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## Tian Ge Interactive Holdings Limited

天鵲互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1980)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### FINANCIAL HIGHLIGHTS

(the below financial information, except for total assets and liabilities, are from continuing operations)

(in RMB'000)	Year ended December 31,		Change
	2021	2020	%
Revenue	<b>210,530</b>	329,639	-36.1%
– Online interactive entertainment service	<b>203,497</b>	327,877	-37.9%
– Others	<b>7,033</b>	1,762	299.1%
Gross profit	<b>160,695</b>	302,711	-46.9%
Gross profit margin	<b>76.3%</b>	91.8%	
Net profit	<b>78,972</b>	67,985	16.2%
Net profit margin	<b>37.5%</b>	20.6%	
Earnings per share (expressed in RMB per share)			
– basic	<b>0.064</b>	0.057	12.3%
– diluted	<b>0.064</b>	0.057	12.3%
Adjusted net profit <sup>(1)</sup>	<b>96,499</b>	86,472	11.6%
Adjusted net profit margin <sup>(2)</sup>	<b>45.8%</b>	26.2%	
Adjusted EBITDA <sup>(3)</sup>	<b>120,022</b>	91,343	31.4%
Adjusted EBITDA margin	<b>57.0%</b>	27.7%	
Total assets	<b>3,526,890</b>	3,545,968	-0.5%
Total liabilities	<b>463,194</b>	633,130	-26.8%

*Notes:*

- (1) Adjusted net profit was derived from the net profit from continuing operations for the period excluding the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and income tax effects of non-IFRS adjustments.
- (2) Adjusted net profit margin is calculated by dividing adjusted net profit by revenue.
- (3) Adjusted EBITDA was derived from the operating profit from continuing operations for the period, excluding the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and depreciation and amortization.

## ANNUAL RESULTS

The board of directors (the “**Directors**”) (the “**Board**”) of Tian Ge Interactive Holdings Limited (the “**Company**”, “**We**” or “**Tian Ge**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2021 with comparative figures for the preceding financial year ended December 31, 2020 prepared under International Financial Reporting Standards (“**IFRS**”) and audited by PricewaterhouseCoopers, the auditor of the Company. In addition, the annual results have also been reviewed by the audit committee of the Company (the “**Audit Committee**”) and this annual results announcement is based on the Group’s audited consolidated financial statements for the year ended December 31, 2021 which have been agreed with the auditor of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Business Overview

During the year ended December 31, 2021, due to the continuous influence of the novel coronavirus (“**COVID-19**”) all over the world, the domestic macro-economy and various industries have been impacted with varying degrees of severity. Meanwhile, with the intensified roll-out of regulatory measures and policies for the standardisation and healthy development of the mobile Internet industry in the PRC, the fierce competition and strict supervision in the mobile Internet industry continued, and the development of live streaming business tended to slow down. In the face of the industry development trend and the competition in the market, Tian Ge continued to find ways to diversify its core businesses, and with respect to its live streaming business, the Company continued to improve and optimise its platform with innovative contents and strove to expand into overseas markets to promote the sustainable development of the business of the Group.

#### ***Overall Financial Performance***

For the year ended December 31, 2021, the Company and its subsidiaries (excluding the disposal entities) engaged in online interactive entertainment and others (the “**Continuing Group**”) recorded a revenue which decreased by 36.1% year-on-year to RMB210.5 million from RMB329.6 million for the same period in 2020. Revenue derived from online interactive entertainment decreased by 37.9% year-on-year to RMB203.5 million from RMB327.9 million for the same period in 2020. The year-on-year decrease was primarily because the Company was still in the transition period of expanding its overseas business while its domestic live video business has been impacted by intensified government regulatory measures and policies and the overall shrinkage of the live video entertainment market.

Despite the decline in the Company's domestic revenue, the net fair value gains on financial assets at fair value through profit or loss have increased significantly, which contributed to the positive profit growth in 2021. For the year ended December 31, 2021, profit attributable to owners of the Company from continuing operations increased by 10.9% year-on-year to RMB80.1 million; net profit from continuing operations increased by 16.2% year-on-year to RMB79.0 million; adjusted net profit increased by 11.6% year-on-year to RMB96.5 million; and adjusted EBITDA increased by 31.4% year-on-year to RMB120.0 million.

## ***Business Highlights***

### *“Mobile + PC” Dual Live Streaming*

As one of the pioneers in the live streaming industry in the PRC, Tian Ge has continued to adhere to the development strategy of “Mobile + PC” dual live streaming. During the year ended December 31, 2021, the Group continued the optimization and development of its core platforms to improve user experience and interactivity, including the upgrade of functions such as “host PK” and “dating party”, which has further enhanced the richness and interactivity of the live streaming platforms, strengthened the innovative advantages of the products and contents.

### *Overseas Expansion*

Overseas expansion is one of the Group's important development strategies. During the year ended December 31, 2021, Tian Ge has pushed ahead with its overseas development despite the severe epidemic situation in the overseas market. The Group continued to maintain a clear overseas market expansion strategy by replicating and promoting the successful domestic business models to overseas markets. During the year ended December 31, 2021, the Group's overseas business and various products had been growing well. Among the products, “Mlive”, the overseas version of Tian Ge's flagship product – “Miao Broadcasting”, continued to be well received by users in the Southeast Asian market. The Company also provided technical support services to “Boomlive” (a local live streaming platform targeting the Indonesia market), which brought a substantial income growth for the year ended December 31, 2021.

## ***Financial Investments***

### *Structured Notes Investments*

During the year ended December 31, 2021, Tian Ge further used the idle capital of the Group to make overseas financial investments to maintain stable asset appreciation. The Group is optimistic about the rate of return on international structured notes investment and continues to monitor the market trends and seek potential investment opportunities. The structured notes investment has achieved good investment gain of RMB66.5 million for the year ended December 31, 2021.

### *Venture Capital and Private Equity Funds*

The Group also closely monitored the development and investment potential of intelligent hardware, self-driving car, industrial internet, intelligent wearable devices, SQL database, multi-channel network and actively invested in venture capital and private equity funds which invested in these industries. These investments have generated significant investment gain for a total amount of RMB144.6 million for the year ended December 31, 2021.

## ***Prospect and Future Outlook***

Looking ahead, Tian Ge will build on its core business and leverage on the development of 5G and VR technologies to empower the new direction of its live streaming business, and actively focus on optimising and generating revenue from its core business to further improve the user experience. The Company will also continue to deepen its expansion efforts in overseas markets and continuously optimise and adjust its business strategies overseas to enhance the revenue-raising capabilities of the Group and its competitiveness in the market.

The Group remains optimistic about the development of overseas financial markets. With years of experience in investing in financial technology and related industries, the Company will continue to identify investments with high value returns and believes that the overseas financial markets will bring stable returns to the Company.

Tian Ge will make corresponding expansion and innovation in line with the development trend of the industry and business, consolidate the core competitiveness of the Group, concentrate its advantages and tap into new market investment opportunities to create sustainable profits for shareholders of the Company (the “**Shareholders**”).

## **2. Operating Information**

The following table sets forth certain quarterly operating statistics relating to the Company’s Internet platforms operated in the PRC as of the dates and for the periods presented below:

	<b>Three months ended</b>				
	<b>December 31, 2021</b>	December 31, 2020	Year-on-year change	September 30, 2021	Quarter-on- quarter change
Total Monthly Active Users ( <i>in '000</i> )*	<b>1,641</b>	9,483	-82.7%	1,567	4.7%
Quarterly Paying Users ( <i>in '000</i> )	<b>161</b>	248	-35.1%	167	-3.6%
Quarterly Average Revenue Per User ( <i>RMB</i> )	<b>231</b>	271	-14.8%	302	-23.5%
Number of Rooms	<b>18,265</b>	38,927	-53.1%	14,824	23.2%
Number of Hosts	<b>24,633</b>	83,182	-70.4%	23,788	3.6%

\* Since Wuta Camera was sold in 2021, the amount of monthly active users reflects the number of live streaming users, which excludes the number of beauty camera and video users.

The following is a summary of the comparative figures for the periods presented above:

- For the three months ended December 31, 2021, the total number of monthly active users (“**MAUs**”) for Tian Ge was approximately 1.6 million, representing a decrease of approximately 82.7% from the same period in 2020 and representing an increase of approximately 4.7% from the three months ended September 30, 2021. The year-on-year decrease was mainly due to the intensification of industry competition, the streamlining of live streaming platforms and the reduction of promotional activities on live streaming websites.
- Our mobile MAUs as at December 31, 2021 represented 87.1% of our total MAUs, while the percentage as at September 30, 2021 and December 31, 2020 were 96.9% and 97.9%, respectively.

- The number of quarterly paying users (“**QPU**s”) for Tian Ge’s online interactive entertainment service for the three months ended December 31, 2021 was approximately 161,000, representing a decrease of approximately 3.6% from the three months ended September 30, 2021 and representing a decrease of approximately 35.1% from the three months ended December 31, 2020, respectively. This was primarily due to the recession and reduction of platform users.
- Our mobile QPUs as at December 31, 2021 represented 81.3% of our total QPUs, while the percentages as at September 30, 2021 and December 31, 2020 were 81.2% and 83.3%, respectively.
- The quarterly average revenue per user (“**QARPU**”) for Tian Ge’s online interactive entertainment service for the three months ended December 31, 2021 was RMB231, representing a decrease of approximately 23.5% from the three months ended September 30, 2021 and representing a decrease of approximately 14.8% from the three months ended December 31, 2020.
- Number of virtual rooms for Tian Ge’s online interactive entertainment service increased by 23.2% as compared to the three months ended September 30, 2021 and decreased by 53.1% from the three months ended December 31, 2020. The decrease was primarily due to the cleanup of rooms without consumption and anchors. Number of hosts for Tian Ge’s online interactive entertainment service increased by 3.6% as compared to the three months ended September 30, 2021 and representing a decrease of 70.4% from the three months ended December 31, 2020.

The following table sets forth certain annual operating statistics relating to the Company’s online interactive entertainment service as at the dates and for the periods presented below:

	<b>Year ended</b>		
	<b>December 31, 2021</b>	December 31, 2020	Year-on-Year Change
Monthly Active Users ( <i>in’000</i> )*	<b>4,150</b>	12,352	-66.4%
Quarterly Paying Users ( <i>in’000</i> )	<b>202</b>	345	-41.4%
Quarterly Average Revenue Per User ( <i>RMB</i> )	<b>246</b>	243	1.2%

\* Annual total monthly active users and annual total quarterly paying users are equal to their average of quarterly total users, respectively.

### **3. Financial Information**

#### ***Revenue***

The Continuing Group's revenue generated from online interactive entertainment service decreased by 37.9% to RMB203.5 million for the year ended December 31, 2021 from RMB327.9 million for the corresponding period in 2020. The year-on-year decrease was primarily due to continuous shrinkage of market share for domestic live entertainment industry, together with the Company's business strategy restructuring in 2021, and the intensified government regulatory measures and policies.

The Continuing Group's revenue generated from "Others" mainly includes revenue from provision of technical support services. Revenue generated from "Others" for the year ended December 31, 2021 increased by 299.1% to RMB7.0 million from the corresponding period in 2020 which was primarily due to the rapid growth in the provision of technical support services for overseas live social video platforms in 2021.

#### ***Cost of Revenue and Gross Profit Margins***

The Continuing Group's cost of revenue experienced an increase of 85.1% year-on-year to RMB49.8 million for the year ended December 31, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the Company's decision of making a full impairment provision of RMB26.7 million for the carrying amount of the two platform licenses due to a change in technological environment. Except for the above provision, the cost of revenue decreased by 14.1% compared with the corresponding period in 2020, which was in line with downward trend of revenue.

The Continuing Group's gross profit margin for the year ended December 31, 2021 was 76.3%, compared with 91.8% for the corresponding period in 2020.

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

The Continuing Group's selling and marketing expense for the year ended December 31, 2021 remained stable as compared with the corresponding period in 2020.

### ***Administrative Expenses***

The Continuing Group's administrative expense for the year ended December 31, 2021 remained stable as compared with the corresponding period in 2020.

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

The Continuing Group's research and development expenses experienced a decrease of 9.8% year-on-year to RMB61.7 million for the year ended December 31, 2021 from the corresponding period in 2020. Domestic research and development expense decreased as the Company streamlined its platform in 2021, while overseas research and development expense steadily increased as the Company has been actively building up new research and development team abroad.

