 2024.

The decision to dispose of the NSRI Share was first triggered when the Company was approached by the buy-side securities broker regarding their client's interest in purchasing the NSRI Shares.

The Directors recognized the low trading volume and low liquidity of the NSRI Shares, making it difficult to fully dispose of the shares on the Stock Exchange within a short period. The selling price of NSRI Shares through a series of open market disposals is also unpredictable and uncontrollable. In view of the aforesaid, the Company proceeded with a one-off disposal via cross trade, which was suggested by the Company's securities broker as a common market practice for securely disposing of a large volume of listed shares. This approach was agreed upon by the buy-side securities broker.

Since the disposal was conducted through cross trade on the open market, the Company was not aware of the identity of the purchaser and its ultimate beneficial owner(s) despite having enquired the Company's securities broker prior to the disposal. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, each of (1) the buy-side securities company and its ultimate beneficial owner; and (2) the purchaser (including its ultimate beneficial owner(s), if applicable) is an independent third party.

The selling price of HK\$1.20 per Sale Share, despite representing a discount of around 7% to 8% to the closing price of the previous trading day and the date of transaction, was considered to be reasonable. This assessment took into account several factors:

- (a) the recent low trading volume and low liquidity of NSRI shares, which indicated a need for a discounted selling price to account for the potential shortfall in demand.

- (b) by reference to the placing exercises involving old and/or new shares conducted by listed issuers on the market, by discounting the lowest and highest closing prices of NSRI Shares of HK\$1.32 and HK\$2.10 respectively in March 2024 by 20%, the selling price range of HK\$1.06 and HK\$1.68 is considered reasonable;
- (c) the uncertainty brought about by the recent shareholders' disputes within New Sparkle Roll International Group Limited involving the voluntary conditional cash offers made, the subsequent legal proceedings and the change in control; and
- (d) a stock analysis report prepared by a corporation licensed to carry on type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance and made available to the Board, contributing to the assessment of the selling price's reasonableness.

In view of the foregoing, the Directors considered that the disposal, being disposal of a large size of NSRI Shares at a slightly discounted price, is fair and reasonable to the Company and its shareholders as a whole.

USE OF PROCEEDS

The net proceeds at approximately HK\$967.1 million (the “**Net Proceeds**”) received from the listing of the Company on 12 July 2018 (the “**Listing Date**”) was used and are proposed to be used in a manner consistent with that disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. Since the Listing Date and up to 31 December 2023, the utilization of the net proceeds and remaining balance (approximately HK\$401.5 million) are set out below:

Intended use of the Net Proceeds	Percentage of the	Amount of the Net Proceeds for each intended usage	Amount of the Net Proceeds as at 31 December 2022	Amount of Net Proceeds utilised	Amount of the Net Proceeds as at 31 December 2023
	Net Proceeds for each intended usage			during the year ended	
	usage	intended usage	31 December 2022	31 December 2023	31 December 2023
	%	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Develop game sourcing capabilities and ensure us to acquire high quality game content	35%	338.5	279.6	(6.1)	273.5
Establish in-house game development team	25%	241.8	139.9	(50.5)	89.4
Fund marketing and promotional activities	20%	193.4	—	—	—
Expand into overseas markets and develop overseas operation	10%	96.7	—	—	—
Working capital and general corporate purposes	10%	96.7	52.7	(14.1)	38.6
Total	100%	967.1	472.2	(70.7)	401.5

Directors' Report

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

DIRECTORS

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

Directors	Position
Mr. LIU Jie (劉傑)	Executive Director, chairman of the Board and chief executive officer
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)	Executive Director
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)	Executive Director
Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)	Independent non-executive Director
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	Independent non-executive Director
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	Independent non-executive Director
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	Independent non-executive Director
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)	Independent non-executive Director
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	Independent non-executive Director

Biographical details of the Directors and the senior management of the Group are set out on pages 41 to 44 in this annual report.

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

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

Article 83(3) of the Articles of Association provides that any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company after his appointment, and be subject to re-election at such meeting.

UPDATES ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of Directors and chief executives of the Company subsequent to the date of the 2023 annual report of the Company and up to the date of this annual report are set out below:

Name of Directors	Changes in information
Mr. ZHU Yanbin	<ul style="list-style-type: none"> Resigned as an executive Director and a member of the Remuneration Committee with effect from 23 June 2023.
Mr. SUI Pengda	<ul style="list-style-type: none"> Resigned as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee with effect from 29 June 2023.
Dr. CHAN Man Fung	<ul style="list-style-type: none"> Appointed as an executive Director and a member of the Remuneration Committee with effect from 29 June 2023.
Mr. JIANG Huihui	<ul style="list-style-type: none"> Appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 29 June 2023. Re-designated as the chairperson of Remuneration Committee with effect from 29 August 2023.
Dr. LIU Jianhua	<ul style="list-style-type: none"> Resigned as an independent non-executive Director and the chairman of the Audit Committee with effect from 29 August 2023.
Mr. GUO Jingdou	<ul style="list-style-type: none"> Resigned as an independent non-executive Director and the chairman of the Remuneration Committee, a member of each of the Audit Committee and Nomination Committee with effect from 29 August 2023.
Mr. CHOW Wing Yiu	<ul style="list-style-type: none"> Appointed as an independent non-executive Director and the chairman of the Audit Committee with effect from 29 August 2023.
Mr. SHIN Ho Chuen	<ul style="list-style-type: none"> Appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 29 August 2023.

In respect of the change in emoluments of Directors, please refer to Note 12 to the consolidated financial statements.

Save as disclosed above, the Directors confirmed that no other information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the year ended 31 December 2023 and up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS

Mr. LIU Jie has entered into a service contract with the Company for a term of three years commencing from 19 June 2018, which has been renewed for another term of three years commencing from 19 June 2021 and may be terminated by not less than three months' notice in writing served by either the executive Director or the Company. Dr. CHAN Man Fung has entered into a service agreement with the Company for a term of three years commencing from 29 June 2023.

Mr. JIANG Huihui has signed a letter of appointment with the Company for a term of three years with effect from 29 June 2023. Mr. CHOW Wing Yiu and Mr. SHIN Ho Chuen have signed an appointment letter with the Company, respectively, for a term of three years, with effect from 29 August 2023.

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONTRACT WITH CONTROLLING SHAREHOLDERS

Other than disclosed in this annual report and in the section headed "Related Party Transactions" in Note 36 to the consolidated financial statements contained in this annual report, no contract of significance was entered between the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended 31 December 2023 or subsisted at the end of the year and no contract of significance for the provision of services to the Company or any of its subsidiaries by a Controlling Shareholder or any of its subsidiaries was entered into during the year ended 31 December 2023 or subsisted at the end of the year.

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

Save as disclosed in the section "Connected Transactions" in this annual report, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended 31 December 2023.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

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

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 12(a) and Note 12(c) to the consolidated financial statements on pages 153 to 154 and page 155 of this annual report.

For the year ended 31 December 2023, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2023.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2023, by our Group to or on behalf of any of the Directors.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

DEED OF NON-COMPETITION

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

During the Reporting Period, no written notice of any New Opportunity (as defined in the Deed of Non-competition) had been received by the Company. The Controlling Shareholders confirmed that they have complied with the Deed of Non-competition for the year ended 31 December 2023 (the "**Confirmation**"). Upon receiving the Confirmation, the independent non-executive Directors of the Company have reviewed the same as part of the annual review process. In view of the above, the independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the Controlling Shareholders of the non-competition undertakings in the Deed of Non-competition given by them.

MANAGEMENT CONTRACTS

Other than the Directors' service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2023.

MATERIAL LEGAL PROCEEDINGS

Event of Default of Notes of the Issuer

The Company subscribed secured notes in the principal amount of HK\$250,000,000 (the “**Notes**”) issued by Orbitronic Global Development Co., Limited (the “**Issuer**”) on 13 December 2019, the maturity date of the Notes was extended from 12 December 2020 to 12 June 2021. For details, please refer to the announcements of the Company dated 13 December 2019, 12 December 2020 and 22 June 2021 respectively. As at the date of this announcement, the Issuer failed to repay the principal amount of the Notes together with the accrued interests on the Notes to the Company and such sums remained outstanding.

The Company underwent significant changes in the composition of its Board members between June to August 2023. The new Board is determined and committed to recover the outstanding Notes. In August 2023, the Company engaged a Hong Kong legal firm to issue a demand letter, accompanied by a draft writ of summons to the Issuer. Thereafter the Company and the Issuer engaged in discussions for the recovery process. Following the extensive efforts and communication by the new Board, discussions were held with Issuer regarding a settlement process.

In October 2023, the Company, the Issuer, and the sole shareholder of the Issuer entered into a deed of supplemental agreement (the “**Supplemental Agreement**”). Pursuant to the Supplemental Agreement, the said sole shareholder of the Issuer further agrees to pledge the 10,000 shares of the Issuer (representing 100% of the shares of the Issuer) as the further collateral for the Notes and the Company shall be entitled to immediate appointment of a receiver (the “**Receiver**”) for all or any part of the collateral under the Notes. In November 2023, the Company appointed the receiver in order to better safeguard the collateral and the Company’s interest in the Issuer. In February 2024, the Issuer further created a charge over trade and other receivables in favor of the Company, which was registered under the Company Ordinance. The Board is confident in achieving a positive outcome in the ongoing recovery process.

The Company will make further announcement(s) as necessary to keep Shareholders informed of any material developments regarding the matters mentioned above.

SPECIFIC INDEPENDENT INVESTIGATION AND REVIEW

The Company experienced significant changes in its Board members between June and August 2023. In order to demonstrate the Company’s commitment to ensuring the effectiveness of its internal control, the new Board is not only responsible for maintaining sound and effective internal controls to safeguard shareholders’ investments and the Company’s assets as required by the Listing Rules but also intends to engage a professional firm to conduct an investigation and independent review on certain specific internal control matters.

On 6 October 2023, the Company was served with a petition (the “**Petition**”) from the Securities and Futures Commission (“**SFC**”), the details of which is disclosed in the announcement of the Company dated 8 October 2023. In the Petition, the SFC seeks, inter alia, that the Company shall appoint an external auditor (after consultation with the SFC) to review and prepare a report on its internal control procedures. The Petition will be heard at the High Court of Hong Kong on 23 May 2024.

In this regard, the Company has engaged Moore Advisory Services Limited to conduct an independent investigation and review involving (a) assessment of the effectiveness of the Group's internal control procedures related to (i) the investment process over subscription of wealth management products and (ii) the lending process; and (b) identification of any deficiencies or weaknesses in the Company's due diligence processes, operational procedures, and internal control systems. The findings of such investigation and review will assist the Company to identify any deficiency(ies) in its loans or investment approval procedures and internal control system and undertake corresponding improvements.

LOAN AND GUARANTEE

During the year ended 31 December 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors, senior management of the Company, the Controlling Shareholders or their respective connected person.

RESTRICTED SHARE UNIT (THE "RSU") SCHEME

We have adopted the RSU Scheme (the "**RSU Scheme**") with a view to formalise the grant and proposal to grant share incentives to eligible management and employees of the Group. The participants of the RSU Scheme include the employees or officers (including executive, non-executive and independent non-executive directors), any person or entity that provides research, development, consultancy and other technical or operation or administrative support to the Group, and any other persons who, in the sole opinion of the Board, have contributed or will contribute to any member of the Group or entities controlled by the Company through contractual arrangements. Under the RSU Scheme, the maximum number of shares which may be granted is 75,000,000 shares and all such shares have been issued to be held on trust as shares underlying the RSUs for the benefit of eligible participants pursuant to the RSU Scheme. No other shares are available for issue under the RSU Scheme as at the date of this annual report. There is no maximum entitlement for individual participant under the RSU Scheme. Under the rules of the RSU Scheme, there is no prescribed time frame within which all awards must be accepted or prescribed vesting period for all awards which may be granted under the RSU Scheme. The acceptance of any awards under the RSU Scheme shall be made within the period specified and in the manner prescribed in the notice of grant to be issued by the Company from time to time on a case-by-case basis. There are no outstanding RSUs granted and the vesting period of awards which may be granted under the RSU Scheme will be specified in the notice of grant to be issued by the Company from time to time on a case-by-case basis. No purchase price is payable for shares awarded under the RSU Scheme. The number of awards available for grant under the RSU Scheme was 18, 132, 134 shares as at 1 January 2023 and 31 December 2023. The remaining life of the RSU Scheme is approximately 4 years as at the date of this annual report.

The RSU Scheme was approved and adopted by the Board on 16 March 2018, the principal terms of which are set out in "Statutory and General Information — D. RSU Scheme and Share Option Scheme — 1. RSU Scheme" in Appendix IV of the Company's Prospectus.

Directors' Report

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

SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

For the year ended 31 December 2023, no share option was granted, exercised, cancelled or lapsed since its adoption and there is no outstanding share option under the Share Option Scheme.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SECURITIES

As at 31 December 2023, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to herein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in Shares or Underlying Shares of our Company

Name	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of interest
Mr. LIU Jie ⁽²⁾	Interest in a controlled corporation	1,007,837,500 (L) ⁽¹⁾	52.18%

Notes:

- (1) The letter “L” denotes the person’s long position (as defined under Part XV of the SFO) in our Shares.
- (2) LJ Technology Holding Limited, a beneficial owner 1,007,837,500 Shares, is wholly-owned by Mr. LIU Jie. Thus, Mr. LIU Jie is deemed to be interested in the same number of Shares in which LJ Technology Holding Limited is interested by virtue of the SFO.

Directors' Report

Save as disclosed above, as at 31 December 2023, so far as the Directors are aware, none of the Directors and chief executives of the Company, nor their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 December 2023, the following persons (other than the interest of the Directors or chief executives of the Company disclosed above) who had an interest or short positions in the ordinary shares and underlying shares which fall to be disclosed to the Company and Stock Exchange under the provisions of Division 2 or 3 or Part XV of the SFO which were recorded in the register required to be kept under section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of interest
LJ Technology Holding Limited ⁽²⁾	Beneficial owner	1,007,837,500 (L) ⁽¹⁾	52.18%
ZYB Holding Limited ⁽³⁾	Beneficial owner	148,488,000 (L) ⁽¹⁾	7.69%
Mr. ZHU Yanbin ⁽³⁾	Interest in a controlled corporation	148,488,000 (L) ⁽¹⁾	7.69%
ACERY Holding LIMITED ⁽⁴⁾	Beneficial owner	103,545,000 (L) ⁽¹⁾	5.36%
Mr. WU Junjie ⁽⁴⁾	Interest in a controlled corporation	103,545,000 (L) ⁽¹⁾	5.36%

Notes:

- (1) The letter "L" denotes the person's long position (as defined under Part XV of the SFO) in our Shares.
- (2) LJ Technology Holding Limited is wholly-owned by Mr. LIU Jie. Thus, Mr. LIU Jie is deemed to be interested in the same number of Shares in which LJ Technology Holding Limited is interested by virtue of the SFO.
- (3) ZYB Holding Limited is wholly-owned by Mr. ZHU Yanbin, who has been resigned as executive Director on 23 June 2023. Thus, Mr. ZHU Yanbin is deemed to be interested in the same number of Shares in which ZYB Holding Limited is interested by virtue of the SFO.
- (4) ACERY Holding LIMITED is wholly-owned by Mr. WU Junjie. Thus, Mr. WU Junjie is deemed to be interested in the same number of Shares in which ACERY Holding LIMITED is interested by virtue of the SFO.

Save as disclosed above, so far as the Directors are aware, no other person (other than the Directors and chief executive of the Company) had any interest and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were or required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or required to be recorded in the register required under section 336 of the SFO as at 31 December 2023.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year ended 31 December 2023, the percentages of purchases from the Group's largest supplier and five largest suppliers were 55.5% and 91.7%, respectively. The percentages of sales attributable to the Group's largest customer and the five largest customers were 72.4% and 95.5%, respectively.

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

RETIREMENT BENEFITS SCHEME

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

Details of the pension obligations of the Company are set out in Note 11, 12 and 36 to the consolidated financial statements in this annual report.

DIVIDEND POLICY

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

Directors' Report

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

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

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

CONNECTED TRANSACTIONS

During the year ended 31 December 2023, no related party transactions disclosed in note 36 to the consolidated financial statements constituted a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

Contractual Arrangements

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

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

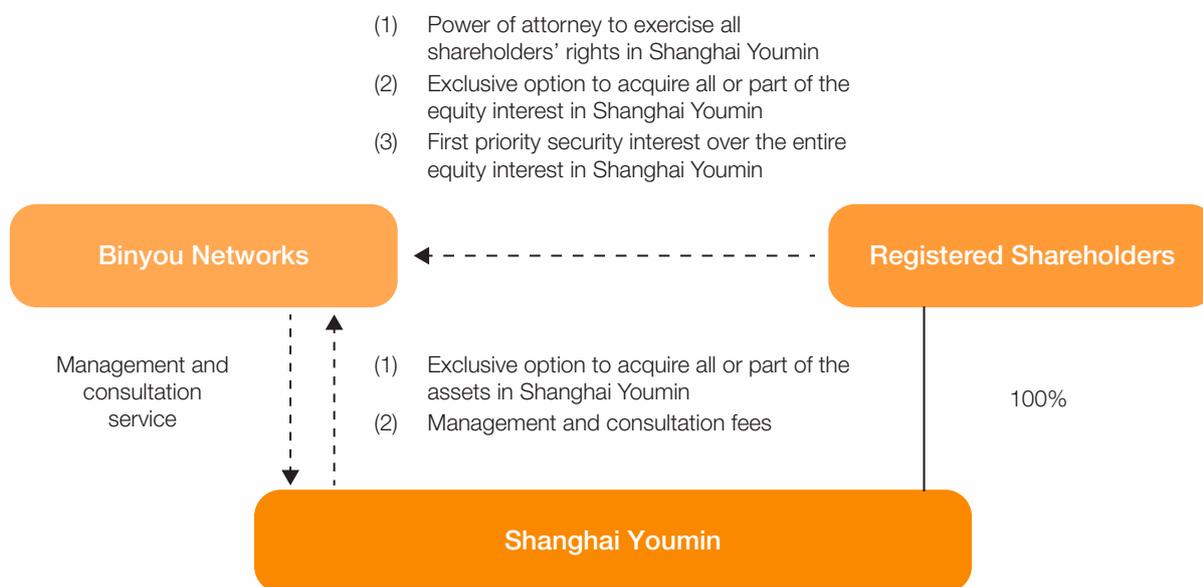
Furthermore, according to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises, which were issued on 11 December 2001 by the State Council and amended on 10 September 2008 and February 6, 2016 foreign investors are not allowed to hold more than 50% of the equity interests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

As advised by the Company’s PRC legal advisers, as at 31 December 2023, no applicable PRC laws, regulations or rules had provided clear guidance or interpretation on the Qualification Requirement, and there was no update to the Qualification Requirement.

