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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

#### FINANCIAL HIGHLIGHTS

(the financial information below is from continuing operations)

(in RMB'000)	Unaudited Six months ended	
	June 30, 2022	June 30, 2021
Revenue	<b>84,808</b>	116,404
– Online interactive entertainment service	<b>82,038</b>	113,409
– Others	<b>2,770</b>	2,995
Gross Profit	<b>67,562</b>	105,196
Gross Profit Margin	<b>79.7%</b>	90.4%
Net (Loss)/Profit	<b>(313,178)</b>	122,138
Net (Loss)/Profit Margin	<b>(369.3%)</b>	104.9%
(Losses)/Earnings per share (expressed in RMB per share)		
– basic	<b>(0.258)</b>	0.097
– diluted	<b>(0.258)</b>	0.096
Adjusted Net (Loss)/Profit <sup>(1)</sup>	<b>(289,894)</b>	130,577
Adjusted Net (Loss)/Profit Margin <sup>(2)</sup>	<b>(341.8%)</b>	112.2%
Adjusted EBITDA <sup>(3)</sup>	<b>(279,392)</b>	153,351
Adjusted EBITDA Margin	<b>(329.4%)</b>	131.7%

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

## INTERIM RESULTS

The board of directors (the “**Directors**”) (the “**Board**”) of Tian Ge Interactive Holdings Limited (the “**Company**”, “**We**” or “**Tian Ge**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended June 30, 2022 (the “**Reporting Period**”). These interim results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Business Overview and Outlook

During the Reporting Period, to promote the sustainable development of the Group’s business, the Company has focused on diversifying its core business and expanding into overseas social network markets. However, since the regulatory measures and policies for the standardization and promotion of healthy business environment rolled out as well as the business cost increased, the Company has begun a comprehensive review of its domestic live streaming business and plans to modify the proportion of the domestic business vis-a-vis the overseas business in the near future.

#### *Overall Financial Performance*

As of June 30, 2022, the Company and its subsidiaries engaged in online interactive entertainment and others recorded a revenue which decreased by 27.1% year-on-year to RMB84.8 million from the corresponding period of 2021. Revenue derived from online interactive entertainment decreased by 27.7% year-on-year to RMB82.0 million from the corresponding period of 2021.

During the Reporting Period, the loss attributable to the Company’s owners was RMB313.2 million. Net loss was RMB313.2 million, adjusted net loss was RMB289.9 million, and loss for adjusted EBITDA was RMB279.4 million.

#### *Business Highlights*

##### *Domestic Multistreaming Platforms*

As one of the pioneers of China’s online live streaming industry, Tian Ge has always adhered to the development strategy of multistreaming platforms. During the Reporting Period, the Group continued the optimization and development of its live streaming 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 Live Streaming's Market Expansion*

The Group continued to keep abreast of the development trend and expand into overseas market by replicating and promoting the successful domestic business modules. During the Reporting Period, the Group's overseas business and various products had positive growing trend. Among the products, "Mlive", the overseas version of Tian Ge's flagship product "Miao Broadcasting", continued to be highly appreciated by users in the Southeast Asian market. The Group also provided technical support services to "Boomlive" (a local live streaming platform targeting the Indonesian market) which brought stable income for the Reporting Period.

## *Financial Investments*

### Structured Notes Investments

The structured notes are issued by several world-class commercial banks, which provide a potential return determined at the pre-determined interest rate or linked to the price of certain listed equity securities at the pre-determined valuation day in future. During the Reporting Period, the Company's overseas structured notes investment recorded a fair value loss of RMB108.1 million, compared to a fair value gain of RMB47.0 million in the same period of 2021. This was primarily due to the precipitous decline from record highs in global stock and bond markets in the first half of 2022. This turn from gain to loss was mostly the result of US Dollar inflation, the Federal Reserve of the United States' decision to raise interest rates, the Russian-Ukrainian War and its geopolitical repercussions.

The global stock and bond markets are still extremely uncertain due to the potential economic impact from multi-lateral political conflict expected in the second half of 2022. The Company is exercising extreme caution with its international financial investment strategy and is phasing down its structured notes investments gradually.

### Venture Capital and Private Equity Funds

During the first half of 2022, the investment losses of venture capital and private equity funds was RMB3.4 million, compared to the significant investment gains of RMB110.1 million in the same period of 2021. The primary reason for the change was that the investment gains of the comparative period were the result of years of accumulation based on the Company's long-term monitoring of new technology industries including intelligent hardware, self-driving car, SQL database, etc. in related funds.

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

Looking ahead, Tian Ge will build on its core business and leverage on the development of 5G and Web3.0 technologies to empower the new direction of its live streaming business, and actively focus on optimising and generating revenue from its core business. The Company will also continue to deepen its expansion efforts in overseas markets and continuously optimise its overseas business strategies to enhance the Group's revenue-raising capabilities and its market competitiveness.

The Group will also expand its business coverage to encompass the new social mode of deep integration of online and offline, methodically modify the proportion of domestic vis-a-vis overseas live streaming business, actively explore business transformation and upgrades, and seek new investment opportunities in the social network business.

The Company remains confident about the medium and long-term prospects of the global financial markets and believes it will breakthrough from its recent doldrums. Within the next two to three years, the Group intends to develop an integrated financial services business, potentially covering investment advisory and management services, securities investment, and proprietary trading, etc. so as to improve shareholders return and increase the Group's enterprise value.

## **2. Financial Information**

### ***Revenue***

The Group's revenue generated from online interactive entertainment service decreased by 27.7% to RMB82.0 million for the Reporting Period from RMB113.4 million for the corresponding period in 2021. The year-on-year decrease was primarily due to the macro-economic downturn and challenging business environment, which led to a decrease in the numbers of platform paying users. On the other hand, the revenue generated by overseas online games has been steadily rising.

The Group's revenue generated from "Others" mainly includes the revenue from provision of technical supporting services. Revenue generated from "Others" for the Reporting Period remained stable from the corresponding period in 2021.

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

The Group's cost of revenue experienced an increase of 53.9% for the Reporting Period from the corresponding period in 2021. The year-on-year increase was mainly attributable to the increase of overseas online game's revenue commissions paid to distributors.

The Group's gross profit margin for the Reporting Period was 79.7%, compared with 90.4% for the corresponding period in 2021.

