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**友誼時光**  
F R I E N D T I M E S

**FriendTimes Inc.**

**友誼時光股份有限公司**

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

**(Stock code: 6820)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021 (the “**Annual Results**”) together with comparative figures for the corresponding period in 2020, which have been prepared in accordance with HKFRS.

### **FINANCIAL PERFORMANCE SUMMARY**

	<b>Year ended 31 December</b>		<b>Changes</b>
	<b>2021</b>	<b>2020</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Revenue	<b>1,616,137</b>	2,182,257	-25.9%
Gross profit	<b>1,089,428</b>	1,468,345	-25.8%
Profit before taxation	<b>233,869</b>	526,607	-55.6%
Profit for the year	<b>275,483</b>	503,519	-45.3%
Adjusted profit for the year*	<b>308,956</b>	503,519	-38.6%

\* Adjusted profit for the year represents profit for the year excluding share-based remuneration expenses. HKFRS does not define adjusted profit for the year and therefore it may not be comparable to similar indicators presented by other listed companies.

1. For the year ended 31 December 2021, total revenue amounted to approximately RMB1,616.1 million, representing a decrease of approximately 25.9% as compared with the year ended 31 December 2020.
2. For the year ended 31 December 2021, the Company recorded profit attributable to owners of the Company of approximately RMB275.5 million.
3. For the year ended 31 December 2021, unaudited adjusted profit for the year amounted to approximately RMB309.0 million.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The Group is a leading integrated and well-established mobile game developer, publisher and operator. The Group is headquartered in Suzhou, China, with branches in regions including Shanghai, Wuxi and Hong Kong in China, and South Korea and Japan, and was listed on the Main Board of the Stock Exchange on 8 October 2019. Since our inception in 2010, we have been strategically focusing on mobile games targeting female players to capture the significant growth potential in both the mobile game industry and the female-oriented game market. We successfully launched core products such as the Legend of Empress (熹妃傳), the Royal Chaos (熹妃Q傳), the Fate of the Empress (浮生為卿歌), Promise of Lingyun (凌雲諾) and others, which are well received among users.

As a key national cultural export enterprise and a pioneer in the segment of ancient Chinese style female-oriented games, the Group keeps a professional global distribution and operation team, while consolidating the leading position in the domestic female market, we are also exploring overseas markets actively. We continue to adhere to the corporate cultural mission of “Let Culture Create Values”, and are committed to spreading excellent traditional Chinese culture to a wider group and region, so as to build a carrier for global outstanding cultural exchanges, promote cultural inheritance and heritage, constantly explore cultural values, and shape a more profound influence of culture.

### Review

For the year ended 31 December 2021, the Group’s total revenue was approximately RMB1,616.1 million, decreasing by approximately 25.9% as compared to last year; the net profit for the year was approximately RMB275.5 million, decreasing by approximately 45.3% as compared to last year; the adjusted profit for the year was approximately RMB309.0 million, decreasing by approximately 38.6% as compared to the corresponding period of last year.

The decrease in the revenue and net profit of the Group was mainly due to the facts that no major new products were launched during the year as a result of product scheduling and the revenue from existing products has a normal decline to a certain extent as affected by their life cycles; investment related to research and development increased to expand the portfolio of game products, strengthen the self-development ability of games and enhance the technical level and users’ experience while further enhancing the talent cultivation system, office environment and daily benefits; and the provision of the share-based remuneration expenses increased as a result of the Share Award Scheme.

In terms of overseas strategy of games, we took full advantage of our strong globalized independent distribution ability, and through the strategy of combining localized adaptation with promotion together with our cooperative relationship with advertising platforms such as App Store, Google Play, Facebook and Google, our overseas products continued to achieve outstanding results. Meanwhile, we continuously enhance the inheritance and promotion of traditional culture and incorporate elements of the Jiangnan culture and Suzhou to our products to showcase the beauty of China to overseas users. In 2021, the Fate of the Empress (浮生為卿歌) ranked fourth, first and ninth in Hong Kong, Macau and Taiwan’s iOS Best-selling Games respectively, and ranked thirteenth in South Korea’s iOS Best-selling Games.

In terms of the strategy of product operations, we adopt the strategy of long life cycles for refined product operations. After product release, we frequently develop enhanced versions and constantly create and update with long-term purchase deployment to ensure the stability of product flow. In 2021, we have elaborately prepared a series of events to ensure players’ gaming experience. For example, we launched crossover fashion outfits with the national first-tier chain photography agency “Poetic Oriental Beauty (盤子女人坊)” twice, with “reshaping the new national tide” and “glamorous traditional Chinese costume” as the theme. We organized a crossover event “The Fate of the Paladin (浮生亦逍遙)” between the Fate of the Empress (浮生為卿歌) and the Chinese Paladin: Sword and Fairy (仙劍奇俠傳), which unlocked new gameplay, maps, costumes, and pet mounts, etc.. Cooperated with Qiaomai New Year Painting Studio (喬麥年畫工作室) in which, Qiao Langrong (喬蘭蓉), the renowned painter of Suzhou Tahuawu wood-block new year paintings, created new year paintings of koi, dragon gates and the spring festival based on the pet mounts in the Fate of the Empress (浮生為卿歌) as the prototype, as well as designed and created mystery box (盲盒) for the series of ancient Chinese-style fairy pets namely Yooe.

## Games Released Recently

### *Promise of Lingyun (凌雲諾)*



Promise of Lingyun (凌雲諾) is a glamorous Chinese-style social mobile game created with the new Chinese-style art with the integration of ancient and modern art, demonstrating the fascinating ancient Chinese culture. The game was officially released on all platforms on 20 January 2022. It was recommended by the Apple App Store as the game of Today on its front page and soon ranked first among the iOS Top Free Games in Mainland China. Subsequently, it has achieved outstanding results, including being a recommended game on the Apple App Store and the best game in January chosen by editors. Up to now, Promise of Lingyun (凌雲諾) has ranked at a peak of 34th among the iOS Best-selling Games in Mainland China.