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

Directors' Report

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



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

The following sets out a summary of the major terms of the structured contracts under the Contractual Arrangements which were in place during the year ended 31 December 2023:

1. Exclusive Option Agreement dated 24 March 2018, pursuant to which Binyou Networks (or its designee) has an irrevocable and exclusive right to purchase from the Registered Shareholders all or any part of their equity interests in Shanghai Youmin, and an irrevocable and exclusive right to purchase from Shanghai Youmin all or any part of its assets, at a nominal price, unless the relevant government authorities request that another amount be used as the purchase price and in which case the purchase price shall be such amount;
2. Exclusive Business Cooperation Agreement dated 24 March 2018, pursuant to which Shanghai Youmin agreed to engage Binyou Networks as its exclusive provider of business support, technical and consulting services, including technology services, network support and maintenance, research and development, employee training, business and management consultancy, intellectual property licensing, equipment leasing, market research and other services, in exchange for service fee;
3. Share Pledge Agreement dated 24 March 2018, pursuant to which the Registered Shareholders pledged all of their equity interests in Shanghai Youmin to Binyou Networks as collateral security for all of their payments due to Binyou Networks and to secure performance of all obligations of Shanghai Youmin and the Registered Shareholders under the Contractual Arrangements;

4. Powers of Attorney dated 24 March 2018 executed by each Registered Shareholders, appointing Binyou Networks, or any person designated by it, as its exclusive agent and attorney to act on their behalf on all matters concerning Shanghai Youmin and to exercise all of their rights as registered shareholders of Shanghai Youmin;
5. Spouse Undertaking dated 24 March 2018 signed by the spouse of each Registered Shareholders.

During the year ended 31 December 2023, (i) there were no new contractual arrangements entered into, renewed or reproduced between the Group and the PRC Operating Entities, (ii) there were no material changes in the Contractual Arrangements or the circumstances under which they were adopted, and (iii) none of the structured contracts under the Contractual Arrangements mentioned above has been unwound as none of the restrictions that led to the adoption of structured contracts under the Contractual Arrangements have been removed.

Particulars of the PRC Operating Entities

Particulars of the PRC Operating Entities as at 31 December 2023 are presented as follows:

Name of the PRC Operating Entities	Type of legal entity/ place of establishment and operation	Registered owners as at 31 December 2023	Business activities
Shanghai Youmin	Limited liability company/PRC	Mr. Liu, Mr. Zhu, Mr. Wu, Zhuhai Sangu Limited Partnership and Zhuhai Jugu Limited Partnership hold 68.86%, 13.49%, 2.08%, 10.38% and 5.19% of the equity interest of Shanghai Youmin respectively	Internet culture operations
Kuoyou Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Yiguo Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Feimiao Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Langxianjing	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Binjie Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Jieba Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Guangzhou Langxianjing	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Miyuan Networks	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Zhijianyuedong	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Zongdan	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Mimeng	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Rici	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Hainan Zhijianyuedong	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Hainan Yutong	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Hainan Chijia	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations
Shanghai Youbai	Limited liability company/PRC	100% by Shanghai Youmin	Internet culture operations

Directors' Report

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

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

For the year ended 31 December 2023, the services provided by Binyou Networks to the PRC Operating Entities, including the provision of business support, technical and controlling services, amounted to nil. The revenue and the total asset value of the PRC Operating Entities subject to the Contractual Arrangements amounted to approximately RMB647.4 million for the year ended 31 December 2023 and approximately RMB801.8 million as at 31 December 2023, respectively.

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

Risks associated with Contractual Arrangements	Mitigation actions taken by the Group
<p>1. Current PRC laws and regulations impose certain prohibitions on foreign ownership of companies that engage in the Internet cultural business, such as mobile game publishing. If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Company could be subject to sever consequences, including the nullification of the Contractual Arrangements and the relinquishment of its interest in our PRC Operating Entities.</p>	<p>Pursuant to the relevant exclusive business cooperation agreement under the Contractual Arrangements, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change of such laws, regulations or rules, the following agreements shall be applicable: If the economic interests of any party under the agreements suffer a significant adverse effect directly or indirectly due to above change of laws, regulations or rules, the agreements should continue to operate pursuant to the original terms. Each of the parties shall obtain a waiver for complying with such change or rule via all legal channels. If any adverse effect on the economic interests of any party may not be eliminated according to the relevant agreement, upon the receipt by the other parties of such notice from the affected party, all the parties shall promptly discuss and make all necessary modification to the agreements to preserve the economic interests of the affected party under the agreement.</p>

Risks associated with Contractual Arrangements

Mitigation actions taken by the Group

- | | |
|---|---|
| <p>2. The Contractual Arrangements may not be as effective in providing operational control as direct ownership. The PRC Operating Entities may fail to perform their obligations under our Contractual Arrangements.</p> | <p>According to the relevant powers of attorney, share pledge agreements and exclusive business cooperation agreements under the Contractual Arrangements, the arbitration tribunal may decide (i) compensation for the equity interests or property ownership of the PRC Operating Entities or their shareholders, or (ii) enforceable remedy or to demand bankruptcy of the PRC Operating Entities or their shareholders for relevant business or enforceable asset transfer. Any party is entitled to request a competent court to execute the arbitration award when it comes into effect.</p> |
| <p>3. The Company may lose the ability to use and enjoy assets held by its PRC Operating Entities that are material to its business operations if its PRC Operating Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.</p> | <p>Pursuant to the relevant exclusive option agreement under the Contractual Arrangements, in the event of a mandatory liquidation required by the laws of the PRC, the relevant PRC Operating Entities shall sell all of their assets and any residual interest through a non-reciprocal transfer to the extent permitted by the laws of the PRC to Binyou Networks or another qualifying entity designated by Binyou Networks, at the lowest selling price permitted by applicable laws of the PRC.</p> |
| <p>4. The ultimate shareholders of the Company's PRC Operating Entities may have conflicts of interest with them, which may materially and adversely affect its business.</p> | <p>The shareholders of the PRC Operating Entities have undertaken to Binyou Networks that during the period when the Contractual Arrangements remain effective, (i) unless otherwise agreed by Binyou Networks in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, be interested in, engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of the PRC Operational Entities or any of its affiliates and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Binyou Networks (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interest where Binyou Networks has the sole absolute discretion to determine whether such conflict arises, he agrees to take any appropriate actions as instructed by Binyou Networks.</p> |

Directors' Report

Risks associated with Contractual Arrangements	Mitigation actions taken by the Group
5. Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities. A finding that the Company owe additional taxes could substantially reduce its consolidated net income and the value of the investments.	As advised by the Company's PRC legal advisers, who took the view that the Contractual Arrangements will not be challenged by the PRC tax authorities or other government authorities unless the PRC tax authorities determine that such transactions are not conducted on an arm's length basis, provided that Binyou Networks and the PRC Operating Entities implement the Contractual Arrangements in accordance with the terms of the structured contracts.

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

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

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

- i. Pursuant to Article 52 of the PRC Contract Law, a contract is void under any of the following five circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the state, (ii) malicious collusion is conducted to damage the interest of the state, a collective unit or a third party, (iii) the contract damages the public interest, (iv) an illegitimate purpose is concealed under the guise of legitimate acts or (v) the contract violates the mandatory provisions of the laws or administrative regulations. As advised by the Company's PRC legal advisers, the relevant terms of the Contractual Arrangements do not fall within any of the aforementioned five circumstances, and in particular, would not be deemed as "concealing an illegitimate purpose under the guise of legitimate acts" under Article 52 of the PRC Contract Law, and do not violate the provisions of the PRC Contract Law or the General Principles of the PRC Civil Law. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and future PRC laws and regulations, and there can be no assurance that any PRC government agency will not take a view that is contrary to or otherwise different from the above.

- ii. According to the Contractual Arrangements, when a dispute arises, any party to the agreements may submit such dispute to the China International Economic and Trade Arbitration Commission for settlement pursuant to the effective arbitration rules at that time, and the arbitration award shall be final and binding on the parties. Arbitration tribunal may decide compensation for the equity interests and property ownership of the on-shore subsidiaries, decide enforceable remedy or demand liquidation of relevant business or enforceable asset transfer. Any party is entitled to request the competent court to execute the arbitration award when it comes into effect. The courts in Hong Kong and Cayman Islands also have the right to grant or execute awards of arbitration tribunal and make decision or execute temporary remedy on the equity interests and property ownership of the on-shore subsidiaries. However, pursuant to the laws of China, in the settlement of dispute, the arbitration tribunals shall not be entitled to grant an injunctive order to protect the property ownership or equity interests of the on-shore subsidiaries, and shall not issue a temporary or final liquidation order directly. Moreover, the interim remedies or orders granted by the off-shore courts, including Hong Kong and Cayman Islands, may not be recognised or enforced by the courts in China. Therefore, such terms in above agreements may not be enforceable under the laws of China.

Waiver from the Stock Exchange

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

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

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

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

Directors' Report

Annual Review

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

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

1. the transactions carried out during the year ended 31 December 2023 have been entered into in accordance with the relevant provisions of the Contractual Arrangements and have been operated so that the revenue generated by the PRC Contractual Entities has been mainly retained by the Group;
2. no dividends or other distributions have been made by the PRC Contractual Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group; and
3. there was no new contract entered into, renewed or reproduced between the Group and the PRC Contractual Entities during the year ended 31 December 2023.

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group for the year ended 31 December 2023 are set out in Note 36 to the consolidated financial statements contained herein.

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

INDEMNITY OF DIRECTORS

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code as set out in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules as its own code to govern its corporate governance practices.

During the Reporting Period, the Company has complied with all the code provisions set forth in the section headed "Part 1 — Mandatory disclosure requirements" and the applicable code provisions set out in the section headed "Part 2 — Principles of good corporate governance, code provisions and recommended best practices" of Corporate Governance Code as set out in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules, except for the following deviation from the provision C.2.1 of the Corporate Governance Code which is explained below:

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

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

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 45 to 61 of this annual report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix 10 (which has been re-numbered as Appendix C3 with effect from 31 December 2023) of the Listing Rules as its code of conduct for Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the Reporting Period

SUFFICIENT PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the years ended 31 December 2023 was audited by CWK CPA Limited, who is proposed for re-appointment at the forthcoming annual general meeting of the Company.

ZHONGHUI ANDA CPA Limited has resigned as the auditor of the Company with effect from 8 November 2023. CWK CPA Limited has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of ZHONGHUI ANDA CPA Limited with effect from 8 November 2023. Reference is made to the announcement of the Company dated 8 November 2023.

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

On behalf of the Board

Liu Jie

Chairman and Chief Executive Officer

Guangzhou, the People's Republic of China, 28 March, 2024

Director and Senior Management

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

BOARD OF DIRECTORS

Executive Directors

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

Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)

Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)

Independent Non-executive Directors

Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)

Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)

Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)

Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)

Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)

Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)

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

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company after his appointment, and be subject to re-election at such meeting. Dr. CHAN Man Fung, Mr. CHOW Wing You, Mr. JIANG Huihui and Mr. SHIN Ho Chuen will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

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

Biographical Details of Directors

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

Director and Senior Management

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

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

For Mr. Liu's interest in the shares of the Company within the meaning of Part XV of the SFO as at the date of this annual report, please refer to the section headed "Report of the Directors" in this annual report.

Dr. CHAN Man Fung (陳文鋒), aged 37, has been appointed as an executive Director and a member of the Remuneration Committee with effect from 29 June 2023. Dr. Chan is a merchant having businesses and investments in Hong Kong and the PRC. Dr. Chan has extensive experience in corporate finance and the legal and financial services fields both in the PRC and Hong Kong and was involved in several merger and acquisition transactions and initial public offerings. Dr. Chan is currently an executive director and co-chairman of P.B. Group Limited (Stock Code: 8331), a company listed on the GEM of the Stock Exchange.

Dr. Chan received his Postgraduate Diploma in Business Administration from the Society of Business Practitioners of Cheshire, England in 2017, obtained his doctorate degree in Business Administration from Warnborough College, Ireland in 2016 and received his Postgraduate Diploma in Legal Practice from the University of Oxford, England in 2011. He was graduated from the University of London with a bachelor degree of Laws in 2007 and from The Hong Kong Polytechnic University with a bachelor degree of Arts with a major in Business Studies in 2006. Dr. Chan is a fellow member of Society of Business Practitioners of Cheshire, England and a practicing chartered legal executive lawyer in England. Dr. Chan was a licensed person for types 1 (dealing in securities), 2 (dealing in future contracts), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO and currently is the substantial shareholder of a corporation licensed by the Securities and Futures Commission (the "SFC") to carry out types 1 (dealing in securities), 4 (advising on securities) and 9 (asset management) regulated activities under the SFO.

Mr. CHOW Wing Yiu (周永堯), age 35, has been appointed as an independent non-executive Director and the chairman of the Audit Committee with effect from 29 August 2023. Mr. Chow has over 12 years of working experience in auditing, accounting, taxation, internal control and company secretarial services. Mr. Chow is the founder and managing director of a professional firm of Certified Public Accountants in Hong Kong. He has extensive audit experience in the People's Republic of China and Hong Kong, covering various industries.

Mr. Chow holds a Bachelor degree of Business Administration in Accounting from Hong Kong Metropolitan University in June 2010. He is currently a member of Hong Kong Institute of Certified Public Accountants and Certified Public Accountant (Practising) registered in Hong Kong.

Director and Senior Management

Mr. SHIN Ho Chuen (單浩銓), aged 35, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee with effect from 29 August 2023. Mr. Shin has over 9 years of law related working experience. Mr. Shin was employed by David Fong & Co. as an assistant solicitor from July 2016 to July 2020 and he has been a partner of the firm since August 2020. Since March 2022, Mr. Shin has been an independent director of Onion Global Limited (OGBLY: US), a company listed on U.S. OTC Markets. Since February 2023, Mr. Shin has been an independent non-executive director of Jiading International Group Holdings Limited (Stock Code: 8153), a company listed on the GEM of the Stock Exchange.

Mr. Shin obtained a bachelor of laws degree and a postgraduate certificate in laws from The Chinese University of Hong Kong in November 2012 and July 2013, respectively. He was admitted as a solicitor in Hong Kong in March 2016.

Mr. JIANG Huihui (江輝輝), aged 40, has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 29 June 2023 and re-designated as the chairperson of Remuneration Committee with effect from 29 August 2023. Mr. Jiang has extensive experience in finance, investment fund management and the media and entertainment related businesses. Mr. Jiang is currently the general manager of an assets management company located in Beijing, the PRC, responsible for the management of overall operation of the company. Mr. Jiang is also the management consultant of a film and television production company located in Beijing, the PRC, responsible for identifying issues in the company and developing plans of action for enhancing performance.

Mr. Jiang obtained a bachelor degree of Engineering from University of Central Lancashire in 2005 and a degree of Master of Engineering Studies from University of Technology, Sydney in 2007.

SENIOR MANAGEMENT

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

Name	Age	Position	Roles and responsibilities
Mr. WU Junjie (吳俊傑)	47	Vice president	Strategic development and daily management
Ms. LI Nini (李妮妮)	42	Vice president	Business operation and project management

Mr. WU Junjie (吳俊傑), aged 47, join the Group on 3 December 2013. Mr. Wu currently is a vice president of the Company, mainly responsible for strategic development and daily management of our Group. Mr. Wu has served as the vice president of Shanghai Youmin Networks Technology Limited* (上海遊民網絡科技有限公司) since December 2013.

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

Director and Senior Management

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

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

Ms. LI Nini (李妮妮), aged 42, join the Group on 3 December 2013. Ms. Li is vice president of the Group, mainly responsible for the business operation and project management. She has served as vice president of Shanghai Youmin Networks Technology Limited* (上海遊民網絡科技有限公司) since December 2013.