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

The Group's selling and marketing expenses experienced a decrease of 32.7% for the Reporting Period from the corresponding period in 2021. The year-on-year decrease was mostly attributable to a decline in domestic marketing fees and the reduction in employees cost, partially offset by a minor increase in overseas promotion fees.

### ***Administrative Expenses***

For the Reporting Period, goodwill impairment indicators were noted due to a change in the Company's domestic business strategy for its live streaming platforms. As of 30 June 2022, the Group has made an impairment provision of RMB21.3 million against the carrying value of the goodwill of the related platform as a result of the impairment assessment.

Excluding the aforementioned impairment loss, the remaining administrative expenses were consistent with that for the corresponding period in 2021.

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

The Group's research and development expenses experienced a decrease of 48.1% for the Reporting Period from the corresponding period in 2021. The year-on-year decrease was mainly attributable to domestic platforms' restructuring and streamlining.

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

During the Reporting Period, the Group's other (losses)/gains, net recorded a total loss of RMB255.9 million, primarily due to the general under-performance in global financial products caused by the extremely unstable economic and political environment, which mainly included 1) the fair value loss of RMB108.1 million on structured notes; 2) the loss of RMB70.3 million on other financial instruments, primarily for Exchange Traded Fund ("ETF") index funds; and 3) the fair value loss of RMB47.7 million on listed equity securities.

For the six months ended June 30, 2021, the Group's other (losses)/gains, net recorded a total gain of RMB167.3 million, which was primarily attributable to the significant growth of fair value gains on venture capital and private equity funds and structured notes.

### ***Income Tax Expense***

The Group's income tax expense recorded a decrease of 53% for the Reporting Period from the corresponding period in 2021. The year-on-year decline of income tax expense was primarily due to the overall reduction in profit before tax from the Group's domestic subsidiaries.

### ***(Loss)/Profit Attributable to Owners of the Company***

The Group's (loss)/profit attributable to owners of the Company recorded a total loss of RMB313.2 million for the Reporting Period, compared with a total profit of RMB171.9 million from the corresponding period in 2021. The year-on-year decrease was primarily due to significant fair value loss on the Company's financial assets.

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

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, the adjusted financial information 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.

### 3. 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:

	Three months ended				
	June 30, 2022	March 31, 2022	Quarter- on-quarter change	June 30, 2021	Year-on- year change
Total Monthly Active Users ( <i>in '000</i> )	<b>1,839</b>	1,533	<b>20.0%</b>	4,790	-61.6%
Quarterly Paying Users ( <i>in '000</i> )	<b>167</b>	154	<b>8.4%</b>	217	-23.0%
Quarterly Average Revenue Per User ( <i>RMB</i> )	<b>233</b>	282	<b>-17.4%</b>	247	-5.7%

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

- For the three months ended June 30, 2022, the total number of monthly active users (“MAUs”) for Tian Ge was approximately 1.84 million, representing an increase of approximately 20.0% from the three months ended March 31, 2022 and a decrease of approximately 61.6% from the three months ended June 30, 2021. The year-on-year decrease in MAUs was primarily due to intensified industry competition and streamlined live streaming platforms, while the quarter-on-quarter increase was primarily due to increased promotional activities on live streaming platforms.
- The number of quarterly paying users (“QPU”) for Tian Ge's online interactive entertainment service for the three months ended June 30, 2022 was approximately 167,000, representing an increase of approximately 8.4% from the three months ended March 31, 2022 and a decrease of approximately 23% from the three months ended June 30, 2021. The year-on-year decrease in QPUs was primarily due to the macro-economic downturn and decrease in the number of platform users, while the quarter-on-quarter increase was primarily due to increased promotion of live streaming platforms.
- The quarterly average revenue per user (“QARPU”) for Tian Ge's online interactive entertainment service for the three months ended June 30, 2022 was RMB233, representing a decrease of approximately 17.4% from the three months ended March 31, 2022 and representing a decrease of approximately 5.7% from the three months ended June 30, 2021.

# ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

(FOR THE SIX MONTHS ENDED JUNE 30, 2022)

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	84,808	116,404	–	17,641	84,808	134,045
Cost of revenue	(17,246)	(11,208)	–	(8,969)	(17,246)	(20,177)
<b>Gross profit</b>	<b>67,562</b>	105,196	–	8,672	<b>67,562</b>	113,868
Selling and marketing expenses	(37,202)	(55,244)	–	(1,030)	(37,202)	(56,274)
Administrative expenses	(69,038)	(46,727)	–	(1,372)	(69,038)	(48,099)
Research and development expenses	(19,249)	(37,063)	–	(935)	(19,249)	(37,998)
(Net impairment losses)/reversal of impairment losses on financial assets	(1,411)	1,024	–	–	(1,411)	1,024
Other (losses)/gains, net	(255,946)	167,316	–	1,169	(255,946)	168,485
<b>Operating (loss)/profit</b>	<b>(315,284)</b>	134,502	–	6,504	<b>(315,284)</b>	141,006
Finance income	1,688	1,866	–	5	1,688	1,871
Finance costs	(2,774)	(2,348)	–	(2)	(2,774)	(2,350)
Finance (costs)/income, net	(1,086)	(482)	–	3	(1,086)	(479)
Share of profit/(loss) of investments accounted for using the equity method	8,589	(409)	–	–	8,589	(409)
Gain on disposal of discontinued operations	–	–	–	78,471	–	78,471
<b>(Loss)/profit before income tax</b>	<b>(307,781)</b>	133,611	–	84,978	<b>(307,781)</b>	218,589
Income tax expense	(5,397)	(11,473)	–	(33,337)	(5,397)	(44,810)
<b>(Loss)/profit for the period</b>	<b>(313,178)</b>	122,138	–	51,641	<b>(313,178)</b>	173,779
<b>Other comprehensive income/(loss)</b>						
Items that may be reclassified to profit or loss						
Currency translation differences	55,734	(13,149)	–	–	55,734	(13,149)
Items that will not be reclassified to profit or loss						
Currency translation differences	43,927	(7,015)	–	–	43,927	(7,015)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>	<b>99,661</b>	(20,164)	–	–	<b>99,661</b>	(20,164)
<b>Total comprehensive (loss)/income for the period)</b>	<b>(213,317)</b>	101,974	–	51,641	<b>(213,317)</b>	153,615
<b>(Loss)/profit attributable to:</b>						
– Owners of the Company	(313,167)	123,163	–	48,764	(313,167)	171,927
– Non-controlling interests	(11)	(1,025)	–	2,877	(11)	1,852
	<b>(313,178)</b>	122,138	–	51,641	<b>(313,178)</b>	173,779



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

To supplement our condensed consolidated financial statements which are presented in accordance with IFRS, adjusted net (loss)/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***

For the Reporting Period, the Group's adjusted EBITDA has experienced a total loss of RMB279.4 million, compared with a total profit of RMB153.4 million from the corresponding period in 2021.