Promise of Lingyun (凌雲諾) features a variety of Chinese-style gameplay such as poetry and painting social interaction, bonding, and costumes. By using the traditional yet novel Chinese brush painting method, the game combines the traditional Chinese classical culture with the essence of contemporary art techniques to create a new aesthetic impression of Chinese-style. The game emphasizes subtle presentation of female emotions. Characters and players, as well as players and players would interact with each other during occasions such as studying and working together to trigger diversified social relationships involving various emotions such as teacher and student relationship, family relationship and friendship. Meanwhile, the narrative of the game is based on the specific timeline of the simulation of “career establishment (搞事業)”. Together with light fighting scenes, the game can be more realistic and thus enhancing the immersive game experiences of users.

In terms of presentation of Chinese style and culture, Promise of Lingyun (凌雲諾), in combination with contemporary aesthetics, incorporates painting techniques of Chinese ink painting with lines and colours of traditional Chinese paintings to create new Chinese style aesthetics for the game. The game presents the charm of the Chinese style and culture to players visually and aurally through detailed artistic presentation of clothes, buildings, symbols and vocals with strong Chinese style. In January 2022, in cooperation with four members of the new generation of the Chinese style and culture, namely Ye Luying (葉露盈), a Chinese painting artist, Yang Xue (楊雪), successor of intangible cultural heritage of Suzhou embroidery, Gu Xiaosi (顧小思), successor of traditional hand-made medicinal fragrance, and Wang Jiajia (王佳佳), a Hanfu designer of the brand Hua Zhao Ji (花朝記), Promise of Lingyun (凌雲諾) created a new Chinese style impression PV of “new Chinese-style essence originated from Promise of Lingyun (國風新韻，緣起雲諾)” for the inheritance of intangible cultural heritage.

## Game Agency



In February 2022, we officially launched agency product named Armed Girls Union: Crisis of the Blue Planet (姬械聯盟：藍星危機), an idle role-playing card mobile game, in Hong Kong, Macau and Taiwan. Currently, it ranks at the peak of 8th and 32nd in Macau and Taiwan's Top iOS Games respectively.

## Game Reserve

*A Story of Lala's: Rising Star (杜拉拉升職記)*



A Story of Lala's: Rising Star (杜拉拉升職記) is an authentic inspirational female-oriented simulation mobile game. It is adapted from a novel with the same title, and is a role-playing game in the modern female workplace setting. By focusing on the perspective of modern women, the game constructs the core value of “upholding attitudes even in the workplace” and emphasizes on self-confidence and independence of modern women in metropolis. The product incorporates the classic storyline of the novel with glamorous 3D workplace scenes and delicate portraits, combines a variety of game play and practical tips in the workplace, allowing players to experience personal growth and socialisation in a relaxing and enjoyable gaming environment. In addition, we jointly established courses of professional knowledge training and talent cultivation with the department of fashion design of a renowned university to lay a solid foundation for art design and talent cultivation for subsequent games.

### ***Code: FS2 (代號: FS2)***

As the Company's strategic flagship product, Code: FS2 (代號: FS2), a new generation of female-oriented traditional Chinese-style mobile game, is inherited from the Fate of the Empress (浮生為卿歌), and adopts new engine effects, artistic production techniques and innovative gameplay features, aiming to bring players a free, realistic and multifaceted gameplay experience. The landscape design of the game imitates the gardens of Suzhou to showcase the exquisiteness and subtle beauty of poetic landscape of “naturally uneven rocks around ponds and blooming mountains”, (池沼石岸高低屈曲任自然，花樹藤蘿盤曲相間山水意)” of the Suzhou gardens and to deliver the historical background of Jiangnan to every user.

### **Product Agency**

During the past two years, the Company has invested in several research and development studios and entered into agency agreement of its products under development. Diversified projects including Girls Idol Party (少女偶像派對), a simulation game with idols as the theme, Star Girls (星之少女), an ACG idle trading cards mobile game, and Code:G (代號 : G), a trading cards mobile game with the theme of animal protection are under steady development.

### **OUTLOOK**

In the future, FriendTimes will launch new games in different and diversified styles while ensuring the long-term operation of existing games at the same time, in order to cope with the increasingly competitive industry environment. We will continue to increase our investment in research and development, distribution and operation talents of games, enhance industrialization and efficiency of research and development tools, build a diversified and innovative product portfolio and strengthen our global competitiveness. While adhering to self-development and innovation, FriendTimes will continue to explore valuable cultural resources and the value of traditional Chinese culture in the contemporary world and to create more original products with the Chinese cultural features to bring about new dynamics to the Group's long term development.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

(Expressed in Renminbi)

		Years ended 31 December	
	Note	2021	2020
		RMB'000	RMB'000
Revenue	2	1,616,137	2,182,257
Cost of sales		<u>(526,709)</u>	<u>(713,912)</u>
<b>Gross profit</b>		<b>1,089,428</b>	1,468,345
Other net income		39,968	82
Sales and marketing expenses		(455,784)	(612,386)
Research and development expenses		(364,901)	(264,692)
General and administrative expenses		(66,890)	(46,326)
Other expenses — donations		<u>(1,070)</u>	<u>(2,000)</u>
<b>Profit from operations</b>		<b>240,751</b>	543,023
Finance costs		(49)	(110)
Share of loss of associates and joint venture		(3,434)	(1,638)
Changes in fair value of financial assets measured at fair value through profit or loss		<u>(3,399)</u>	<u>(14,668)</u>
<b>Profit before taxation</b>	3	<b>233,869</b>	526,607
Income tax	4	<u>41,614</u>	<u>(23,088)</u>
<b>Profit for the year</b>		<b><u>275,483</u></b>	<b><u>503,519</u></b>
<b>Earnings per share</b>			
Basic and diluted (RMB)	5	<u>0.13</u>	<u>0.23</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the year ended 31 December 2021*