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

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

Corporate Governance Report

OVERVIEW

The Company and its subsidiaries are committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Board will continue to review and monitor the corporate governance of the Company, as well as various internal policies and procedures, including but not limited to those applicable to employees and Directors, with reference to the Corporate Governance Code set out in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all the code provisions set forth in the Corporate Governance Code contained in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules, except for the following deviation from provision C.2.1 of the Corporate Governance Code which is explained below:

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

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

Board of Directors

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

Corporate Governance Report

As at 31 December 2023, the Board consists of five Directors, of whom two are executive Directors and the remaining three are independent non-executive Directors. The table below sets out the roles of each member of the Board:

Directors	Position
Mr. LIU Jie (劉傑)	Executive Director, chairman of the Board and chief executive officer
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)	Executive Director
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)	Executive Director
Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)	Independent non-executive Director
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	Independent non-executive Director
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	Independent non-executive Director
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	Independent non-executive Director
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)	Independent non-executive Director
Mr. GUO Jingdou (郭靜門) (resigned on 29 August 2023)	Independent non-executive Director

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

The biographies of the Directors of the Company are set out on pages 41 to 44 of this annual report.

For the year ended 31 December 2023, the Board has complied with the requirements of the Listing Rules on appointment of at least three independent non-executive Directors, representing at least one-third of members of the Board and at least one of whom shall have appropriate professional qualifications, or accounting or related financial management expertise. The qualifications of the three independent non-executive Directors of the Company fully comply with the requirements of Rules 3.10(1) and (2) of the Listing Rules. The Board is well-balanced in structure and each of its members possesses extensive knowledge, experience and talent in relation to the business operation and development of the Company. All the Directors are well aware of their joint and several responsibilities towards the shareholders of the Company.

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

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

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

Board Independence

The Board has established mechanisms to ensure independent views are available to the Board. The summary of the mechanisms is set out below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The nomination committee of the Company strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Compensation

No equity-based remuneration with performance-related elements will be granted to independent non-executive Directors as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Board Decision Making

Directors (including independent non-executive Directors) are entitled to seek further information from the management on the matters to be discussed at Board meetings and, where necessary, independent advice from external professional advisers at the Company's expense.

A Director (including independent non-executive Directors) who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

Corporate Governance Report

During the year ended 31 December 2023, the Board at all times met the requirements of the Listing Rules relating to the appointment of independent non-executive Directors as mentioned in item (i) above. The Board has reviewed the implementation and effectiveness of such mechanisms during the year.

Confirmation of Independence of Independent Non-Executive Directors

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

Company Secretary

Ms. CHIK Wai Chun (“**Ms. Chik**”) was appointed as the company secretary of the Company upon the resignation of Ms. YU Anne with effect from 21 July 2023.

Ms. Chik has over 15 years of auditing, accounting, corporate governance and company secretarial experience. Since January 2018, Ms. Chik has served as head of company secretarial department of a corporate advisory firm in Hong Kong.

For the year ended 31 December 2023, Ms. Chik has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

Directors’ Continuous Training and Development

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

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

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

The training record of each Director received during the year ended 31 December 2023 is set out below:

Name of director	Reading materials relevant to corporate governance and regulations	Attending training session(s) relevant to corporate governance and regulations
Executive Directors		
Mr. LIU Jie (劉傑) (<i>Chairman</i>)	Y	Y
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)	Y	Y
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)	Y	Y
Independent Non-executive directors		
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	Y	Y
Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)	Y	Y
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	Y	Y
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)		
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)	Y	Y
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	Y	Y

Appointment and Re-election of Directors

All Directors (including non-executive Directors) are appointed for a specific term of three years which may be extended as each and the Company may agree, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association. Each newly appointed Directors during the Reporting Period, namely Dr. CHAN Man Fung, Mr. CHOW Wing You, Mr. JIANG Huihui and Mr. SHIN Ho Chuen, confirmed that he obtained the legal advice referred to in Rule 3.09D of the Listing Rules on the date of his appointment. Each of Dr. CHAN Man Fung, Mr. CHOW Wing You, Mr. JIANG Huihui and Mr. SHIN Ho Chuen has confirmed that he understood his obligations as Director. Article 84 of the Articles of Association provides that at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. The Company has implemented a set of effective procedures for appointment of new Directors. The nomination of new Directors shall be first deliberated by the Nomination Committee and then submitted to the Board, subject to approval by election at the general meeting.

Article 83(3) of the Articles of Association provide that any Director appointed by the Board to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first annual general meeting of the Company after his appointment, and be subject to re-election at such meeting. Where vacancies on the Board exist, the Nomination Committee evaluates skills, knowledge and experience required by the Board, and identifies if there are any special requirements for the vacancy. The Nomination Committee identifies appropriate candidates and convenes Nomination Committee meeting to discuss and vote in respect of the nominated Directors, and recommends candidates for Directors to the Board.

Corporate Governance Report

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

Nomination Policy

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

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

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

Remuneration Policy

The remuneration of Directors and senior management is determined with reference to their expertise and experience in the industry, the performance and profitability of the Group as well as remuneration benchmarks from other local and international companies and prevailing market conditions.

Emoluments of Directors and Senior Management and Five Highest Paid Individuals

Remuneration Committee shall propose the emoluments of Directors based on the remuneration policy and make recommendations to the Board. As authorized by the general meeting, emoluments of Directors shall be determined by the Board.

Emoluments of senior management shall be determined by the Board.

Details of emoluments of Directors, senior management and five highest paid employees of the Group are set out in notes 12(a) and 12(c) to the consolidated financial statements in this annual report, respectively.

Pursuant to the Corporate Governance Code, the remuneration of the members of the senior management (other than Directors) whose particulars are contained in the section headed “Director and Senior Management” in this annual report for the year ended 31 December 2023 by band is set out below:

Remuneration Bands	Number of Senior Management
HK\$1,000,000 to HK\$1,500,000	1
HK\$1,500,000 to HK\$2,000,000	1

Directors’ and Senior Management’s Liability Insurance

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

CULTURES AND VALUES

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

1. Integrity and code of conduct

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

Corporate Governance Report

2. Commitment

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

BOARD DIVERSITY POLICY

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

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

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

GENDER DIVERSITY

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

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

The Company plans to offer all-rounded trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. As at 31 December 2023, the gender ratio in our workforce (including senior management) for male and female employees were 64.8% and 35.2%, respectively.

BOARD MEETING

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

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

During the Report Period, the Company held six Board meetings in total. The Company held one general meeting during the reporting period. The Company will fully comply with the requirement under the code provision C.5.1 of the Corporate Governance Code to convene Board meetings at least four times a year at approximately quarterly intervals. The chairman of the Board held one meeting with independent non-executive Directors during the year without the presence of other Directors.

Corporate Governance Report

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

Name of director	Attendance/ Number of Board Meeting(s)	Attendance/ Number of annual general meeting
Executive Directors		
Mr. LIU Jie (劉傑) (<i>Chairman</i>)	6/6	1/1
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)	4/4	N/A
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)	1/1	1/1
Independent Non-executive directors		
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	4/4	N/A
Mr. CHOW Wing Yiu (周永堯) (appointed on 29 August 2023)	2/2	N/A
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	2/2	N/A
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)	4/4	1/1
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	4/4	1/1
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	2/2	1/1

BOARD COMMITTEES

The Company has three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board committees operates under its terms of reference. The terms of reference of the Board committees are available on the website of the Company (www.fingertango.com) and that of the Stock Exchange (www.hkexnews.hk), respectively.

Audit Committee

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

The Audit Committee held three meetings during the reporting period to review and consider, in respect of the year ended 31 December 2023, the interim and annual financial results and reports, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, change of external auditors and engagement of non-audit services, as well as the preliminary quotation of the range of audit fee to be charged by the external auditors for the ensuing year. The Audit Committee also met the external auditors once during the reporting period without the presence of the executive Directors and the management.

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

Name of director	Attendance/ Number of Meeting(s)
Mr. CHOW Wing Yiu (周永堯) (<i>Chairperson</i>) (appointed on 29 August 2023)	2/2
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	2/2
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	2/2
Dr. LIU Jianhua (柳建華) (resigned on 29 August 2023)	1/1
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	1/1
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	1/1

The Audit Committee has reviewed the Company's audited consolidated annual results for the Reporting Period and this annual report. The Audit Committee is of the opinion that the Group's consolidated financial statements for the year ended 31 December 2023 comply with the applicable accounting principles, standards, and requirements and that adequate disclosures have been made. The Audit Committee therefore recommend for the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2023.

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The Remuneration Committee currently comprises three members being two independent non-executive Directors, namely Mr. JIANG Huihui, and Mr. SHIN Ho Chuen and being one executive Director, namely Dr. Chan Man Fung. Mr. JIANG Huihui is the chairperson of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations to the Board on employee benefit arrangement.

During the Report Period, three meetings of the Remuneration Committee were held to review the remuneration policy and structure and to make recommendations to the Board on determining the annual remuneration packages of the executive Directors and the senior management and other related matters.

Corporate Governance Report

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

Name of director	Attendance/ Number of Meeting(s)
Mr. JIANG Huihui (江輝輝) (<i>Chairperson</i>) (appointed on 29 June 2023 and re-designated as Chairperson on 29 August 2023)	1/1
Dr. CHAN Man Fung (陳文鋒) (appointed on 29 June 2023)	1/1
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	N/A
Mr. ZHU Yanbin (朱炎彬) (resigned on 23 June 2023)	1/1
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	2/2
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	3/3

Nomination Committee

The Company established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules. The Nomination Committee currently comprises three members, being one executive Director, namely Mr. LIU Jie and being two independent non-executive Directors, namely Mr. JIANG Huihui and Mr. SHIN Ho Chuen. Mr. LIU Jie is the Chairperson of the Nomination Committee. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of members of our Board.

During the Report Period, three meetings of the Nomination Committee were held to review composition and structure of the Board, evaluate the independence of the independent non-executive Directors and recommend the Board at the annual general meeting on nomination of new independent non-executive directors, the re-election of Directors and review the board diversity policy.

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

Name of director	Attendance/ Number of Meeting(s)
Mr. LIU Jie (劉傑) (<i>Chairperson</i>)	3/3
Mr. JIANG Huihui (江輝輝) (appointed on 29 June 2023)	1/1
Mr. SHIN Ho Chuen (單浩銓) (appointed on 29 August 2023)	N/A
Mr. SUI Pengda (隋鵬達) (resigned on 29 June 2023)	2/2
Mr. GUO Jingdou (郭靜鬥) (resigned on 29 August 2023)	3/3

Corporate Governance Functions

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuer" (the "Model Code") set out in Appendix 10 (which has been re-numbered as Appendix C3 with effect from 31 December 2023) to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Group's senior management, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

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

AUDITOR AND THEIR REMUNERATION

During the Reporting Period, the remunerations paid/payable to the external auditors, CWK CPA Limited (appointed on 8 November 2023) and ZHONGHUI ANDA CPA Limited (resigned on 8 November 2023), are set out as follows:

	Fees (RMB'000)
Audit services — annual audit	
— CWK CPA Limited	2,609
Non-audit services — review of interim financial information	
— ZHONGHUI ANDA CPA Limited	202

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

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

The statement of CWK, the external auditor of the Group, in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 113 to 117.

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

During the year ended 31 December 2023, the Board has reviewed the risk management and internal control system and consider them to be sound and effective. The scope of review covers key control, including the function of finance, operation and compliance control and risk management. The Board considers that the Company has substantially sufficient resource in accounting, internal audit and financial reporting, and training course and the related budget also be sufficient. The relevant review has been discussed by the management of the Company, external and internal auditor and audited by Audit Committee. The Board will review the effectiveness of the risk management and internal control system on an annual basis.

ANTI-CORRUPTION POLICY

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

WHISTLEBLOWING POLICY

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

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2023 has been discovered.

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

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the Reporting Period and upon the date of this annual report, the second amended and restated articles of association of the Company were amended by a special resolution at the annual general meeting held on 27 June 2023 to, among other things, (i) bring the existing articles of association in line with the amendments made to the applicable laws of the Cayman Islands and the Listing Rules, in particular Appendix 3 (which has been re-numbered as Appendix A1 with effect from 31 December 2023) to the Listing Rules regarding the core shareholder protection standards which took effect from 1 January 2022; and (ii) adopt certain consequential and housekeeping amendments. The third amended and restated articles of association has been made available on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

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

1. Right to Convene EGM

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

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

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

The notice period to be given to all the registered members for consideration of the proposal raised by the requisitionist(s) concerned at the EGM varies according to the nature of the proposal, as follows:

- At least 21 clear days' notice if the proposal constitutes a special resolution of the Company in EGM;
- At least 14 clear days' notice for proposal of all other EGMs.

2. Right to Put Enquiries to the Board

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

3. Right to Put Forward Proposals at General Meetings

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

SHAREHOLDERS' COMMUNICATION

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

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

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

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

Reporting Guideline

The Report is prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Guide (the “**Guide**”) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) issued by the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The contents in the Report have complied with the requirements of “comply or explain” provisions under the Guide and that of four reporting principles (Materiality, Quantitative, Balance and Consistency). A content index for the Guide compiled by referencing this Report was appended in the last chapter of the Report for quick reference.

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

Reporting Scope

The Report elaborates the Group sustainable development policies, measures and key performance indicators in respect of its core business from 1 January 2023 to 31 December 2023 (hereafter as “the year” or “**reporting period**”). Unless otherwise specified, the Report covers the business of the entire Group.

Data Source and Reliability Statement

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

Confirmation and Approval

The ESG Report was confirmed by the management and approved by the Board of Directors on 28 March 2024.

Feedback on the Report

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

2. ABOUT FINGERTANGO AND 3K

3K Corporate Culture

The core concept of the corporate culture of FingerTango is “Delight your life in a tap” which mean to let the game entertain the life. The keywords of “Delight” and “Life” are adopted in the corporate development and operation strategies. Players’ experience is the first priority in developing the game products and services so that the gaming experience can delight their life experience in every small tap.

Mission, Vision and Values

As stated in the employee handbook, our mission is to continue to bring more fun to users. Our vision is to become a global cultural and entertainment company.

Environmental, Social and Governance Report

The core values of FingerTango are stated in the followings

Our Values	Description
Simple and pragmatic	Do things pragmatically, focusing on results and efficiency
Achieve each other	Mutual trust, mutual help, win-win cooperation
Continuous growth	Do things with accumulation from a long-term development perspective

3. SUSTAINABLE DEVELOPMENT OF GOVERNANCE STRUCTURE

Statement of the Board

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

Sustainability Strategy

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

Environmental, Social and Governance Report

Decision level — Board of Directors	<ul style="list-style-type: none"> • Assigning authority to the ESG working team • Review and approve the Group’s ESG management policies, strategies and annual work, including assessing, prioritizing and managing material ESG issues • Regularly review and supervise the achievement of ESG performance and targets • Discuss ESG material events and future development • Review ESG management effectiveness
Coordination level — ESG working team	<ul style="list-style-type: none"> • Identify ESG material issues and major risks of the Group • Formulate ESG planning and goal management • Coordinate ESG management and disclosure • Formulate ESG strategies and guidelines • Coordinate and organizes communication with stakeholders • Report to the Board of Directors on ESG management on a regular basis
Implementation level — ESG coordinator of each department	<ul style="list-style-type: none"> • Implement ESG information and policy management • Support ESG working team

Communication with Stakeholders

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

Stakeholders	Expectations and demands	Major channels for communication and feedback
Player (i.e. customer)	<ul style="list-style-type: none"> • Quality of products and services • Product innovation and research and development • Fair play • Privacy information protection • Responsible marketing • Healthy gaming experience 	<ul style="list-style-type: none"> • Customer satisfaction survey and opinion form • Customer service centre • Customer relationship manager visits • Daily operations/communication • Online service platform • Social media platforms • Telephone/Mailbox

Environmental, Social and Governance Report

Stakeholders	Expectations and demands	Major channels for communication and feedback
Business Partner	<ul style="list-style-type: none"> • Business growth • Product distribution • Operation compliance • Compliance with laws and regulations • Stable operation • Business ethics and reputation • Quality of products and services 	<ul style="list-style-type: none"> • Report • Meeting • Visit • Seminar
Employee	<ul style="list-style-type: none"> • Remuneration and benefit package • Health and safety of employee • Belonging of the employees • Employee development and training • Protection of employees' rights 	<ul style="list-style-type: none"> • Channels for employees to express their opinions such as form, suggestion box • Performance reviews • Panel discussions • Meetings and interviews • Presentation on business operations • Volunteering activity • Seminars/workshops/lectures • Publications such as staff newsletters • Staff meeting for communication • Employee intranet
Government and regulator	<ul style="list-style-type: none"> • Operation compliance • Employment promotion • Quality of products and services 	<ul style="list-style-type: none"> • Meeting • Written responses to public consultation • Compliance report
Supplier	<ul style="list-style-type: none"> • Open, fair and just procurement • Compliance with contracts • Anti-corruption • Sustainable development of supply chain 	<ul style="list-style-type: none"> • Supplier management procedure • Assessment system on supplier/contractor • Site visit • Meeting

Environmental, Social and Governance Report

Stakeholders	Expectations and demands	Major channels for communication and feedback
Society and the public	<ul style="list-style-type: none"> Facilitating community development Participate in public welfare and charity activities Response to climate change Environment protection 	<ul style="list-style-type: none"> Volunteering activity Donation Community investment program Community activity Seminars/lectures/workshops Meeting
Shareholder and investors	<ul style="list-style-type: none"> Corporate governance Business growth Return on investment Transparent information Stable operation Investment income ESG issues Sound risk management and internal control 	<ul style="list-style-type: none"> Annual General Meeting and other general meeting Interim and annual reports Corporate communications such as letters to Shareholders/circulars and notice of meetings Results announcement Investor/senior management meetings