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

The following table reconciles our operating (loss)/profit to our adjusted EBITDA for the periods presented:

<i>(in RMB'000)</i>	<b>Unaudited</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
<b>Operating (Loss)/Profit</b>	<b>(315,284)</b>	134,502
Share-based compensation expense	<b>1,659</b>	8,139
Amortization of intangible assets arising from acquisitions	<b>400</b>	400
Impairment provision of goodwill	<b>21,325</b>	—
Depreciation and amortization expense	<b>12,508</b>	10,310
<b>Adjusted EBITDA</b>	<b>(279,392)</b>	153,351



### ***Adjusted Net (Loss)/Profit***

For the Reporting Period, the Group's adjusted net (loss)/profit has experienced a total loss of RMB289.9 million, compared with a total profit of RMB130.6 million from the corresponding period in 2021.

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

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

<i>(in RMB '000)</i>	<b>Unaudited</b>	
	<b>Six months ended</b>	
	<b>June 30, 2022</b>	June 30, 2021
<b>Net (loss)/profit from continuing operations</b>	<b>(313,178)</b>	122,138
Share-based compensation expense	<b>1,659</b>	8,139
Amortization of intangible assets arising from acquisitions	<b>400</b>	400
Impairment provision of goodwill	<b>21,325</b>	—
Income tax effects of non-IFRS adjustments	<b>(100)</b>	(100)
<b>Adjusted Net (loss)/profit</b>	<b><u>(289,894)</u></b>	<b><u>130,577</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 June 30, 2022 and December 31, 2021 amounted to RMB669.5 million and RMB593.3 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 RMB20.3 million and RMB54.6 million as at June 30, 2022 and December 31, 2021, 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) investments in venture capital and private equity funds (“**Fund Investments**”), (iii) structured notes, (iv) equity investments in private unlisted companies (“**Private Investments**”), (v) investments in wealth management products, (vi) listed equity securities and (vii) convertible promissory notes.

Financial assets at FVPL decreased by 4.0% to RMB2,311.9 million as at June 30, 2022 compared to RMB2,409.5 million as at December 31, 2021. Such decrease was mainly attributable to a decrease of RMB277.4 million in structured notes and a decrease of RMB46.7 million in investments in wealth management products, partially offset by an increase of RMB189.4 million in other financial instruments and an increase of RMB36.1 million in Fund Investments. The following is a breakdown of the seven main categories as at the periods specified:

	As at <b>June 30, 2022</b> <i>(RMB'000)</i>	As at December 31, 2021 <i>(RMB'000)</i>	Percentage increase/ (decrease)
(i) Other financial instruments	<b>822,026</b>	632,676	29.9%
(ii) Fund Investments	<b>615,513</b>	579,440	6.2%
(iii) Structured notes	<b>340,460</b>	617,862	(44.9%)
(iv) Private Investments	<b>304,535</b>	298,744	1.9%
(v) Investments in wealth management products	<b>131,351</b>	178,094	(26.2%)
(vi) Listed equity securities	<b>75,981</b>	80,738	(5.9%)
(vii) Convertible promissory notes	<b>22,065</b>	21,958	0.5%
<b>Total</b>	<b>2,311,931</b>	2,409,512	(4.0%)

### ***Other Financial Instruments***

The fair value of other financial instruments invested by the Group increased by 29.9% to RMB822.0 million as at June 30, 2022 compared to RMB632.7 million as at December 31, 2021.

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, ETF and others. For the Reporting Period, the Group recognised a fair value loss of RMB70.3 million (2021: a fair value gain of RMB17.6 million) on these investments.

The details are set out in note 6(e) to the condensed consolidated financial information.

### ***Fund Investments***

The Group held investment interests in seventeen venture capital and private equity funds as of June 30, 2022, with its participation in the Navigator Asia Fund constituting connected transactions of the Company. The fund's primary investment aim is to generate capital return through Southeast Asian equity and equity-related investments related with Web3.0 and Meta Cosmic businesses. Please refer to the announcement released by the Company on May 13, 2022 for additional information.

The historical aggregate investment amount in these venture capital and private equity funds was RMB322.0 million as at June 30, 2022. The fair value of these Fund Investments increased by 6.2% to RMB615.5 million as at June 30, 2022 compared to RMB579.4 million as at December 31, 2021, which was mainly due to the newly subscribed funds during the Reporting Period.

The general partners of the underlying Fund Investments are independent from each other. There was no single Fund Investment whose carrying amount was over 5% of the Group's total assets as of June 30, 2022.

### ***Structured Notes***

The fair value of the structured notes invested by the Group decreased by 44.9% to RMB340.5 million as at June 30, 2022 compared to RMB617.9 million as at December 31, 2021, which was primarily due to the disposal of some structured notes with unsatisfactory performance so as to stem the loss. For the Reporting Period, the Group recognized a fair value loss of RMB108.1 million on these structured notes, which was primarily due to the sharp retreat from record highs in global stock and bond markets.

The details are set out in note 6(c) to the condensed consolidated financial information.

## ***Private Investments***

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

<b>Investment Category</b>	<b>Historical transaction amount (RMB'000)</b>	<b>Percentage of equity interest</b>	<b>Fair value of investments as of June 30, 2022 (RMB'000)</b>	<b>Fair value of investments as of December 31, 2021 (RMB'000)</b>	<b>Percentage increase/ (decrease)</b>
(i) 1 social live streaming company <sup>(1)</sup>	119,001	2.1%	<b>119,001</b>	119,001	0.0%
(ii) 2 online/mobile gaming companies	39,127	3.8%-5%	<b>92,352</b>	92,352	0.0%
(iii) 2 financial technology companies	23,000	4%-6%	<b>23,000</b>	17,145	34.1%
(iv) 1 medicine development company	20,134	0.5%	<b>20,134</b>	19,127	5.3%
(v) 1 e-commerce company	19,000	1.7%	<b>19,000</b>	19,000	0.0%
(vi) 1 real-estate and office building rental company	18,741	10.0%	<b>18,741</b>	17,803	5.3%
(vii) 1 commercial bank company	7,383	19.3%	<b>12,307</b>	14,316	(14.0%)

*Note:*

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

The underlying Private Investments are independent from each other. There was no single Private Investment whose carrying amount is over 5% of the Group's total assets as of June 30, 2022.

