

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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, 2022

FINANCIAL HIGHLIGHTS

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

(in RMB'000)	Year ended December 31,	
	2022	2021
Revenue	142,073	210,530
– Online interactive entertainment service	137,155	203,497
– Others	4,918	7,033
Gross profit	111,622	160,695
Gross profit margin	78.6%	76.3%
Net (loss)/profit	(533,440)	78,972
Net (loss)/profit margin	(375.5%)	37.5%
(Losses)/Earnings per share		
(expressed in RMB per share)		
– basic	(0.442)	0.064
– diluted ⁽⁴⁾	(0.442)	0.064
Adjusted net (loss)/profit ⁽¹⁾	(501,136)	96,499
Adjusted net (loss)/profit margin ⁽²⁾	(352.7%)	45.8%
Adjusted (LBITDA)/EBITDA ⁽³⁾	(478,029)	120,022
Adjusted (LBITDA)/EBITDA margin	(336.5%)	57.0%
Total assets	2,905,059	3,526,890
Total liabilities	532,958	463,194

Notes:

- (1) Adjusted net (loss)/profit was derived from the net (loss)/profit from continuing operations for the period, excluding the effect of non-cash share-based compensation expenses, amortization and impairment 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 (LBITDA)/EBITDA was derived from the operating (loss)/profit from continuing operations for the period, excluding the effect of non-cash share-based compensation expenses, amortization and impairment of intangible assets arising from acquisitions, impairment provision of goodwill and depreciation and amortization expenses.
- (4) As the Group incurred losses for the year ended 31 December 2022, the potential dilutive effect pursuant to any exercise of the outstanding share options was not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

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, 2022 with comparative figures for the preceding financial year ended December 31, 2021 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, 2022 which have been agreed with the auditor of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Overview and Outlook

During the year ended December 31, 2022, to promote the sustainable development of the Group’s business, the Company focused on diversifying its core business and expanding into overseas social network markets. However, the ongoing outbreak of COVID-19 and the constant changes in epidemic prevention and control policies have posed significant difficulties for businesses across almost all sectors. In response to the challenging market, the Company actively pursued change, improved its operational efficiency, and raised risk management awareness as a result of the intensified regulatory uncertainty caused by the policies for standardizing and promoting a healthy business environment. In addition, the Company utilized this time to evaluate its previous company decisions and adjust its market strategies and development objectives as needed.

Overall Financial Performance

For the year ended December 31, 2022, the Company and its subsidiaries engaged in online interactive entertainment and others generated RMB142.1 million in revenue, a decrease of 32.5% from RMB210.5 million for the same period in 2021. Online interactive entertainment revenue decreased by 32.6% year-on-year to RMB137.2 million from RMB203.5 million for the same period in 2021. The year-on-year decrease was primarily due to the macro-economic downturn and difficult business environment, which led to a decline in the number of platform paying users.

The loss attributable to owners of the Company from continuing operations for the year ended December 31, 2022 was RMB532.6 million, the net loss was RMB533.4 million, the adjusted net loss was RMB501.1 million, and the adjusted LBITDA was RMB466.0 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 year ended December 31, 2022, 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, and strengthened the innovative advantages of the products and contents.

Overseas Live Streaming's Market Expansion

The Group always aims to be one step ahead of emerging trends and is now actively promoting its successful domestic business modules in international markets. During the year ended December 31, 2022, the Group has been actively developing its overseas business and various live streaming products. 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).

Financial Investments

Structured Notes Investments and Exchange Traded Fund (“ETF”)

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 date in future. During the year ended December 31, 2022, the Company’s overseas structured notes investment recorded a fair value gain of RMB14.0 million, compared to a fair value gain of RMB66.5 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 2022, which 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.

Due to the fact that the underlying portfolio of structured notes comprises primarily of large-cap U.S. technology companies and index ETFs, structured notes shall be fully converted into stocks or ETFs if the investment losses surpass the predefined safety cushion. As this conversion was triggered in 2022, the majority of structured notes were converted into ETFs, while the remainder was converted into listed equity investments. The ETFs had a fair value loss of RMB176.6 million for the year ended December 31, 2022, mostly due to the aforementioned macroeconomic effects on the US stock and bond markets. The Company is prudent with its international financial investment strategy and is steadily increasing its capital allocation to reputable ETFs in order to achieve stable investment returns as the outlook of the global stock and bond markets are still extremely uncertain through 2023.