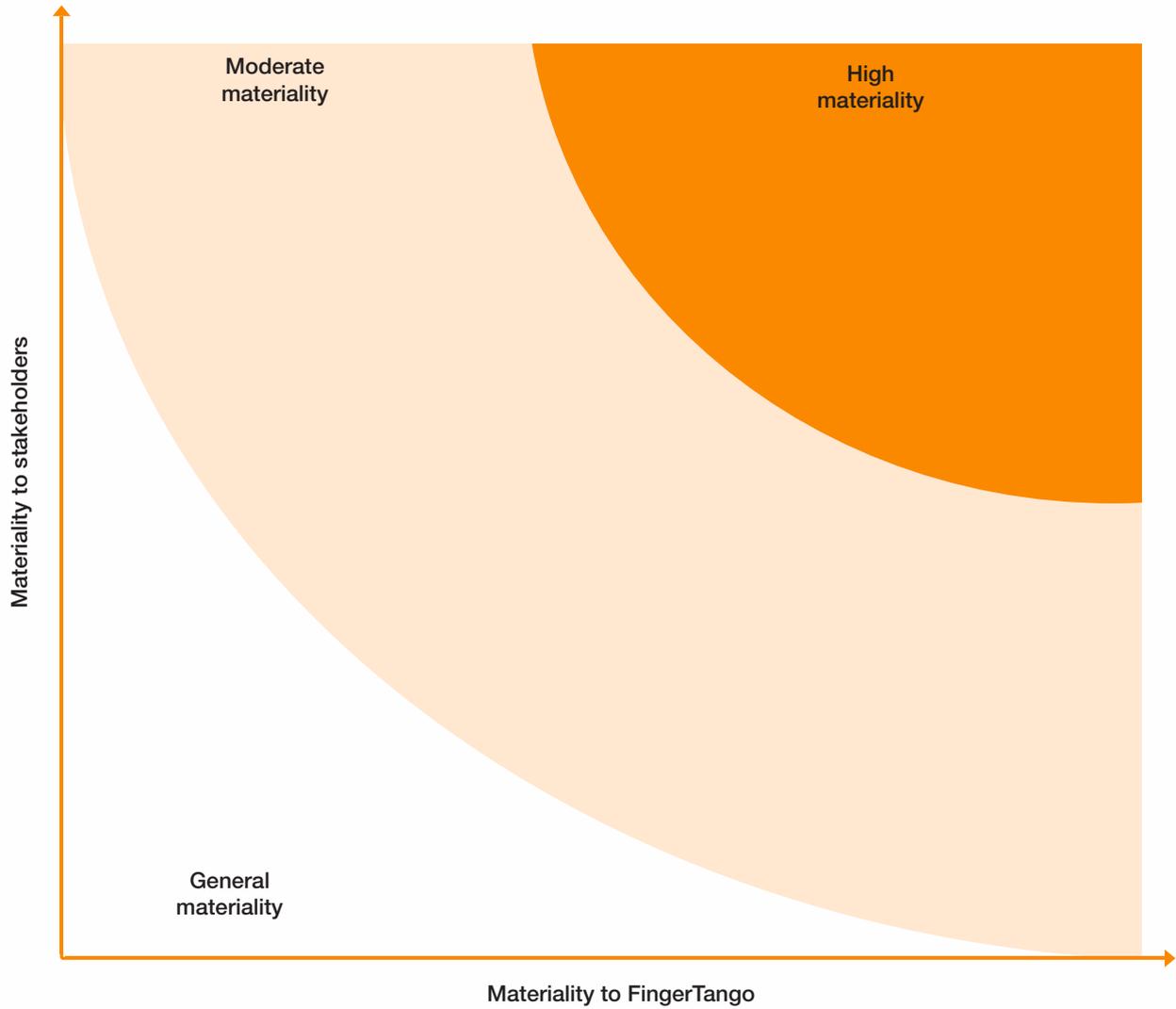
Materiality Assessment

In order to manage important sustainable development risks and opportunities, FingerTango conducted materiality assessment in 2022 with reference to various external reporting requirements and taking into account its business operation status and the concerns of various stakeholders.

The management of the Group has confirmed that the results of materiality assessment for 2022 are still applicable to the Year after considering that (i) there were no significant changes in the business and operating environment during the Year and (ii) the results of materiality assessment could nevertheless reflect the expectations of stakeholders.

Environmental, Social and Governance Report

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



Environmental, Social and Governance Report

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

4. CUSTOMER AND BUSINESS PARTNER

4.1 Product Quality and Innovation

By our core principle, “Delight your life in a tap”, the quality of the game product is crucial to the key to its success and sustainability. Therefore, the Group is committed to publishing high-quality games and having stringent game selection procedures to ensure better gaming experience for players. The Group continues to improve its technical services and player services and provides valuable technical support to game developers according to their specific needs. The Group also enhanced its game development capabilities by investing more in research and development. In addition, the Group has established a comprehensive game development and publishing process and will produce the display version of its games and conduct multiple rounds of testing before the games are officially approved for publishing to ensure the quality of the games and player experience. At the same time, we believe that the communication with players and business partners and ensuring their satisfaction could assist us to achieve the long-term and greater success.

4.2 Innovative Gaming Experience

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

4.3 Awards and Honours

FingerTango always regards quality products and services as our primary pursuit. Keeping in mind the support from all sectors of society, we actively participate in social public welfare activities to enhance our corporate value while operating with integrity. During the Reporting Period, the Group and its products have won various awards, demonstrating its significant progress in the field of game development and the high recognition by the market. Awards and recognitions include:

Name of Awards	Awarding Organization and event	Stakeholders to FingerTango	Awarded aspect
2022 Comprehensive Strength Gold Award (awarded in 2023) 2022年度綜合實力金獎(2023年頒發)	Shanghai Lantian Economic City 上海藍天經濟城	Government	Business operation, brand influence and development
Guangzhou Game Industry Network Ecological Governance — Excellent Enterprise 廣州市遊戲行業網絡生態治理 — 優秀企業	Guangzhou Games Industry Association 廣州市遊戲行業協會	Non-government organization	Compliance of industry regulations such as privacy protection and anti-addiction
2023 Shanghai Top 100-Top 50 Growth Enterprises 2023年上海百強·成長企業50強	Shanghai Enterprise Confederation, Shanghai Entrepreneurs, Association Liberation Daily 上海市企業聯合會, 上海市企業家協會, 解放日報社	Non-government organization	Business growth
Petal Gaming Services — Innovation Partner PGS 創新合作夥伴	HUAWEI — HUAWEI DEVELOPER CONFERENCE 2023 華為 — 華為開發者大會2023	Business partner	Products innovation
Best Content Innovation Strategy Mobile Game — Behemoth Battlefield 最佳內容創新策略手遊 — 巨獸戰場	HUAWEI — HUAWEI DEVELOPER CONFERENCE 2023 華為 — 華為開發者大會2023	Business partner	Product quality
Best Business Strategy Game — Behemoth Battlefield 最佳經營策略遊戲-巨獸戰場	vivo — vivo Developer Conference 2023 vivo — 2023 vivo開發者大會	Business partner	Product quality

Environmental, Social and Governance Report

Name of Awards	Awarding Organization and event	Stakeholders to FingerTango	Awarded aspect
OGA Annual Potential Partner OGA年度潛力合作夥伴	OPPO — OPPO Developers Conference 2023 OPPO — 2023 OPPO開發者大會	Business partner	Brand influence and business growth
OGA Annual Leisure Sports Ingenious Mini Game — Behemoth Battlefield OGA年度休體匠心小遊戲-巨獸戰場	OPPO — OPPO Developers Conference 2023 OPPO — 2023 OPPO開發者大會	Business partner	Product quality
OGA annual marketing performance — Behemoth Battlefield OGA年度營銷表現-巨獸戰場	OPPO — OPPO Developers Conference 2023 OPPO — 2023 OPPO開發者大會	Business partner	Product sales performance
The Most Popular Game Manufacturer 最具熱度遊戲廠商	Xiaomi — APP OF MI AWARD 2023 小米—2023艾米獎	Business partner	Brand influence
Best Marketing Partner 最佳營銷合作夥伴	Xiaomi — Xiaomi Internet Partner Conference 2023 小米—小米遊戲開發者大會 MIPC 2023	Business partner	Product sales performance and brand influence
The Most Potential Manufacturer 最具潛力廠商	Xiaomi — Xiaomi Internet Partner Conference 2023 小米—小米遊戲開發者大會 MIPC 2023	Business partner	Brand influence and business growth
Game Data Driven Conference Gold Award — Best Game Awards 數據驅動最佳SLG遊戲 — 最佳遊戲獎巨獸 戰場	ThinkingData 數數科技	Business partner	Product quality and sales performance
Game Data Driven Conference — Gold Award of Operation 金數獎 — 最佳運營獎	ThinkingData 數數科技	Business partner	Product management and operation

4.4 Satisfaction of Business Partners

Most of our awards were from our business partners, which is one of our key stakeholders. The awards were mainly related to i. our innovation and content of the game products, ii. Our marketing effort and brand influence, and iii. Sales performance. We understood the needs and demands of our business partners. As one of their roles as a mobile application distributor in their smartphone products, they need innovative and marketable mobile game products to generate the value to their smartphone users and support their business growth by obtaining profit share from their users subscription of services and products in our game products. The success of our business partners is also the success of us which reflect our company value “Achieve each other – Mutual Trust, Mutual Help, Win-Win Cooperation”. Therefore, we listened to the opinion our customers as well as our business partners and attached great importance to their satisfactions.

4.5 Communication with Customers

FingerTango is guided by customer experience and needs, and adheres to providing high-quality products and excellent services. The Group offers game players with a wide range of player services and technical support, not only committed to satisfying the needs of our players, but also aimed at understanding the expectations of target customers through communication with players so as to constantly optimise our games and services. We establish a series of internal and external communication channels for players to express their opinions, answering queries and conduct in-depth research on user needs in order to improve the game experience and our service quality in a targeted manner.

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

4.6 Players Community

Except for the communication with the players, we also established an online community forum for the players to discuss with each other and express their views and opinions about our game products. We established a policy of Community Monitoring Work Instructions and allocate enough customer services representatives to manage the online forum in order to collect the customers feedbacks and prevent the risk of violation of laws and regulations during the discussion between players.

We provided incentives and rewards to the players who actively provide contributions such as creation of qualitative post, answering to players questions and participation to our online events, to the online forum. In addition, in order to give back to players and shorten the distance between us and consumers, we opened an official Weibo account and regularly carried out forwarding and lucky draw activities to give back to players. In addition, we have also provided free benefits, such as daily gifts, limited benefits, exclusive benefits and others, for players. Players may also enter the player community through the WeChat public account, looking for like-minded players to explore the fun of the game together.

4.7 Focus on Service Quality

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

Environmental, Social and Governance Report

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

Complaint type	2023	2022
Game abnormality	106	19
Re-charge by minor	54	26
Account re-charge	5	8
Misconduct report	4	2
Punishment measures	3	3
Total	172	58

The complaints we received during this year increased by 196.5% as compared to last year and the complaints handling ratio is 100%. The significant increase of complain cases was due to the significant growth of players for a SLG type mobile game of the Group. We have improved our game experience based on the feedback from players for the dedication to provide high quality experiences to the players.

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

4.8 Advertisement Management

The Group uses a variety of advertising and promotional programs to market its games. We have a dedicated team that collaborates with our publishing team to plan and execute marketing and promotional programs that suit the demographics and characteristics of our target groups of game players. Depending on the target audience's preferences, the Group uses different online advertising forms such as feeds, online video commercials, loading screen commercials and in-app commercials, and uses artificial intelligence and big data to check the quality of the content and commercial effectiveness. By analysing our game player demographics and behaviour data, we may also choose our offline marketing and promotion activities to achieve the best publicity with commercial efficiency. Moreover, the Group takes part in various industry expos and conferences to promote our games and achieve maximum exposure.

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

4.9 Privacy Protection Policy

Due to our business nature, the Group receives, transmits, and stores information related to the players' personal information and the data generated during the use of its products during its operations, the Group firmly believes that adequate maintenance, storage, and protection of user data and other related information is an important responsibility of our continuous business development. The Group strictly abides by the Safety Protection of Computer Information System Regulations of the People's Republic of China, the Cybersecurity Law of the People's Republic of China, the Provisions on Technological Measures for Internet Security Protection, the Administrative Measures on Internet Information Service of the People's Republic of China, the Administrative Measures on the Security Protection of Computer Information Network with International Connections and other laws and regulations. We value the protection of players' personal information and we have formulated the 3K Game Privacy Policies explaining how we collect, use, store, provide and protect the personal information of players, and how players can manage their personal information. We will only retain player information for the period necessary for the purposes stated in the 3K Game Privacy Policies and for the period required by laws and regulations. In addition, players also have the right to request us to delete or cancel all service information and data related to their personal information account.

The 3K Game Privacy Policies also cover how the Group handles the personal information of children under 14 years old, including how it collects, uses, stores and protects their personal information when they use the game products and services operated by the Group. We have appointed a specific person to take charge of protecting the personal information of children, and we follow the relevant policies strictly to safeguard their personal information. If there are any questions, comments or suggestions related to this, the Group will deal with them and reply promptly to ensure the proper resolution of the issues.

4.10 Internal Information Security

Data security is crucial for FingerTango. We value our own network information security and the privacy of every customer. For internal information security, we have formulated the Information Safety Management System, Information Safety Confidentiality System, Network Safety Operation Management System, Information Safety Technology Protection Policies and other policies to guide the implementation of security work in information system, effectively ensure the implementation of various security responsibilities, and ensure the construction of a secure online gaming platform. In addition, we have established an information security group to jointly implement, inspect, and update information security protection technologies with other relevant technical departments. Meanwhile, we have established an independent contact group for each department to convey various emergency information and instructions through 24-hour phone calls, emails, SMS alerts, and other means. We will take effective and necessary measures to protect the security of personal information collected from users, and use commercially reasonable security technical measures to protect personal information from unauthorized access, use, or leak. Meanwhile, we will use genuine antivirus software to prevent computer viruses, and keep our virus database updated and scanned regularly to ensure virus prevention. For important databases and systems, we conduct off-site disaster recovery and regular full backups through the intranet to ensure data transmission security and disaster recovery.

We also regularly organise information compliance training for employees. In order to avoid any loss of information and ensure information control, all information generated on our leased cloud servers are backed up immediately on the leased cloud servers and stored in accordance with local laws and regulations.

In case of any unfortunate security incident such as information leakage, we will immediately activate the emergency plan to prevent the expansion of the security incident, and report it to the relevant competent authorities in a timely manner in accordance with the requirements of laws and regulations. We will inform players of the relevant conditions of the incident by email, push notification or announcement. During the reporting period, we have not experienced any material leakage or loss of users' information.

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

4.11 Protection of Intellectual Property Rights

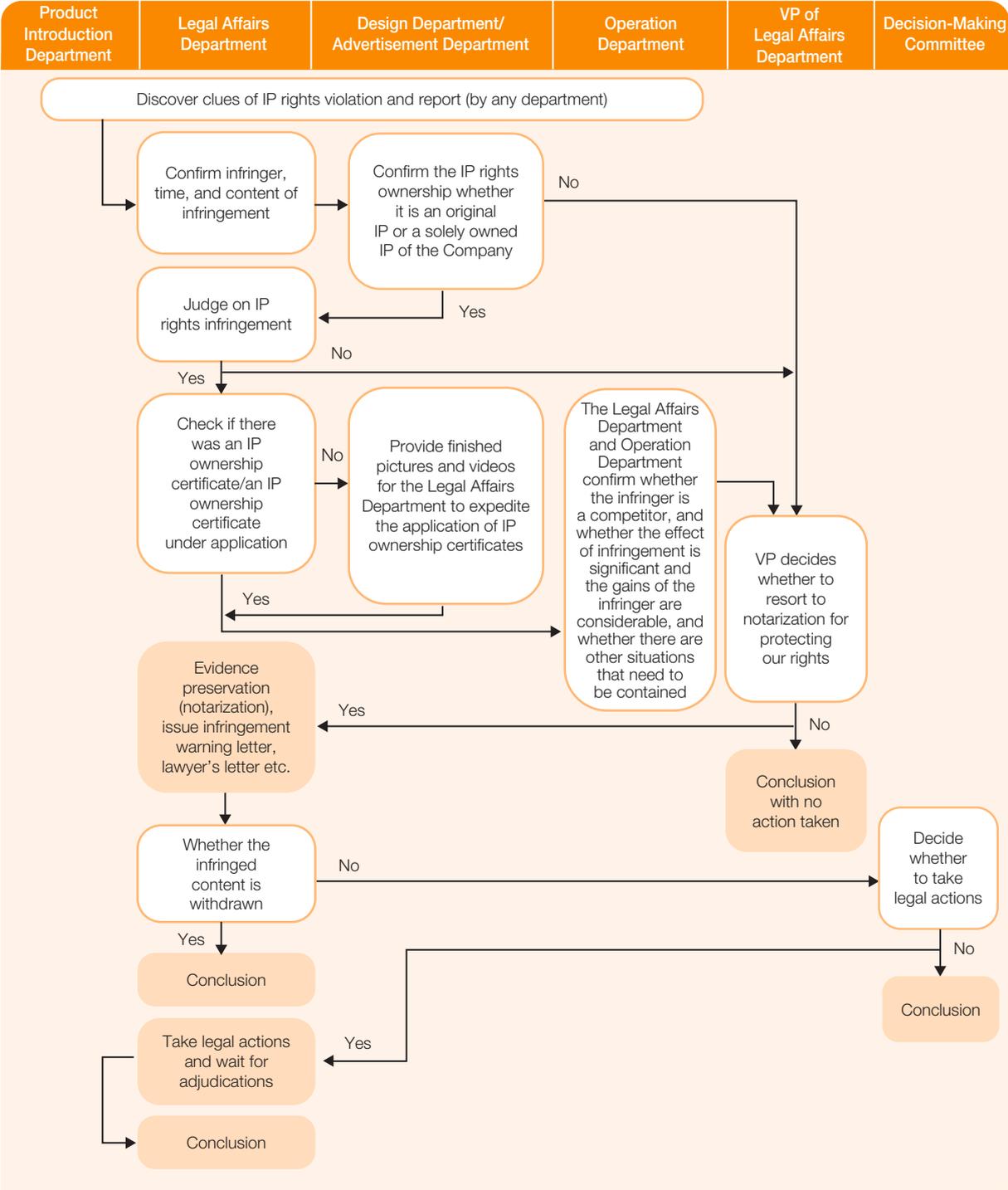
As a mobile game company, the Group is clear that intellectual property is a reflection of our employees' creativity and that safeguarding it is the basis for our sound development. The Group strictly abides by relevant laws and regulations, such as the Intellectual Property Law of the People's Republic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

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

We also respect the intellectual property rights of others. The Legal Affairs Department also holds regular awareness and training sessions on intellectual property rights for our employees to respect and prevent the illegal use of other people's works. All terminal equipment and information systems of the Group have been installed and used genuine software, and employees are strictly prohibited to download or use unauthorized software and files illegally.