### ***Net Impairment Losses on Financial Assets***

The Continuing Group's net impairment losses on financial assets were RMB6.7 million for the year ended December 31, 2021 which was primarily due to the impairment loss on prepayments and other receivables.

The Continuing Group's net impairment losses on financial assets were RMB18.4 million for the year ended December 31, 2020 which was primarily due to the impairment loss on other receivables and loans.

### ***Other Gains, Net***

The Continuing Group's other gains, net experienced an increase of 396.3% year-on-year to RMB183.4 million for the year ended December 31, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the substantial growth of fair value gains on venture capital and private equity funds, structured notes and other financial instruments. The details are set out in note 16 to the consolidated financial statements.

### ***Finance (Cost)/Income, Net***

The Continuing Group's finance cost, net was RMB0.3 million for the year ended December 31, 2021 compared with finance income, net of RMB6.4 million for the year ended December 31, 2020, which was primarily due to the decrease of interest income and the increase of interest cost.



### ***Share of Profit of Investments Accounted for Using the Equity Method***

The Continuing Group's share of profit of investments accounted for using the equity method was RMB8.0 million for the year ended December 31, 2021.

The Continuing Group's share of profit of investments accounted for using the equity method was nil for the corresponding period of 2020. The year-on-year increase was primarily due to the rapid growth of live delivery business in an investee company.

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

The Continuing Group's income tax expense for the year ended December 31, 2021 was RMB9.4 million compared with income credit of RMB8.8 million for the corresponding period in 2020. The year-on-year increase was primarily due to the decrease of preferential income tax benefits applicable to the Company's subsidiaries in China.

### ***Profits Attributable to Owners of the Company***

The Continuing Group's profits attributable to owners of the Company experienced an increase of 10.9% year-on-year to RMB80.1 million for the year ended December 31, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the increase of other gain, net, and partially offset by the decrease of gross profit and increase of income tax expense.

### ***Non-IFRS Presentation***

To supplement our consolidated financial statements which are presented in accordance with IFRS, the adjusted financial information including discontinued operations is used as additional disclosure to enable investors and others to understand and evaluate the Company's consolidated results of operations as a whole and in a consistent way as presented in previous quarters when the subsidiaries were yet to be disposed.



**ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT**  
**(FOR THE YEAR ENDED DECEMBER 31, 2021)**

	Continuing operations		Discontinued operations		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	210,530	329,639	17,641	50,660	228,171	380,299
Cost of revenue	(49,835)	(26,928)	(8,969)	(22,461)	(58,804)	(49,389)
<b>Gross profit</b>	<b>160,695</b>	302,711	<b>8,672</b>	28,199	<b>169,367</b>	330,910
Selling and marketing expenses	(104,561)	(107,880)	(1,030)	(7,801)	(105,591)	(115,681)
Administrative expenses	(90,515)	(92,622)	(1,372)	(3,942)	(91,887)	(96,564)
Research and development expenses	(61,651)	(68,383)	(935)	(5,032)	(62,586)	(73,415)
Net impairment losses on financial assets	(6,741)	(18,426)	–	(130)	(6,741)	(18,556)
Other gains, net	183,448	36,960	1,169	2,815	184,617	39,775
<b>Operating profit</b>	<b>80,675</b>	52,360	<b>6,504</b>	14,109	<b>87,179</b>	66,469
Finance income	3,908	7,911	5	12	3,913	7,923
Finance costs	(4,247)	(1,558)	(2)	(5)	(4,249)	(1,563)
Finance (cost)/income, net	(339)	6,353	3	7	(336)	6,360
Share of profit of investments						
accounted for using the equity method	8,021	495	–	–	8,021	495
Gain on disposal of discontinued operations	–	–	78,471	–	78,471	0
<b>Profit before income tax</b>	<b>88,357</b>	59,208	<b>84,978</b>	14,116	<b>173,335</b>	73,324
Income tax (expense)/credit	(9,385)	8,777	(33,337)	2,370	(42,722)	11,147
<b>Profit for the period</b>	<b>78,972</b>	67,985	<b>51,641</b>	16,486	<b>130,613</b>	84,471
<b>Other comprehensive loss</b>						
Items that may be reclassified to profit or loss						
Currency translation differences	(28,477)	(75,022)	–	–	(28,477)	(75,022)
Items that will not be reclassified to profit or loss						
Currency translation differences	(18,326)	(55,578)	–	–	(18,326)	(55,578)
Change in fair value of owner-occupied property	3,180	–	–	–	3,180	–
Other comprehensive loss for the year, net of income tax	(43,623)	(130,600)	–	–	(43,623)	(130,600)
<b>Total comprehensive income/(loss) for the year</b>	<b>35,349</b>	(62,615)	<b>51,641</b>	16,486	<b>86,990</b>	(46,129)
<b>Profit/(Loss) attributable to:</b>						
– Owners of the Company	80,064	72,172	48,764	8,445	128,828	80,617
– Non-controlling interests	(1,092)	(4,187)	2,877	8,041	1,785	3,854
	<b>78,972</b>	67,985	<b>51,641</b>	16,486	<b>130,613</b>	84,471

## ***Non-IFRS Measures***

To supplement our consolidated financial statements which are presented in accordance with IFRS, adjusted net profit and adjusted EBITDA are used as additional financial measures. These financial measures are presented because they are used by management to evaluate operating performance. The Company also believes that these non-IFRS measures provide useful information to help investors and others understand and evaluate the Company's consolidated results of operations in the same manner as management and in comparing financial results across accounting periods and to those of our peer companies.

### ***Adjusted EBITDA***

Adjusted EBITDA for the year ended December 31, 2021 increased by 31.4% year-on-year from the corresponding period in 2020. Adjusted EBITDA margin was 57.0% for the year ended December 31, 2021 and 27.7% for the corresponding period in 2020.

Adjusted EBITDA represents operating profit from continuing operations adjusted to exclude non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and depreciation and amortization.

The following table reconciles our operating profit to our adjusted EBITDA for the periods presented:

<i>(in RMB'000)</i>	<b>Year ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Operating Profit</b>	<b>80,675</b>	52,360
Share-based compensation expense	<b>16,927</b>	18,311
Amortization of intangible assets arising from acquisitions	<b>800</b>	234
Depreciation and amortization expense	<b>21,620</b>	20,438
<b>Adjusted EBITDA</b>	<b><u>120,022</u></b>	<b><u>91,343</u></b>

### ***Adjusted Net Profit***

Adjusted net profit for the year ended December 31, 2021 increased by 11.6% year-on-year from the corresponding period in 2020.

Adjusted net profit is not defined under IFRS, and eliminates the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and income tax effects of non-IFRS adjustments.

The following table sets forth the reconciliations of the Group's net profit to adjusted net profit for the periods presented below:

<i>(in RMB'000)</i>	<b>Year ended</b>	
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
<b>Net Profit from continuing operations</b>	<b>78,972</b>	67,985
Share-based compensation expense	<b>16,927</b>	18,311
Amortization of intangible assets arising from acquisitions	<b>800</b>	234
Income tax effects of non-IFRS adjustments	<b>(200)</b>	(58)
<b>Adjusted Net Profit</b>	<b><u>96,499</u></b>	<b><u>86,472</u></b>

#### **4. Liquidity and Financial Resources**

##### ***Cash and Cash Equivalent, and Term Deposits***

Cash and cash equivalents consist of cash at bank and cash on hand, and as at December 31, 2021 and December 31, 2020 amounted to RMB593.3 million and RMB973.3 million, respectively. All cash at bank balances as of these dates were demand deposits and term deposits with initial terms of less than three months. The Group had term deposits with initial term of over three months of RMB54.6 million and RMB263.6 million as at December 31, 2021 and December 31, 2020, respectively.

##### ***Financial Assets at fair value through profit or loss ("FVPL")***

The Group's financial assets at FVPL consist of seven main categories, namely (arranged in descending order based on their respective fair value amount) (i) other financial instruments, (ii) structured notes, (iii) investments in venture capital and private equity funds ("**Fund Investments**"), (iv) equity investments in private unlisted companies ("**Private Investments**"), (v) investments in wealth management products, (vi) listed equity securities and (vii) convertible promissory.

Financial assets at FVPL increased by 58.3% to RMB2,409.5 million as at December 31, 2021 compared to RMB1,521.7 million as at December 31, 2020. Such increase was mainly attributable to the increase of other financial instruments, listed equity securities and fund investments. The following is a breakdown of the seven main categories as at the periods specified:

	<b>As at December 31, 2021 (RMB'000)</b>	<b>As at December 31, 2020 (RMB'000)</b>	<b>Percentage increase</b>
(i) Other financial instruments	<b>632,676</b>	168,659	275.1%
(ii) Structured notes	<b>617,862</b>	501,670	23.2%
(iii) Fund Investments	<b>579,440</b>	438,745	32.1%
(iv) Private Investments	<b>298,744</b>	260,487	14.7%
(v) Investments in wealth management products	<b>178,094</b>	132,950	34.0%
(vi) Listed equity securities	<b>80,738</b>	11,390	608.8%
(vii) Convertible promissory notes	<b>21,958</b>	7,820	180.8%
<b>Total</b>	<b><u>2,409,512</u></b>	<b><u>1,521,721</u></b>	<b><u>58.3%</u></b>

### ***Other financial instruments***

The fair value of other financial instruments invested by the Group increased by 275.1% to RMB632.7 million as at December 31, 2021 compared to RMB168.7 million as at December 31, 2020.

The other financial instruments the Group invested were offered by several international financial institutions, including private investment funds, key management insurance policies, REIT access funds, Exchange Traded Fund (ETF) and others. For the year ended December 31, 2021, the Group recognised a fair value loss of RMB1.0 million (2020: a fair value gain of RMB4.2 million) on these investments.

The details are set out in note 7(c) to the consolidated financial statements.

### ***Structured notes***

The fair value of the structured notes invested by the Group increased by 23.2% to RMB617.9 million as at December 31, 2021 compared to RMB501.7 million as at December 31, 2020, as the Group subscribed to new structured notes during the year. The structured notes are issued by several world-class commercial banks, which provide a potential return determined at pre-determined interest rate or linked with the price of certain listed equity securities at pre-determined valuation day in future. For the year ended December 31, 2021, the Group recognised a fair value gain of RMB66.5 million on these structured notes compared with a fair value gain of RMB28.8 million for the year ended December 31, 2020.

The details are set out in note 7(d) to the consolidated financial statements.

## ***Fund Investments***

As of December 31, 2021, the Group had investment interests in fourteen venture capital and private equity funds of which the historical aggregate investment amount was RMB263.7 million as at December 31, 2021. The fair value of these Fund Investments increased by 32.1% to RMB579.4 million as at December 31, 2021 compared to RMB438.7 million as at December 31, 2020, which was mainly due to the net fair value gain of RMB144.6 million during the year ended December 31, 2021.

The general partners of the underlying Fund Investments are independent from each other. There was no single Fund Investments whose carrying amount was over 5% of the Group's total assets as of December 31, 2021.

## ***Private Investments***

Below is a summary of financial performances of the Private Investments during the relevant periods:

Investment Category		Historical transaction amount (RMB'000)	Percentage of equity interest	Fair value of investments as of December 31, 2021 (RMB'000)	Fair value of investments as of December 31, 2020 (RMB'000)	Percentage increase/ (decrease)
(i)	1 social live streaming company <sup>(1)</sup>	119,001	2.1%	<b>119,001</b>	100,000	19.0%
(ii)	2 online/mobile gaming companies	39,127	3.8%-5%	<b>92,352</b>	94,852	(2.6%)
(iii)	1 real-estate and office building rental company	17,803	10.0%	<b>17,803</b>	18,220	(2.3%)
(iv)	1 commercial bank company	7,013	19.3%	<b>14,316</b>	11,000	30.1%
(v)	2 financial technology companies	17,145	6%-19%	<b>17,145</b>	17,200	(0.3%)
(vi)	1 e-commerce company	19,000	1.7%	<b>19,000</b>	–	–
(vii)	1 medicine development company	19,127	0.5%	<b>19,127</b>	–	–

*Note:*

- (1) Investment in Beijing Mijing Hefeng Technology Company Limited. Please refer to the Company's announcement dated May 23, 2017.