*(Expressed in Renminbi)*

	<b>Years ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
<b>Profit for the period</b>	<b>275,483</b>	<b>503,519</b>
<b>Other comprehensive income for the year</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<u><b>(14,272)</b></u>	<u><b>(26,147)</b></u>
<b>Profit and total comprehensive income for the period</b>	<u><b>261,211</b></u>	<u><b>477,372</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

(Expressed in Renminbi)

		As at 31 December	
	Note	2021	2020
		RMB'000	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		278,542	263,730
Intangible assets		3,395	3,856
Right-of-use assets		8,740	7,855
Financial assets measured at fair value through profit or loss	6	35,913	15,000
Financial assets measured at fair value through other comprehensive income		8,825	4,925
Film right		13,208	6,547
Interest in associates and joint venture		4,908	9,580
Time deposits		110,000	–
Deferred tax assets		72,000	48,589
Other non-current assets		29,751	28,350
		<u>565,282</u>	<u>388,432</u>
<b>Current assets</b>			
Inventory		747	–
Contract costs		7,135	7,922
Financial assets measured at fair value through profit or loss	6	297,062	120,144
Trade and other receivables	7	182,575	180,659
Pledged bank deposits		1,658	1,698
Cash and cash equivalents		752,264	1,093,324
		<u>1,241,441</u>	<u>1,403,747</u>
<b>Current liabilities</b>			
Trade and other payables	8	117,088	142,951
Contract liabilities		33,137	28,919
Current taxation		20	48,191
Lease liabilities		1,117	1,171
		<u>151,362</u>	<u>221,232</u>
<b>Net current assets</b>		<u>1,090,079</u>	<u>1,182,515</u>
<b>Total assets less current liabilities</b>		<u>1,655,361</u>	<u>1,570,947</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2021**(Expressed in Renminbi)*

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current liability</b>			
Contract liabilities		<u>8,956</u>	<u>4,526</u>
<b>NET ASSETS</b>		<u><b>1,646,405</b></u>	<u>1,566,421</u>
<b>CAPITAL AND RESERVES</b>	9		
Share capital		154	154
Reserves		<u>1,646,251</u>	<u>1,566,267</u>
<b>TOTAL EQUITY</b>		<u><b>1,646,405</b></u>	<u>1,566,421</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

### 1 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements for the year ended 31 December 2021 comprise the Group and the Group's interest in associates and a joint venture.

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "Functional Currency"). The financial statements are presented in RMB, rounded to the nearest thousands except for per share information, which is the presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that certain investments are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

### 2 REVENUE

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by business lines is as follows:

	Years ended 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by business lines		
— Revenue from self-developed games published by the Group	1,555,052	2,077,641
— Revenue from self-developed games published through intellectual property license arrangement and others	61,085	104,616
	<u>1,616,137</u>	<u>2,182,257</u>

**(b) Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the games were published, the intellectual property was licensed or the services were provided.

	Years ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Mainland of the PRC	<b>1,130,908</b>	1,713,842
Overseas	<b>485,229</b>	468,415
	<b><u>1,616,137</u></b>	<b><u>2,182,257</u></b>

**3 PROFIT BEFORE TAXATION**

Profit before taxation is arrived at after charging:

**(a) Staff costs**

	Years ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	<b>324,445</b>	270,000
Equity settled share-based payments	<b>33,473</b>	–
Contributions to defined contribution plans	<b>28,000</b>	18,210
	<b><u>385,918</u></b>	<b><u>288,210</u></b>

**(b) Other items**

	Years ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	<b>20,064</b>	8,611
Depreciation of right-of-use assets	<b>1,350</b>	3,434
Amortisation of intangible assets	<b>1,282</b>	4,238
Impairment losses of trade and other receivables	<b>22</b>	407
Auditors' remuneration	<b>2,080</b>	2,050
	<b><u>2,080</u></b>	<b><u>2,050</u></b>

#### 4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Income tax in the consolidated statement of profit or loss represents:

	Years ended 31 December	
	2021	2020
	RMB'000	RMB'000
<b>Current tax:</b>		
Provision for current income tax for the year	9,748	50,054
Over-provision in prior years	(27,951)	–
	(18,203)	50,054
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(23,411)	(26,966)
	(41,614)	23,088

(b) Reconciliation between actual income tax (credit)/expense and accounting profit at applicable tax rates:

	Note	Years ended 31 December	
		2021	2020
		RMB'000	RMB'000
<b>Profit before taxation</b>		<b>233,869</b>	<b>526,607</b>
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	(i)	46,855	121,327
Tax effect of preferential tax rate	(ii)	(57,478)	(68,273)
Super-deduction of research and development expense	(iii)	(23,530)	(29,459)
Effect on deferred tax balances at 1 January resulting from a change in tax rate		(1,890)	–
Tax effect of non-deductible expenses		6,697	267
Tax effect of tax losses not recognised		447	149
Tax effect of changes in tax losses recognised in prior years		1,989	(2,770)
Over-provision in prior years	(ii)	(27,951)	–
Tax effect of temporary differences not recognised		13,247	1,847
<b>Actual income tax</b>		<b>(41,614)</b>	<b>23,088</b>

- (i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

The Company's subsidiary incorporated in Hong Kong is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2020. Payments of dividends by Hong Kong companies are not subject to any withholding tax.

The Company's subsidiary incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 10% to 25% of annual taxable profits.