During the reporting period, the Group maintained 850 (2022:846) trademarks and registered patents, 4 new trademarks were granted.

Procedure of IP rights protection



Environmental, Social and Governance Report

4.12 Health and Safety of Games

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

4.13 Game Real Name Validation

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

4.14 Real-Name Game Topping Up

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

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

4.15 Anti-addiction System

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

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

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

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

4.16 Healthy Game Platform

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

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

5. EMPLOYEES

5.1 Focus on Talents

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

5.2 Employment Management

In terms of human resources management, FingerTango insists on an approach of people-oriented, fully respects the value of each employee and is committed to creating a comfortable working environment for employees. In order to achieve long-term and stable growth of the Group and attract and retain outstanding talents, the Group strictly complies with the laws and regulations such as the Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Tax Law of the People's Republic of China and other laws and regulations to provide its talents with reliable remuneration and comprehensive welfare. We persists equal employment with no discrimination arising from race, gender, religion, age, family status or other factors in recruitment, assessment, promotion, career development, welfare and other aspects, so as to protect the rights and interests of each employee.

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

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

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

5.3 Focus on Employees' Well-being

FingerTango attaches great importance to employees' well-being. We provide employees with a variety of welfare in accordance with the Employee Handbook and make relevant adjustment based on the actual situation.

We provide employees with following welfare:

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

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

Environmental, Social and Governance Report

5.4 Focus on Employees' Health and Safety

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

5.5 Daily Safety

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

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

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

During the reporting period, the Group did not receive any complaints and litigations regarding violations of health and safety laws.

Environmental, Social and Governance Report

The followings were the cases of work-related fatalities and injuries in the reporting year:

Occupational Health and Safety	Unit	2023	2022	2021
Work-related Injuries and Fatalities of Directly Employed Workers				
Rate of work-related fatalities occurred in each of the past three years including the reporting year	Percentage	—	—	—
Number of work-related fatalities occurred in each of the past three years including the reporting year	no. of people	—	—	—
Number of work-related injuries occurred in each of the past three years including the reporting year	no. of people	2	—	—
Lost days due to work injury	days	122	—	—

During the reporting year, there were two cases of work-related injuries occurred. One of the cases was occurred related to the careless accident caused by raining weather. To prevent the same accident event, we will strengthen environmental management and remind employees to pay attention to safety on rainy days. Another work-related injury was caused by the sport accident during the employees' basketball event. In subsequent employee activities, the Group has promoted more on "friendship first, competition second", and mind of safety most for the employees. For above two work-related injuries, the medical fees were fully supported by the Group and claimed for the office insurance and the employees have recovered.

5.6 Development and Training of Employees

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

Environmental, Social and Governance Report

During the year, we provided various training in line with the requirement for employees from different levels for social hires, tutors and all employees of the Company according to business needs. The main training projects during the year are as follows:

Training project	Training target	Brief introduction of training content
Social hire training project	Social hires	<ul style="list-style-type: none"> • Regular training focusing on social hires with the aim to help social hires quickly understand the culture, rules and regulations of the Company • Studying of “Knowing 3K”, “Step in R&D”, “Grow in 3K”, “Workplace Training”, “Meet Together in 3K” and “Business Lesson”
Position tutor system	tutors	<ul style="list-style-type: none"> • Upgrade position tutor system of the Company to help employees quickly adapt to the Company’s environment, integrate into the team and receive guidance of professional knowledge and experience • Encourage tutors to share their knowledge and experience • Carry out offline “Tutor Training” lesson, empowering position tutors and teaching tutors to teach newcomers
Sharing Club	All employees of the Company	<ul style="list-style-type: none"> • Intend to define the philosophy as building a learning platform for “constantly growth and mutual achievement” • Establish internal trainer club to find someone who is willing to share • Remove the perspective of “lesson” from content and diversify the sharing

Environmental, Social and Governance Report

Training project	Training target	Brief introduction of training content
3K TALK Project	All employees of the Company	<ul style="list-style-type: none">• The first corporate culture event in 2022• Actively carry out activities such as “Giant’s Meet and Greet”
Quality training course	All employees of the Company	<ul style="list-style-type: none">• General course on quality focusing on all employees so as to solve the learning needs of employees on general ability• Introduce courses like “Structured Thinking and Reporting”

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

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

Environmental, Social and Governance Report

5.7 Employee Training Data

The employee training data by gender and employee category are as follows:

	Unit	2023	2022
Percentage of employees trained (by Gender)			
Female	Percentage	71.0	35.1
Male	Percentage	69.3	64.9
Percentage of employees trained (by Employee Category)			
Full-time development/R&D	Percentage	41.1	26.3
Full-time operation	Percentage	100.0	72.9
Full-time supporting department	Percentage	37.1	0.8
Average Training Hours for Each Employee (by Gender)			
Female	hours	2.4	2.0
Male	hours	2.3	3.5
Average Training Hours for Each Employee (by Employee Type)			
Per full-time junior employee	hours	2.5	3.2
Per full-time intermediate employee	hours	2.7	2.0
Per full-time senior employee	hours	0.7	1.9

The percentage of employee being trained by gender have improvement on as the gap between male and female. The percentage of employee being trained by category was also better than last year as more employees being trained in each category.

5.8 Employee Team Building to Build Up Staff Cohesion

At the same time, the Group cares for its employees and values their mental health, and encourages employees to achieve a balance between work and life and maintain their physical and mental health. The Group has established various activities for employees. It aims to enhance the sense of belonging of employees and the cohesion of the team through social activities, relieving work pressure, and creating a good working atmosphere.

Environmental, Social and Governance Report

The followings were the event and activities for our employees during the year:

- o Annual activities
- o Women's Day activities
- o 3K Cup Basketball Game
- o Little Assistant Symposium
- o Programmer activities
- o Fire drill activities
- o Suiyou Cup Games Activities
- o 3K restaurant opening event
- o New Year activities
- o Badminton activities
- o Children's Day activities
- o Mid-Autumn Festival activities
- o 11th anniversary event
- o First aid training activities
- o Christmas activities



Environmental, Social and Governance Report



5.9 Total Number and Classification of Employees

As at 31 December 2023, the total number of employees of the Group was 335, and the details of employees are as follows:

Employment composition		2023	2022
Total employees	no. of people	301	351
Total Employees (by Gender)			
Total female employees	no. of people	106	121
Total male employees	no. of people	195	230
Total Employees (by Age Group)			
Below 30	no. of people	142	196
30–50	no. of people	158	155
Above 50	no. of people	1	—
Total Employees (by Employee Category)			
Full-time development/R&D	no. of people	105	134
Full-time operation	no. of people	75	147
Full-time supporting department	no. of people	119	70
Part-time employee	no. of people	2	—
Total Employees (by Geographical Region)			
Employees in East China	no. of people	2	2
Employees in South China	no. of people	299	349

Environmental, Social and Governance Report

5.10 Employee Turnover Ratio

Details of the employee turnover rate of the Group as at 31 December 2023 were as follows:

Employment turnover rate (Note 1)	Unit	2023	2022
Employee Turnover Rate (by Gender)			
Female	Percentage	38.5	10.0
Male	Percentage	37.9	22.2
Employee Turnover Rate (by Age Group)			
Below 30	Percentage	45.4	21.6
30–50	Percentage	30.1	10.6
Above 50	Percentage	—	—
Employee Turnover Rate (by Geographical Region)			
Employees in East China	Percentage	—	—
Employees in South China	Percentage	38.2	32.2
Percentage of employees trained (by Gender)			
Female	Percentage	71.0	35.1
Male	Percentage	69.3	64.9

Note 1: Calculation method: number of employee turnover ÷ (number of employee turnover + number of year-end employee) x 100%.

5.11 Prevention and Control During the Pandemic Period

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

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

Environmental, Social and Governance Report

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

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

6. CORPORATE GOVERNANCE

6.1 Corporate Anti-Corruption Governance

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

The Group's Employee Handbook specifies the business conduct and professional ethics that employees must adhere to, and forbids any kind of bribery and fraud. The Group provides new employee orientation training when employees start, which covers trainings on basic employee ethics, such as anti-corruption trainings.

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

Environmental, Social and Governance Report

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

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

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

Anti-corruption	Unit	2023	2022
Number of concluded cases regarding corrupt practices brought against the Group or employee	no. of cases	—	—

7. SUPPLIERS

7.1 Supply Chain Management

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

Environmental, Social and Governance Report

In addition, we will review the environmental and social risks in each link of the supply chain, and the supplier units we work with will be required to comply with the laws and regulations in operation, and any bribery, unethical, child labor, and forced labor will be strictly prohibited. We prefer those suppliers who pay attention to health and safety of employees, anti-corruption operation, environment protection and application of environmentally friendly products, which demonstrates our emphasis on social responsibility of supply chains and sustainable development.

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

During the Year, the total number of suppliers of the Group was approximately 88, 57 suppliers of game development and related services and 31 administrative suppliers such as banking, advisory, office furniture, stationeries, printing services, catering, art and cultural services, renovation works and air-conditioning works. During the reporting period, we have performed detailed assessments on 53 suppliers for their quality and performance for their services and products and relevant environmental and social risk related.

Suppliers are distributed by geographical region as follows:

Region	2023 Number
Shanghai	25
Guangzhou	24
Beijing	13
Hong Kong	8
Others	18
Total	88

8. SOCIAL RESPONSIBILITY

Fingertango established Guangzhou Shiguang Community Foundation (廣州市拾光公益基金會) (the “**Foundation**”). Leveraging on this Foundation, we can organize more social welfare and charity activities, so as to promote the spirit of doing charity, well demonstrate the traditional virtues of the Chinese nation of alleviating poverty and help the community to civilize in a modernized way. We use our corporate power to attract the public to dedicate to charitable activities and volunteer to participate. Each of the departments and various subsidiaries under the Group are encouraged to proactively participate in community activities and charity events. To create a stronger culture of social responsibility, our board member acts as the chairman of the Foundation which could demonstrate the board involvement in social responsibility. The charity projects were submitted through company secretary for the review and approval of chairman and vice-chairman.

FingerTango focuses more on the needs of the society and commits to fulfill its social responsibility by doing everything in its power to help the underprivileged groups and supporting the positive and healthy development of young people. During the reporting period, the total investment of the Group in public interest exceeds RMB300,000 (2022: RMB180,000).

8.1 Social Welfare Activities

Case: Caring for children in distress, student aid and other activities series

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with Guangzhou Federation of Social Organizations, Guangzhou Tourism Association, Care Center for Children in Distress, visited children during Chinese New Year and donate RMB10,000.



Environmental, Social and Governance Report

Case: Special activities for veterans care

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



Case: Assistance to earthquake-stricken areas

A magnitude 6.2 earthquake struck Gansu Province's Jishishan County in Linxia Prefecture this year. FingerTango and the Guangzhou Game Industry Association provide assistance of RMB200,000 and 80 emergency tents to aid in the restoration of disaster areas and relief efforts following the Gansu earthquake.



Rural revitalization

Environmental, Social and Governance Report

Case: "An egg in a day" project

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with Guangzhou Federation of Social Sciences Care Center for Children in Distress, Municipal Tourism Association, and Sanpai Central School in Liannan County, Qingyuan City offering RMB8,000, used to help Children receive an egg in a day.



Case: Healthy Internet access

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with Guangzhou Game Association Popularize the knowledge and methods of access Internet healthy and giving out holiday gift packs and study books, amounting to RMB2,480.



Environmental, Social and Governance Report

Case: Donate study materials

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with China Audiovisual and Digital Publishing Association, Lijiang Municipal Culture and Tourism Bureau, Dali Prefecture Education and Sports Bureau offer additional help of study materials, amounting to RMB12,388.



Case: Knowledge and methods of Culture

This year, volunteers of Guangzhou Shiguang Public Welfare Foundation of FingerTango, together with Guangzhou Municipal Bureau of Culture, Tourism, Tourism and Tourism Association offer addition help for knowledge and methods of Culture and donate RMB53,000.



9. ENVIRONMENTAL PROTECTION

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

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

9.1 Reducing Environmental Impact

In order to reduce the potential impact of its own operations on the environment, FingerTango has formulated and implemented various energy-saving and emission-reduction plans to manage energy and water use, waste and GHG emissions to ensure the optimal utilization of resources and improve our environmental performance.

For the last year, FingerTango has set preliminary directional goals to have decrease in each aspect but the goals were not achieved. Due to the end of pandemic lockdown and work from home arrangement, the business travel increase and electricity usage also increased as more employees worked from the office.

In order to ensure that we can effectively implement the sustainable business model, the Group has set a number of environmental targets in line with its development direction and strategic direction. We closely monitor and regularly review its progress, and are committed to achieving them through various environmental protection measures.

Environmental, Social and Governance Report

Aspects	Targets
Carbon Reduction	The GHG and air emission directionally decrease compared to current reporting period
Waste Reduction	The non-hazardous and hazardous waste directionally decrease compared to current reporting period
Energy Conservation	Usage of electricity and gasoline decrease or increase within 3% compared to current reporting period
Water Saving	Usage of water decrease or increase within 3% compared to current reporting period

9.2 Greenhouse gas emission management

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

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

GHG Emissions Performance ¹	Unit	2023	2022
GHG Emissions²			
Direct GHG emissions (Scope 1)	tonnes of CO equivalent	239.60	244.91
Indirect GHG emissions (Scope 2)	tonnes of CO equivalent	556.26	397.36
Total GHG emissions (Scope 1 and 2)	tonnes of CO equivalent	795.86	642.27
GHG emissions intensity			
per employee (Scope 1 and 2)	tonnes of CO ₂ equivalent/employee	1.99	1.83

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

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

¹ Figures are expressed as rounded

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

Environmental, Social and Governance Report

GHG emissions from the Group's operations mainly arise from fuel consumption of its vehicles (Scope 1) and electricity consumption during business operations (Scope 2). During the year, the Group's total GHG emissions amounted to 795.86 tCO₂e (2022: 642.27 tCO₂e), representing an increase of approximately 23.9% as compared to last year. The increase of GHG emission was mainly due to the increase of usage of electricity. The increase of electricity was due to the cease of work from home arrangement and the employees return to the office.

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

Emission Type	Unit	2023	2022 (note)
Nitrogen oxides (NO _x)	Kg	8.62	11.58
Sulphur oxides (SO _x)	Kg	0.22	0.17
Particulate matter (PM)	kg	0.63	0.85

note: The NO_x and PM for 2022 was restated due to adoption of an inappropriate emission factor of 1.1546 gram/km for NO_x and 0.1075 gram/km for PM which these emission factors were for light goods vehicle. The type of vehicles of the Group was private car. The NO_x and PM emission factor applied to calculation were 0.0747 gram/km and 0.0055 gram/km.

9.3 Energy management

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

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

In order to effectively reduce the emissions generated, the Group has adopted several measures for the management of vehicles, including but not limited to, reasonable use of vehicles, prohibition of the use of Group's vehicles for personal reasons and strict approval for long-distance travel arrangements to reduce unnecessary travel. In addition, we purchased electric vehicles and enhance the usage of these type of vehicles in order to reduce the gasoline consumption. The rise of gasoline consumption resulted from the higher rate of business travelling by car after the pandemic lockdown ended. For the use of company vehicles, we require employees to turn off the engine when idling to reduce carbon emissions and air emissions.

Environmental, Social and Governance Report

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

	Unit	2023	2022
Electricity purchased	kWh	828,027	683,920
Electricity purchased intensity (per employee)	kWh/employee	2,067	1,948
Gasoline consumption	kWh	143,122	108,834
Gasoline consumption intensity (per employee)	kWh/employee	357	310
Paper consumption	kg	433	1,413
Paper consumption intensity (per employee)	kg/employee	1.1	4.0

9.4 Water resources management

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

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

The Group sources water from municipal water supply and has no difficulty in sourcing water. The water usage went up from 3,815 cubic metre in 2022 to 4,575 cubic metre for the reporting period. The reason for the increase was that the employees returned to the office during the reporting period. During the reporting period, our water consumption data is as follows:

Water resources consumption	Unit	2023	2022
Total water consumption	Cubic metre	4,575	3,815
Total water consumption intensity (per employee)	Cubic metre/employee	11.42	10.87

Environmental, Social and Governance Report

9.5 Cherishing natural resources and waste management

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

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

During the reporting period, the Group consumed a total of 22.17 tonnes of non-hazardous waste and 0.055 tonnes per employee. The decrease of non-hazardous waste was due to encouraging less paper usage in the workplace and the actions taken to reduce food waste. The waste production data is as follows:

Total Waste Performance	Unit	2023	2022 (note)
Non-hazardous Waste			
Total non-hazardous waste	Tonnes	22.17	26.89
Non-hazardous waste intensity	Tonnes/employee	0.055	0.077
Non-hazardous waste recycled	Tonnes	22.17	26.89
Hazardous Waste			
Total hazardous waste	Tonnes	0.574	0.192
Hazardous Waste	Tonnes	0.002	0.002
Cartridge	Tonnes	0.012	0.010
Scrap IT equipment	Tonnes	0.560	0.180

note: The amount of non-hazardous waste (126 kg) and recycled amount (126 kg) for 2022 were understated after the internal review. The revised amount was replaced in the figure of 2022.