The underlying Private Investments are independent from each other. There was no single Private Investments whose carrying amount was over 5% of the Group's total assets as of December 31, 2021.

### ***Investments in wealth management products***

The Group regularly utilizes its idle funds to subscribe for wealth management products from commercial banks in order to earn interest. The fair value of the wealth management products subscribed by the Group increased by 34.0% to RMB178.1 million as at December 31, 2021 compared to RMB133.0 million as at December 31, 2020.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2.5% to 4.0% per annum and maturity period within 1 year or revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC. The investments portfolio underlying the wealth management products differ product-by-product, but generally consist of investments in financial assets and financial instruments with high credit ratings and good liquidity in interbank and exchange markets, including but not limited to bonds, structural deposits, bank deposits, asset management schemes and other financial assets.

### ***Convertible promissory notes***

The fair value of convertible promissory notes invested by the Group increased by 180.8% to RMB22.0 million as at December 31, 2021 compared to RMB7.8 million as at December 31, 2020. The year-on-year increase was mainly due to additional investment of RMB13.0 million. The convertible promissory notes were issued by a banking services company. The principal and interest of the notes shall be repayable within 24 months unless the Group chooses to convert it into equity investment at the pre-determined conversion price.

### ***Intangible Assets***

Intangible assets were RMB43.1 million as at December 31, 2021, which decreased by 41.7% as compared with the balance as at December 31, 2020. The year-on-year decrease was primarily due to the change in technological environment, impairment review on the platform licenses which the Group purchased in 2014 has been conducted by the Group as of December 31, 2021. As of December 31, 2021, the Group made a full impairment provision of approximately RMB26.7 million (2020: nil) against the carrying amount of the platform licenses.

### ***Deferred Income Tax Liabilities, Net***

Deferred income tax liabilities, net experienced a decrease of 44.9% year-on-year to RMB11.3 million as at December 31, 2021, since no deferred income tax liabilities were provided for withholding tax dividend in 2021.

## ***Redemption Liabilities***

In January 2019, the Group entered into an agreement to sell 36% of the equity interests in Jinhua Rui'an Investment Management Company Limited\* (金華睿安投資管理有限公司) (“**Jinhua Rui'an**”), a company holding 80% equity interest in Shanghai Benqu Internet Technology Company Limited\* (上海本趣網絡科技有限公司) (“**Shanghai Benqu**”) at that time, to Beijing Weimeng Chuangke Investment Management Co., Ltd\* (北京微夢創科創業投資管理有限公司) (“**Beijing Weimeng**”), an associate of Sina Corporation, for a consideration of approximately RMB292.6 million. The transaction was completed on July 5, 2019.

Upon completion of the transaction with Beijing Weimeng, redemption liabilities of RMB335.7 million were recognized.

During the year ended December 31, 2020 redemption liabilities of RMB72.7 million were derecognised against other reserves as related options were lapsed and unexercised, and the estimated amount was revised.

In December 2020, the Group entered into the disposal agreement to dispose of 64% of the equity interest of Jinhua Rui'an. The transaction was completed on April 30, 2021.

During the four months ended April 30, 2021, redemption liabilities of RMB48.5 million were derecognised as related options were lapsed and unexercised and the estimated amount was remeasured at RMB190.2 million as at April 30, 2021. On April 30, 2021, the Group completed the disposal of the remaining 64% equity interests in Jinhua Rui'an to Beijing Weimeng with the put option rights terminated. Accordingly, the redemption liabilities of RMB190.2 million were derecognised against other reserves.

The details are set out in note 14 to the consolidated financial statements.

## ***Bank Loans and Other Borrowings***

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions for financing its investments in certain financial assets. The total available amount under the current facilities is USD224.3 million, of which USD45.0 million had been drawn down as at December 31, 2021. The borrowings were secured by the Group's investments in financial assets at FVPL.

## ***Gearing Ratio***

The gearing ratio as at December 31, 2021 was 9.4% compared with 4.9% as at December 31, 2020, as the Group's borrowings increased to RMB287.2 million as at December 31, 2021 compared to RMB141.4 million as at December 31, 2020.

The borrowings is mainly for financing the Group's investments in certain financial assets.



## ***Capital Expenditures***

For the year ended December 31, 2021, the Group's capital expenditures were approximately RMB20.0 million, including the purchase and prepayment for property, equipment and other non-current assets.

## ***Major Investments and Disposals***

On December 15, 2020, Jinhua Ruichi Investment Management Company Limited\* (金華睿馳投資管理有限公司) (the “**Vendor**”) (a wholly-owned subsidiary of a PRC operating entity of our Group), Beijing Weimeng (the “**Purchaser**”), Jinhua Rui'an (the “**Target Company**”), Jinhua99 Information Technology Co., Ltd\* (金華玖玖信息技術有限公司) and Jinhua9158 Network Science and Technology Co., Ltd\* (金華就約我吧網絡科技有限公司) (the “**Guarantors**”) entered into a disposal agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 64% of the equity interest of the Target Company, which at that time was owned as to 64% by the Vendor and held 80% equity interest in Shanghai Benqu, for an aggregate consideration of approximately RMB256.0 million. Upon completion, the Target Company will be wholly-owned by the Purchaser. The transaction was approved by the Shareholders in the extraordinary general meeting of the Company held on March 18, 2021. The transaction was completed on April 30, 2021. For further details, please refer to the announcement of the Company dated December 15, 2020 and the circular of the Company dated February 26, 2021.

## ***Charges on Assets***

As at December 31, 2021, the Group did not have any asset charges.

## ***Contingent Liabilities***

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

## ***Foreign Exchange Risk***

Most of our subsidiaries' functional currencies are RMB, as the main revenues of these companies are derived from operations in the PRC. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets as at December 31, 2021. The Group does not hedge against any fluctuation in foreign currency.

## **5. Corporate Information**

### ***Staff***

The Company had 336 full time employees as at December 31, 2021. Tian Ge's success depends on its ability to attract, retain and motivate qualified personnel. The Company adopts high standards in recruitment with strict procedures to ensure the quality of new hiring and use various methods for recruitment, including campus recruitment, online recruitment, internal recommendation and recruiting through hunting firms or agents, to satisfy the demand for different types of talents. Moreover, the Company provides a robust training program for new employees in order to effectively equip them with the skill sets and work ethics which are necessary to succeed at Tian Ge.

Relevant staff cost was RMB123.4 million for the year ended December 31, 2021, compared with staff cost of RMB124.9 million for the year ended December 31, 2020. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and discretionary incentive.

The Company's employees did not form any employee union or association. Tian Ge believes that it maintains a good working relationship with its employees and the Company did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the year ended December 31, 2021.

### ***Share Option Schemes***

The Company has adopted the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme, the Post-IPO Share Option Scheme and the Post-IPO RSU Scheme (collectively, the “**Schemes**”). The purposes of the Schemes are to reward the participants defined under the Schemes for their past contribution to the success of the Group and to provide incentives to them to further contribute to the Group.

The share-based compensation expenses for the year ended December 31, 2021 were RMB16.9 million, as compared to RMB18.3 million for the year ended December 31, 2020.

As at December 31, 2021, options representing a total of 7,147,895 shares were outstanding. If all such options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our Shareholders of approximately 0.56% as at 31 December 2021. However, as the options are exercisable over a 10-year period from the date of grant, any such dilutive effect on earnings per share may be staggered over several years.

On March 31, 2021, the Company granted restricted share units in respect of a total of 25,200,000 ordinary shares of the Company of US \$0.0001 each to the grantees under the Post-IPO RSU Scheme, which represented approximately 1.99% of the total ordinary shares of the Company as at December 31, 2021.

As of December 31, 2021, the total number of shares underlying the Pre-IPO RSU Scheme and Post-IPO RSU Scheme represented approximately 4.19% of the total ordinary shares of the Company.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(FOR THE YEAR ENDED DECEMBER 31, 2021)*

		<b>Year ended 31 December</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Continuing operations</b>			
Revenue	3	<b>210,530</b>	329,639
Cost of revenue	15	<b>(49,835)</b>	(26,928)
<b>Gross profit</b>		<b>160,695</b>	302,711
Selling and marketing expenses	15	<b>(104,561)</b>	(107,880)
Administrative expenses	15	<b>(90,515)</b>	(92,622)
Research and development expenses	15	<b>(61,651)</b>	(68,383)
Net impairment losses on financial assets		<b>(6,741)</b>	(18,426)
Other gains, net	16	<b>183,448</b>	36,960
<b>Operating profit</b>		<b>80,675</b>	52,360
Finance income	17	<b>3,908</b>	7,911
Finance costs	17	<b>(4,247)</b>	(1,558)
Finance (costs)/income, net	17	<b>(339)</b>	6,353
Share of profit of investments accounted for using the equity method	4	<b>8,021</b>	495
<b>Profit before income tax</b>		<b>88,357</b>	59,208
Income tax (expense)/income	18	<b>(9,385)</b>	8,777
<b>Profit from continuing operations</b>		<b>78,972</b>	67,985
<b>Discontinued operations</b>			
Profit from discontinued operations	8	<b>51,641</b>	16,486
<b>Profit for the year</b>		<b>130,613</b>	84,471
<b>Other comprehensive loss</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>(28,477)</b>	(75,022)
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		<b>(18,326)</b>	(55,578)
Change in fair value of owner-occupied property		<b>3,180</b>	—
<b>Total comprehensive income/(loss) for the year</b>		<b>86,990</b>	(46,129)

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
<b>Profit attributable to:</b>			
– Owners of the Company		128,828	80,617
– Non-controlling interests		1,785	3,854
		<u>130,613</u>	<u>84,471</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
– Owners of the Company		85,218	(49,983)
– Non-controlling interests		1,772	3,854
		<u>86,990</u>	<u>(46,129)</u>
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company arises from:</b>			
– Continuing operations		36,454	(58,428)
– Discontinued operations		48,764	8,445
		<u>85,218</u>	<u>(49,983)</u>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share):			
– Basic earnings per share	19	0.064	0.057
– Diluted earnings per share	19	0.064	0.057
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share):			
– Basic earnings per share	19	0.103	0.064
– Diluted earnings per share	19	0.103	0.064

**CONSOLIDATED BALANCE SHEET**  
(AS AT DECEMBER 31, 2021)

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		123,334	154,837
Right-of-use assets		6,435	14,371
Investment properties		59,890	28,126
Intangible assets	5	43,086	73,873
Investments accounted for using the equity method	4	34,184	23,999
Prepayments and other receivables		80,452	39,099
Financial assets at fair value through profit or loss	7	1,385,503	824,427
Deferred income tax assets	13	16,260	14,358
		<u>1,749,144</u>	<u>1,173,090</u>
<b>Current assets</b>			
Trade receivables	6	5,309	6,013
Prepayments and other receivables		100,055	133,351
Financial assets at fair value through profit or loss	7	1,024,009	697,294
Derivative financial instruments		494	3,632
Term deposits with initial term over 3 months		54,560	263,637
Cash and cash equivalents		593,319	973,253
		<u>1,777,746</u>	<u>2,077,180</u>
Assets classified as held for sale	8	–	295,698
		<u>1,777,746</u>	<u>2,372,878</u>
<b>Total assets</b>		<u><b>3,526,890</b></u>	<u><b>3,545,968</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	13	27,607	34,933
Lease liabilities		182	5,077
Other non-current liabilities		1,091	1,133
		<u>28,880</u>	<u>41,143</u>

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
<b>Current liabilities</b>			
Borrowings	11	287,165	141,353
Trade payables	12	1,580	1,374
Other payables and accruals		45,734	73,860
Current income tax liabilities		78,570	103,135
Customer advance and deferred revenue		11,816	17,689
Lease liabilities		4,629	7,908
Derivative financial instruments		4,820	526
Redemption liabilities		–	238,729
		<u>434,314</u>	<u>584,574</u>
Liabilities directly associated with assets classified as held for sale	8	<u>–</u>	<u>7,413</u>
		<u>434,314</u>	<u>591,987</u>
<b>Total liabilities</b>		<u><u>463,194</u></u>	<u><u>633,130</u></u>
<b>Net assets</b>		<u><u>3,063,696</u></u>	<u><u>2,912,838</u></u>
<b>Equity</b>			
<b>Equity attributable to Owners of the Company</b>			
Share capital		779	795
Treasury stock	9	(32,471)	–
Share premium		1,721,242	1,762,930
Other reserves		561,582	352,094
Retained earnings		<u>811,888</u>	<u>682,414</u>
		<u>3,063,020</u>	<u>2,798,233</u>
<b>Non-controlling interests</b>		<u>676</u>	<u>114,605</u>
<b>Total equity</b>		<u><u>3,063,696</u></u>	<u><u>2,912,838</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(FOR THE YEAR ENDED DECEMBER 31, 2021)**