## ***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 decreased by 26.2% to RMB131.4 million as at June 30, 2022 compared with RMB178.1 million as at December 31, 2021.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2.2% to 4.0% per annum and maturity period within 1 year or under 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 0.5% to RMB22.1 million as at June 30, 2022 compared to RMB22.0 million as at December 31, 2021. 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.

### ***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 was USD207.0 million, of which USD65.1 million had been drawn down as at June 30, 2022. The borrowings were secured by the Group's investments in financial assets at FVPL.

### ***Gearing Ratio***

The gearing ratio as at June 30, 2022 was 15.4% compared with 9.4% as at December 31, 2021, as the Group's borrowings increased to RMB436.6 million as at June 30, 2022 compared to RMB287.2 million as at December 31, 2021.

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

### ***Capital Expenditures***

For the Reporting Period, the Group's capital expenditures were approximately RMB3.2 million, including the purchase and prepayment for property, equipment and other non-current assets.

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

The Group did not have any major investments and disposals for the Reporting Period.

### ***Charges on Assets***

As at June 30, 2022, the Group did not have any asset charges.

### ***Contingent Liabilities***

As at June 30, 2022, the Group did not have any significant contingent liabilities.

### ***Foreign Exchange Risk***

Most of our subsidiaries' functional currencies are RMB, as the majority of the revenues of these companies are derived from our operations in mainland China. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets as at June 30, 2022. We do not hedge against any fluctuation in foreign currency.

## 5. Corporate Information

### *Staff*

The Company had 322 full time employees as at June 30, 2022. 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 RMB49.3 million for the Reporting Period, compared with staff cost of RMB65.7 million for the six months ended June 30, 2021. 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 have not formed 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 Reporting Period.

### *Share Option and RSU 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 Reporting Period were RMB1.7 million, as compared to RMB8.1 million for the corresponding period in 2021.

As at June 30, 2022, options representing a total of 7,145,195 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 the Company's shareholders (the "**Shareholders**") of approximately 0.56% as at June 30, 2022. 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.

As of June 30, 2022, the total number of shares underlying the Pre-IPO RSU Scheme and Post-IPO RSU Scheme represented approximately 0.86% of the total ordinary shares of the Company.

**CONDENSED CONSOLIDATED BALANCE SHEET**  
*(AS AT JUNE 30, 2022)*

	<i>Note</i>	<b>Unaudited 30 June 2022 RMB'000</b>	<b>Audited 31 December 2021 RMB'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		<b>121,113</b>	123,334
Right-of-use assets		<b>14,139</b>	6,435
Investment properties		<b>59,890</b>	59,890
Intangible assets		<b>21,559</b>	43,086
Investments accounted for using the equity method	<i>5</i>	<b>45,189</b>	34,184
Prepayments and other receivables		<b>77,219</b>	80,452
Financial assets at fair value through profit or loss	<i>6</i>	<b>1,505,781</b>	1,385,503
Deferred income tax assets	<i>10</i>	<b>16,323</b>	16,260
		<b>1,861,213</b>	1,749,144
<b>Current assets</b>			
Trade receivables	<i>7</i>	<b>10,346</b>	5,309
Prepayments and other receivables		<b>85,831</b>	100,055
Financial assets at fair value through profit or loss	<i>6</i>	<b>806,150</b>	1,024,009
Derivative financial instruments		<b>11,991</b>	494
Term deposits with initial term over 3 months		<b>20,274</b>	54,560
Cash and cash equivalents		<b>669,452</b>	593,319
		<b>1,604,044</b>	1,777,746
<b>Total assets</b>		<b>3,465,257</b>	3,526,890
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	<i>10</i>	<b>27,199</b>	27,607
Lease liabilities		<b>1,984</b>	182
Other non-current liabilities		<b>1,806</b>	1,091
		<b>30,989</b>	28,880



		Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
	Note		
<b>Current liabilities</b>			
Borrowings	8	436,638	287,165
Trade payables	9	977	1,580
Other payables and accruals		61,728	45,734
Current income tax liabilities		80,278	78,570
Customer advance and deferred revenue		11,465	11,816
Lease liabilities		4,005	4,629
Derivative financial instruments		8,616	4,820
		<u>603,707</u>	<u>434,314</u>
<b>Total liabilities</b>		<u><b>634,696</b></u>	<u><b>463,194</b></u>
<b>Net assets</b>		<u><b>2,830,561</b></u>	<u><b>3,063,696</b></u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		779	779
Treasury stock		(53,740)	(32,471)
Share premium		1,721,234	1,721,242
Other reserves		662,852	561,582
Retained earnings		498,721	811,888
		<u>2,829,846</u>	<u>3,063,020</u>
Non-controlling interests		<u>715</u>	<u>676</u>
<b>Total equity</b>		<u><b>2,830,561</b></u>	<u><b>3,063,696</b></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME**  
**(FOR THE SIX MONTHS ENDED JUNE 30, 2022)**