10. MITIGATING CLIMATE CHANGE

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

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

APPENDIX I: ESG RELATED LAWS, REGULATIONS, AND POLICIES

FingerTango 2023 ESG related laws, regulations, and policies

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

Environmental, Social and Governance Report

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

APPENDIX II: CONTENT INDEX OF HONG KONG STOCK EXCHANGE ESG GUIDE

Description of indicator		Relevant Chapter
A. Environmental Area		
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
	A1.1	The types of emissions and respective emissions data.
	A1.2	Greenhouse gas emissions and intensity.
	A1.3	Total hazardous waste produced and intensity.
	A1.4	Total non-hazardous waste produced and intensity.
	A1.5	Description of emission target(s) set and steps taken to achieve them.
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.
		9. Environmental Protection 9.1 Reducing Environmental Impact 9.2 Greenhouse gas emission management 9.5 Cherishing natural resources and waste management
		9.2 Greenhouse gas emission management
		9.2 Greenhouse gas emission management
		9.5 Cherishing natural resources and waste management
		9.5 Cherishing natural resources and waste management
		9.1 Reducing Environmental Impact
		9.5 Cherishing natural resources and waste management

Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources (including energy, water and other raw materials).	9.3 Energy Management 9.4 Water Resources Management
	A2.1	Direct and/or indirect energy consumption by type in total (for example, electricity, gas or oil) and intensity.	9.3 Energy Management
	A2.2	Water consumption in total and intensity.	9.4 Water Resources Management
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	9.1 Reducing Environmental Impact
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	9.4 Water Resources Management
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable, the Group's business does not involve packaging materials
A3: Environmental and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	9. Environmental Protection 9.1 Reducing Environmental Impact
	A3.1	Describe the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	9. Environmental Protection 9.1 Reducing Environmental Impact
A4: Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	10. Mitigating Climate Change
	A4.1	Description of the significant climate related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	10. Mitigating Climate Change

Environmental, Social and Governance Report

Description of indicator		Relevant Chapter	
B. Social Area			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	5.1 Focus on Talents 5.2 Employment Management
	B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	5.9 Total number and Classification of Employees
	B1.2	Employee turnover rate by gender, age group and geographical region.	5.10 Employee Turnover Ratio
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.4 Focus on Employees ' Health and Safety 5.5 Daily Safety
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.5 Daily Safety
	B2.2	Lost days due to work injury.	5.5 Daily Safety
	B2.3	Describe occupational health and safety measures adopted, how they are implemented and monitored.	5.4 Focus on Employees ' Health and Safety 5.5 Daily Safety
B3: Development and Training	General Disclosure	Policies on improving employees ' knowledge and skills for discharging duties at work. Description of training activities.	5.6 Development and Training of Employees 5.8 Employee Team Building to Build up Staff Cohesion
	B3.1	The percentage of employees trained by gender and employee category.	5.7 Employee Training Data
	B3.2	The average training hours completed per employee by gender and employee category.	5.7 Employee Training Data

Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5.2 Employment Management
	B4.1	Describe measures to review employment practices to avoid child and forced labour.	5.2 Employment Management
	B4.2	Describe steps taken to eliminate such practices when discovered.	5.2 Employment Management
B5: Supply chain management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	7.1 Supply Chain Management
	B5.1	Number of suppliers by geographical region.	7.1 Supply Chain Management
	B5.2	Describe the practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7.1 Supply Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.1 Supply Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.1 Supply Chain Management
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.8 Advertisement Management 4.9 Privacy Protection Policy 4.12 Health and Safety of Games
	B6.1	Percentage of sold or shipped products to be recalled due to safety and health reasons.	4.16 Healthy Game Platform
	B6.2	Number of products and service related complaints received and how they are dealt with.	4.7 Focus on Service Quality
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.11 Protection of Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	4.7 Focus on Service Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.9 Privacy Protection Policy

Environmental, Social and Governance Report

Description of indicator			Relevant Chapter
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	6.1 Corporate Anti-Corruption Governance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	6.1 Corporate Anti-Corruption Governance
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	6.1 Corporate Anti-Corruption Governance
	B7.3	Description of anti-corruption training provided to directors and employees.	6.1 Corporate Anti-Corruption Governance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities ' interests.	8. Social Responsibility
	B8.1	Focus areas of contribution.	8. Social Responsibility
	B8.2	Resources contributed to the focus area.	8.1 Social Welfare Activities

Independent Auditor's Report



To the Shareholders of FingerTango Inc.

(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of FingerTango Inc. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 118 to 177, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Independent Auditor's Report

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue

Refer to Note 7 to the consolidated financial statements.

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

During the year ended 31 December 2023, the Group's revenue from game publishing amounted to RMB646,101,000. The balance of contract liabilities amounted to RMB66,769,000 as at 31 December 2023.

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

Key Audit Matter (continued)

Revenue (continued)

Our audit procedures included, among others:

- Evaluating the reasonableness of key assumptions applied in the determination of Player Relationship Period by comparing the Group's game profile with existing games category and assessing the variation on profile of target audience and players of different demographics groups;
- Testing the accuracy of revenue by confirming the sales proceeds amount with the platforms, testing the reconciliation between cash received and sales proceeds, on a sample basis;
- Testing the result of Player Relationship Period by reperforming the computation, on a sample basis;
- Comparing the current Player Relationship Period with the results of prior years to assess the reasonableness of the original estimation, on a sample basis; and
- Recalculating revenue and contract liabilities based on the respective Player Relationship Period of each game on a sample basis.

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

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

CWK CPA Limited

Certified Public Accountants

Chan Lok Hei

Practising Certificate Number: P06654

Hong Kong

28 March 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	7	646,101	832,510
Cost of revenue		(274,154)	(302,678)
Gross profit		371,947	529,832
Selling and marketing expenses		(305,690)	(408,605)
Administrative expenses		(51,638)	(73,495)
Research and development expenses		(70,910)	(78,367)
Other income, gains and losses	8	63,137	(105,983)
Operating profit/(loss)		6,846	(136,618)
Interest revenue	9	9,256	9,056
Lease interests		(1,121)	(1,418)
Profit/(loss) before income tax		14,981	(128,980)
Income tax expense	10	(8,207)	(10,374)
Profit/(loss) for the year attributable to owners of the Company	11	6,774	(139,354)
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		1,150	22,865
Other comprehensive income for the year, net of income tax		1,150	22,865
Total comprehensive income/(expense) for the year attributable to owners of the Company		7,924	(116,489)
Profit/(loss) per share (RMB)	14		
— Basic		0.0036	(0.0733)
— Diluted		0.0036	(0.0733)

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
ASSETS			
Non-current assets			
Property and equipment	15	12,331	12,998
Right-of-use assets	16	16,025	22,242
Intangible assets	17	12,748	15,970
Investments at fair value through profit or loss	19	115,501	71,457
Prepayments and deposits	22	10,450	4,923
Other receivables	23	2,377	2,841
Deferred tax assets	29	17,389	18,681
Total non-current assets		186,821	149,112
Current assets			
Trade receivables	20	80,684	67,238
Contract costs	21	20,312	24,646
Prepayments and deposits	22	25,146	24,811
Other receivables	23	21,267	29,594
Investments at fair value through profit or loss	19	143,155	75,846
Restricted bank deposits	25	—	2,213
Bank and cash balances	25	534,516	682,799
Total current assets		825,080	907,147
TOTAL ASSETS		1,011,901	1,056,259
EQUITY AND LIABILITIES			
Equity			
Share capital	30	62	62
Reserves	32	785,672	777,748
Total equity		785,734	777,810

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Liabilities			
Current liabilities			
Trade payables	26	44,765	61,408
Contract liabilities	21	66,769	69,642
Accruals and other payables	27	65,937	89,480
Lease liabilities	28	6,416	7,486
Current tax liabilities		28,498	31,353
Total current liabilities		212,385	259,369
Non-current liabilities			
Lease liabilities	28	13,782	19,080
Total liabilities		226,167	278,449
TOTAL EQUITY AND LIABILITIES		1,011,901	1,056,259

The consolidated financial statements on pages 118 to 177 were approved and authorised for issue by the board of directors on 28 March 2024 and signed on its behalf by:

Liu Jie
Director

Zhu Yanbin
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Reserves RMB'000 (Note 32)	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2022	62	712,720	(2)	133,812	47,707	894,299
Total comprehensive income/ (expense) for the year	—	—	—	22,865	(139,354)	(116,489)
Changes in equity for the year	—	—	—	22,865	(139,354)	(116,489)
At 31 December 2022	62	712,720	(2)	156,677	(91,647)	777,810
At 1 January 2023						
Total comprehensive income/ (expense) for the year	—	—	—	1,150	6,774	7,924
Changes in equity for the year	—	—	—	1,150	6,774	7,924
At 31 December 2023	62	712,720	(2)	157,827	(84,873)	785,734

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	RMB'000	RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax	14,981	(128,980)
Adjustments for:		
Lease interests	1,121	1,418
Interest revenue	(9,256)	(9,056)
Depreciation of property and equipment	4,526	5,354
Depreciation of right-of-use assets	6,590	5,321
Amortisation of intangible assets	4,463	5,569
Loss on disposals of property and equipment	702	23
Net foreign exchange gains	(3,243)	(394)
Changes in fair value of investments at fair value through profit or loss	(9,385)	61,000
Reversal of loss allowance provision for trade receivables	(2,094)	(3,827)
Loss on written off intangible assets	—	2,335
(Reversal of) impairment on prepayments	(943)	7,564
Written off prepayments	(3,774)	—
(Reversal of) loss allowance provision for other receivables	(44,788)	51,570
Reversal of provision for expected credit losses of notes and other receivables	—	(669)
Operating loss before changes in working capital	(41,100)	(2,772)
(Increase)/decrease in trade receivables	(11,352)	13,084
Decrease in contract costs	4,333	8,396
Decrease in prepayments, deposits and other receivables	46,721	16,035
(Decrease)/increase in trade payables	(16,643)	10,439
Decrease in contract liabilities	(2,874)	(20,630)
(Decrease)/increase in accruals and other payables	(23,033)	1,782
Cash (used in)/generated from operating activities	(43,948)	26,334
Income tax paid	(10,280)	(7,389)
Interest received	9,256	10,471
Lease interests paid	(1,121)	(1,418)
Net cash (used in)/generated from operating activities	(46,093)	27,998

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023	2022
	RMB'000	RMB'000
Cash flows from investing activities		
Placement of restricted bank deposits	—	(2,213)
Release of restricted bank deposits	2,213	—
Placement of time deposits	—	(25,000)
Release of time deposits	—	45,000
Purchases of property and equipment	(4,561)	(7,214)
Proceeds from disposals of property and equipment	—	55
Purchases of intangible assets	(1,366)	(5,751)
Purchases of investments at fair value through profit or loss	(520,000)	(210,000)
Settlement of investments at fair value through profit or loss	420,000	243,454
Prepayments for purchases of property and equipment and intangible assets	—	(2,830)
Net cash (used in)/generated from investing activities	(103,714)	35,501
Cash flows from financing activities		
Repayment of lease liabilities	(6,368)	(5,898)
Net cash used in financing activities	(6,368)	(5,898)
Net (decrease)/increase in cash and cash equivalents	(156,175)	57,601
Effect of foreign exchange rate changes	7,892	17,157
Cash and cash equivalents at the beginning of the year	682,799	608,041
Cash and cash equivalents at the end of the year	534,516	682,799
Analysis of cash and cash equivalents		
Bank and cash balances	534,516	682,799

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

1. General Information

FingerTango Inc. (the “**Company**”) was incorporated in the Cayman Islands on 9 January 2018 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business in Hong Kong is Room 1602, 16/F, Park Commercial Centre, 180 Tung Lo Wan Road, Causeway Bay, Hong Kong. The address of its headquarters is Building 5, Zone A, Huaxin Kechuang Island, No. 248 Qiaotou Street, Haizhu District, Guangzhou, the People’s Republic of China (the “**PRC**”). The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company. The principal activities of the subsidiaries of the Company is set out in note 18 to the consolidated financial statements.

In the opinion of the directors of the Company (the “**Directors**”), as at 31 December 2023, LJ Technology Holding Limited, a company incorporated in the British Virgin Islands (“**BVI**”), is the ultimate holding company; and Mr. Liu Jie is the ultimate controlling party of the Company.

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”)

New and amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
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
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to IFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to IAS 8 Definition of Accounting Estimates

The Group has applied the amendments for the first time in the current year. The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

2. Application of New and Amendments to International Financial Reporting Standards (“IFRSs”) (continued)

Impacts on application of Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. IAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. 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.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in Note 3 to the consolidated financial statements.

Amendments to IFRSs in issue but not yet effective

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of all other amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Information

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Material Accounting Information (continued)

Revenue from contracts with customers

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

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

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

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

Other information about the Group's accounting policies relating to contracts with customers is provided in Note 7.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Information (continued)

Impairment on plant and equipment, right-of-use assets, and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. Material Accounting Information (continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Information (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade receivables, deposits, other receivables, investments at FVTPL and Bank and cash balance) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. Material Accounting Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. Material Accounting Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

3. Material Accounting Information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (continued)

- (v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Critical Judgement and Key Estimates

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

(a) Estimates of the playing period of paying players ("Player Relationship Period") in the Group's game publishing services

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

(b) Impairment loss for bad and doubtful debts

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

(c) Fair value of investments

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management

5a. Categories of financial instruments

	2023 RMB'000	2022 RMB'000
Financial assets:		
Investments at fair value through profit or loss	258,656	147,303
Financial assets at amortised cost (including cash and cash equivalents)	637,867	784,023
Financial liabilities:		
Financial liabilities at amortised cost	109,395	147,619

5b. Financial risk management objectives and policies

The Group's major financial instruments include Investments at fair value through profit or loss, trade receivables, deposits, other receivables, bank and cash balances, trade payables and other payables. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include currency risk, interest rate risk, other price risk, credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in RMB, USD or HKD. In addition, the Group has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

As at 31 December 2023, if RMB had weakened/strengthened 5% against USD and HKD with all other variables held constant, post-tax loss for the year would have been RMB7,118,000 (2022: RMB7,156,000) and RMB2,834,000 (2022: RMB2,550,000) lower/higher respectively, arising mainly as a result of the foreign exchange gains/losses on translation of USD and HKD denominated cash and cash equivalents of the subsidiaries of the Company.

5. Financial Risk Management (continued)

5b. Financial risk management objectives and policies (continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities (see note 28 for details). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 25). The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated. It is the Group's policy to keep its deposits at floating rate of interests so as to minimise the fair value interest rate risk. The management of the Group considered that the exposure to cash flow in interest rate risk in relation to bank balances is minimal and no sensitivity analysis is presented accordingly.

Price risk

The Group is exposed to equity price risk through its investments in equity securities, unlisted wealth management products, and private equity companies measured at FVTPL. For equity securities measured at FVTPL quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group also invested in certain unquoted equity securities for investees for long term strategic purposes which had been designated as FVTPL. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise. The management of the Group manages this exposure by maintaining a portfolio of investments with different risks.

As at 31 December 2023, if the fair value of the investments increase/decrease by 5%, loss before income tax for the year would have been RMB12,933,000 (2022: RMB7,365,000) lower/higher, arising as a result of the fair value gain/loss of the investments.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, deposits, other receivables, bank and cash balances and investments in unlisted wealth management products measured at FVTPL. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (continued)

5b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Except for investments in unlisted wealth management products measured at FVTPL, the Group performed impairment assessment for financial assets and other items under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below:

Investments in unlisted wealth management products measured at FVTPL

The credit risk on these investments at FVTPL are limited because the counterparties are reputable financial institutions in the PRC. There has been no recent history of default in relation to these financial institutions.

Trade receivables arising from contracts with customers

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

In addition, the Group performs impairment assessment under ECL model on trade receivables with significant balances and credit-impaired individually and/or collectively. The trade receivables are grouped based on aging of outstanding balances. Reversal of impairment loss of RMB2,094,000 (2022: RMB3,827,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

Other receivables and deposits

For other receivables and deposits, the management makes periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. Reversal of impairment loss of RMB45,732,000 (2022: provision of RMB58,465,000) is recognised during the year. Details of the quantitative disclosures are set out below in note 22 and 23.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (continued)

5b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Bank balances

Credit risk on bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on bank balances is considered to be insignificant and therefore no loss allowance was recognised to specify the amount of impairment made.

The Group's exposure to credit risk

The Group's internal credit risk grading assessment comprises the following categories:

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

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis by using provision matrix within lifetime ECL (not credit-impaired).