Venture Capital and Private Equity Funds

During the year ended December 31, 2022, the investment losses of venture capital and private equity funds was RMB24.6 million, compared to the significant investment gains of RMB144.6 million in the same period of 2021. The decline in the fair value of venture capital funds in 2022 was attributable to a number of its portfolio companies experiencing diverse operational difficulties, which negatively impacted their financial performance and business forecast. As a long-term investment with a high degree of risk and unpredictability, the investment return of venture capital funds may represent a setback in some challenging business environments, but well-managed venture capital funds can also yield considerable returns for investors. For comparison, the Company had investment gains of RMB144.6 million from specific venture capital funds in 2021 as a consequence of long-term commitment to investing in emerging technology industries such as intelligent hardware, self-driving vehicles, SQL databases etc..

Prospect and Future Outlook

Looking ahead, with regards to its core business, Tian Ge will leverage on emerging AI algorithms, AIGC technology represented by ChatGPT, and Web3.0 technology to empower new directions in its live streaming business. The Company will also actively focus on optimizing and increasing revenue from its core business. In addition, the Group will further promote its overseas market expansion strategy and constantly optimize its overseas business strategy to enhance the Group’s revenue and 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 long-term prospect of the global financial markets and believes it will breakthrough from its recent doldrums in the long run. In the next three to five 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 support the Group's core business and improve shareholders return.

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:

	Three months ended				
	December 31, 2022	December 31, 2021	Year-on-year change	September 30, 2022	Quarter-on- quarter change
Total Monthly Active Users (<i>in'000</i>)	1,255	1,641	-23.5%	1,582	-20.7%
Quarterly Paying Users (<i>in'000</i>)	97	161	-39.8%	118	-17.8%
Quarterly Average Revenue Per User (<i>RMB</i>)	256	231	10.8%	258	-0.8%

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

- For the three months ended December 31, 2022, the total number of monthly active users ("MAUs") for Tian Ge was approximately 1,255,000, a decrease of approximately 23.5% compared to the same period in 2021 and a decrease of approximately 20.7% compared to the three months ended September 30, 2022. The year-on-year decline was mostly attributable to increased industry competition and streamlined live streaming platforms, whereas the quarter-on-quarter decline was primarily attributable to a reduction in promotional activities on live streaming platforms.
- The mobile MAUs as at December 31, 2022 represented 90.4% of the total MAUs, while the percentage as at September 30, 2022 and December 31, 2021 were 88.2% and 87.1%, respectively.
- The number of quarterly paying users ("QPU") for Tian Ge's online interactive entertainment service for the three months ended December 31, 2022 was approximately 97,000, representing a decrease of approximately 17.8% from the three months ended September 30, 2022 and a decrease of approximately 39.8% from the three months ended December 31, 2021, respectively. The year-on-year decline was mostly attributable to the macroeconomic downturn and the decline in platform users, whereas the quarter-on-quarter decline was primarily attributable to a reduction in promotion activities on live streaming platforms.

- The mobile QPUs as at December 31, 2022 represented 73.3% of the total QPUs, while the percentages as at September 30, 2022 and December 31, 2021 were 77.2% and 81.3%, respectively.
- For the three month ended December 31, 2022, the quarterly average revenue per user (“QARPU”) for Tian Ge’s online interactive entertainment service was RMB256, a decrease of approximately 0.8% from the three months ended September 30, 2022, and an increase of approximately 10.8% from the three months ended December 31, 2021.

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:

	Year ended		
	December 31, 2022	December 31, 2021	Year-on-Year Change
Monthly Active Users (<i>in’000</i>)*	1,552	4,150	-62.6%
Quarterly Paying Users (<i>in’000</i>)	145	202	-28.3%
Quarterly Average Revenue Per User (<i>RMB</i>)	257	246	4.6%

* 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 Group’s revenue generated from online interactive entertainment service decreased by 32.6% to RMB137.2 million for the year ended December 31, 2022 from RMB203.5 million for the corresponding period in 2021. The year-on-year decrease was primarily due to a combination of factors, including a drop in the number of paying users of the platforms and the difficult business environment. However, revenue from overseas online games has been on the upswing.