		Attributable to Owners of the Company					Non-controlling interests	Total Equity
	Note	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000
Balance at 1 January 2021		795	1,762,930	-	352,094	682,414	2,798,233	114,605
<b>Comprehensive income</b>								
Profit for the year		-	-	-	-	128,828	128,828	1,785
<b>Other comprehensive loss</b>								
Change in fair value of owner-occupied property		-	-	-	3,180	-	3,180	-
Currency translation differences		-	-	-	(46,790)	-	(46,790)	(13)
<b>Total comprehensive income/(loss)</b>		-	-	-	(43,610)	128,828	85,218	1,772
<b>Transactions with Shareholders in their capacity as owners</b>								
Employees share option scheme:								
- proceeds from shares issued	9	1	549	-	-	-	550	-
Employees restricted share units ("RSU") scheme:								
- value of employee services	10	-	-	-	16,927	-	16,927	-
- shares vested and transferred	9	-	(8)	8	-	-	-	-
- shares issued for RSU scheme	9	16	-	(16)	-	-	-	-
Repurchase of ordinary shares	9	-	-	(74,725)	-	-	(74,725)	-
Cancellation of ordinary shares	9	(33)	(42,229)	42,262	-	-	-	-
Disposal of discontinued operations		-	-	-	(2,498)	2,498	-	(116,653)
Changes in ownership interests in subsidiaries without change of control		-	-	-	(1,912)	-	(1,912)	952
Derecognition of redemption liabilities	14	-	-	-	238,729	-	238,729	-
Profit appropriations to statutory reserves		-	-	-	1,852	(1,852)	-	-
<b>Total transactions with Shareholders in their capacity as owners</b>		(16)	(41,688)	(32,471)	253,098	646	179,569	(115,701)
Balance at 31 December 2021		779	1,721,242	(32,471)	561,582	811,888	3,063,020	676



		Attributable to Owners of the Company					Non-controlling interests	Total Equity	
	Note	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	RMB'000	RMB'000
Balance at 1 January 2020		780	1,760,719	–	393,817	599,641	2,754,957	109,786	2,864,743
Comprehensive income									
Profit for the year		–	–	–	–	80,617	80,617	3,854	84,471
Other comprehensive loss									
Currency translation differences		–	–	–	(130,600)	–	(130,600)	–	(130,600)
Total comprehensive income/(loss)		–	–	–	(130,600)	80,617	(49,983)	3,854	(46,129)
Transactions with Shareholders in their capacity as owners									
Employees share option scheme:									
– proceeds from shares issued		5	2,221	–	–	–	2,226	–	2,226
Employees restricted share units (“RSU”) scheme:									
– value of employee services	10	–	–	–	18,311	–	18,311	–	18,311
– shares vested and transferred	9	–	(10)	10	–	–	–	–	–
– shares issued for RSU scheme	9	10	–	(10)	–	–	–	–	–
Disposal of subsidiaries		–	–	–	(3,268)	3,268	–	(245)	(245)
Acquisition of subsidiaries		–	–	–	–	–	–	1,210	1,210
Derecognition of redemption liabilities	14	–	–	–	72,722	–	72,722	–	72,722
Profit appropriations to statutory reserves		–	–	–	1,112	(1,112)	–	–	–
Total transactions with Shareholders in their capacity as owners		15	2,211	–	88,877	2,156	93,259	965	94,224
Balance at 31 December 2020		795	1,762,930	–	352,094	682,414	2,798,233	114,605	2,912,838

**CONSOLIDATED STATEMENT OF CASHFLOW**  
**(FOR THE YEAR ENDED DECEMBER 31, 2021)**

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Net cash (used in)/generated from operating activities</b>		<b>(93,608)</b>	<b>20,523</b>
<b>Net cash used in from investing activities</b>		<b>(331,481)</b>	<b>(176,464)</b>
<b>Net cash generated from financing activities</b>		<b>57,955</b>	<b>147,435</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(367,134)</b>	<b>(8,506)</b>
Cash and cash equivalents at beginning of year		<b>974,276</b>	1,033,006
Exchange losses on cash and cash equivalents		<b>(13,823)</b>	<b>(50,224)</b>
<b>Cash and cash equivalents at end of year</b>		<b><u>593,319</u></b>	<b><u>974,276</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(FOR THE YEAR ENDED DECEMBER 31, 2021)

## 1 GENERAL INFORMATION

Tian Ge Interactive Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 July 2008 as an exempted company with limited liability under the Companies Law (2007 Revision) of the Cayman Islands as an investment holding company. The address of the Company’s registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, KY1-1205, Cayman Islands.

On 9 July 2014, the Company consummated its initial public offering (the “**IPO**”) on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “**Group**”) are principally engaged in the operating of live social video platforms, mobile and online games, advertising and other services in the People’s Republic of China (the “**PRC**”).

Pursuant to applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting value-added telecommunications services. In order to make investments into the business of the Group, the Company established the subsidiaries, Tiange Technology (Hangzhou) Co., Ltd. (“**Hangzhou Tiange**”) and Zhejiang Tiange Information Technology Co., Ltd. (“**Zhejiang Tiange**”), which are wholly foreign owned enterprises incorporated in the PRC in November 2008 and September 2009 respectively.

The wholly-owned subsidiaries, Hangzhou Tiange and Zhejiang Tiange, entered into the Contractual Arrangements with Hangzhou Han Tang Cultural Communication Co., Ltd. (“**Hantang**”), Jinhua9158 Network Science and Technology Co., Ltd. (“**Jinhua9158**”), Jinhua99 Information Technology Co., Ltd. (“**Jinhua99**”), Jinhua Xingxiu Cultural Communication Co., Ltd. (“**Xingxiu**”) and their respective equity holders, which enables Hangzhou Tiange, Zhejiang Tiange and the Group to:

- exercise effective financial and operational control over the Hantang, Jinhua9158, Jinhua99 and Xingxiu;
- irrevocably exercise equity holders’ voting rights of Hantang, Jinhua9158, Jinhua99 and Xingxiu;
- receive substantially all of the economic returns generated by Hantang, Jinhua9158, Jinhua99 and Xingxiu by way of business support, technical and consulting services provided by Hangzhou Tiange and Zhejiang Tiange;
- obtain an irrevocable and exclusive right to purchase the entire equity interest in Hantang, Jinhua9158, Jinhua99 and Xingxiu from the respective shareholders;
- obtain a pledge over the entire equity interest of Hantang, Jinhua9158, Jinhua99 and Xingxiu from their respective equity holders as collateral for all accounts payable by Hantang, Jinhua9158, Jinhua99 and Xingxiu to Hangzhou Tiange and Zhejiang Tiange and to secure performance of Hantang, Jinhua9158, Jinhua99 and Xingxiu’s obligations under the Contractual Arrangements.

The Group does not have any equity interest in Hantang, Jinhua9158, Jinhua99 and Xingxiu. As a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement in Hantang, Jinhua9158, Jinhua99 and Xingxiu and has the ability to affect those returns through its power over Hantang, Jinhua9158, Jinhua99 and Xingxiu, and is considered to control Hantang, Jinhua9158, Jinhua99 and Xingxiu. Consequently, the Company regards Hantang, Jinhua9158, Jinhua99 and Xingxiu as the structured entities under IFRSs.

Similar Contractual Arrangements were also executed for other PRC operating companies established by the Group. All these PRC operating companies are treated as structured entities of the Company and their financial statements have also been consolidated by the Company.

The Group has included the financial position and results of the PRC operating companies in the consolidated financial statements for all the years presented.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

These consolidated financial statements of the Group have been approved for issue by the Board of Directors (the “**Board**”) on 30 March 2022.

## **2 BASIS OF PREPARATION**

### **(a) Compliance with IFRS and HKCO**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) (“**HKCO**”).

### **(b) Historical cost convention**

The consolidated financial statements have been prepared under the historical cost convention, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value
- Investment properties – measured at fair value
- Asset held for sale – measured at the lower of fair value less cost of sell and carrying amount

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### **(c) New amendments and interpretation adopted by the Group in 2021**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The adoption of these amendments did not have any impact on the amounts recognised in prior periods and current period and is not expected to significantly affect future periods.

### **(d) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

### 3 SEGMENT INFORMATION

#### (a) Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. The CODM considers the business primarily from product perspective.

The Group's continuing operation has following reportable segments for the year ended 31 December 2021 and 2020:

- Online interactive entertainment service;
- Others.

The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses and general and administrative expenses are common costs incurred for the operating segments as a whole and therefore they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Interest income, other gains, net, finance income, net and income tax expense are also not allocated to individual operating segment.

There were no material inter-segment sales during the years ended 31 December 2021 and 2020. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statement of comprehensive income.

Other information, together with the segment information, provided to CODM, is measured in a manner consistent with that applied in these financial statements. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

#### (b) Segment revenue and gross profit

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2021 is as follows:

	Continuing operations Year ended 31 December 2021		
	Online interactive entertainment service RMB'000	Others RMB'000	Total RMB'000
Revenue	203,497	7,033	210,530
Gross profit	154,727	5,968	160,695
– Depreciation, amortisation and impairment charges included in segment cost	(30,699)	(2)	(30,701)
Operating profit			80,675
Finance income			3,908
Finance costs			(4,247)
Share of profits of investments accounted for using the equity method			8,021
Profit before income tax			88,357

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2020 is as follows:

	Continuing operations Year ended 31 December 2020		
	Online interactive entertainment service <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	327,877	1,762	329,639
Gross profit	301,072	1,639	302,711
– Depreciation, amortisation and impairment charges included in segment cost	(4,222)	–	(4,222)
Operating profit			52,360
Finance income			7,911
Finance costs			(1,558)
Share of profits of investments accounted for using the equity method			495
Profit before income tax			59,208

A breakdown of the revenue derived from each revenue stream is as follows:

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Continuing operations</b>		
Live social video platforms	197,273	327,055
Game operation	6,224	822
Software research and development	7,033	1,440
Others	–	322
	<b>210,530</b>	<b>329,639</b>

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC. For the years ended 31 December 2021 and 2020, the total geographic information on the revenue derived from continuing operations is as follows:

<b>Year ended 31 December 2021</b>			
	<b>PRC (excluding Hong Kong) RMB'000</b>	<b>Other regions RMB'000</b>	<b>Total RMB'000</b>
Continuing operations	<b>171,537</b>	<b>38,993</b>	<b>210,530</b>
<b>Year ended 31 December 2020</b>			
	<b>PRC (excluding Hong Kong) RMB'000</b>	<b>Other regions RMB'000</b>	<b>Total RMB'000</b>
Continuing operations	<b>309,499</b>	<b>20,140</b>	<b>329,639</b>

The reconciliation of gross profit to profit before income tax is shown in the consolidated statement of comprehensive income.

### ***Risk of Concentration***

Management currently expects that the Company's operating results will, for the foreseeable future, continue to depend on the revenue directly from a relatively small number of distributors. All the revenue derived from any single user of the live social video platform was less than 10% of the Group's total revenue during the years ended 31 December 2021 and 2020.

## **(c) Revenue from contracts with customers**

### ***(i) Disaggregation of revenue from contracts with customers***

The Group derives revenue from the transfer of services over time and at a point in time in the following major revenue streams:

	Continuing operations				
	Live social video platforms RMB'000	Game operation RMB'000	Software research and development RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2021					
Timing of revenue recognition					
At a point in time	196,794	6,224	–	–	203,018
Over time	479	–	7,033	–	7,512
	<u>197,273</u>	<u>6,224</u>	<u>7,033</u>	<u>–</u>	<u>210,530</u>
Year ended 31 December 2020					
Timing of revenue recognition					
At a point in time	326,503	–	–	–	326,503
Over time	552	822	1,440	322	3,136
	<u>327,055</u>	<u>822</u>	<u>1,440</u>	<u>322</u>	<u>329,639</u>



**(ii) Revenue recognised in relation to contract liability**

The following table shows how much of the revenue recognised in the current reporting period related to carried-forward contract liabilities.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
– Live social video platforms	<b>17,371</b>	<b>27,635</b>

**(iii) Transaction price allocated to unsatisfied long-term contract**

The Group has no revenue contract that has an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and are not disclosing the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied or partially satisfied at the end of each reporting period.