The Group's PRC subsidiaries are liable to the PRC corporate income tax rate of 25%.

- (ii) Suzhou GameFriend Network Technology Co., Ltd. ("GameFriend"), which was disposed by the Group on 31 December 2021, is entitled to a preferential income tax rate of 15% until 2023 as Technologically Advanced Service Enterprise.

The subsidiary of the Company, Suzhou Purple Blaze Network Technology Co., Ltd. ("Purple Blaze") is entitled to a preferential income tax rate of 0% in 2018 and 2019, and 12.5% from 2020 to 2022 as Software Enterprise.

The subsidiary of the Company, Suzhou Cheeryoo Network Technology Co., Ltd. ("Suzhou Cheeryoo") is entitled to a preferential income tax rate of 0% in 2021 and 2022, and 12.5% from 2023 to 2025 as Software Enterprise.

According to tax regulation issued by the Inland Revenue Department (IRD), only profits which have a source in Hong Kong are taxable, while profits sourced offshore are not subject to Hong Kong Profits Tax. In 2021, IRD has reviewed and subsequently agreed the offshore claims lodged by the subsidiary of the Company, Wish Interactive Technology Limited ("Wish Interactive") that all of the income of Wish Interactive is treated as offshore sourced and non-taxable. Accordingly, Hong Kong Profits Tax provision made on prior years' profits of Wish Interactive was reversed in 2021.

- (iii) Under the PRC Income Tax Law and its relevant regulations, 75% additional tax deduction is allowed for qualified research and development costs for the years ended 31 December 2021 and 2020.

## 5 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB275,483,000 (2020: RMB503,519,000) and the weighted average of 2,180,850,000 ordinary shares (2020: 2,186,170,000) in issue during the year, calculated as follows:

	Years ended 31 December	
	2021	2020
Profit attributable to the equity shareholders of the Company (RMB'000)	275,483	503,519
Weighted average number of ordinary shares in issue ('000)	<u>2,180,850</u>	<u>2,186,170</u>
Basic earnings per share	<u><u>0.13</u></u>	<u><u>0.23</u></u>

### (b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2021 and 2020 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

## 6 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Investment in Limited Liability Partnerships (“LLPs”)	35,913	15,000
Investment in wealth management products	278,000	70,000
Listed equity securities	<u>19,062</u>	<u>50,144</u>
	<u><u>332,975</u></u>	<u><u>135,144</u></u>
Financial assets measured at fair value through profit or loss included in the consolidated financial statement:		
Current	297,062	120,144
Non-current	<u><u>35,913</u></u>	<u><u>15,000</u></u>

## 7 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Trade receivables		<b>96,146</b>	138,159
Less: Loss allowance		<b>(137)</b>	(494)
		<hr/>	<hr/>
Trade receivables, net	(a)	<b>96,009</b>	137,665
Deposits and prepayments		<b>25,441</b>	12,464
VAT deductible		<b>6,348</b>	13,730
Income tax recoverable		<b>14,089</b>	10,354
Amounts due from GameFriend		<b>32,523</b>	–
Other receivables		<b>8,165</b>	6,446
		<hr/>	<hr/>
		<b>182,575</b>	180,659
		<hr/>	<hr/>

All the trade and other receivables are expected to be recovered or recognised as expenses within one year, of which the amounts due from GameFriend have been fully recovered as at the date of the announcement.

### (a) Ageing analysis

As at the end of each of the years ended 31 December 2020 and 2021, the ageing analysis of trade receivables, based on the invoice date and net of allowance, is as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Within 3 months	<b>90,161</b>	137,686
After 3 months but within 1 year	<b>5,985</b>	–
After 1 year but within 2 years	–	473
Less: Loss allowance	<b>(137)</b>	(494)
	<hr/>	<hr/>
Trade receivables, net	<b>96,009</b>	137,665
	<hr/>	<hr/>

## 8 TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Trade payables	(a)	<b>18,998</b>	19,955
Accrued payroll		<b>70,724</b>	76,672
Payables related to property, plant and equipment		<b>24,254</b>	43,131
Other payables and accruals		<b>3,112</b>	3,193
		<hr/>	<hr/>
Trade and other payables		<b>117,088</b>	142,951
		<hr/>	<hr/>

All trade and other payables are expected to be settled within one year or are repayable on demand.

(a) An ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 3 months	18,574	19,840
Over 3 months but within 6 months	380	19
Over 6 months but within 12 months	35	5
Over 1 year	9	91
	<u>18,998</u>	<u>19,955</u>

## 9 CAPITAL AND RESERVES

### (a) Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2021	2020
	RMB'000	RMB'000
Final dividend proposed after the end of the year ended 31 December 2021 of HK\$0.12 per ordinary share (2020: HK\$0.12 per ordinary share)	<u>213,968</u>	<u>220,259</u>

### (b) Share capital

#### (i) Authorized and issued share capital

	Par Value	No. of shares	US\$
	US\$	'000	'000
<b>Authorized shares at 31 December 2020 and 2021:</b>	0.00001	5,000,000	50
Ordinary shares, issued and fully paid:			
At 1 January 2020	0.00001	2,191,512	21
Repurchase and cancellation of ordinary shares ( <i>Note (ii)</i> )	0.00001	(10,662)	—*
<b>Balance at 31 December 2020 and 2021</b>	<u>0.00001</u>	<u>2,180,850</u>	<u>20</u>
<b>RMB equivalent ('000)</b>			<u>154</u>

\* The balance represented number less than 1,000.

The Company was incorporated in the Cayman Islands on 16 November 2018 with an authorized share capital of US\$50,000 divided into 5,000,000,000 shares with a par value of US\$0.00001 each, of which 49,593,600 and 2,066,400 fully paid shares were allotted and issued on 16 November 2018 and 13 February 2019.