The Group’s revenue generated from “Others” mainly includes the revenue from provision of technical supporting services. Revenue generated from “Others” for the year ended December 31, 2022 was RMB4.9 million compared with RMB7.0 million in the corresponding period in 2021.

Cost of Revenue and Gross Profit Margins

The Group's cost of revenue experienced a decrease of 38.9% year-on-year to RMB30.5 million for the year ended December 31, 2022 from the corresponding period in 2021. As of 31 December 2021, the Company decided to make a full impairment provision of RMB26.7 million for the carrying amount of two platform licenses due to the change in technological environment. Except for the above provision, the cost of revenue increased by 31.6% compared with the corresponding period in 2021, which was mainly attributable to the increase of revenue commissions paid to distributors and impairment provision of intangible assets related in overseas online games.

The Group's gross profit margin for the year ended December 31, 2022 was 78.6%, compared with 76.3% for the corresponding period in 2021.

Selling and Marketing Expenses

The Group's selling and marketing expenses experienced a decrease of 37.6% year-on-year to RMB65.3 million for the year ended December 31, 2022 from the corresponding period in 2021. The majority of the year-on-year decline was related to a decline in domestic marketing fees and a decrease in labor costs, slightly offset by a rise in international promotion fees.

Administrative Expenses

For the year ended December 31, 2022, the Group has made an impairment provision of RMB27.7 million against the carrying value of the goodwill of the related platforms due to the changes in the Company's business strategy for its live streaming and online games platforms based on the impairment assessment results. Except for the aforementioned item, the Group's administrative expenses remained stable as compared with the corresponding period in 2021.

Research and Development Expenses

The Group's research and development expenses experienced a decrease of 33.1% year-on-year to RMB41.3 million for the year ended December 31, 2022 from the corresponding period in 2021. The year-on-year decrease was primarily attributable to the decrease in labor costs.

Net Impairment Losses on Financial Assets

For the year ended December 31, 2022, the Group's net impairment losses on financial assets were RMB10.1 million, mostly due to prepayment and other receivables' impairment loss. For the year ended December 31, 2021, prepayments and other receivables accounted for RMB6.7 million of the Group's net impairment losses on financial assets.

Other (Losses)/Gains, Net

For the year ended December 31, 2022, the Group's other (losses)/gains, net recorded a total losses of RMB405.8 million, primarily due to the general under-performance in global financial products caused by the extremely unstable economic and political environment. These losses were comprised of 1) the fair value loss of RMB178.4 million on other financial instruments, primarily from ETFs; 2) the fair value loss of RMB96.8 million on unlisted equity investments; and 3) the fair value loss of RMB85.9 million on listed equity securities.

For the year ended December 31, 2021, the Group's other (losses)/gains, net recorded a total gains of RMB183.4 million, which was primarily attributable to the significant growth of fair value gains on venture capital and private equity funds and structured notes.

The details are set out in note 5 to the consolidated financial statements.

Finance Costs, Net

The Group's finance costs, net was RMB7.5 million for the year ended December 31, 2022 compared with finance costs, net of RMB0.3 million for the year ended December 31, 2021, the year-on-year increase was primarily due to the growth of interest expenses on borrowings.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended December 31, 2022, the Group's equity-accounted investment profit was RMB15.5 million, compared with RMB8.0 million for the corresponding period in 2021. The year-on-year increase was primarily driven by one of the Company's investee company's live streaming e-commerce business expansion.

Income Tax Expense

The Group's income tax expense recorded a decrease of 34.4% year-on-year to RMB6.2 million for the year ended December 31, 2022 from the corresponding period in 2021. The year-on-year decrease was primarily due to the decline of the profit before tax.

(Loss)/Profit Attributable to Owners of the Company

The Group's (loss)/profit attributable to owners of the Company recorded a total loss of RMB532.6 million for the year ended December 31, 2022, compared with a total profit of RMB80.1 million from the corresponding period in 2021. The year-on-year decrease was primarily due to the decline in profit before tax.