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Continuing operations</b>			
Revenue	4	<b>84,808</b>	116,404
Cost of revenue	11	<b>(17,246)</b>	(11,208)
<b>Gross profit</b>		<b>67,562</b>	105,196
Selling and marketing expenses	11	<b>(37,202)</b>	(55,244)
Administrative expenses	11	<b>(69,038)</b>	(46,727)
Research and development expenses	11	<b>(19,249)</b>	(37,063)
(Net impairment losses)/reversal of impairment losses on financial assets		<b>(1,411)</b>	1,024
Other (losses)/gains, net	12	<b>(255,946)</b>	167,316
<b>Operating (loss)/profit</b>		<b>(315,284)</b>	134,502
Finance income	13	<b>1,688</b>	1,866
Finance costs	13	<b>(2,774)</b>	(2,348)
Finance costs, net		<b>(1,086)</b>	(482)
Share of profit/(loss) of investments accounted for using the equity method	5	<b>8,589</b>	(409)
<b>(Loss)/profit before income tax</b>		<b>(307,781)</b>	133,611
Income tax expense	14	<b>(5,397)</b>	(11,473)
<b>(Loss)/profit from continuing operations</b>		<b>(313,178)</b>	122,138
<b>Discontinued operations</b>			
Profit from discontinued operations		<b>–</b>	51,641
<b>(Loss)/profit for the period</b>		<b>(313,178)</b>	173,779
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss			
Currency translation differences		<b>55,734</b>	(13,149)
Items that will not be reclassified to profit or loss			
Currency translation differences		<b>43,927</b>	(7,015)
<b>Other comprehensive income/(loss) for the period, net of income tax</b>		<b>99,661</b>	(20,164)
<b>Total comprehensive (loss)/income for the period</b>		<b>(213,517)</b>	153,615

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
<i>Note</i>		<b>2022</b>	<b>2021</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>(Loss)/profit attributable to:</b>			
– Owners of the Company		<b>(313,167)</b>	171,927
– Non-controlling interests		<b>(11)</b>	1,852
		<u><b>(313,178)</b></u>	<u>173,779</u>
<b>Total comprehensive (loss)/income attributable to:</b>			
– Owners of the Company		<b>(213,556)</b>	151,763
– Non-controlling interests		<b>39</b>	1,852
		<u><b>(213,517)</b></u>	<u>153,615</u>
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company arises from:</b>			
– Continuing operations		<b>(213,556)</b>	102,999
– Discontinued operations		<b>–</b>	48,764
		<u><b>(213,556)</b></u>	<u>151,763</u>
<b>(Losses)/earnings per share for (loss)/profit from continuing operations attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share):			
– Basic (losses)/earnings per share		<i>15</i> <b>(0.258)</b>	0.097
– Diluted (losses)/earnings per share		<i>15</i> <b>(0.258)</b>	0.096
		<u><b>(0.258)</b></u>	<u>0.096</u>
<b>(Losses)/earnings per share for (loss)/profit attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share):			
– Basic (losses)/earnings per share		<i>15</i> <b>(0.258)</b>	0.135
– Diluted (losses)/earnings per share		<i>15</i> <b>(0.258)</b>	0.134
		<u><b>(0.258)</b></u>	<u>0.134</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**(FOR THE SIX MONTHS ENDED JUNE 30, 2022)**

	Unaudited							
	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital <i>RMB'000</i>	Treasury stock <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2022	779	(32,471)	1,721,242	561,582	811,888	3,063,020	676	3,063,696
Comprehensive (loss)/income								
Loss for the six months ended 30 June 2022	-	-	-	-	(313,167)	(313,167)	(11)	(313,178)
Other comprehensive income								
Currency translation differences	-	-	-	99,611	-	99,611	50	99,661
Total comprehensive (loss)/income	-	-	-	99,611	(313,167)	(213,556)	39	(213,517)
Transactions with shareholders in their capacity as owners								
Employees restricted share unit (“RSU”) scheme:								
– value of employee service	-	-	-	1,659	-	1,659	-	1,659
– shares vested and transferred	-	8	(8)	-	-	-	-	-
Repurchase of ordinary shares	-	(21,277)	-	-	-	(21,277)	-	(21,277)
Total transactions with shareholders in their capacity as owners	-	(21,269)	(8)	1,659	-	(19,618)	-	(19,618)
Balance at 30 June 2022	779	(53,740)	1,721,234	662,852	498,721	2,829,846	715	2,830,561

	Unaudited							
	Attributable to owners of the company						Non-controlling interests	Total equity
	Share capital <i>RMB'000</i>	Treasury stock <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Balance at 1 January 2021</b>	795	–	1,762,930	352,094	682,414	2,798,233	114,605	2,912,838
<b>Comprehensive income</b>								
Profit for the six months ended 30 June 2021	–	–	–	–	171,927	171,927	1,852	173,779
<b>Other comprehensive loss</b>								
Currency translation differences	–	–	–	(20,164)	–	(20,164)	–	(20,164)
<b>Total comprehensive income</b>	–	–	–	(20,164)	171,927	151,763	1,852	153,615
<b>Transactions with shareholders in their capacity as owners</b>								
Employees share option scheme:								
– proceeds from shares issued	–	–	168	–	–	168	–	168
RSU scheme:								
– value of employee services	–	–	–	8,139	–	8,139	–	8,139
– shares issued for RSU scheme	16	(16)	–	–	–	–	–	–
Repurchase and cancellation of ordinary shares	(24)	–	(42,235)	–	–	(42,259)	–	(42,259)
Derecognition of redemption liabilities	–	–	–	238,729	–	238,729	–	238,729
Disposal of discontinued operations	–	–	–	(2,498)	2,498	–	(116,652)	(116,652)
<b>Total transactions with shareholders in their capacity as owners</b>	(8)	(16)	(42,067)	244,370	2,498	204,777	(116,652)	88,125
<b>Balance at 30 June 2021</b>	787	(16)	1,720,863	576,300	856,839	3,154,773	(195)	3,154,578

**CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW**  
**(FOR THE SIX MONTHS ENDED JUNE 30, 2022)**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Net cash used in operating activities</b>	<b>(25,349)</b>	<b>(87,418)</b>
<b>Net cash used in investing activities</b>	<b>(11,839)</b>	<b>(258,943)</b>
<b>Net cash generated from financing activities</b>	<b>94,886</b>	<b>194,444</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>57,698</b>	<b>(151,917)</b>
Cash and cash equivalents at the beginning of the period	<b>593,319</b>	973,253
Cash and cash equivalents included in assets classified as held for sale at the beginning of the period	–	1,023
Exchange gains/(losses) on cash and cash equivalents	<u><b>18,435</b></u>	<u>(7,638)</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><b>669,452</b></u>	<u><b>814,721</b></u>
<b>Cash flows of discontinued operations</b>	<b>–</b>	<b>3,167</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(FOR THE SIX MONTHS ENDED JUNE 30, 2022)

## 1 GENERAL INFORMATION

Tian Ge Interactive Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on July 28, 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.