Upon the completion of various steps of the Group reorganization, the Company became the holding company of the companies comprising the Group on 20 February 2019.

The share capital of the Group as at 31 December 2021 and 2020 represents the share capital of the Company.

*(ii) Repurchase and cancellation of ordinary shares*

None of the own shares of the Company was repurchased through the Stock Exchange during the year ended 31 December 2021 (2020: HK\$20,723,000 (equivalent to approximately RMB17,959,000)).

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2021, the Group recorded revenue of approximately RMB1,616.1 million, representing a decrease of RMB566.2 million or approximately 25.9% from approximately RMB2,182.3 million for the year ended 31 December 2020. The decrease in revenue was due to the fact that no large-scale new products were launched during 2021 resulting from the arrangement of product schedules, and income from existing products dropped to a certain extent. Promise of Lingyun (凌雲諾), our new product launched in 2022, has achieved outstanding performance. It is expected that the product will continue to contribute to revenue growth in the future.

The table below sets forth a breakdown of revenue by activity, shown in actual amounts and as percentage to total revenue for the periods indicated:

	Year ended 31 December				Year-on-year % change
	2021		2020		
	RMB'000	%	RMB'000	%	
Revenue from games	<b>1,616,108</b>	<b>100.0%</b>	2,182,216	100.0%	-25.9%
Others	<b>29</b>	<b>0.0%</b>	41	0.0%	-29.3%
Revenue	<b><u>1,616,137</u></b>	<b><u>100.0%</u></b>	<b><u>2,182,257</u></b>	<b><u>100.0%</u></b>	<b><u>-25.9%</u></b>

### Revenue from games by geographic markets

The table below sets forth a breakdown of revenue from games by geographic markets in absolute amounts and as percentages to our total revenue from games for the periods indicated:

	Year ended 31 December				Year-on-year % change
	2021		2020		
	RMB'000	%	RMB'000	%	
Mainland of the PRC	<b>1,130,879</b>	<b>70.0%</b>	1,713,805	78.5%	-34.0%
Overseas	<b>485,229</b>	<b>30.0%</b>	468,411	21.5%	3.6%
Revenue from games	<b><u>1,616,108</u></b>	<b><u>100.0%</u></b>	<b><u>2,182,216</u></b>	<b><u>100.0%</u></b>	<b><u>-25.9%</u></b>

## **Cost of sales**

The Group's cost of sales decreased by 26.2% from approximately RMB713.9 million for the year ended 31 December 2020 to approximately RMB526.7 million for the year ended 31 December 2021, mainly due to the decrease in distribution costs charged by distribution platforms resulting from the decrease in revenue from games.

## **Gross profit and gross profit margin**

As a result of the above, gross profit decreased by 25.8% from approximately RMB1,468.3 million for the year ended 31 December 2020 to approximately RMB1,089.4 million for the year ended 31 December 2021. Gross profit margin increased from approximately 67.3% for the year ended 31 December 2020 to approximately 67.4% for the year ended 31 December 2021.

## **Sales and marketing expenses**

For the year ended 31 December 2021, the Group's sales and marketing expenses amounted to approximately RMB455.8 million, representing a decrease of RMB156.6 million or approximately 25.6% from approximately RMB612.4 million for the year ended 31 December 2020, mainly due to (i) decrease in promotion expenses; and (ii) the increase in the share-based remuneration expenses of the sales department.

## **Research and development expenses**

For the year ended 31 December 2021, the Group's research and development expenses amounted to approximately RMB364.9 million, representing an increase of RMB100.2 million or approximately 37.9% from approximately RMB264.7 million for the year ended 31 December 2020, mainly due to (i) the increase in employee expenses in 2021 resulting from the research and development of new games and continuous upgrade of existing games; (ii) the increase in the share-based remuneration expenses of research and development department; and (iii) the increase in art production cost.

## **General and administrative expenses**

For the year ended 31 December 2021, the Group's administrative expenses amounted to approximately RMB66.9 million, representing an increase of RMB20.6 million or approximately 44.5% from approximately RMB46.3 million for the year ended 31 December 2020, mainly due to (i) the increase in number and remuneration of management personnel; (ii) the increase in benefit expenses for the Group's employees; and (iii) the increase in the share-based remuneration expenses of management personnel.

## Finance costs

For the year ended 31 December 2021, the Group's finance costs amounted to approximately RMB0.05 million, representing a decrease of RMB0.06 million from approximately RMB0.11 million for the year ended 31 December 2020.

## Income tax

For the year ended 31 December 2021, the Group's income tax expense amounted to approximately RMB-41.6 million, representing a decrease of RMB64.7 million from approximately RMB23.1 million for the year ended 31 December 2020, mainly due to the decrease in profit before tax and the effect from the entitlement to preferential income tax policies.

## Profit for the year

In 2021, our profit for the year amounted to approximately RMB275.5 million, representing a decrease of approximately RMB228.0 million or approximately 45.3% from approximately RMB503.5 million in 2020.

## Adjusted profit for the year

Adjusted profit for the year is calculated by adding back share-based remuneration expenses to the profit for the year.

The table below sets forth the reconciliation between the Group's profit and adjusted profit for the years ended 31 December 2021 and 2020:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	275,483	503,519
Add: Share-based remuneration	33,473	–
Adjusted profit for the year	<u>308,956</u>	<u>503,519</u>

## Liquidity and capital resources

As of 31 December 2021, the Group's current liabilities/net assets amounted to approximately 0.09 (31 December 2020: 0.14).