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, 2022)

	Continuing operations		Discontinued operations		Total	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	142,073	210,530	–	17,641	142,073	228,171
Cost of revenue	(30,451)	(49,835)	–	(8,969)	(30,451)	(58,804)
Gross profit	111,622	160,695	–	8,672	111,622	169,367
Selling and marketing expenses	(65,284)	(104,561)	–	(1,030)	(65,284)	(105,591)
Administrative expenses	(124,399)	(90,515)	–	(1,372)	(124,399)	(91,887)
Research and development expenses	(41,262)	(61,651)	–	(935)	(41,262)	(62,586)
Net impairment losses on financial assets	(10,117)	(6,741)	–	–	(10,117)	(6,741)
Other (losses)/gains, net	(405,801)	183,448	–	1,169	(405,801)	184,617
Operating (loss)/profit	(535,241)	80,675	–	6,504	(535,241)	87,179
Finance income	3,442	3,908	–	5	3,442	3,913
Finance costs	(10,966)	(4,247)	–	(2)	(10,966)	(4,249)
Finance costs, net	(7,524)	(339)	–	3	(7,524)	(336)
Share of profit of investments accounted for using the equity method	15,484	8,021	–	–	15,484	8,021
Gain on disposal of discontinued operations	–	–	–	78,471	–	78,471
(Loss)/Profit before income tax	(527,281)	88,357	–	84,978	(527,281)	173,335
Income tax expense	(6,159)	(9,385)	–	(33,337)	(6,159)	(42,722)
(Loss)/Profit for the year	(533,440)	78,972	–	51,641	(533,440)	130,613
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss						
Currency translation differences	95,796	(28,477)	–	–	95,796	(28,477)
Items that will not be reclassified to profit or loss						
Currency translation differences	83,876	(18,326)	–	–	83,876	(18,326)
Change in fair value of owner-occupied property	3,425	3,180	–	–	3,425	3,180
Other comprehensive income/(loss) for the year, net of income tax	183,097	(43,623)	–	–	183,097	(43,623)
Total comprehensive (loss)/income for the year	(350,343)	35,349	–	51,641	(350,343)	86,990
(Loss)/Profit attributable to:						
– Owners of the Company	(532,644)	80,064	–	48,764	(532,644)	128,828
– Non-controlling interests	(796)	(1,092)	–	2,877	(796)	1,785
	(533,440)	78,972	–	51,641	(533,440)	130,613

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, adjusted net (loss)/profit and adjusted (LBITDA)/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 (LBITDA)/EBITDA

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

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

<i>(in RMB'000)</i>	Year ended	
	December 31, 2022	December 31, 2021
Operating (loss)/profit	(535,241)	80,675
Share-based compensation expense	1,659	16,927
Amortization and impairment of intangible assets arising from acquisitions	3,867	800
Impairment provision of goodwill	27,745	—
Depreciation and amortization expenses	23,941	21,620
Adjusted (LBITDA)/EBITDA	<u>(478,029)</u>	<u>120,022</u>

Adjusted Net (Loss)/Profit

Adjusted net (loss)/profit is not defined under IFRS, and eliminates the effect of non-cash share-based compensation expenses, amortization and impairment 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>	Year ended	
	December 31, 2022	December 31, 2021
Net (loss)/profit from continuing operations	(533,440)	78,972
Share-based compensation expense	1,659	16,927
Amortization and impairment of intangible assets arising from acquisitions	3,867	800
Impairment provision of goodwill	27,745	—
Income tax effects of non-IFRS adjustments	(967)	(200)
Adjusted Net (loss)/profit	<u>(501,136)</u>	<u>96,499</u>

4. Liquidity and Financial Resources

Cash and Cash Equivalent

Cash and cash equivalents consist of cash at bank and cash on hand, and as at December 31, 2022 and December 31, 2021 amounted to RMB497.7 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.

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) equity investments in private unlisted companies (“**Private Investments**”), (iv) investments in wealth management products, (v) listed equity securities, (vi) convertible promissory notes and (vii) structured notes.