	Average loss rate	Trade receivables RMB'000
At 31 December 2023		
Current	0.001%	26,978
1 to 3 months past due	0.001%	45,283
3 to 5 months past due	0.001%	7,469
6 months to 1 year past due	50%	1,907
More than 1 year past due	100%	360
		81,997

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (continued)

5b. Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

The Group's exposure to credit risk (continued)

	Average loss rate	Trade receivables RMB'000
At 31 December 2022		
Current	0.001%	25,995
1 to 3 months past due	0.001%	35,240
3 to 5 months past due	0.001%	5,292
6 months to 1 year past due	50%	1,423
More than 1 year past due	100%	2,695
		70,645

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. During the year ended 31 December 2023, the Group reversed RMB2,094,000 (2022: RMB3,827,000) impairment allowance for trade receivables, based on collective assessment. The movement in lifetime ECL that has been recognised for trade receivables is set out in note 20.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

5. Financial Risk Management (continued)

5b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities and derivative instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows.

	Weighted average interest rate	On demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
At 31 December 2023						
Trade payables		44,765	—	—	44,765	44,765
Accruals and other payables		64,630	—	—	64,630	64,630
Lease liabilities	4.75%	7,237	7,237	7,237	21,711	20,198
		116,632	7,237	7,237	131,106	129,593
At 31 December 2022						
Trade payables		61,408	—	—	61,408	61,408
Accruals and other payables		86,211	—	—	86,211	86,211
Lease liabilities	4.75%	7,273	7,237	14,474	28,984	26,566
		154,892	7,237	14,474	176,603	174,185

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements of Financial Instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Description	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2023			
Investments at FVTPL			
– Listed equity securities in Hong Kong	23,155	–	23,155
– Unlisted wealth management products	–	235,501	235,501
Total recurring fair value measurements	23,155	235,501	258,656

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements of Financial Instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Description	Level 1 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2022			
Investments at FVTPL			
– Listed equity securities in Hong Kong	15,632	–	15,632
– Unlisted wealth management products	–	123,638	123,638
– Private equity investments	–	8,033	8,033
Total recurring fair value measurements	15,632	131,671	147,303

Reconciliation of Level 3 fair value measurements

Description	Investments at FVTPL	
	2023 RMB'000	2022 RMB'000
At 1 January	131,671	159,547
Total gains or losses recognised in profit or loss (#)	2,140	194
Additions	520,000	210,000
Settlements	(420,000)	(243,454)
Currency translation differences	1,690	5,384
At 31 December	235,501	131,671
(#) Include gains or losses for assets held at the end of the reporting period	2,140	(2,959)

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

6. Fair Value Measurements of Financial Instruments (continued)

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

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

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

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of inputs	Fair value RMB'000
At 31 December 2023					
<i>Investments at fair value through profit or loss</i>					
– Unlisted wealth management products (note)	Market comparable approach	Dealer quotes for similar instruments	up to 5.0%	Increase	115,501
	Discounted cash flow	Estimated return	2.75%–3.77%	Increase	120,000
At 31 December 2022					
<i>Investments at fair value through profit or loss</i>					
– Unlisted wealth management products (note)	Market comparable approach	Dealer quotes for similar instruments	up to 5.0%	Increase	63,424
	Discounted cash flow	Estimated return	3.2%–3.3%	Increase	60,214
– Private equity investments	Discounted cash flow	Weighted average cost of capital	40.0%	Decrease	8,033
		Long-term revenue growth rate	38.2%–38.5%	Increase	
		Discount for lack of marketability	20.0%	Decrease	

Note: The fair value of certain unlisted wealth management product as at 31 December 2023 has been arrived at on the basis of a valuation carried out on those dates by Ravia Global Appraisal Advisory Limited, an independent qualified professional valuer not connected to the Group.

There were no changes in the valuation techniques used.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information

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

	2023 RMB'000	2022 RMB'000
Self-publishing	328,088	397,399
Co-publishing	318,013	435,111
Total revenue	646,101	832,510
Disaggregation of revenue from contracts with customers:		
Timing of revenue recognition		
Over time	646,101	832,510

Game publishing service revenue

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

(i) Principal-Agent consideration

Third party developed games

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (continued)

Game publishing service revenue (continued)

(i) Principal-Agent consideration (continued)

Third party developed games (continued)

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

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

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

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

7. Revenue and Segment Information (continued)

Game publishing service revenue (continued)

(i) Principal-Agent consideration (continued)

Commissioned-developed games

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

(ii) Timing of revenue recognition

Third party developed games

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

7. Revenue and Segment Information (continued)

Game publishing service revenue (continued)

(ii) Timing of revenue recognition (continued)

Commissioned-developed games

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

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

Revenue from major customers:

No revenue is derived from any individual game player which amounted for over 10% of the Group's total revenue (2022: nil).

The following table summarises the percentage of revenue from games licensed by a single game developer exceeding individually 10% of the Group's revenue during the year ended 31 December 2023:

	2023	2022
Game developer a	72.4%	51.8%
Game developer b	#	20.7%

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

8. Other Income, Gains and Losses

	2023 RMB'000	2022 RMB'000
Government grants	3,502	6,579
Changes in fair value of investments at fair value through profit or loss	9,385	(61,000)
Net foreign exchange gains	3,243	683
Reversal of loss allowance (provision) for other receivables (note)	44,788	(51,570)
Others	2,219	(675)
	63,137	(105,983)

Note:

The reversal of loss allowance for other receivables was derived from (i) the fully repayment of principal amount of loans to third parties for amount of approximately RMB11.1 million from Mosman King Limited, amount of approximately RMB13.1 million from Brick Heads Limited and amount of approximately RMB17.1 million from Mr. SZE Ka Ho; and (ii) the repayment of interest receivables of loans to third parties for the amount of approximately RMB1.65 million from Mosman King Limited, amount of approximately RMB0.85 million from Brick Heads Limited and amount of approximately RMB1.4 million from Mr. SZE Ka Ho.

9. Interest Revenue

	2023 RMB'000	2022 RMB'000
Interest revenue from bank balances	8,893	8,818
Interest revenue from loans to third parties	363	59
Interest revenue from subleasing right-of-use assets	—	179
	9,256	9,056

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

10. Income Tax Expense

	2023 RMB'000	2022 RMB'000
Current tax — PRC Enterprise Income Tax (“EIT”) and other jurisdictions	6,915	5,806
Deferred tax (note 29)	1,292	4,568
	8,207	10,374

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries of the Company in the PRC is 25% (2022: 25%).

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

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

Shanghai Fenyong started to enjoy the 0% preferential tax rate for two years beginning from year 2023, followed by 50% reduction in the applicable tax rates for the next three years.

Guangzhou Miyuan Networks Technology Co., Limited (“Miyuan Networks”) was qualified as “High and New Technology Enterprises” under the EIT Law since year 2016. Accordingly, it was entitled to a preferential tax rate of 15% for a 3-year period. Miyuan Networks was re-entitled as “High and New Technology Enterprises” under the EIT Law in year 2023. Accordingly, the applicable tax rate was 15% (2022: 15%) for the year ended 31 December 2023.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

10. Income Tax Expense (continued)

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

	2023 RMB'000	2022 RMB'000
Profit/(loss) before income tax	14,981	(128,980)
Tax at the weighted average tax rate	496	(20,603)
Tax effect of expenses not deductible for tax purpose	1,337	32,366
Tax effect of income not taxable for tax purpose	(15,664)	(10,805)
Tax effect of utilisation of tax losses not previously recognised	—	(67)
Tax effect of tax losses not recognised	22,056	10,907
Preferential tax rates applicable to certain subsidiaries of the Company	(18)	(1,424)
Income tax expense	8,207	10,374

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

11. Profit/(Loss) for the Year

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

	2023 RMB'000	2022 RMB'000
Amortisation of licenses (included in cost of revenue)	3,000	4,152
Amortisation of other intangible assets (included in administrative expenses)	1,463	1,417
Depreciation of property and equipment	4,526	5,354
Depreciation of right-of-use assets	6,590	5,321
Research and development expenditure	70,910	78,367
Auditor's remuneration		
– Audit services	2,609	3,165
– Non-audit services	202	201
	2,811	3,366
Loss on written off intangible assets (included in cost of revenue)	—	2,335
Reversal of loss allowance provision for trade receivables (included in administrative expenses)	(2,094)	(3,827)
(Reversal of) impairment on prepayments (included in administrative expenses)	(943)	7,564
(Reversal of) loss allowance provision for other receivables	(44,788)	50,901
Staff costs including Directors' emoluments		
– Wages, salaries and bonuses	91,245	103,286
– Pension costs — defined contribution plans	4,968	5,084
– Social security costs, housing benefits and other employee benefits	6,822	9,509
	103,035	117,879

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees

(a) Directors' and chief executive's emoluments

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

Name of directors	2023					Total RMB'000
	Fees RMB'000	Salaries RMB'000	Pension costs — defined contribution plans RMB'000	Social security costs, housing benefits and other employee benefits RMB'000		
Executive directors:						
Mr. Liu Jie (note (i))	216	1,600	10	9		1,835
Mr. Zhu Yanbin (note (ii))	104	1,159	5	9		1,277
Mr. Chan Man Fung (note (iii))	111	—	—	—		111
Independent non-executive directors:						
Mr. Guo Jingdou (note (iv))	120	—	—	—		120
Ms. Sui Pengda (note (v))	90	—	—	—		90
Dr. Liu Jianhua (note (vi))	120	—	—	—		120
Mr. Jiang Huihui (note (vii))	93	—	—	—		93
Mr. Chow Wing Yiu (note (viii))	62	—	—	—		62
Mr. Shin Ho Chuen (note (ix))	62	—	—	—		62
	978	2,759	15	18		3,770

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (continued)

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

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

Notes:

- (i) Mr. Liu Jie is the chief executive officer of the Company.
- (ii) Resigned on 23 June 2023.
- (iii) Appointed on 29 June 2023.
- (iv) Resigned on 29 August 2023.
- (v) Resigned on 29 June 2023.
- (vi) Resigned on 29 August 2023.
- (vii) Appointed on 29 June 2023.
- (viii) Appointed on 29 August 2023.
- (ix) Appointed on 29 August 2023.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

12. Directors' and Chief Executive's Emoluments and Five Highest Paid Employees (continued)

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

No other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 31 December 2023 (2022: nil).

(c) Five highest paid employees

The five highest paid employees of the Group during the year included 2 (2022: 2) Directors whose emoluments are set out in note 12(a) to the consolidated financial statements. Details of the emoluments for the year of the remaining 3 (2022: 3) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	4,495	4,460
Pension costs — defined contribution plans	30	121
Social security costs, housing benefits and other employee benefits	53	150
	4,578	4,731

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

	Number of individuals	
	2023	2022
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	—	1
	3	3

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

13. Dividend

No dividends was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023, nor has any dividend been proposed at the end of the reporting period (2022: nil).

14. Profit/(Loss) Per Share

The calculation of the basic and diluted profit/(loss) per share is based on the following:

	2023	2022
	RMB'000	RMB'000
Profit/(loss)		
Profit/(loss) for the purpose of calculating basic and diluted loss per share	6,774	(139,354)

	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted profit/(loss) per share	1,899,956	1,899,956

The effects of all potential shares are anti-dilutive for the years ended 31 December 2023 and 2022.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

15. Property and Equipment

	Servers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
Cost				
At 1 January 2022	8,536	11,486	10,269	30,291
Additions	2,005	3,013	4,219	9,237
Disposals	(1,006)	—	—	(1,006)
Write off	(12)	—	(163)	(175)
At 31 December 2022 and 1 January 2023	9,523	14,499	14,325	38,347
Additions	1,338	642	2,581	4,561
Disposals	(969)	—	—	(969)
At 31 December 2023	9,892	15,141	16,906	41,939
Accumulated depreciation				
At 1 January 2022	6,630	9,471	4,997	21,098
Charge for the year	1,429	1,399	2,526	5,354
Disposals	(928)	—	—	(928)
Write off	(12)	—	(163)	(175)
At 31 December 2022 and 1 January 2023	7,119	10,870	7,360	25,349
Charge for the year	934	1,298	2,294	4,526
Disposals	(267)	—	—	(267)
At 31 December 2023	7,786	12,168	9,654	29,608
Carrying amount				
At 31 December 2023	2,106	2,973	7,252	12,331
At 31 December 2022	2,404	3,629	6,965	12,998

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

16. Right-of-Use Assets

	Total RMB'000	
At 31 December 2023		
Carrying amount		16,025
At 31 December 2022		
Carrying amount		22,242
For the year ended 31 December 2023		
Depreciation charge		6,590
For the year ended 31 December 2022		
Depreciation charge		5,321
Year ended 31 December	2023	2022
	RMB'000	RMB'000
Expenses related to short-term leases	—	2
Total cash outflow for leases (Remark 1)	7,489	7,318
Disposals/early termination of right-of-use assets	—	4,807

Remark 1: Amount includes payments of principal and interest portion of lease liabilities, short-term leases and payments of lease payments on or before lease commencement date (including leasehold land). These amounts could be presented in operating or financing cash flows.

For both years, the Group leases various offices for its operations. Lease contracts are entered into for fixed term of 2 to 5 years (2022: 2 to 5 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

17. Intangible Assets

	Licenses RMB'000	Others RMB'000	Total RMB'000
Cost			
At 1 January 2022	26,200	3,222	29,422
Additions	5,446	305	5,751
Written off	(4,541)	—	(4,541)
Exchange difference	—	65	65
At 31 December 2022 and 1 January 2023	27,105	3,592	30,697
Additions	—	1,366	1,366
Written off	(354)	—	(354)
Exchange difference	—	(158)	(158)
At 31 December 2023	26,751	4,800	31,551
Accumulated amortisation			
At 1 January 2022	10,554	772	11,326
Amortisation for the year	4,152	1,417	5,569
Written off	(2,206)	—	(2,206)
Exchange difference	—	38	38
At 31 December 2022 and 1 January 2023	12,500	2,227	14,727
Amortisation for the year	3,000	1,463	4,463
Written off	(354)	—	(354)
Exchange difference	—	(33)	(33)
At 31 December 2023	15,146	3,657	18,803
Carrying amount			
At 31 December 2023	11,605	1,143	12,748
At 31 December 2022	14,605	1,365	15,970

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18. Subsidiaries

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

Particulars of the principal subsidiaries of the Company as at 31 December 2023 are as follows:

Name	Type of legal entity	Place of incorporation/ registration and operations	Issued and paid up/ registered capital	Percentage of ownership interest/voting power/ profit sharing		Principal activities
				2023 and 2022 Direct	Indirect	
FT Entertainment Limited	Limited liability company	BVI	USD100	100%	0%	Investment holding
Finger Tango Interactive (HK) Limited	Limited liability company	Hong Kong	HK\$10	0%	100%	Investment holding
Shanghai Binyou Networks Technology Co., Limited	Limited liability company	The PRC	RMB15,000,000	0%	100%	Technical support and development services
Shanghai Youmin Networks Technology Co., Limited	Limited liability company	The PRC	RMB19,267,015	0%	100%	Internet culture operations
Shanghai Binjie Networks Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet culture operations
Guangzhou Langxianjing Networks Technology Co., Limited	Limited liability company	The PRC	RMB1,000,000	0%	100%	Internet culture operations
Shanghai Feimiao Networks Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Yiguo Network Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Langxianjing Network Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Kaixi Network Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service
Shanghai Fenyong Network Technology Co., Limited	Limited liability company	The PRC	RMB10,000,000	0%	100%	Internet and software technology development and service

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

18. Subsidiaries (continued)

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

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

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

19. Investments at Fair Value through Profit or Loss

	2023 RMB'000	2022 RMB'000
Listed equity securities in Hong Kong	23,155	15,632
Unlisted wealth management products	235,501	123,638
Investments in private companies	—	8,033
Total investments at fair value through profit or loss	258,656	147,303
Analysed as:		
Non-current assets	115,501	71,457
Current assets	143,155	75,846

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

20. Trade Receivables

Trade receivables are primarily due from Platforms and payment channels, which collect the proceeds from sales of in-game virtual items on the Group's behalf. The credit terms of trade receivables agreed with Platforms and payment channels generally range from 30 to 90 days and 0 to 30 days respectively.

	2023 RMB'000	2022 RMB'000
Trade receivables	81,997	70,645
Provision for loss allowance	(1,313)	(3,407)
Carrying amount	80,684	67,238

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB76,495,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the invoice dates.