As of 31 December 2021, the Group's cash and cash equivalents amounted to approximately RMB752.3 million. The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs, reducing the impact of cash flow fluctuations.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	<b>262,656</b>	575,015
Net cash used in investing activities	<b>(385,542)</b>	(128,001)
Net cash used in financing activities	<b>(217,038)</b>	(221,653)
Net (decrease)/increase in cash and cash equivalents	<b>(339,924)</b>	225,361
Cash and cash equivalents as at the beginning of the year	<b>1,093,324</b>	893,400
Effect of foreign exchange rate changes	<b>(1,136)</b>	(25,437)
Cash and cash equivalents as at 31 December	<b>752,264</b>	1,093,324

### Operating activities

For the year ended 31 December 2021, net cash generated from operating activities was RMB262.7 million, compared to RMB575.0 million for the year ended 31 December 2020.

### Investing activities

For the year ended 31 December 2021, net cash used in investing activities was RMB385.5 million, which primarily included (1) payments for purchase of investments measured at fair value through profit or loss of RMB818.4 million; (2) the proceeds from redemption of investments measured at fair value through profit or loss amounted to RMB629.1 million; (3) our payment for purchase of investments of time deposits of RMB178.8 million; and (4) our payment for purchase of property, plant and equipment, intangible assets and other non-current assets of RMB56.5 million as a result of the construction of our new office building and purchase of office equipment. For the year ended 31 December 2020, net cash used in investing activities was RMB128.0 million.

## Financing activities

For the year ended 31 December 2021, net cash used in financing activities was RMB217.0 million, mainly include payment of dividends amounted to RMB214.7 million. For the year ended 31 December 2020, net cash used in financing activities was RMB221.7 million.

## Capital expenditures

The Group's capital expenditures mainly included (1) construction of our new office building in Suzhou, purchase of property, plant and equipment such as servers and computer equipment; (2) software and IP licenses of literature and intangible assets such as various office software that has been used or to be used by our games; and (3) increase in right-of-use assets arising from housing leases. Capital expenditures for the years ended 31 December 2021 and 2020 are set out below:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	35,413	71,640
Right-of-use assets	2,235	2,332
Intangible assets	821	164
	<u>          </u>	<u>          </u>

## Capital commitments

As of 31 December 2021, the Group did not have any capital commitments (31 December 2020: RMB18.0 million).

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted for but not provided for	–	17,729
Authorized but not contracted for	–	288
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>

## **Gearing ratio**

As at 31 December 2021, gearing ratio was 0.1% (31 December 2020: 0.1%). As at 31 December 2021, the Group did not have bank borrowings (31 December 2020: Nil).

## **Capital structure**

For the year ended 31 December 2021, the Group's capital structure has not changed.

## **Contingent liabilities**

As of 31 December 2021, the Group did not have any unrecorded significant contingent liabilities or any guarantees (2020: Nil).

## **Employees and remuneration policies**

As of 31 December 2021, the Group had a total of 1,362 employees (31 December 2020: 1,456 employees), all based in the PRC. The Group determined the remuneration policy for the employees based on their performance, work experience and the current market salary scale. We did not experience any material labour disputes during the year ended 31 December 2021.

## **Restructuring and significant investments**

During the year ended 31 December 2021, the Group did not have any restructuring and significant investments.

## **Material acquisitions and disposals of assets**

For the year ended 31 December 2021 and up to date of this announcement, there were no material acquisitions and disposals of assets.

## **Off-balance sheet arrangements**

The Group has not entered into and has no intention to enter into any off-balance sheet arrangements. The Group has not entered into any financial guarantees or made other commitments to guarantee the payment obligations of third parties.

## **Pledge of assets by the Group**

As of 31 December 2021, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (31 December 2020: Nil).

## Foreign currency exchange risks

For the year ended 31 December 2021, most of transactions denominated in non-RMB were denominated in U.S. dollars and Hong Kong dollars. The management team closely monitors foreign currency exchange risks to ensure that appropriate measures are implemented in a timely and effective manner. In the past, the Group has not incurred any significant foreign currency exchange losses in its operations. The management team will continue to closely monitor the Group's foreign currency exchange risks and will consider implementing appropriate measures.

## Use of Proceeds from the Listing

Since the Listing Date and up to 31 December 2021, the Group has gradually utilized the IPO Proceeds in accordance with the intended purposes stated in the Prospectus.

The IPO total net proceeds from the listing of the shares of the Company on the Main Board of the Stock Exchange, after deducting professional fees, underwriting commission and other listing related expenses, were approximately RMB434.0 million. For the year ended 31 December 2021, the IPO proceeds were utilized in accordance with the intended purposes stated in the Prospectus published by the Company, with the balance amounted to approximately RMB143.7 million. The balance of IPO proceeds will continue to be utilized according to the manner and proportions as disclosed in the Prospectus. For details, please refer to the following table:

	Net proceeds available from the Listing (RMB million)	Actual net amount utilized as at 31 December 2021 (RMB million)	Unutilized net amount as at 31 December 2021 (RMB million)	Expected date of full utilization of unutilized proceeds
R&D of game products, R&D and upgrading of core technology platform	130.2	78.2	52.0	31 December 2022
Global market launch and operation	151.9	104.2	47.7	31 December 2022
IP ecological construction	65.1	50.4	14.7	31 December 2022
Acquisition of upstream and downstream industries	43.4	22.8	20.6	31 December 2022
Working capital and general corporate use	43.4	34.7	8.7	31 December 2022
Total	<u>434.0</u>	<u>290.3</u>	<u>143.7</u>	

## **EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2021**

On 4 January 2022, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 16,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 5 January 2022. The Share Award Grantees are employees of the Company.

## **OTHER INFORMATION**

### **Final dividend**

The Board proposed the payment of final dividend of HK12 cents per ordinary share for the year ended 31 December 2021 (31 December 2020: HK12 cents per ordinary share). The payment of final dividend shall be subject to the approval by the Shareholders at the AGM. Upon the approval by the Shareholders, the final dividend is expected to be paid around Wednesday, 8 June 2022.