Financial assets at FVPL decreased by 20.1% to RMB1,926.3 million as at December 31, 2022 compared to RMB2,409.5 million as at December 31, 2021. Such decrease was mainly attributable to a decrease of RMB611.3 million in structured notes, a decrease of RMB159.1 million in Private Investments and a decrease of RMB72.1 million in investments in wealth management products, partially offset by an increase of RMB357.6 million in other financial instruments and an increase of RMB32.5 million in Fund Investments. The following is a breakdown of the seven main categories as at the periods specified:

	As at December 31, 2022 (RMB'000)	As at December 31, 2021 (RMB'000)	Percentage increase/ (decrease)
(i) Other financial instruments	990,278	632,676	56.5%
(ii) Fund Investments	611,923	579,440	5.6%
(iii) Private Investments	139,653	298,744	-53.3%
(iv) Investments in wealth management products	105,952	178,094	-40.5%
(v) Listed equity securities	59,931	80,738	-25.8%
(vi) Convertible promissory notes	11,967	21,958	-45.5%
(vii) Structured notes	6,549	617,862	-98.9%
Total	1,926,253	2,409,512	-20.1%

Other Financial Instruments

The fair value of other financial instruments invested by the Group increased by 56.5% to RMB990.3 million as at December 31, 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, ETFs and others. For the year ended December 31, 2022, the Group recognised a fair value loss of RMB178.4 million (2021: a fair value loss of RMB1.0 million) on these investments.

The details are set out in notes 5 and 13 to the consolidated financial statements.

Fund Investments

The Group held investment interests in sixteen venture capital and private equity funds as of December 31, 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 RMB330.4 million as at December 31, 2022. The fair value of these Fund Investments increased by 5.6% to RMB611.9 million as at December 31, 2022 compared to RMB579.4 million as at December 31, 2021, which was mainly due to the newly subscribed funds for the year ended December 31, 2022.

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 December 31, 2022.

The details are set out in notes 5 and 13 to the consolidated financial statements.

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, 2022 (RMB'000)	Fair value of investments as of December 31, 2021 (RMB'000)	Percentage increase/ (decrease)
(i) 1 online/mobile gaming company	4,535	3.8%	57,760	92,352	-37.5%
(ii) 2 financial technology companies	23,000	4%-6%	23,000	17,145	34.1%
(iii) 1 medicine development company	19,423	0.5%	20,893	19,127	9.2%
(iv) 1 e-commerce company	19,000	1.7%	19,000	19,000	0.00%
(v) 1 cloud services company	19,000	0.38%	19,000	–	100.0%

The underlying Private Investments are independent from each other. There was no single Private Investment whose carrying amount was over 5% of the Group's total assets as of December 31, 2022.

The details are set out in notes 5 and 13 to the consolidated financial statements.

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 40.5% to RMB106.0 million as at December 31, 2022 compared to RMB178.1 million as at December 31, 2021.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2% to 3.7% 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 decreased by 45.5% to RMB12.0 million as at December 31, 2022 compared to RMB22.0 million as at December 31, 2021. The convertible promissory notes were issued by an international 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. However, the banking services company encountered operational difficulties in 2022. Based on the evaluation results from a third party appraiser, the Company recorded a fair value loss of RMB15.7 million and RMB12.2 million against the carrying values of the investments in equity interests and the convertible promissory notes, respectively, for the year ended December 31, 2022.

Structured Notes

The fair value of the structured notes invested by the Group decreased by 98.9% to RMB6.5 million as at December 31, 2022 compared to RMB617.9 million as at December 31, 2021, as structured notes shall be fully converted into stocks or ETFs if investment losses exceed the predefined safety cushion, resulting in the disposal of structured notes in large quantities. For the year ended December 31, 2022, the Group recognized a fair value gain of RMB14.0 million on these structured notes.

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 USD173.9 million, of which USD45.7 million and HKD12 thousand have been drawn down as at December 31, 2022. The borrowings were secured by the Group's investments in financial assets at FVPL.

Gearing Ratio

The gearing ratio as at December 31, 2022 was 13.4% compared with 9.4% as at December 31, 2021, as the Group's borrowings increased to RMB318.6 million as at December 31, 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 year ended December 31, 2022, the Group's capital expenditures were approximately RMB3.5 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 year ended December 31, 2022.

Charges on Assets

As at December 31, 2022, the Group did not have any asset charges.

Contingent Liabilities

As at December 31, 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 the PRC. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets as at December 31, 2022. We do not hedge against any fluctuation in foreign currency.

5. Corporate Information

Staff

The Company had 281 full time employees as at December 31, 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 RMB91.3 million for the year ended December 31, 2022, compared with staff cost of RMB123.4 million for the year ended December 31, 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 year ended December 31, 2022.