	2023 RMB'000	2022 RMB'000
0 to 1 month	26,978	25,995
1 month to 3 months	45,283	35,240
3 months to 6 months	7,469	5,292
6 months to 1 year	954	711
	80,684	67,238

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

20. Trade Receivables (continued)

Reconciliation of loss allowance for trade receivables:

	2023 RMB'000	2022 RMB'000
At 1 January	3,407	7,234
Decrease in loss allowance for the year	(2,094)	(3,827)
At 31 December	1,313	3,407

21. Contract Costs and Liabilities

Disclosures of revenue-related items:

At 31 December	2023 RMB'000	2022 RMB'000
Contract costs — costs to obtain contracts for game publishing	20,312	24,646

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

21. Contract Costs and Liabilities (continued)

At	31 December 2023 RMB'000	31 December 2022 RMB'000	1 January 2022 RMB'000
Contract liabilities — game publishing	66,769	69,642	90,272
Contract receivables (included in trade receivables)	80,684	67,238	76,495
Transaction prices allocated to performance obligations unsatisfied at the end of the year and expected to be recognised as revenue in the year ended 31 December:			
— 2023	N/A	69,642	
— 2024	66,769	—	
	66,769	69,642	
Year ended 31 December		2023 RMB'000	2022 RMB'000
Revenue recognised in the year that was included in contract liabilities at the beginning of the year		69,642	90,272
Significant changes in contract liabilities during the year:			
— Increase due to operations in the year		539,234	690,289
— Transfer of contract liabilities to revenue		(542,107)	(710,919)

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

22. Prepayments and Deposits

	2023 RMB'000	2022 RMB'000
Included in non-current assets		
Prepayments for purchase of licenses	29,561	25,004
Rental deposits and others	1,723	1,697
	31,284	26,701
Provision for impairment	(20,834)	(21,778)
	10,450	4,923
Included in current assets		
Prepayments for promotion expenses	54,968	54,623
Prepayments to game developers	14,287	17,582
Prepayments to game design	32	13
Rental deposits and others	841	804
	70,128	73,022
Provision for impairment	(44,982)	(48,211)
	25,146	24,811

Reconciliation of provision for impairment:

	2023 RMB'000	2022 RMB'000
At 1 January	69,989	59,709
Impairment losses (reversed)/recognised	(943)	7,564
Amounts written off	(3,774)	—
Exchange differences	544	2,716
At 31 December	65,816	69,989

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

23. Other Receivables

	Notes	2023 RMB'000	2022 RMB'000
Input value-added tax to be deducted		3,541	3,163
Interest receivables		20,311	23,264
Loans to third parties	(i)	361,514	397,894
Receivables from game developers		5,931	5,931
Finance lease receivables	(ii)	3,485	3,702
Others		10,027	19,639
		404,809	453,593
Provision for expected credit losses		(381,165)	(421,158)
		23,644	32,435
Analysed as:			
Non-current assets		2,377	2,841
Current assets		21,267	29,594
		23,644	32,435

Notes:

(i) The balance comprises loans to third parties bearing interest ranging from 3% to 12% (2022: 3% to 12%) per annum ("p.a."). Loans to third parties of RMB90,620,000 (2022: RMB89,330,000) are guaranteed by certain shares held by the third parties.

(ii)

	Lease payments		Present value of lease payments	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Within one year	1,247	1,018	1,108	861
Over one year but within five years	2,493	3,054	2,377	2,841
	3,740	4,072		
Less: Unearned finance income	(255)	(370)		
Present value of lease payments	3,485	3,702	3,485	3,702
			(1,108)	(861)
Less: Amount within 12 months (shown under current assets)				
Amount receivable after 12 months			2,377	2,841

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

23. Other Receivables (continued)

Notes: (continued)

(i) (continued)

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

Disclosures of finance lease-related items:

Year ended 31 December	2023 RMB'000	2022 RMB'000
Interest revenue from subleasing right-of-use assets	—	179
Significant changes in net investment in the leases		
— Increase due to new leases	809	4,455
— Decrease due to repayments	(1,108)	(753)

Reconciliation of provision for expected credit losses:

	2023 RMB'000	2022 RMB'000
At 1 January	421,157	343,296
(Reversal) of provision for expected credit losses for the year	(44,788)	50,901
Exchange differences	4,796	26,961
At 31 December	381,165	421,158

24. Notes Receivables

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

As disclosed in the announcement of the Company dated 22 June 2021, the issuer of the notes receivables, Orbitronic Global Development Co., Limited (the “**Issuer**”), failed to repay the principal amount of the notes receivables of HK\$250,000,000 together with the accrued interests on the notes receivables to the Company on Extended Maturity Date and such sums remained outstanding as at the date of this report. As at 31 December 2023, the principal amount of notes receivables is HK\$250,000,000 (equivalent to RMB226,550,000) (2022: HK\$250,000,000 (equivalents to RMB223,325,000)) and full provision for expected credit loss is made as at 31 December 2023 and 2022.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

24. Notes Receivables (continued)

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

The Board is also in the process of assessing the financial impact of the Event of Default on the Group and will use its best endeavours and take all possible actions to seek recovery from the Issuer of the principal amount of the notes receivables and interests accrued thereon. On 16 March 2022, the Company has issued a letter of request for payment through legal counsel to the Issuer. In October 2023, the Company, the Issuer, and the sole shareholder of the Issuer entered into a deed of supplemental agreement (the "Supplemental Agreement"). Pursuant to the Supplemental Agreement, the said sole shareholder of the Issuer further agrees to pledge the 10,000 shares of the Issuer (representing 100% of the shares of the Issuer) as the further collateral for the Notes and the Company shall be entitled to immediate appointment of a receiver (the "Receiver") for all or any part of the collateral under the Notes. In November 2023, the Company appointed the receiver in order to better safeguard the collateral and the Company's interest in the Issuer. In February 2024, the Issuer further created a charge over trade and other receivables in favor of the Company, which was registered under the Company Ordinance. The Board is confident in achieving a positive outcome in the ongoing recovery process.

25. Restricted Bank Deposits, Time Deposits and Bank and Cash Balances

As at 31 December 2023, the bank and cash balances of the Group denominated in RMB amounted to RMB429,911,000 (2022: RMB510,564,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

26. Trade Payables

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

	2023	2022
	RMB'000	RMB'000
0 to 1 month	12,160	10,582
1 month to 3 months	23,143	23,962
3 months to 6 months	6,980	15,952
6 months to 1 year	1,187	6,443
Over 1 year	1,295	4,469
	44,765	61,408

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

27. Accruals and Other Payables

	2023 RMB'000	2022 RMB'000
Salary and staff welfare payables	32,383	40,161
Other tax payables	1,307	3,269
Promotion fee payables	24,052	33,938
Others	8,195	12,112
	65,937	89,480

28. Lease Liabilities

	2023 RMB'000	2022 RMB'000
Lease liabilities payable:		
– Within 1 year	6,416	7,486
– Within a period of more than 1 year but not exceeding 5 years	13,782	19,080
	20,198	26,566
Less: Amount due for settlement within 12 months shown under current liabilities	6,416	7,486
	13,782	19,080

The weighted average incremental borrowing rate applied to lease liabilities is 4.75% (2022: 4.75%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

29. Deferred Tax

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

	Contract costs RMB'000	Contract liabilities RMB'000	Provisions and others RMB'000	Total RMB'000
At 1 January 2022	(8,167)	22,214	9,202	23,249
(Charge)/credit to profit or loss	2,187	(5,612)	(1,143)	(4,568)
At 31 December 2022 and 1 January 2023	(5,980)	16,602	8,059	18,681
(Charge)/credit to profit or loss	901	(28)	(2,165)	(1,292)
At 31 December 2023	(5,079)	16,574	5,894	17,389

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

	2023 RMB'000	2022 RMB'000
Deferred tax liabilities	(5,079)	(5,980)
Deferred tax assets	22,468	24,661
Deferred tax assets (after offset)	17,389	18,681

At the end of the reporting period, the Group did not recognise deferred tax assets of RMB24,006,000 (2022: RMB27,668,000) in respect of losses amounting to RMB104,586,000 (2022: RMB113,295,000) that can be carried forward against future taxable income. These tax losses will expire in year 2024 to 2028 (2022: 2023 to 2027).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

30. Share Capital

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

Authorised:

Ordinary shares of USD0.000005 (2022: USD0.000005) each

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	10,000,000	50
---	-------------------	-----------

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

Issued and fully paid:

Ordinary shares of USD0.000005 (2022: USD0.000005) each

At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,931,387	62
---	------------------	-----------

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

31. Statement of Financial Position of the Company

	2023 RMB'000	2022 RMB'000
ASSETS		
Non-current assets		
Investments in subsidiaries	131,495	131,337
Investments at fair value through profit or loss	75,507	63,424
Total non-current assets	207,002	194,761
Current assets		
Prepayments and other receivables	66	274
Investments at fair value through profit or loss	23,155	15,632
Amounts due from subsidiaries	144,036	190,887
Bank and cash balances	115,550	42,264
Total current assets	282,807	249,057
TOTAL ASSETS	489,809	443,818
EQUITY AND LIABILITIES		
Equity		
Share capital	62	62
Reserves	479,264	430,827
Total equity	479,326	430,889
Liabilities		
Current liabilities		
Accruals and other payables	26	3,773
Amounts due to subsidiaries	10,370	9,069
Current tax liabilities	87	87
Total liabilities	10,483	12,929
TOTAL EQUITY AND LIABILITIES	489,809	443,818

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

32. Reserves

(a) The Group

	Share-based payments reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Equity investments revaluation reserve RMB'000	Total RMB'000
At 1 January 2022	148,518	16,903	(23,209)	(8,400)	133,812
Currency translation difference	—	—	22,865	—	22,865
At 31 December 2022	148,518	16,903	(344)	(8,400)	156,677
At 1 January 2023	148,518	16,903	(344)	(8,400)	156,677
Currency translation difference	—	—	1,150	—	1,150
At 31 December 2023	148,518	16,903	806	(8,400)	157,827

(b) The Company

	Share premium RMB'000	Shares held for RSU Scheme RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	712,720	(2)	114,398	(280,922)	546,194
Total comprehensive income/(expense) for the year	—	—	14,926	(130,293)	(115,367)
At 31 December 2022	712,720	(2)	129,324	(411,215)	430,827
At 1 January 2023	712,720	(2)	129,324	(411,215)	430,827
Total comprehensive income for the year	—	—	4,901	43,536	48,437
At 31 December 2023	712,720	(2)	134,225	(367,679)	479,264

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

32. Reserves (continued)

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

(i) Share premium

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

(ii) Share-based payments reserve

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

(iii) Shares held for the RSU Scheme

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

(iv) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and the Articles of Association of subsidiaries located in the PRC, it is required to appropriate 10% of the annual statutory net profits after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the share capital, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of share capital. As at 31 December 2017, the balance of the statutory surplus reserve fund of all profitable subsidiaries had reached 50% of the share capital. The Group did not make any further appropriation for the years ended 31 December 2023 and 2022.

(v) Foreign currency translation reserve

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

32. Reserves (continued)

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

(vi) Equity investments revaluation reserve

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

(vii) Other reserve

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

33. Share-Based Payments Transactions

On 28 February 2018, the Company's shareholders approved the establishment of the RSU Scheme and the Company appointed The Core Trust Company Limited as the trustee to assist with the administration of the RSU Scheme. Under the RSU Scheme, the maximum number of shares which may be granted is 75,000,000. No RSUs were granted to employees of the Group during the years ended 31 December 2023 and 2022.

34. Changes in Liabilities Arising from Financing Activities

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

	Lease liabilities	
	2023	2022
	RMB'000	RMB'000
At 1 January	26,566	32,464
Repayment of lease liabilities	(6,368)	(5,898)
At 31 December	20,198	26,566

Notes to the Consolidated Financial Statements

For the year ended 31 December 2023

35. Capital Commitments

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

	2023 RMB'000	2022 RMB'000
Intangible assets — Contracted but not provided for	10,520	8,020

36. Related Party Transactions

Key management personnel compensations

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

	2023 RMB'000	2022 RMB'000
Wages, salaries and bonuses	8,589	9,412
Pension costs — defined contribution plans	50	201
Social security costs, housing benefits and other employee benefits	79	249
	8,718	9,862

37. Litigation

On 16 June 2021, the Company received a writ of summons issued in the High Court of the Hong Kong Special Administrative Region by Leading Global Fund SPC (the "Plaintiff") as plaintiff and the Company as the defendant. The Company has indicated its intention to defend the proceedings. The Plaintiff filed and served its statement of claim on 23 July 2021 (the "Statement of Claim"). As set out in the Statement of Claim, the Plaintiff alleged claims against the Company for the sum of HK\$250,000,000 pursuant to a subscription agreement entered into between the Plaintiff and the Company on or around 16 July 2018 (the "Subscription Agreement") and the damages for alleged breach of the Subscription Agreement by the Company's failure to transfer the sum of HK\$250,000,000 to the Plaintiff in accordance with the Subscription Agreement, together with interest, costs and further or other relief. The Company is currently seeking legal advice regarding the relevant proceedings, and has filed a defence on 8 November 2021. For further details, please refer to the announcement of the Company dated 17 June 2021.

38. Events After the Reporting Period

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

1. On 24 January 2024, Shanghai Youmin subscribed for a wealth management product “SPD Wealth Management No. 87 JiJiXin Closed-end Wealth Management Product” managed by SPD Wealth Management in the amount of RMB30,000,000 for 106 days with the expected annualised rate of return range of 2.80% to 3.05% per annum. For further details, please refer to the announcement of the Company dated 24 January 2024;
2. On 6 February 2024, Shanghai Youmin subscribed for a wealth management product “Wealth Management Product WenXiangGuShou Daily opened Selection of BOCOM Wealth Management with 180-day holding period” distributed by China Merchants Bank Co., Ltd. in the amount of RMB30,000,000 for 180 days with the expected annualised rate of return range of 2.90% to 3.50% per annum. For further details, please refer to the announcement of the Company dated 6 February 2024;
3. On 6 February 2024, Shanghai Youmin subscribed for a wealth management product “XingFuTianLi (3 Months) Guaranteed Fixed Return Wealth Investment Product No. 1 of CGB Wealth Management”, managed by CGB Wealth Management Co., Ltd. in the amount of RMB30,000,000 for at least three months with the expected annualised rate of return at 3.00% per annum. For further details, please refer to the announcement of the Company dated 6 February 2024;
4. On 27 February 2024, Shanghai Youmin subscribed for a wealth management product “Golden Snowball Steady Profit Net Worth Wealth Management Product No. 1, Series A” issued by CIB Wealth Management Co., Ltd. in the amount of RMB30,000,000 for 90 days with the expected annualised rate of return at 2.70% to 3.56% per annum. For further details, please refer to the announcement of the Company dated 27 February 2024.

39. Approval Of The Consolidated Financial Statements

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2024.

Glossary

“Articles” or “Articles of Association”	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
“Auditor”	CWK CPA Limited, the auditor of the Company
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors of the Company
“Binyou Networks”	Shanghai Binyou Networks Technology Limited* (上海繽遊科技有限公司), a limited liability company incorporated under the laws of the PRC on 16 March 2018 and a wholly-owned subsidiary of our Company
“Cayman Islands”	the Cayman Islands
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this report, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Chairman”	Chairman of the Board
“Company”, “our Company”, “we” or “us”	FingerTango Inc. (指尖悅動控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 9 January 2018
“Contractual Arrangement(s)”	the series of contractual arrangements entered into by, among others, Binyou Networks, the Registered Shareholders and Shanghai Youmin, details of which are set out in the section headed “Contractual Arrangements” in the Prospectus
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 (which has been re-numbered as Appendix C1 with effect from 31 December 2023) to the Listing Rules
“Director(s)”	the director(s) of the Company
“Group” or “the Group”	our Company, its subsidiaries and the PRC Operating Entities
“Hainan Chijia”	Hainan Chijia Networks Technology Limited* (海南赤葭網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 10 June 2020 and one of our PRC Operating Entities

“Hainan Yutong”	Hainan Yutong Networks Technology Limited* (海南御桐網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 10 June 2020 and one of our PRC Operating Entities
“Hainan Zhijianyuedong”	Hainan Zhijianyuedong Technology Limited* (海南指尖悅動科技有限公司), a limited liability company incorporated under the laws of the PRC on 16 March 2020 and one of our PRC Operating Entities
“Hong Kong dollar(s)”, “HK dollar(s)” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS(s)”	International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standard Board
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	The date which dealings in Shares first commence on the Stock Exchange, i.e. 12 July 2018
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus dated 26 June 2018 issued by the Company
“Renminbi” or “RMB”	Renminbi yuan, the lawful currency of the PRC
“Registered Shareholders”	direct shareholders of Shanghai Youmin, being Mr. Liu Jie, Mr. Zhu Yanbin, Mr. Wu Junjie, Zhuhai Sangu Limited Partnership* (珠海三穀投資合夥企業(有限合夥)) and Zhuhai Jugu Limited Partnership* (珠海聚穀投資合夥企業(有限合夥))
“Remuneration Committee”	the remuneration committee of the Company
“Reporting Period”	for the year ended 31 December 2023
“RSU(s)”	restricted share units or any one of them

Glossary

“RUS Scheme”	The RSU scheme approved and conditionally adopted by the Shareholders on 28 February 2018, the principal terms of which are set out in “Statutory and General Information – D. RSU Scheme and Share Option Scheme – 1. RUS Scheme” in Appendix IV to the Prospectus
“Securities and Future Ordinance” or “SFO”	the Securities and Futures Ordinance of Hong Kong (chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Mimeng”	Shanghai Mimeng Networks Technology Limited* (上海覓蒙網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 6 July 2020 and one of our PRC Operating Entities
“Shanghai Rici”	Shanghai Rici Networks Technology Limited* (上海日次網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 6 July 2020 and one of our PRC Operating Entities
“Shanghai Youbai”	Shanghai Youbai Networks Technology Limited* (上海游柏網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 6 May 2021 and one of our PRC Operating Entities
“Shanghai Youmin”	Shanghai Youmin Networks Technology Limited* (上海遊民網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 3 December 2013 and one of our PRC Operating Entities
“Shanghai Zongdan”	Shanghai Zongdan Networks Technology Limited* (上海棕丹網絡科技有限公司), a limited liability company incorporated under the laws of the PRC on 6 July 2020 and one of our PRC Operating Entities
“Share(s)”	ordinary share(s) in the share capital of our Company with a par value of US\$0.000005 each
“Shareholder(s)”	holder(s) of our Share(s)
“Share Option Scheme”	the share option scheme adopted by our Company on 19 June 2018 which complies with the provisions of Chapter 17 of the Listing Rules
“SLG”	simulation games, which are generally designed to closely simulate aspects of a real or fictional reality
“US\$” or “USD”	United States dollar(s), the lawful currency of the United States of America

* for identification purpose only