**(d) Segment assets**

The Group's non-current assets other than deferred income tax assets and financial instruments, broken down by location of the assets, is shown as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Continuing operations</b>		
PRC (excluding Hong Kong)	<b>255,196</b>	<b>212,150</b>
Other regions	<b>92,185</b>	<b>122,155</b>
	<b>347,381</b>	<b>334,305</b>

**4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

The amounts recognised in the balance sheet are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Associates	<b>34,184</b>	<b>22,302</b>
Joint ventures	<b>–</b>	<b>1,697</b>
	<b>34,184</b>	<b>23,999</b>

The share of profit recognised in the consolidated statement of comprehensive income are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Associates	<b>9,718</b>	<b>992</b>
Joint ventures	<b>(1,697)</b>	<b>(497)</b>
	<b>8,021</b>	<b>495</b>

(a) **Interests in associates**

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Beginning of the year	<b>22,302</b>	22,777
Additions (i)	<b>3,000</b>	–
Disposals (ii)	<b>(148)</b>	(965)
Share of profit (iii)	<b>9,718</b>	992
Currency translation difference	<b>(688)</b>	(502)
End of the year	<b>34,184</b>	22,302

(i) During the year ended 31 December 2021, the Group made a capital injection of RMB3,000 thousand to an associate engaged in real estate intermediary services.

(ii) During the year ended 31 December 2021, the Group disposed the entire equity interest in an associate, which was engaged in the operation of online casual game in mainland China, for a total cash consideration of RMB422 thousand, resulting in a gain of RMB274 thousand.

During the year ended 31 December 2020, the Group disposed an associate, which was engaged in the operation of online casual game in mainland China, for a total cash consideration of RMB950 thousand, resulting in a disposal loss of RMB15 thousand.

(iii) The share of profit for the year ended 31 December 2021 was mainly contributed by an associate engaged in livestreaming e-commerce business.

(iv) No impairment provision was provided during the year ended 31 December 2021 for the investments in associates as no impairment indicator was noted.

(v) Management has assessed the level of influence that the Group has on certain associates, and determined that it has significant influence even though the shareholding is below 20% because of the board representation or other arrangements. Consequently, these investments have been accounted for using the equity method and classified as associates.

In the opinion of management, no investment in these associates was considered to be individually material to the Group as at 31 December 2021 and 2020. There were no material contingent liabilities relating to the Group's interests in the associates.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Aggregate carrying amounts of associates	<b>34,184</b>	22,302
Aggregate amounts of the Group's share of:		
Profit for the year	<b>9,718</b>	992
Total comprehensive income	<b>9,718</b>	992

**(b) Interests in joint ventures**

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Beginning of the year	<b>1,697</b>	3,797
Additions	–	–
Disposals	–	(1,601)
Share of loss	<b>(1,697)</b>	(497)
Currency translation difference	–	(2)
	<u>–</u>	<u>(2)</u>
End of the year	<u><b>–</b></u>	<u>1,697</u>

Management has assessed the level of influence that the Group has on these investments, and determined that it has joint control even though the shareholding is 49% (2020: 49%) because unanimous consent is required from all parties to the agreements for all relevant activities. Consequently, these investments have been accounted for using the equity method and classified as joint ventures.

In the opinion of management, the joint ventures of the Group as at 31 December 2021 and 2020 are not material to the Group. The joint venture have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Aggregate carrying amount of joint ventures	–	1,697
Aggregate amounts of the Group's share of:		
Loss for the year	<u><b>(1,697)</b></u>	<u>(497)</u>
Total comprehensive loss	<u><b>(1,697)</b></u>	<u>(497)</u>

**5 INTANGIBLE ASSETS**

	<b>Goodwill</b>	<b>Computer software</b>	<b>Domain name and technology</b>	<b>Customer resource</b>	<b>Platform license and game license</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Year ended 31 December 2021</b>						
Opening net book amount	<b>29,761</b>	<b>10,339</b>	<b>163</b>	–	<b>33,610</b>	<b>73,873</b>
Additions	–	<b>162</b>	<b>15</b>	–	–	<b>177</b>
Amortisation charge	–	<b>(1,051)</b>	<b>(124)</b>	–	<b>(3,026)</b>	<b>(4,201)</b>
Impairment charge	–	–	–	–	<b>(26,717)</b>	<b>(26,717)</b>
Currency translation difference	<b>(46)</b>	–	–	–	–	<b>(46)</b>
	<u><b>29,715</b></u>	<u><b>9,450</b></u>	<u><b>54</b></u>	<u>–</u>	<u><b>3,867</b></u>	<u><b>43,086</b></u>
Closing net book amount	<u><b>29,715</b></u>	<u><b>9,450</b></u>	<u><b>54</b></u>	<u>–</u>	<u><b>3,867</b></u>	<u><b>43,086</b></u>
<b>At 31 December 2021</b>						
Cost	<b>51,700</b>	<b>29,561</b>	<b>10,279</b>	–	<b>49,329</b>	<b>140,869</b>
Accumulated amortisation	–	<b>(20,111)</b>	<b>(10,225)</b>	–	<b>(18,745)</b>	<b>(49,081)</b>
Accumulated impairment	<b>(21,985)</b>	–	–	–	<b>(26,717)</b>	<b>48,702</b>
	<u><b>29,715</b></u>	<u><b>9,450</b></u>	<u><b>54</b></u>	<u>–</u>	<u><b>3,867</b></u>	<u><b>43,086</b></u>
Net book amount	<u><b>29,715</b></u>	<u><b>9,450</b></u>	<u><b>54</b></u>	<u>–</u>	<u><b>3,867</b></u>	<u><b>43,086</b></u>

	Goodwill	Computer software	Domain name and technology	Customer resource	Platform license and game license	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Year ended 31 December 2020</b>						
Opening net book amount	233,646	13,051	305	7,654	31,170	285,826
Additions	–	2,203	195	–	–	2,398
Acquisition of a subsidiary	6,420	–	–	–	4,800	11,220
Amortisation charge	–	(3,700)	(338)	(5,740)	(2,360)	(12,138)
Classified as held for sale	(210,166)	(1,215)	–	(1,914)	–	(213,295)
Currency translation difference	(139)	–	1	–	–	(138)
Closing net book amount	<u>29,761</u>	<u>10,339</u>	<u>163</u>	<u>–</u>	<u>33,610</u>	<u>73,873</u>
<b>At 31 December 2020</b>						
Cost	51,746	29,399	10,345	–	49,328	140,818
Accumulated amortisation	–	(19,060)	(10,182)	–	(15,718)	(44,960)
Accumulated impairment	<u>(21,985)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(21,985)</u>
Net book amount	<u>29,761</u>	<u>10,339</u>	<u>163</u>	<u>–</u>	<u>33,610</u>	<u>73,873</u>

Amortisation and impairment charges were included in the following categories in the consolidated statement of comprehensive income:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Cost of revenue	<b>29,912</b>	3,015
Selling and marketing expenses	<b>72</b>	134
Administrative expenses	<b>64</b>	182
Research and development expenses	<b>870</b>	1,011
	<u><b>30,918</b></u>	<u>4,342</u>
Discontinued operations	<u>–</u>	<u>7,796</u>
Charged to the profit or loss	<u><b>30,918</b></u>	<u>12,138</u>

## 6 TRADE RECEIVABLES

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Third parties	<b>5,341</b>	6,852
Less: allowance for impairment of trade receivables	<u><b>(32)</b></u>	<u>(839)</u>
Third parties, net	<u><b>5,309</b></u>	<u>6,013</u>

Ageing analysis based on recognition date of the gross trade receivables at the respective balance sheet dates are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0-90 days	5,325	5,680
91-180 days	7	346
181-365 days	–	17
Over 1 year	9	809
	<u>5,341</u>	<u>6,852</u>

## 7 FINANCIAL ASSETS AT FVPL

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Included in non-current assets</b>		
Unlisted equity investments (a)	298,744	260,487
Investments in venture capital and private equity funds (b)	579,440	438,745
Other financial instruments (c)	485,361	117,375
Convertible promissory notes (f)	21,958	7,820
	<u>1,385,503</u>	<u>824,427</u>
<b>Included in current assets</b>		
Structured notes (d)	617,862	501,670
Investments in wealth management products (e)	178,094	132,950
Other financial instruments (c)	147,315	51,284
Listed equity securities (g)	80,738	11,390
	<u>1,024,009</u>	<u>697,294</u>
	<u><b>2,409,512</b></u>	<u><b>1,521,721</b></u>

(a) **Unlisted equity investments**

This represents the Group's investments in unlisted equity interests. Set out below are the movements of the Group's unlisted equity investments for the years ended 31 December 2021 and 2020:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Opening balance as at 1 January	<b>260,487</b>	491,122
Additions (i)	<b>65,769</b>	34,953
Disposals (ii)	<b>(10,037)</b>	(162,412)
Dividend received	<b>(2,500)</b>	(8,584)
Fair value change recognised in profit or loss (ii)	<b>(1,007)</b>	(92,097)
Transfer to listed equity securities (iii)	<b>(12,622)</b>	–
Currency translation difference	<b>(1,346)</b>	(2,495)
	<hr/>	<hr/>
Closing balance as at 31 December	<b>298,744</b>	260,487

- (i) During the year ended December 31, 2021, the Group paid RMB65,769 thousand to subscribe certain equity interests of three unlisted companies engaged in the online broadcasting, e-commerce overseas, advertising and medicine development. As the Group has preferential rights over these unlisted companies, they are accounted for as financial assets at FVPL.

- (ii) Disposal of Yibo

In December 2020, the Group entered into a share transfer agreement with another third party to dispose its entire equity interest in Jinhua Yibo Network Technology CO., Ltd. (“Yibo”) at a cash consideration of RMB151,875 thousand. Upon the completion of the transaction in December 2020, the Group recognised a loss of RMB96,046 thousand at the difference of the carrying amount of RMB247,921 thousand and the consideration of RMB151,875 thousand. The Group received RMB133,125 thousand in December 2020, and the remaining RMB18,750 thousand was received in 2021.

*Disposal of other unlisted equity investments*

During the year ended 31 December 2021, the Group disposed its entire equity interests in an overseas office building rental company at a cash consideration of US\$1,537 thousand (approximately RMB10,008 thousand). Therefore, the Group recognised a gain of RMB823 thousand at the difference of the carrying amount of RMB9,185 thousand and the consideration of RMB10,008 thousand.

- (iii) In March 2021, the Group entered into a share purchase agreement at a consideration of HKD10,000 thousand (approximately RMB8,345 thousand) to obtain 0.5% equity interests of an unlisted company engaged in the advertising industry and recognised the investment as financial assets at FVPL. Upon the listing of the company on the Hong Kong stock exchange in November 2021, the Group transferred the investment to listed equity securities at the fair value of RMB12,622 thousand based on the market price.

**(b) Investment in venture capital and private equity funds**

This represents the Group's investments in certain venture capital and private equity funds as a limited partner. The Group holds interests ranging from 1.3% to 43% as passive investors in these funds. The nature and purpose of these venture capital and private equity funds are to generate fees from managing assets on behalf of investors. These vehicles are financed through issuing units to investors. The Group's maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

Set out below are the movements of the Group's investments in venture capital funds for the years ended 31 December 2021 and 2020:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Opening balance as at 1 January	<b>438,745</b>	394,243
Additions (i)	<b>55,925</b>	19,720
Repayment of investments (ii)	<b>(51,832)</b>	(20,652)
Fair value change recognised in profit or loss (iii) (Note 16)	<b>144,639</b>	60,134
Currency translation difference	<b>(8,037)</b>	(14,700)
	<hr/>	<hr/>
Closing balance as at 31 December	<b>579,440</b>	438,745
	<hr/> <hr/>	<hr/> <hr/>

- (i) During the year ended 31 December 2021, the Group paid approximately RMB55,925 thousand to subscribe for interests in certain venture capital and private equity funds (2020: RMB19,720 thousand) as a limited partner. As the Group didn't have control or significant influence on these funds, the investments were classified as financial assets at FVPL. These funds were established to invest in unlisted companies and to obtain capital appreciation and investment income.
- (ii) During the year ended 31 December 2021, the Group received a cash payment of RMB51,832 thousand (2020: RMB20,652 thousand) from certain venture capital and private equity funds for the return of investment principal.
- (iii) The significant fair value increasing for the year ended 31 December 2021 was mainly due to the successful IPO listing and new rounds of mass financing for certain portfolio underlying these venture capital and private equity funds.