Share Option and Restricted Share Unit ("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 year ended December 31, 2022 were RMB1.7 million, as compared to RMB16.9 million for the year ended December 31, 2021.

As at December 31, 2022, options representing a total of 6,129,400 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 0.49% as at 31 December 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 December 31, 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

(FOR THE YEAR ENDED DECEMBER 31, 2022)

		Year ended 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Continuing operations			
Revenue	3	142,073	210,530
Cost of revenue	4	(30,451)	(49,835)
Gross profit		111,622	160,695
Selling and marketing expenses	4	(65,284)	(104,561)
Administrative expenses	4	(124,399)	(90,515)
Research and development expenses	4	(41,262)	(61,651)
Net impairment losses on financial assets		(10,117)	(6,741)
Other (losses)/gains, net	5	(405,801)	183,448
Operating (loss)/profit		(535,241)	80,675
Finance income	6	3,442	3,908
Finance costs	6	(10,966)	(4,247)
Finance costs, net	6	(7,524)	(339)
Share of profit of investments accounted for using the equity method	9	15,484	8,021
(Loss)/Profit before income tax		(527,281)	88,357
Income tax expense	7	(6,159)	(9,385)
(Loss)/Profit from continuing operations		(533,440)	78,972
Discontinued operations			
Profit from discontinued operations		—	51,641
(Loss)/Profit for the year		(533,440)	130,613
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		95,796	(28,477)
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		83,876	(18,326)
Change in fair value of owner-occupied property		3,425	3,180
Other comprehensive income/(loss) for the year, net of income tax		183,097	(43,623)
Total comprehensive (loss)/income for the year		(350,343)	86,990

		Year ended 31 December	
		2022	2021
	Note	RMB'000	RMB'000
(Loss)/Profit attributable to:			
– Owners of the Company		(532,644)	128,828
– Non-controlling interests		(796)	1,785
		<u>(533,440)</u>	<u>130,613</u>
Total comprehensive (loss)/income attributable to:			
– Owners of the Company		(349,642)	85,218
– Non-controlling interests		(701)	1,772
		<u>(350,343)</u>	<u>86,990</u>
Total comprehensive (loss)/income for the year			
attributable to owners of the Company arises from:			
– Continuing operations		(349,642)	36,454
– Discontinued operations		–	48,764
		<u>(349,642)</u>	<u>85,218</u>
(Losses)/Earnings per share for (loss)/profit from			
continuing operations attributable to the ordinary			
equity holders of the Company			
(expressed in RMB per share):			
– Basic (losses)/earnings per share	8	(0.442)	0.064
– Diluted (losses)/earnings per share	8	(0.442)	0.064
		<u>(0.442)</u>	<u>0.064</u>
(Losses)/Earnings per share for (loss)/profit attributable to			
the ordinary equity holders of the Company			
(expressed in RMB per share):			
– Basic (losses)/earnings per share	8	(0.442)	0.103
– Diluted (losses)/earnings per share	8	(0.442)	0.103
		<u>(0.442)</u>	<u>0.103</u>

CONSOLIDATED BALANCE SHEET

(AS AT DECEMBER 31, 2022)

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Property and equipment	10	84,967	123,334
Right-of-use assets		9,835	6,435
Investment properties		90,290	59,890
Intangible assets	11	2,462	43,086
Investments accounted for using the equity method	9	52,478	34,184
Prepayments and other receivables		61,579	80,452
Financial assets at fair value through profit or loss	13	1,342,969	1,385,503
Deferred income tax assets	19	15,896	16,260
		<u>1,660,476</u>	<u>1,749,144</u>
Current assets			
Trade receivables	12	10,151	5,309
Prepayments and other receivables		47,912	100,055
Financial assets at fair value through profit or loss	13	583,284	1,024,009
Derivative financial instruments	14	105,577	494
Term deposits with initial term over 3 months		–	54,560
Cash and cash equivalents		497,659	593,319
		<u>1,244,583</u>	<u>1,777,746</u>
Total assets		<u><u>2,905,059</u></u>	<u><u>3,526,890</u></u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	19	23,885	27,607
Lease liabilities		564	182
Other non-current liabilities		1,785	1,091
		<u>26,234</u>	<u>28,880</u>