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

This condensed consolidated financial information is presented in Renminbi (the “**RMB**”), unless otherwise stated. This condensed consolidated financial information was approved by the Board of the Company for issue on 30 August 2022.

This condensed consolidated financial information has been reviewed, not audited.

## 2 BASIS OF PREPARATION

This condensed consolidated financial information for the six months ended 30 June 2022 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34 ‘Interim Financial Reporting’. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as set out in the 2021 annual report of the Company dated 30 March 2022.

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings (Note 14) and the adoption of new and amended standards (Note 3.1) as set out below.

### 3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, which did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

### 3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2022 and have not been early adopted by the Group in preparing the condensed consolidated financial information. None of these is expected to have a significant effect on the condensed consolidated financial information of the Group.



#### 4 SEGMENT INFORMATION

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 six months ended 30 June 2022 and 2021:

- Online interactive entertainment service;
- Others.

The "Online interactive entertainment service" segment mainly comprises of the provision of service through the Group's live social video platform and online games (six months ended 30 June 2021: live social video platform and online games). "Others" segment of the Group mainly comprises of the provision of software research and development and other services.

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 six months ended 30 June 2022 and 2021. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the condensed consolidated statement of comprehensive (loss)/income.

Other information, together with the segment information, provided to CODM, is measured in a manner consistent with that applied in this condensed financial information. 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.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2022 and 2021 is as follows:

	Continuing operations					
	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Online interactive entertainment RMB'000	Others RMB'000	Total RMB'000	Online interactive entertainment RMB'000	Others RMB'000	Total RMB'000
Revenue	82,038	2,770	84,808	113,409	2,995	116,404
Gross profit	66,290	1,272	67,562	103,826	1,370	105,196
– Depreciation, amortisation and impairment charges included in segment cost	(836)	(6)	(842)	(1,801)	–	(1,801)
Impairment of goodwill	(21,325)	–	(21,325)	–	–	–
Operating (loss)/profit			(315,284)			134,502
Finance income			1,688			1,866
Finance costs			(2,774)			(2,348)
Shares of profit/(loss) of investments accounted for using the equity method			8,589			(409)
(Loss)/profit before income tax			(307,781)			133,611

## 5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Associates (a)	45,189	34,184

### (a) Investment in associates

	Six months ended 30 June 2022 RMB'000	30 June 2021 RMB'000
Opening balance as at 1 January	34,184	22,302
Additions	2,504	3,000
Disposals	–	(148)
Share of profit (i)	8,589	517
Currency translation difference	(88)	(402)
Closing balance as at 30 June	45,189	25,269

- (i) The share of profit for the six months ended 30 June 2022 was mainly contributed by an associate engaged in livestreaming e-commerce business.

(b) Investment in joint ventures

	Six months ended	
	30 June 2022	30 June 2021
	RMB'000	RMB'000
Opening balance as at 1 January	–	1,697
Share of loss	–	(926)
Currency translation difference	–	1
	<u>–</u>	<u>1</u>
Closing balance as at 30 June	<u>–</u>	<u>772</u>

6 FINANCIAL ASSETS AT FVPL

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<b>Included in non-current assets</b>		
Unlisted equity investments (a)	304,535	298,744
Investments in venture capital and private equity funds (b)	615,513	579,440
Other financial instruments (e)	563,668	485,361
Convertible promissory notes (f)	22,065	21,958
	<u>1,505,781</u>	<u>1,385,503</u>
<b>Included in current assets</b>		
Structured notes (c)	340,460	617,862
Investments in wealth management products (d)	131,351	178,094
Other financial instruments (e)	258,358	147,315
Listed equity securities (g)	75,981	80,738
	<u>806,150</u>	<u>1,024,009</u>
	<u>2,311,931</u>	<u>2,409,512</u>

- (a) 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 six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Unlisted equity investments</b>		
Opening balance as at 1 January	298,744	260,487
Additions (i)	8,000	46,768
Disposals	–	(10,037)
Fair value change recognised in consolidated statement of comprehensive income (Note 12)	(4,927)	(6,247)
Currency translation difference	2,718	(560)
	<u>304,535</u>	<u>290,411</u>

- (i) During the first half of 2022, the Group paid RMB8,000 thousand to purchase certain equity interests of an unlisted company engaged in loan facilitation services. As the Group has preferential rights over the unlisted company, it's accounted for as financial assets at FVPL.

- (b) This represents the Group's investments in certain venture capital and private equity funds as a limited partner. Set out below are the movements of the Group's investments in such funds as at 30 June 2022 and 2021:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Investments in venture capital and private equity funds</b>		
Opening balance as at 1 January	579,440	438,745
Additions (i)	23,345	54,012
Repayment of investments (ii)	(1,874)	(23,314)
Fair value change recognised in consolidated statement of comprehensive income (Note 12)	(3,378)	110,122
Transfer to listed equity securities	(3,214)	–
Currency translation difference	21,194	(2,637)
	<u>615,513</u>	<u>576,928</u>
Closing balance as at 30 June	<u>615,513</u>	<u>576,928</u>

- (i) During the six months ended 30 June 2022, the Group paid RMB23,345 thousand to subscribe for interests in certain venture capital and private equity funds (six months ended 30 June 2021: RMB54,012 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 six months ended 30 June 2022, the Group received a cash payment of RMB1,874 thousand (six months ended 30 June 2021: RMB23,314 thousand) from certain venture capital funds for the return of investment principal.
- (c) This represents the Group's investments in structured notes. These instruments provide a potential return determined at the pre-determined interest rate or linked to the price of certain listed equity securities at the pre-determined valuation day in future. Set out below are the movements of the Group's investments in structured notes for the six months ended 30 June 2022 and 2021:

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Structured notes</b>		
Opening balance as at 1 January	617,862	501,670
Additions	80,404	1,558,954
Disposals	(273,521)	(1,359,433)
Fair value change recognised in consolidated statement of comprehensive income (Note 12)	(108,124)	46,987
Currency translation difference	23,839	(5,476)
	<u>340,460</u>	<u>742,702</u>
Closing balance as at 30 June	<u>340,460</u>	<u>742,702</u>

- (d) This represents RMB-denominated wealth management products with interest rates ranging from 2.20% to 4.00% 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.

- (e) This represents the Group's investments in other financial instruments, which were offered by several international financial institutions. During the six months ended 30 June 2022, the Group recognised a fair value loss of RMB70,308 thousand (six months ended 30 June 2021: fair value gain of RMB17,588 thousand) on these investments.