(c) **Other financial instruments**

This represents the Group's investments in other financial instruments, which were offered by several international financial institutions. During the year ended 31 December 2021, the Group recognised a fair value loss of RMB976 thousand (2020: a fair value gain of RMB4,225 thousand) on these investments.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Included in current assets</b>		
Private investment fund (ii)	<b>100,002</b>	40,320
Exchange Traded Fund (i)	<b>46,053</b>	4,990
Other fund investments	<b>1,260</b>	5,974
	<b>147,315</b>	51,284
<b>Included in non-current assets</b>		
Private investment fund (ii)	<b>255,593</b>	7,590
Insurance policies (iii)	<b>102,114</b>	63,641
REIT access fund (iv)	<b>95,962</b>	39,619
Blackstone private credit access fund (v)	<b>25,784</b>	6,525
Other fund investments	<b>5,908</b>	—
	<b>485,361</b>	117,375
	<b>632,676</b>	168,659

- (i) The balance represents the Group's investments in Exchange Traded Fund ("ETF") in the U.S. stock market. During the year ended 31 December 2021, the Group recognised a fair value loss of RMB31,422 thousand (2020: RMB624 thousand) on the ETF investment.
- (ii) The balance represents the Group's private investment fund offered by several internationally reputable financial institutions which mainly invested in securities in the secondary market. During the year ended 31 December 2021, the fair value gain of the investments was RMB9,285 thousand (2020: RMB1,410 thousand).
- (iii) In October 2020, the Group entered into key management insurance policies with a insurance company for a total cash consideration of USD9,650 thousand (approximately RMB64,444 thousand). The policies combined investment arrangements with insurance of the life of the key management and the beneficiary of the insurance policies is the Group. As the policies do not contain significant insurance risk, the investments in the insurance policies were designated as financial assets at FVPL as a whole.

In April 2021, the Group entered into key management insurance policies with certain insurance companies for a total cash consideration of USD13,450 thousand (approximately RMB87,441 thousand). The Group has recognised USD5,530 thousand (approximately RMB35,853 thousand) as financials assets at FVPL and prepayment for future installment fee of USD7,920 thousand (approximately RMB50,497 thousand) as prepayments for purchase of investments.

During the year ended 31 December 2021, a fair value gain of RMB4,727 thousand (2020: RMB686 thousand) was recognised in "other gains".

- (iv) The Group's investment in REIT access fund was offered by an internationally reputable financial institution for investors to indirectly invest in the world's largest real estate income trust. For the year ended 31 December 2021, the Group recognised a fair value gain of RMB15,146 thousand on the fund investment (2020: RMB2,104 thousand).

- (v) The balance represents the Group's investment in Blackstone private credit access funds, which mainly invested in debt instruments. During the year ended 31 December 2021, the fair value gain of the investment was RMB838 thousand (2020:nil).

**(d) Structured notes**

This represents the Group's investments in structured notes. These financial assets provide a potential return determined at the pre-determined interest rate or linked to the price of certain listed equity securities at the predetermined valuation day in future. Set out below are the movements of the Group's structured notes for the years ended 31 December 2021 and 2020:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Structured notes</b>		
Opening balance as at 1 January	<b>501,670</b>	16,525
Additions	<b>2,651,263</b>	1,326,643
Disposals	<b>(2,586,424)</b>	(836,663)
Fair value change recognised in profit or loss	<b>66,459</b>	28,769
Currency translation difference	<b>(15,106)</b>	(33,604)
	<hr/>	<hr/>
Closing balance as at 31 December	<b>617,862</b>	501,670
	<hr/>	<hr/>

**(e) Investments in wealth management products**

This represents RMB-denominated wealth management products with interest rates ranging from 2.50% to 4.0% per annum (2020: from 2.74% to 3.5% per annum) and maturity period within 1 year or revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC.

As at 31 December 2021, the Group held 26 (2020: 14) wealth management products, representing about 5% (2020: 4%) of the Group's total assets. The Group's investment costs in these wealth management products were RMB175.9 million (2020: RMB132.0 million).

For the year ended 31 December 2021, the Group recorded an aggregate gain of approximately RMB5.9 million (2020: RMB10.8 million) on these products, which included realised and unrealised gain.

The Group's daily operation has been generating significant cash reserves. In line with the Group's treasury policy, the Group has the option of placing such funds into fixed term time deposits or similar form of wealth management products. For a long period of time, the Group has been utilising its idle funds to subscribe for wealth management products through internet banking from commercial banks in order to earn the gains from investments. Having considered that the wealth management products are offered by large state-owned or reputable financial institutions in the PRC and have low investment risk and are highly flexible in terms of withdrawal and purchase, management thought that the placement of idle funds into such products were entered into on normal commercial terms, in the ordinary course of the Group's business are in the interest of the Group and its Shareholders.

**(f) Convertible promissory notes**

The balance represents the Group's investment in the convertible promissory notes issued by a banking services company. In April 2020, the Group entered into an agreement to purchase the convertible promissory notes issued by the banking services company at a cash consideration of USD1.0 million (approximately RMB7.0 million). In January 2021, the Group entered into an agreement to purchase the convertible promissory notes of the banking services company at a cash consideration of USD2.0 million (approximately RMB13.0 million). The principal and interest of the notes shall be repayable within 24 months unless the Group choose to convert it into equity investment at the pre-determined conversion price. The management designated the notes as financial asset at FVPL.

(g) **Listed equity securities**

The balance represents the Group's investment in equity securities listed in the U.S., Hong Kong and Chinese A-share stock markets. During the year ended 31 December 2021, the fair value loss of the investment was RMB37.7 million (2020: fair value gain of RMB3.6 million).

**8 DISCONTINUED OPERATIONS**

(a) **Description**

In December 2020, the Group entered into an agreement to sell the remaining 64% equity interests in Jinhua Rui'an, a subsidiary of the Group who held 80% equity interests in Shanghai Benqu, for a total consideration of RMB256.0 million. The transaction was completed in April 2021. The subsidiaries were reported as discontinued operations in the condensed consolidated financial information for the years ended 31 December 2021 and 2020. As this transaction was not completed on 31 December 2020, the associated assets and liabilities were presented as held for sale as of 31 December 2020. Financial information relating to the discontinued operations is set out below.

(b) **Financial performance and cash flow information**

The financial performance and cash flow information presented are for the years ended 31 December 2021 and 2020.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Discontinued operations</b>		
Revenue	<b>17,641</b>	50,660
Cost of revenue	<b>(8,969)</b>	(22,461)
	<hr/>	<hr/>
<b>Gross profit from discontinued operations</b>	<b>8,672</b>	28,199
	<hr/>	<hr/>
Selling and marketing expenses	<b>(1,030)</b>	(7,801)
Administrative expenses	<b>(1,372)</b>	(3,942)
Research and development expenses	<b>(935)</b>	(5,032)
Other gains, net	<b>1,169</b>	2,815
Net impairment losses on financial assets	<b>–</b>	(130)
	<hr/>	<hr/>
<b>Operating profit</b>	<b>6,504</b>	14,109
Finance income, net	<b>3</b>	7
	<hr/>	<hr/>
<b>Profit before income tax</b>	<b>6,507</b>	14,116
Income tax	<b>(613)</b>	2,370
	<hr/>	<hr/>
<b>Profit for the year</b>	<b>5,894</b>	16,486
<b>Profit attributable to:</b>		
Gain on disposal of subsidiary after income tax (see (c) below)		
Shareholders of the Company	<b>45,747</b>	–
	<hr/>	<hr/>
<b>Profit from discontinued operations</b>	<b>51,641</b>	16,486
	<hr/>	<hr/>
Net cash inflow from operating activities	<b>(116)</b>	17,060
Net cash outflow used in investing activities	<b>3,283</b>	(22,308)
Net cash inflow from financing activities	<b>–</b>	609
	<hr/>	<hr/>
Net decrease in cash generated by the subsidiaries	<b>3,167</b>	(4,639)
	<hr/>	<hr/>

(c) Details of the disposal of discontinued operations

	Four months ended 30 April 2021 RMB'000
<b>Consideration received</b>	
Cash	256,000
<b>Total disposal consideration</b>	256,000
Carrying amount of net assets sold	(294,181)
Derecognition of non-controlling interest of the subsidiaries	116,652
<b>Gain on disposal before income tax</b>	78,471
Income tax expense on disposal	(32,724)
<b>Gain on disposal after income tax</b>	45,747

The carrying amounts of the assets and liabilities of the subsidiaries as at the date of disposal were as follows:

	As at 30 April 2021 RMB'000
<b>Non-current assets</b>	
Property, plant and equipment	1,146
Intangible assets (including goodwill)	213,295
Prepayments and other receivables	109
Term deposits over 3-months	20,221
Right-of-use assets	147
<b>Current assets</b>	
Trade receivables	21,914
Prepayments and other receivables	6,144
Financial assets at FVPL	33,380
Cash and cash equivalents	4,190
<b>Total assets</b>	300,546
<b>Non-current liabilities</b>	
Deferred income tax liabilities	581
<b>Current liabilities</b>	
Trade payables	913
Other payables and accruals	4,796
Lease liabilities	75
<b>Total liabilities</b>	6,365
<b>Net assets of the discontinued operations</b>	294,181

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020:

	As at 31 December 2020 <i>RMB'000</i>
<b>Non-current assets</b>	
Property, plant and equipment	1,097
Intangible assets (including goodwill)	213,295
Prepayments and other receivables	150
Term deposits over 3-months	20,014
Right-of-use assets	147
	<hr/>
<b>Current assets</b>	
Trade receivables	19,264
Prepayments and other receivables	4,651
Financial assets at FVPL	36,057
Cash and cash equivalents	1,023
	<hr/>
<b>Total assets of disposal group held for sale</b>	<b>295,698</b>
	<hr/> <hr/>
<b>Liabilities directly associated with assets classified as held for sale</b>	
<b>Non-current liabilities</b>	
Deferred income tax liabilities	581
<b>Current liabilities</b>	
Trade payables	641
Other payables and accruals	6,043
Lease liabilities	148
	<hr/>
<b>Total liabilities of disposal group held for sale</b>	<b>7,413</b>
	<hr/> <hr/>

## 9 SHARE CAPITAL, SHARE PREMIUM, SHARES HELD FOR RSU SCHEME AND TREASURY STOCK

	Number of Shares	Share capital		Share premium	Treasury stock
		US\$'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2020</b>	1,259,110,162	125.89	780	1,760,719	–
Employees share option scheme:					
– proceeds from share issued (a)	6,966,000	0.7	5	2,221	–
Employees RSU scheme:					
– shares issued for RSU Scheme (b)	15,000,000	1.5	10	–	(10)
– shares vested and transferred (b)	–	–	–	(10)	10
<b>At 31 December 2020</b>	<u>1,281,076,162</u>	<u>128.09</u>	<u>795</u>	<u>1,762,930</u>	<u>–</u>
<b>At 1 January 2021</b>	<b>1,281,076,162</b>	<b>128.09</b>	<b>795</b>	<b>1,762,930</b>	<b>–</b>
Employees share option scheme:					
– proceeds from share issued (a)	<b>1,363,000</b>	<b>0.14</b>	<b>1</b>	<b>549</b>	<b>–</b>
Employees RSU scheme:					
– shares issued for RSU Scheme (b)	<b>25,200,000</b>	<b>2.52</b>	<b>16</b>	<b>–</b>	<b>(16)</b>
– shares vested and transferred (b)	–	–	–	(8)	8
Repurchase of ordinary shares (c)	–	–	–	–	(74,725)
Cancellation of ordinary shares (c)	<b>(39,725,000)</b>	<b>(3.97)</b>	<b>(33)</b>	<b>(42,229)</b>	<b>42,262</b>
<b>At 31 December 2021</b>	<u><b>1,267,914,162</b></u>	<u><b>126.78</b></u>	<u><b>779</b></u>	<u><b>1,721,242</b></u>	<u><b>(32,471)</b></u>

(a) Employees share options scheme: options exercised during the year ended 31 December 2021 resulted in 1,363,000 ordinary shares being issued (2020: 6,966,000 ordinary shares), with exercise proceeds of approximately RMB550 thousand (2020: RMB2,226 thousand). The related weighted average price at the time of exercise was HK\$0.93 (2020: HK\$1.01).