### **Annual General Meeting**

The AGM will be held on Monday, 16 May 2022. A notice convening the AGM will be published and dispatched to the Shareholders in due course in the manner prescribed by the Listing Rules.

### **Closure of Register of Members**

#### *1. Entitlement to attend and vote at the 2022 AGM*

For determination of the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 11 May 2022 to Monday, 16 May 2022 (both days inclusive), during which period no transfer of the Shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 May 2022.

## *2. Entitlement to the final dividend for 2021*

For determination of the entitlement of Shareholders to the final dividend for 2021 (final dividend is subject to approval by the Shareholders at the AGM), the register of members of the Company will be closed from Tuesday, 24 May 2022 to Thursday, 26 May 2022 (both days inclusive), during which period no transfer of the Shares of the Company will be registered. The record date for entitlement to the final dividend for 2021 is Thursday, 26 May 2022. In order to qualify for the entitlement to the final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 23 May 2022. The payment date for the final dividend for 2021 is expected to be on or around Wednesday, 8 June 2022.

### **Purchase, Sale or Redemption of the Listed Securities of the Company**

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed the listed securities of the Company.

### **Share Award Scheme**

The Board has approved the adoption of the Share Award Scheme of the Company on 14 September 2020.

The Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No Shareholders' approval is required to adopt the Share Award Scheme.

### ***Objectives of the Share Award Scheme***

- (i) to further improve the Group's incentive system, align the interests of certain Eligible Participants with the Group's interests and encourage them to create long-term value for the Group; and
- (ii) to attract and motivate key professional talents to enhance the competitiveness and promote the sustainable development of the Group.

### ***Administration of the Share Award Scheme***

- (i) The Share Award Scheme is subject to the Scheme Rules and the terms of the Trust Deed (as the case may be);
- (ii) The Board may, by passing ordinary resolutions, appoint initial members of the advisory committee, and the advisory committee may by written instrument irrevocably appoint any person as an additional member of the advisory committee. The advisory committee gives instructions or notices to the Trustee on all matters in connection with the Share Award Scheme and other matters in the routine administration of the Trust; and
- (iii) The Trustee will hold the Shares and the income derived therefrom in accordance with the Scheme Rules and subject to the terms of the Trust Deed.

### ***Sources of Awarded Shares of the Share Award Scheme***

- 1. Mr Jiang Xiaohuang, the controlling shareholder of the Company, decided to indirectly transfer an aggregate of 80,000,000 shares of the Company as a gift within three years, at nil consideration, as the pool of shares of the Share Award Scheme. As at the date of this announcement, Mr. Jiang Xiaohuang indirectly transferred an aggregate of 60,000,000 Shares of the Company as a gift;
- 2. From 28 October to 1 November 2021, Friends Fruit Holdings Limited purchased a total of 1,116,000 shares of the Company as the share reserve of the Share Award Scheme.

### ***Duration and Termination of the Share Award Scheme***

The Share Award Scheme shall be effective from the Adoption Date and shall be terminated at the earlier of (1) the tenth anniversary from the Adoption Date; or (2) the date of early termination determined by the advisory committee. The termination of this Share Award Scheme shall not cause any material and adverse effect on any existing rights of any Selected Participants under this Share Award Scheme.

### ***Implementation of the Share Award Scheme***

- 1. On 14 September 2020, Mr. Jiang Xiaohuang, a controlling shareholder of the Company, decided to indirectly transfer an aggregate of 80,000,000 shares of the Company as a gift within three years, at nil consideration, as the pool of shares of the Share Award Scheme.

2. On 1 December 2020, Mr. Jiang Xiaohuang completed the first annual share contribution plan and indirectly transferred an aggregate of 40,000,000 shares of the Company as a gift at nil consideration, as the pool of shares of the Share Award Scheme.
3. On 28 December 2020, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 40,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 1 January 2021. The Share Award Grantees include (1) Mr. Wu Jie, an executive Director (awarded 2,000,000 shares of the Company); (2) Mr. Sun Bo, an executive Director (awarded 2,000,000 shares of the Company); and (3) employees of the Group (awarded 36,000,000 shares of the Company).
4. On 28 June 2021, Mr. Jiang Xiaohuang completed the second annual share contribution plan and indirectly transferred an aggregate of 20,000,000 Shares of the Company as a gift at nil consideration, as the pool of shares of the Share Award Scheme.
5. From 28 October to 1 November 2021, Friends Fruit Holdings Limited purchased a total of 1,116,000 shares of the Company as the share reserve of the Share Award Scheme.
6. On 4 January 2022, the Board, based on the recommendation of the remuneration committee of the Company, resolved to grant a total of 16,000,000 Awarded Shares, which have been held by the Trustee on behalf of the Selected Participants, at nil consideration to the Share Award Grantees. The grant of Awarded Shares has been effective from 5 January 2022. The Share Award Grantees are employees of the Company.

As at the date of this announcement, the Company granted a total of 56,000,000 Awarded Shares to the Selected Participants at nil consideration.

### **Compliance with the CG Code**

The Company has adopted the code provisions as set out in the CG Code as its corporate governance framework. For the year ended 31 December 2021, the Company has complied with the code provisions set out in the CG Code except for the deviation from code provision C.2.1 as disclosed below.

Pursuant to the code provision C.2.1 of the CG Code, the roles of Chairman and CEO should be separated and should not be performed by the same individual.

Mr. Jiang Xiaohuang is the chairman of the Board and CEO of the Company currently. Due to Mr. Jiang's background, qualifications and experiences in the Company, he is considered to be the best candidate for both roles at present. The Board considers that Mr. Jiang's dual role at this stage is conducive to maintaining the continuity of the Company's policies and the operation efficiency and stability of the Company, which is appropriate and in the best interest of the Company and the Shareholders.