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<b>Included in current assets</b>		
ETF (i)	159,362	46,053
Private investment fund (ii)	91,503	100,002
Other fund investments	838	1,260
Treasury notes	6,655	—
	<u>258,358</u>	<u>147,315</u>
<b>Included in non-current assets</b>		
Insurance policies (iii)	116,364	102,114
REIT access fund (iv)	154,775	95,962
Private investment fund (ii)	260,646	255,593
Blackstone private credit access fund (v)	26,984	25,784
Other fund investments	4,899	5,908
	<u>563,668</u>	<u>485,361</u>
	<u><u>822,026</u></u>	<u><u>632,676</u></u>

- (i) The balance represents the Group's investments in ETF mainly in the U.S. stock market. During the six months ended 30 June 2022, the Group recognised a fair value loss of RMB61,123 thousand on the ETF investment (six months ended 30 June 2021: fair value gain of RMB3,119 thousand).
- (ii) The balance represents the Group's Private investment fund offered by several internationally reputable financial institutions which mainly invested in the secondary market securities. During the six months ended 30 June 2022, the fair value loss of the investments was RMB11,847 thousand (six months ended 30 June 2021: fair value gain of RMB5,088 thousand).
- (iii) The balance represents the Group's insurance policies offered by certain insurance companies. The policies combined investment arrangements with insurance of the life of the key management and the beneficiary of the insurance policies is the Group. During the six months ended 30 June 2022, a fair value loss of RMB3,963 thousand (six months ended 30 June 2021: fair value gain of RMB4,300 thousand) was recognised in "other (losses)/gains, net".

- (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. During the six months ended 30 June 2022, the fair value gain of the investment was RMB8,294 thousand (six months ended 30 June 2021: RMB4,338 thousand).
- (v) The balance represents the Group's investment in a Blackstone private credit access fund, which mainly invested in debt instruments. During the six months ended 30 June 2022, the fair value change of the investment was RMB896 thousand (six months ended 30 June 2021: RMB339 thousand).
- (f) The balance represents the Group's investment in two convertible promissory notes issued by a banking services company in April 2020 and January 2021, respectively. 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. In April 2022, the Group entered into an extension agreement with the banking services company to extend the repayment of one convertible promissory note's principal for 6 months..
- (g) The balance represents the Group's investments in listed equity securities, which were mainly in the U.S. stock market. During the six months ended 30 June 2022, the fair value loss of the investment was RMB47,653 thousand (six months ended 30 June 2021: fair value gain of RMB2,582 thousand).

## 7 TRADE RECEIVABLES

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Third parties	10,922	5,341
Less: allowance for impairment of trade receivables	(576)	(32)
Third parties, net	<u>10,346</u>	<u>5,309</u>

At 30 June 2022 and 31 December 2021, the ageing analysis of the trade receivables based on recognition date of the gross trade receivables at the respective balance sheet dates were as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
0-90 days	7,955	5,325
91-180 days	2,951	7
181-365 days	7	—
Over 1 year	9	9
	<u>10,922</u>	<u>5,341</u>

## 8 BORROWINGS

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
<b>Included in current liabilities</b>		
USD bank borrowings, secured	<u>436,638</u>	<u>287,165</u>

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 USD207,013 thousand, of which USD65,059 thousand, have been drawn down as at 30 June 2022. The borrowings were secured by the Group's investments in financial assets at FVPL (Note 6(c)&(e)).

The aggregate principal amounts of bank borrowings and applicable interest rates as at 30 June 2022 are as follows:

	As at 30 June 2022 Amount (thousand)	Interest rate (per annum)
		Secured Overnight Financing Rate (SOFR) + 50~80bps
USD bank borrowings, secured	<u>USD65,059</u>	<u></u>

## 9 TRADE PAYABLES

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Third parties	<u>977</u>	<u>1,580</u>

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables based on recognition date was as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
0-90 days	824	671
181-365 days	24	89
Over 1 year	<u>129</u>	<u>820</u>
	<u>977</u>	<u>1,580</u>



## 10 DEFERRED INCOME TAX

The movements of deferred income tax liabilities, net are as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
<b>Opening balance as at 1 January</b>	(11,347)	(20,575)
Recognised in the consolidated statements of comprehensive income (Note 14)	471	8,246
<b>Closing balance as at 30 June</b>	<b>(10,876)</b>	<b>(12,329)</b>

As at 30 June 2022, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB414,923 thousand (31 December 2021: RMB425,316 thousand). 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.

## 11 EXPENSES BY NATURE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses (including share-based compensation expenses)	49,312	65,745
Impairment of goodwill	21,325	—
Promotion and advertising expenses	20,131	32,179
Commission charges by platforms	5,113	746
Bandwidth and server custody fees	6,792	6,678
Game and software development costs	2,824	5,323
Travelling and entertainment expenses	6,476	12,974
Amortisation charges of intangible assets	935	2,184
Depreciation and impairment charges of property and equipment	6,178	4,608
Utilities and office expenses	3,424	3,554
Professional and consultancy fees	4,917	6,549
Depreciation of right-of-use assets	5,795	3,954
Auditors' remuneration	2,040	1,940
Short-term operating lease	1,569	902
Others	5,904	2,906
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<b>142,735</b>	<b>150,242</b>

**12 OTHER (LOSSES)/GAINS, NET**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Interest income on term deposits with initial term over 3 months	<b>558</b>	459
Net fair value (losses)/gains on financial assets at FVPL		
– Unlisted equity investments (Note 6(a))	<b>(4,927)</b>	(6,247)
– Venture capital and private equity funds (Note 6(b))	<b>(3,378)</b>	110,122
– Wealth management products (Note 6(d))	<b>2,689</b>	2,697
– Structured notes (Note 6(c))	<b>(108,124)</b>	46,987
– Other financial instruments (Note 6(e))	<b>(70,308)</b>	17,588
– Listed equity securities (Note 6(g))	<b>(47,653)</b>	2,582
– Convertible promissory notes (Note 6(f))	<b>(1,033)</b>	169
Net fair value loss on derivatives held for trading	<b>(5,486)</b>	(12,066)
Government grants	<b>1,134</b>	5,704
Interest income on loans to third parties, related parties and employees	<b>2,290</b>	2,556
Net losses from fair value adjustment of investment properties	<b>-</b>	(5,569)
Foreign exchange (losses)/gains on non-financing activities	<b>(12,082)</b>	1,310
Others	<b>(9,626)</b>	1,024
	<b>(255,946)</b>	167,316