(b) In March 2021, the Company issued 25,200,000 ordinary shares to a third party agent for the purpose of granting Post-IPO RSUs to certain employees under the Post-IPO RSU Scheme. Pursuant to the vesting schedule, 50% of these newly issued shares shall vest in September 2021, and the remaining 50% shall vest in March 2022. The shares held for Post-IPO RSU Scheme were deducted from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

As of 31 December 2021, 12,600,000 shares were vested and transferred to the grantees, and the remaining 12,600,000 shares were recorded as shares held for RSU scheme.

(c) During the year ended 31 December 2021, the Company repurchased 74,565,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited with total cash consideration of HK\$90,421 thousand (approximately RMB74,725 thousand). As at 31 December 2021, 39,725,000 repurchased ordinary shares had been cancelled and deducted from the share capital and share premium within shareholders' equity and the remaining 34,840,000 shares were recorded as treasury stock as at 31 December 2021.

## 10 SHARE-BASED PAYMENTS

### (a) Share options

The Company adopted two share option schemes, namely, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, under which the directors of the Company may, at their discretion, grant options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein.

Movements in the number of Pre-IPO outstanding share options, retroactively reflecting the one-to-ten basis bonus shares, and of Post-IPO outstanding share options, are as follows:

	Average Exercise Price in US\$ per Share Option	Number of Pre-IPO Share Options	Average Exercise Price in HK\$ per Share Option	Number of Post-IPO Share Options	Total Number of Share Options
<b>At 1 January 2021</b>		<b>6,622,720</b>		<b>2,852,000</b>	<b>9,474,720</b>
Exercised	US\$0.0632	(1,363,000)	N/A	–	(1,363,000)
Lapsed	US\$0.1936	(938,825)	US\$3.5000	(25,000)	(963,825)
<b>At 31 December 2021</b>		<b>4,320,895</b>		<b>2,827,000</b>	<b>7,147,895</b>
<b>At 1 January 2020</b>		<b>15,939,335</b>		<b>2,852,000</b>	<b>18,791,335</b>
Exercised	US\$0.0475	(6,966,000)	N/A	–	(6,966,000)
Lapsed	US\$0.0496	(2,350,615)	N/A	–	(2,350,615)
<b>At 31 December 2020</b>		<b>6,622,720</b>		<b>2,852,000</b>	<b>9,474,720</b>

During the years ended 31 December 2021 and 2020, no share option was granted.

As at 31 December 2021, 7,147,895 share options (2020: 9,474,720) were outstanding and exercisable. As a result of the options exercised during the year ended 31 December 2021, 1,363,000 ordinary shares (2020: 6,966,000 shares) were issued by the Company. The weighted average price of the shares at the time these options were exercised was HK\$0.9336 (2020: HK\$1.0088) per share.

Details of the expiry dates, exercise prices and the respective numbers of Pre-IPO share options, retroactively reflecting the one-to-ten basis bonus shares, and of Post-IPO share options, which remained outstanding as at 31 December 2021 and 2020, are as follows:

Trench	Expiry Date	Exercise price	Number of share options	
			31 December 2021	31 December 2020
Trench VI Option	10 years commencing from the date of grant of options since 26 December 2011	US\$0.06	–	1,300,000
		US\$0.1	–	20,000
		US\$0.12	–	566,110
Trench VII Option	10 years commencing from the date of grant of options since 14 October 2012	US\$0.15	<b>842,795</b>	962,795
Trench VIII Option	10 years commencing from the date of grant of options since 14 September 2013	US\$0.2	<b>248,000</b>	258,000
Trench IX Option	10 years commencing from the date of grant of options since 22 May 2014	US\$0.35	<b>3,230,100</b>	3,515,815
Trench X Option	8 years and 10 months commencing from the date of grant of options since 22 September 2015	HK\$3.5	<b>2,827,000</b>	2,852,000
			<b>7,147,895</b>	<b>9,474,720</b>
Weighted average remaining contractual life of options outstanding at the end of the period			<b>2.70 years</b>	3.13 years

**(b) Restricted share units**

The Company adopted two RSU schemes, namely, the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme, under which the directors of the Company may, at their discretion, grant RSUs to any qualifying participants, subject to the terms and conditions stipulated therein.

Movements of the number of outstanding RSUs during the year ended 31 December 2021 and 2020 are as follows:

	Number of shares held for Post-IPO RSU Scheme
<b>At 1 January 2021</b>	
Granted (i)	<b>25,200,000</b>
Vested and transferred	<b>(12,600,000)</b>
<b>At 31 December 2021</b>	<b>12,600,000</b>



	Number of shares held for Post-IPO RSU Scheme
<b>At 1 January 2020</b>	—
Granted (i)	15,000,000
Vested and transferred	(15,000,000)
<b>At 31 December 2020</b>	—

There were no shares vested but not transferred to the grantees as at 31 December 2021 and 2020.

- (i) On 31 March 2021, the Company issued 25,200,000 ordinary shares to an independent trust nominee for the purpose of granting Post-IPO RSUs to certain employees under the Post-IPO RSU Scheme. Pursuant to the vesting schedule, 50% of these newly issued shares shall vest in September 2021, and the remaining 50% shall vest in March 2022. The fair value of Post-IPO RSUs granted during the year ended 31 December 2021 was HK\$0.89 per share (equivalent to approximately RMB0.74 per share).

On 28 April 2020, the Company granted 15,000,000 ordinary shares to an independent trust nominee for the purpose of granting Post-IPO RSUs to certain employees under the Post-IPO RSU Scheme. Pursuant to the vesting schedule, 50% of these newly issued shares shall vest in May 2020, and the remaining 50% shall vest in July 2020. The fair value of Post-IPO RSUs granted during the year ended 31 December 2020 was HK\$1.34 per share (equivalent to approximately RMB1.23 per share).

**(c) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Restricted share units granted under RSUs schemes	<b>16,927</b>	<b>18,311</b>

**(d) Fair value of share options and RSUs**

Before the Company consummated its IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the directors have used the discounted cash flow method to determine the fair value of the underlying equity of the Company and adopted equity allocation method to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimates.

Upon the consummation of the IPO, the fair value of the underlying ordinary shares was calculated based on the market price of the Company's shares at the respective grant date.

### ***Fair value of share options***

The Directors used Binominal pricing model to determine the fair value of the share option granted, which is to be expensed over the vesting period.

Management estimated the risk-free interest rate based on the yield of Hong Kong government bond with a maturity life equal to the life of the share option. Volatility was estimated at grant date based on the average of historical volatilities of the comparable companies with length commensurable to the time to maturity of the share options. Dividend yield is based on management estimation at the grant date.

### ***Fair value of RSUs***

The fair value of RSUs was calculated based on the fair value of underlying ordinary shares as at the grant date.

#### **(e) Expected retention rate of grantees**

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the shares options (the “**Expected Retention Rate**”) in order to determine the amount of share-based compensation expenses charged to the statement of comprehensive income. As at 31 December 2021, the Expected Retention Rate was assessed to be 100% (2020: 100%).

#### **(f) Shares held for RSU Scheme**

The shares held for Pre-IPO RSU Scheme and Post-IPO RSU Scheme were regarded as treasury shares and had been deducted from shareholders’ equity as the directors are of the view that such shares are within the Company’s control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

## **11 BORROWINGS**

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
<b>Included in current liabilities</b>		
USD bank borrowings, secured	<b>287,165</b>	137,969
HKD bank borrowings, secured	<b>–</b>	3,384
	<b>287,165</b>	<b>141,353</b>

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions to finance its certain investments in financial assets. The total available amount under the current facilities is USD224,274 thousand, of which USD45,040 thousand has been drawn down as at 31 December 2021. The borrowings were secured by the Group’s investments in financial assets at FVPL.

The aggregate principal amounts of bank borrowings and applicable interest rates as at 31 December 2021 are as follows:

	<b>As at 31 December 2021</b>		<b>As at 31 December 2020</b>	
	<b>Amount</b>	<b>Interest rate</b>	<b>Amount</b>	<b>Interest rate</b>
	<b>(thousand)</b>	<b>(per annum)</b>	<b>(thousand)</b>	<b>(per annum)</b>
US\$ bank borrowings, secured	<b>USD45,040</b>	<b>LIBOR +</b>	USD21,145	LIBOR +
		<b>50bps~80bps</b>		50bps~65bps
HK\$ bank borrowings, secured	–	N/A	HKD4,021	HIBOR +
				50bps~65bps

## 12 TRADE PAYABLES

Trade payables were mainly due to commission charges by game developers.

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Third parties	<b>1,580</b>	1,374

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

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
0-90 days	<b>671</b>	648
181-365 days	<b>89</b>	–
Over 1 year	<b>820</b>	726
	<b>1,580</b>	1,374

## 13 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Deferred income tax assets:</b>		
– to be recovered after more than 12 months	<b>14,394</b>	13,347
– to be recovered within 12 months	<b>1,866</b>	1,011
	<b>16,260</b>	14,358
<b>Deferred income tax liabilities:</b>		
– to be recovered after more than 12 months	<b>(2,093)</b>	(1,167)
– to be recovered within 12 months	<b>(25,514)</b>	(33,766)
	<b>(27,607)</b>	(34,933)
<b>Deferred income tax liabilities, net</b>	<b>(11,347)</b>	(20,575)

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
<b>Movements</b>		
<b>At beginning of the year</b>	(20,575)	(94,532)
Acquisition of a subsidiary		(340)
Disposal of a subsidiary		462
Recognised in the consolidated statement of comprehensive income	10,288	73,254
Recognised in changes of equity	(1,060)	–
Classified as held for sale	–	581
	<hr/>	<hr/>
<b>At end of the year</b>	<b>(11,347)</b>	<b>(20,575)</b>
	<hr/>	<hr/>

As at 31 December 2021, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB425.3 million (2020: RMB336.3 million). Such earnings are expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

#### 14 REDEMPTION LIABILITIES

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Liabilities in relation to put options granted to NCI of subsidiaries	–	238,729
	<hr/>	<hr/>

The redemption liability was in relation to the Group's disposal of 36% certain equity interests in Jinhua Rui'an to the Beijing Weimeng Chuangke Investment Management Co., Ltd (the "**Purchaser**") in 2019. Pursuant to the Share Transfer Agreement signed among the Group, the Purchaser and other selling shareholders, the Purchaser was entitled to put option rights to request the Group and the other selling shareholders to repurchase its sold shares in Shanghai Benqu. The redemption amount was determined based on the evaluation of the maximum amount that the Group is obliged to pay under different redemption events according to the redemption clauses stipulated in the Share Transfer Agreement. Upon the completion of the transaction, redemption liabilities of RMB335,677 thousand were recognised with a corresponding charge directly to other reserves.

As related options lapsed unexercised, redemption liabilities of RMB48,534 thousand and RMB72,722 thousand were derecognised against other reserves in 2021 and 2020, respectively. Upon the completion of the disposal of discontinued operations on 30 April 2021, the put option rights were terminated. Consequently, the carrying value of the redemption liabilities of RMB190,195 thousand were derecognised against other reserves.

## 15 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Employee benefit expenses (including share-based compensation expenses)	123,449	124,861
Promotion and advertising expenses (a)	55,136	77,323
Bandwidth and server custody fees	13,885	20,428
Travelling and entertainment expenses	27,130	14,146
Depreciation and impairment charges of property and equipment	9,907	10,780
Amortisation and impairment charges of intangible assets	30,918	4,342
Utilities and office expenses	7,483	9,705
Professional and consultancy fees	8,462	11,132
Auditors' remuneration	3,880	4,050
– Audit services	3,860	4,030
– Non-audit services	20	20
Short-term lease rentals	2,687	1,300
Game development costs	6,193	2,931
Depreciation of right-of-use assets	7,512	6,150
Others (b)	9,920	8,665
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<b>306,562</b>	<b>295,813</b>

- (a) Promotion and advertising expenses primarily consist of expenses for the promotion of the Group's business via different online and mobile channels which are settled based on the effective download and installation times.
- (b) Others mainly includes tax surcharge expenses, payment handling cost and bank charges.