Besides, all major decisions of the Company have been made in appropriate consultation with members of the Board and appropriate committees, as well as the Senior Management. In addition, Directors are encouraged to participate actively in all meetings of the Board and of such Board committees of which they are members, and the Chairman ensures that all issues raised are properly briefed at the Board meetings, and he works with the Senior Management to provide adequate, accurate, clear, complete and reliable information to all members of the Board in a timely manner. Further, the Board meets with Mr. Jiang regularly to discuss issues relating to the operation of the Group.

The Board is therefore of the view that there is an adequate balance of power and that appropriate safeguards are in place. Mr. Jiang holding both positions of the chairman of the Board and CEO of the Company will not have any impact on the balance between power and authority of the Board and the Senior Management of the Company. However, the Board will continue to regularly monitor and review the Company's current structure and to make necessary changes when appropriate.

### **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code as its code for Directors to conduct securities transactions. The Company has made specified enquiry with all the Directors, who have confirmed that, they have complied with the required standards set out in the Model Code during the year ended 31 December 2021.

The Company has also established employee stock trading regulations on terms no less exacting than the Model Code for employees who are likely to be in possession of unpublished price-sensitive data of the Company. No incident of non-compliance of the employee stock trading regulations by the employees was noted by the Company.

### **Fiscal Policies**

The Group has adopted centralized financing and fiscal policies to strengthen control over bank deposits and ensure the safe and efficient operation of the Group's funds. The Group's surplus cash is generally short-term deposits in RMB, U.S. dollars or HK dollars. It is the Group's policy to conduct only conservative deposit transactions and restrict investment in high-risk financial products.

### **Sufficiency of Public Float**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this announcement, at least 25% of the Company's total number of issued Shares were held by the public.

### **Audit Committee**

The Company established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely, Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong, all being independent non-executive Directors of the Company. Mr. Zhu Wei is the chairman of the Audit Committee, who possesses suitable professional qualifications.

The Audit Committee has reviewed the Company's audited consolidated results for the year ended 31 December 2021 and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

### **Scope of Work of the Company's Auditor**

The financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary results announcement have been compared by the Group's Auditor, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021 and the amounts were found to be in agreement. The work performed by the Auditor in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor.

### **Publication of the Annual Results and Annual Report**

The annual results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.friendtimes.net](http://www.friendtimes.net)). The 2021 annual report of the Group will be despatched to the Shareholders and published on the aforementioned websites in due course in accordance with Rule 13.40 of the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Adoption Date”	14 September 2020, being the date on which the Board adopted the Share Award Scheme
“AGM”	the forthcoming annual general meeting of the Company to be held on 16 May 2022
“Audit Committee”	the Company’s audit committee which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting system, risk management and internal control
“Auditor”	KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
“Authorised Representative(s)”	authorised representative(s) appointed by the Board by passing ordinary resolutions delegated with the power and authority by the Board to give instructions or notices to the Trustee on all matters in connection with the Share Award Scheme and other matters in the routine administration of the Trust
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive such number of Awarded Shares and the related income on such terms and conditions as the Board may determine
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award
“Board” or “Board of Directors”	board of directors of the Company
“CEO”	chief executive officer
“CG Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules

“Chairman”	chairman of the Board
“China” or “PRC”	the People’s Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Company” or “our Company” or “the Company”	FriendTimes Inc., an exempted company incorporated in the Cayman Islands on 16 November 2018 with limited liability and listed on the Stock Exchange on 8 October 2019 (Stock code: 6820)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and in the context of this announcement, refers to the controlling shareholders of our Company, being Mr. Jiang, Gorgeous Sunshine, Eternal Heart, Ling Long, Lucky Fish, Future Wisdom, Warm Sunshine, Agile Eagle, Purple Dream, Purple Crystal (as defined respectively in the Prospectus), Friends Together Holdings Limited and Friends Fruit Holdings Limited
“Director(s)”	director(s) of the Company
“Eligible Participant”	any senior and mid-level management, core technical personnel and key employees who, at the absolute discretion of the Board, will contribute or have contributed to any member of the Group
“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	the Company and its subsidiaries, or where the context refers to any time prior to the Company becoming the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$” or “HK cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong

“IP”	intellectual property
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	8 October 2019, the date on which the Shares of the Company were listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Macau”	the Macau Special Administrative Region of the PRC
“Model Code”	the Model Code of Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules
“Reporting Period”	1 January 2021 to 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to the Scheme Rules who holds a subsisting Award;
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time
“Senior Management”	senior management of the Company
“Share(s)”	ordinary share(s) in the issued capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Shares
“Share Award Scheme”	the share award scheme adopted by the Company on the Adoption Date (in its present or any amended form)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiwan”	Taiwan Province of the PRC
“Trust”	the trust constituted by the Trust Deed

“Trust Deed”	a trust deed dated 3 August 2020 and entered into by and among the Company, the Trustee and its nominee (as restated, supplemented and amended from time to time)
“Trustee”	TMF Trust (HK) Limited, the trustee which has been appointed by the Company to manage the Share Award Scheme
“%”	per cent

## APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank the management members and staff of the Group for their hard work in the past year. I would also like to give my sincere gratitude to our Shareholders, partners and stakeholders for their continued support, and hope to receive their continued support in the future.

By Order of the Board  
**FriendTimes Inc.**  
**Jiang Xiaohuang**  
*Chairman and Executive Director*

Hong Kong, 22 March 2022

*As at the date of this announcement, the Board comprises Mr. Jiang Xiaohuang, Mr. Xu Lin, Mr. Wu Jie and Mr. Sun Bo as the executive Directors; and Mr. Zhu Wei, Ms. Tang Haiyan and Mr. Zhang Jinsong as the independent non-executive Directors.*