**13 FINANCE COSTS, NET**

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Finance income:		
– Interest income on cash and cash equivalents	<b>1,688</b>	1,865
– Exchange gain on financing activities	<b>-</b>	1
	<b>1,688</b>	1,866
Finance costs:		
– Interest expenses on borrowings	<b>(2,636)</b>	(2,087)
– Interest charges for lease liabilities	<b>(138)</b>	(261)
	<b>(2,774)</b>	(2,348)
Finance costs, net	<b>(1,086)</b>	(482)

## 14 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Current income tax	5,868	19,719
Deferred income tax (Note 10)	(471)	(8,246)
	<u>5,397</u>	<u>11,473</u>

The Group's income tax includes enterprise income tax expense and withholding tax.

### (i) Enterprise income tax expense

The Group is not subject to taxation in the Cayman Islands.

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%.

The companies established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2021: 25%), and certain Group's subsidiaries established in the PRC and PRC Operating Entities are entitled to preferential EIT rate of 15% (2021: 15%).

Enterprise income tax expense is recognised based on the management's estimate of the expected weighted average income tax rate for the full financial year. The estimated average annual tax rate used for companies established and operated in the PRC and Hong Kong for the year ending 31 December 2022 are 22.76% and 16.50%, respectively (the year ended 31 December 2021: 17.02% and 16.50%, respectively).

### (ii) 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 (HK) Holdings 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 would be subject to withholding tax rate of 5%. In 2021, the request for renewing its resident of the Hong Kong Special Administration was approved. Therefore, the dividends distributed to Week8(HK) from the PRC subsidiaries from 2021 to 2023 would also be subject to a withholding tax rate of 5%.

No WHT was recognised for the six months ended 30 June 2022 since the wholly foreign-owned enterprises were loss-making.

## 15 (LOSSES)/EARNINGS PER SHARE

### (a) Basic

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit of the Group attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during each interim period.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
<b>Total (loss)/profit attributable to owners of the Company (RMB'000) from:</b>		
Continuing operations	<b>(313,167)</b>	123,163
Discontinued operation	<u>—</u>	<u>48,764</u>
	<b><u>(313,167)</u></b>	<b><u>171,927</u></b>
 Weighted average number of ordinary shares outstanding (thousand shares)	 <b><u>1,212,046</u></b>	 <u>1,273,022</u>
 <b>Basic (losses)/earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>		
Continuing operations	<b>(0.258)</b>	0.097
Discontinued operation	<u>—</u>	<u>0.038</u>
	<b><u>(0.258)</u></b>	<b><u>0.135</u></b>

**(b) Diluted**

Diluted (losses)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2021, 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 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The share options and RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

As the Group incurred losses for the six months ended 30 June 2022, the dilutive potential ordinary shares of share options and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

	<b>Six months ended 30 June 2021</b>
<b>Total profit attributable to owners of the Company (RMB'000) from:</b>	
Continuing operations	123,163
Discontinued operation	48,764
	<hr/> 171,927
Weighted average number of ordinary shares outstanding (thousand shares)	1,273,022
Adjustments for share based compensation – share options (thousand shares)	747
Adjustments for share based compensation – RSUs (thousand shares)	6,254
	<hr/> 1,280,023
<b>Diluted earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>	
Continuing operations	0.096
Discontinued operation	0.038
	<hr/> <hr/> 0.134

**16 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 30 August 2022, the Board declared an interim dividend of HK\$0.28 per fully paid ordinary share (2021: Nil). The aggregate amount of the dividend is expected to be paid on or around 13 October 2022, but not recognised as a liability as at 30 June 2022.

## 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 “**Listing Rules**”) as its own code of corporate governance. Save as disclosed below, during the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code and the Listing Rules.

With effect from June 30, 2022, Mr. Lam Yiu Por resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the nomination committee of the Company (the “**Nomination Committee**”). Following the resignation of Mr. Lam Yiu Por, (i) the number of independent non-executive Directors reduced to two, resulting in non-compliance with the requirement prescribed under Rule 3.10 of the Listing Rules; (ii) the number of members of the Audit Committee reduced to two, resulting in non-compliance with the requirement prescribed under Rule 3.21 of the Listing Rules; and (iii) the number of members of the Nomination Committee reduced to two and the number of independent non-executive Director of the Nomination Committee reduced to one, resulting in non-compliance with all applicable requirement prescribed under Rule 3.27A of the Listing Rules.

However, following the appointment of Mr. Tse Ming Lun Alan as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee on August 18, 2022, the Company has complied with Rules 3.10, 3.21 and 3.27A of the Listing Rules. For further details, please refer to the announcement of the Company dated August 18, 2022.

## 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 Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities during the Reporting Period.

## DIVIDEND

The Board declared an interim dividend of HK\$0.28 per share for the Reporting Period (2021: Nil). The interim dividend will be paid on or around October 13, 2022 to Shareholders whose names appear on the register of members of the Company on September 16, 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement of the Shareholders to receive the interim dividend, the register of members of the Company will be closed from September 15, 2022 to September 16, 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on September 14, 2022 for registration.

## **REVIEW OF THE INTERIM RESULTS**

The Audit Committee has reviewed (i) the accounting principles and practices adopted by the Group, and (ii) the auditing, internal control and financial reporting matters, including the review of the interim results of the Group for the Reporting Period.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the Reporting Period in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed that nothing has come to their attention that causes them to believe that the interim financial information has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

## **EVENTS AFTER THE REPORTING PERIOD**

Excluding the interim dividend declared on August 30, 2022, there were no significant events after the Reporting Period up to the date of this announcement.

## **PUBLICATION OF INTERIM REPORT**

Pursuant to the requirements of the Listing Rules, the 2022 interim report of the Company will set out all information disclosed in the interim results announcement for the first half of 2022 and will be despatched to the Shareholders and uploaded on the websites of the Company (<http://www.tiange.com>) and The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) in due course.

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

Hong Kong, August 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. Tse Ming Lun Alan, Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert.*

\* For identification purposes only