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
Current liabilities			
Borrowings	17	318,613	287,165
Trade payables	18	901	1,580
Other payables and accruals		61,471	45,734
Current income tax liabilities		78,237	78,570
Customer advance and deferred revenue		10,716	11,816
Lease liabilities		3,011	4,629
Derivative financial instruments	14	33,775	4,820
		<u>506,724</u>	<u>434,314</u>
Total liabilities		<u>532,958</u>	<u>463,194</u>
Net assets		<u>2,372,101</u>	<u>3,063,696</u>
Equity			
Equity attributable to Owners of the Company			
Share capital	15	764	779
Treasury stock	15	(53,740)	(32,471)
Share premium	15	1,399,615	1,721,242
Other reserves		746,243	561,582
Retained earnings		279,244	811,888
		<u>2,372,126</u>	<u>3,063,020</u>
Non-controlling interests		<u>(25)</u>	<u>676</u>
Total equity		<u>2,372,101</u>	<u>3,063,696</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED DECEMBER 31, 2022)

		Attributable to Owners of the Company					Non-controlling interests	Total Equity
	Note	Share capital	Share premium	Treasury stock	Other reserves	Retained earnings	Total	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022		779	1,721,242	(32,471)	561,582	811,888	3,063,020	676
Comprehensive income								
Loss for the year		-	-	-	-	(532,644)	(532,644)	(796)
Other comprehensive loss								
Change in fair value of owner-occupied property		-	-	-	3,425	-	3,425	-
Currency translation differences		-	-	-	179,577	-	179,577	95
Total comprehensive income/(loss)		-	-	-	183,002	(532,644)	(349,642)	(701)
Transactions with Shareholders in their capacity as owners								
Employees RSU scheme:								
– value of employee services	16	-	-	-	1,659	-	1,659	-
– shares vested and transferred	15	-	(8)	8	-	-	-	-
Repurchase of ordinary shares	15	-	-	(37,518)	-	-	(37,518)	-
Cancellation of ordinary shares	15	(15)	(16,226)	16,241	-	-	-	-
Dividends provided for or paid		-	(305,393)	-	-	-	(305,393)	-
Total transactions with Shareholders in their capacity as owners		(15)	(321,627)	(21,269)	1,659	-	(341,252)	-
Balance at 31 December 2022		764	1,399,615	(53,740)	746,243	279,244	2,372,126	(25)

		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 2021		795	1,762,930	–	352,094	682,414	2,798,233	114,605	2,912,838
Comprehensive income									
Profit for the year		–	–	–	–	128,828	128,828	1,785	130,613
Other comprehensive loss									
Change in fair value of owner-occupied property		–	–	–	3,180	–	3,180	–	3,180
Currency translation differences		–	–	–	(46,790)	–	(46,790)	(13)	(46,803)
Total comprehensive income/(loss)		–	–	–	(43,610)	128,828	85,218	1,772	86,990
Transactions with Shareholders in their capacity as owners									
Employees share option scheme:									
– proceeds from shares issued	15	1	549	–	–	–	550	–	550
Employees RSU scheme:									
– value of employee services	16	–	–	–	16,927	–	16,927	–	16,927
– shares vested and transferred	15	–	(8)	8	–	–	–	–	–
– shares issued for RSU scheme	15	16	–	(16)	–	–	–	–	–
Repurchase of ordinary shares	15	–	–	(74,725)	–	–	(74,725)	–	(74,725)
Cancellation of ordinary shares	15	(33)	(42,229)	42,262	–	–	–	–	–
Disposal of discontinued operations		–	–	–	(2,498)	2,498	–	(116,653)	(116,653)
Changes in ownership interests in subsidiaries without change of control		–	–	–	(1,912)	–	(1,912)	952	(960)
Derecognition of redemption liabilities		–	–	–	238,729	–	238,729	–	238,729
Profit appropriations to statutory reserves		–	–	–	1,852	(1,852)	–	–	–
Total transactions with Shareholders in their capacity as owners		(16)	(41,688)	(32,471)	253,098	646	179,569	(115,701)	63,868
Balance at 31 December 2021		779	1,721,242	(32,471)	561,582	811,888	3,063,020	676	3,063,696

CONSOLIDATED STATEMENT OF CASH FLOWS
(FOR THE YEAR ENDED DECEMBER 31, 2022)