## 16 OTHER GAINS, NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net fair value gains/(losses) on financial assets at FVPL		
– Venture capital funds (Note 7(b))	144,639	60,134
– Wealth management products	5,861	9,297
– Unlisted equity investments (Note 7(a))	(1,007)	(92,097)
– Structured notes (Note 7(d))	66,459	28,769
– Convertible promissory notes	1,572	1,309
– Listed equity securities (Note 7(g))	(37,655)	3,556
– Other financial instruments	(976)	4,225
Net fair value loss on derivative financial instruments	(15,245)	(6,242)
Interest income on term deposits with initial term over 3 months	1,232	6,745
Government grants (a)		
– Technology award	2,750	4,157
– Tax related subsidies	6,597	2,013
– Scientific project fund	527	3,049
– Others	815	1,505
Gains on disposal of subsidiaries		1,204
Fair value losses from revaluation of investment properties	(5,569)	(6,926)
Interest income on loans to third parties, related parties and employees	3,844	5,192
Foreign exchange gains on non-financing activities	4,036	5,780
(Losses)/gains on disposal of investments accounted for using the equity method	274	(15)
Losses on disposal of property and equipment	(5)	(332)
Others	5,299	5,637
	<b>183,448</b>	<b>36,960</b>

(a) For the years ended 31 December 2021 and 2020, government grants primarily consist of:

- Technology award, amounting to RMB2,750 thousand (2020: RMB4,157 thousand) was granted by the local government authorities in Hangzhou and Jinhua to reward the Group's achievement and support the Group's development in information service industries;
- Tax related subsidies, amounting to RMB6,597 thousand (2020: RMB2,013 thousand) were granted by local government authorities in Hangzhou and Jinhua to incentivise the Group's business development;
- Scientific project fund, amounting to RMB527 thousand (2020: RMB3,049 thousand) was granted by local government authorities in Hangzhou and Jinhua to fund the Group's qualified technology research projects.

## 17 FINANCE (COSTS)/INCOME NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
– Interest income on cash and cash equivalents	3,907	7,910
– Exchange gain on financing activities	1	1
	<u>3,908</u>	<u>7,911</u>
Finance costs:		
– Interest charges for lease liabilities	(430)	(383)
– Interest expenses on borrowings	(3,817)	(1,175)
	<u>(4,247)</u>	<u>(1,558)</u>
Finance (costs)/income, net	<u>(339)</u>	<u>6,353</u>

## 18 TAX EXPENSE

### 18.1 Income tax expense/(credit)

The income tax expense of the Group for the years ended 31 December 2021 and 2020 are analysed as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax:		
– Enterprise income tax	43,760	43,607
– PRC withholding tax	9,250	18,500
	<u>53,010</u>	<u>62,107</u>
Deferred income tax :		
– (Increase)/Decrease in deferred tax assets	(172)	1,632
– Decrease in deferred tax liabilities	(10,116)	(74,886)
	<u>(10,288)</u>	<u>(73,254)</u>
Income tax expense/(credit)	<u>42,722</u>	<u>(11,147)</u>
Income tax expense/(credit) is attributable to:		
Profit from continuing operations	9,385	(8,777)
Profit from discontinued operation	33,337	(2,370)
	<u>42,722</u>	<u>(11,147)</u>

**(a) Cayman Islands income tax**

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands, and accordingly is exempted from Cayman Islands income tax.

**(b) Hong Kong profits tax**

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

**(c) PRC enterprise income tax ("EIT")**

For all the years presented, the Group's subsidiaries and the PRC Operating Entities are subject to enterprise income tax ("EIT") on the taxable income as reported in their respective statutory financial statements adjusted in accordance with the Enterprise Income Tax Law ("EIT Law"). Pursuant to the EIT Law, the Group's subsidiaries and the PRC Operating Entities are generally subject to EIT at the statutory rate of 25%.

Hangzhou Tiange and Zhejiang Tiange qualified as "New High-tech Enterprise" under the EIT Law in 2017 and renewed in 2020. Accordingly, they were entitled to a preferential EIT rate of 15% for a three-year period since the qualification day. The applicable EIT rate of these entities was 15% in 2021.

The following table sets out applicable EIT rate of Group's subsidiaries and the PRC Operating Entities in the PRC for the year ended 31 December 2021:

Name	Applicable EIT
Hangzhou Tiange	15%
Zhejiang Tiange	15%
Star Power	25%
Hantang	25%
Jinhua9158	25%
Jinhua99	25%
Xingxiu	25%
Tianhu	25%
Tianyue	25%

Pursuant to laws and regulations newly promulgated by the State Administration of Tax of the PRC and the Ministry of Finance, effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their qualified research and development expenses so incurred as tax deductible expenses. The additional deduction of 75% of qualified research and development expenses can be directly claimed in the annual EIT filing without the approval from the relevant tax authorities. Therefore, management has made its best estimation for the Group's entities in ascertaining their assessable profits for the years ended 31 December 2021 and 2020.



**(d) PRC withholding tax (“WHT”)**

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax rate. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. In November 2019, Week8 Holdings (HK) Limited (“**Week8(HK)**”) was approved by Inland Revenue Department of Hong Kong Special Administrative Region as a resident of the Hong Kong Special Administration for 2018 and the two succeeding calendar years. Pursuant to such approval, the dividends distributed to Week8(HK) from the PRC subsidiaries from 2018 to 2020 were subject to a withholding tax rate of 5%. In 2021, the request for renewing its resident of the Hong Kong Special Administration was approved. Therefore, the distributed to Week8(HK) from the PRC subsidiaries from 2021 to 2023 would also be subject to a withholding tax rate of 5%.

**(e) Numerical reconciliation of income tax expense to prima facie tax payable**

The tax on the Group’s profit before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to losses of the consolidated entities as follows:

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB’000</b>	<b>RMB’000</b>
Profit before income tax expense from:		
– continuing operations	<b>88,357</b>	59,208
– discontinued operation	<b>84,978</b>	14,116
	<b>173,335</b>	73,324
Tax calculated at a tax rate of 25%	<b>43,334</b>	18,331
Tax effects of:		
Different tax jurisdiction	<b>(6,940)</b>	(11,530)
Preferential income tax benefits applicable to subsidiaries in China	<b>(539)</b>	(20,865)
WHT of appropriation of dividend (i)	<b>–</b>	29,215
Refund of WHT of dividend (ii)	<b>(7,750)</b>	(27,500)
Super deduction for research and development expenses	<b>(2,589)</b>	(6,241)
Tax losses and temporary differences for which no deferred tax assets were recognised	<b>2,913</b>	7,886
Expenses not deducted for/(income not subject to income tax purposes)	<b>1,187</b>	(4,468)
Difference between the tax bases and accounting bases related to transferring equity interest of subsidiaries to NCI	<b>13,106</b>	4,025
Income tax expense/(credit)	<b>42,722</b>	(11,147)

- (i) Pursuant to the resolution of the Board in 2020 to expand its overseas business, the Company revised its estimation and decided to remit 100% of the earnings of its Wholly Foreign-Owned Enterprises (“WFOEs”) to Week8 (HK). Accordingly, a 5% WHT of RMB29,215 thousand was recognised during the year ended 31 December 2020 for the WFOEs’ remaining retained earnings of RMB506,920 thousand as of 31 December 2019 with no withholding tax provided before and all the WFOEs’ profit of RMB77,387 thousand generated for the year ended 31 December 2020.

In 2021, no WHT was recognised since the WFOEs were loss-making for the year ended 31 December 2021.

- (ii) During the year ended 31 December 2021, the Group received a refunded WHT of RMB7,750 thousand (2020: RMB27,500 thousand), which was in association with the dividends paid in 2021, and recorded it as a reversal of WHT expense.

## 18.2 Tax losses

	As at 31 December	
	2021	2020
	RMB’000	RMB’000
Unused tax losses for which no deferred tax asset has been recognised	74,800	72,198
Potential tax benefit calculated at a tax rate of 25%	18,700	18,049

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future. The losses can be carried forward and will expire from 2022 to 2026.

## 18.3 Value-added tax (“VAT”)

The operation of the Group in the PRC primarily applies VAT as follows:

Category	Tax Rate	Basis of Levies
VAT	6%	Revenue from operation of live social video platforms and games
	6%	Other revenue

## 19 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to the owners of the Company by the weighted average number of ordinary shares in issue during each period.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b>Total profit attributable to owners of the Company</b>		
<b>(RMB'000) from:</b>		
Continuing operations	<b>80,064</b>	72,172
Discontinued operation	<b>48,764</b>	8,445
	<b>128,828</b>	80,617
 Weighted average number of ordinary shares in issue (thousand shares)	 <b>1,250,754</b>	 1,268,985
 <b>Basic earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>		
Continuing operations	<b>0.064</b>	0.057
Discontinued operation	<b>0.039</b>	0.007
	<b>0.103</b>	0.064

**(b) Diluted earnings per share**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the effect of all dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares, share options granted to employees under Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and RSUs granted to employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme. The share options and RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

	<b>Year ended 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b>Total profit attributable to owners of the Company</b>		
<b>(RMB'000) from:</b>		
Continuing operations	<b>80,064</b>	72,172
Discontinued operation	<b>48,764</b>	8,445
	<b>128,828</b>	80,617
 Weighted average number of ordinary shares in issue (thousand shares)	<b>1,250,754</b>	1,268,985
Adjustments for share based compensation – share options (thousand shares)	<b>620</b>	5,280
Adjustments for share based compensation – RSUs (thousand shares)	<b>8,205</b>	2,480
 Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	<b>1,259,579</b>	1,276,745
 <b>Diluted earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>		
Continuing operations	<b>0.064</b>	0.057
Discontinued operation	<b>0.039</b>	0.007
	<b>0.103</b>	0.064

## CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) as its own code of corporate governance. During the year ended December 31, 2021, the Company has complied with all applicable code provisions of the CG Code and adopted most of the best practices set out therein. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set forth in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended December 31, 2021.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S SHARES

During the year ended December 31, 2021, the Company has repurchased a total of 39,725,000 shares on the Stock Exchange with an aggregate amount of HK\$51,256,840. As at the date of this announcement, all shares repurchased during the year ended December 31, 2021 were cancelled. Details of shares repurchased during the year ended December 31, 2021 are set out as follows:

Month of repurchases	Number of Shares purchased on the Stock Exchange	Price paid per Share		Aggregate consideration paid (HKD)
		Highest (HKD)	Lowest (HKD)	
April 2021	4,965,000	1.25	0.92	5,308,440.00
May 2021	17,868,000	1.43	1.07	22,993,330.00
June 2021	16,892,000	1.45	1.24	22,955,070.00

During the year ended December 31, 2021, the Company also transferred the necessary funds and instructed its trustee to acquire 34,840,000 Shares through on-market transactions at a total consideration of HK\$39,164,040 as award shares for the purpose of the Post-IPO RSU Scheme.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the year ended December 31, 2021.

## FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021.

## CLOSURE OF REGISTER OF MEMBERS

For determining the right to attend and vote at the forthcoming annual general meeting of the Company to be held on June 20, 2022 (the “AGM”), the register of members of the Company will be closed from June 15, 2022 to June 20, 2022 (both day inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on June 14, 2022.

## AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the annual results of the Group for the year ended December 31, 2021. The figures in respect of the Group’s consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated statement of cash flow and the related notes thereto for the year ended December 31, 2021 as set out in the preliminary announcement have been agreed by the external auditor of the Company, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## PUBLICATION OF ANNUAL REPORT

Pursuant to the requirements of the Listing Rules, the 2021 annual report of the Company will set out all information disclosed in the annual results announcement for the year ended December 31, 2021 and will be despatched to the Shareholders and uploaded on the websites of the Company (<http://www.tiange.com>) and the Stock Exchange (<http://www.hkexnews.hk>) in due course.

By order of the Board  
**Tian Ge Interactive Holdings Limited**  
**Fu Zhengjun**  
Chairman

Hong Kong, March 30, 2022

*As of the date of this announcement, the executive Directors are Mr. Fu Zhengjun and Mr. Mai Shi’en; the non-executive Directors are Mr. Xiong Xiangdong and Ms. Cao Fei; and the independent non-executive Directors are Mr. Lam Yiu Por, Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert.*

\* for identification purposes only