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operating activities	(42,771)	(93,608)
Net cash generated from/(used in) investing activities	271,552	(331,481)
Net cash (used in)/generated from financing activities	(356,183)	57,955
Net decrease in cash and cash equivalents	(127,402)	(367,134)
Cash and cash equivalents at beginning of year	593,319	974,276
Exchange gains/(losses) on cash and cash equivalents	31,742	(13,823)
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	497,659	593,319
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(FOR THE YEAR ENDED DECEMBER 31, 2022)

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 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**”) (collectively, the “**WFOEs**”), which are wholly foreign owned enterprises incorporated in the PRC in November 2008 and September 2009 respectively.

The WFOEs 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**”) (collectively, the “**PRC Operating Entities**”) and their respective equity holders, which enables Hangzhou Tiange, Zhejiang Tiange and the Group to:

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

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

In April 2022, Xingxiu transferred its business to Jinhua Tianhu Network Technology Co., Ltd. (“**Tianhu**”), a subsidiary of Jinhua 9158, and it was dissolved in November 2022.

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 2023.

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 2022

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020, and
- Reference to the Conceptual Framework – Amendments to IFRS 3.

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 2022 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 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 2022 and 2021:

- 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 (losses)/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 2022 and 2021. 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 2022 is as follows:

	Continuing operations		
	Year ended 31 December 2022		
	Online interactive entertainment service RMB'000	Others RMB'000	Total RMB'000
Revenue	137,155	4,918	142,073
Gross profit	108,580	3,042	111,622
– Depreciation, amortisation and impairment charges included in segment cost	(4,624)	(12)	(4,636)
Operating loss			(535,241)
Finance income			3,442
Finance costs			(10,966)
Share of profits of investments accounted for using the equity method			15,484
Loss before income tax			(527,281)

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 <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
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

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

	Year ended 31 December	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
Live social video platforms	125,552	197,273
Game operation	11,603	6,224
Software research and development	3,548	7,033
Others	1,370	–
	142,073	210,530

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC. For the years ended 31 December 2022 and 2021, the total geographic information on the revenue derived from continuing operations is as follows:

	Year ended 31 December 2022		
	PRC (excluding Hong Kong) RMB'000	Other regions RMB'000	Total RMB'000
Continuing operations	111,466	30,607	142,073

	Year ended 31 December 2021		
	PRC (excluding Hong Kong) RMB'000	Other regions RMB'000	Total RMB'000
Continuing operations	171,537	38,993	210,530

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 2022 and 2021.

(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 <i>RMB'000</i>	Game operation <i>RMB'000</i>	Software research and development <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2022					
Timing of revenue recognition					
At a point in time	125,282	11,603	–	–	136,885
Over time	270	–	3,548	1,370	5,188
	<u>125,552</u>	<u>11,603</u>	<u>3,548</u>	<u>1,370</u>	<u>142,073</u>
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>

(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.

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liability		
balance at the beginning of the period		
– Live social video platforms	<u>11,046</u>	<u>17,371</u>

(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:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Continuing operations		
PRC (excluding Hong Kong)	222,424	255,196
Other regions	79,187	92,185
	<u>301,611</u>	<u>347,381</u>

4 EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Employee benefit expenses (including share-based compensation expenses)	91,285	123,449
Promotion and advertising expenses (a)	34,145	55,136
Impairment of intangible assets (Note 11)	39,479	26,717
Bandwidth and server custody fees	12,384	13,885
Travelling and entertainment expenses	10,288	27,130
Depreciation and impairment charges of property and equipment (Note 10)	15,494	9,907
Depreciation of right-of-use assets	10,440	7,512
Amortisation charges of intangible assets (Note 11)	2,150	4,201
Utilities and office expenses	6,831	7,483
Commission charges by platforms	6,027	1,517
Professional and consultancy fees	8,744	8,462
Auditors' remuneration	4,080	3,880
– Audit services	4,060	3,860
– Non-audit services	20	20
Short-term operating lease	2,867	2,687
Game development costs	3,827	6,193
Others (b)	13,355	8,403
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	<u>261,396</u>	<u>306,562</u>

(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.

5 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Net fair value (losses)/gains on financial assets at FVPL		
– Venture capital and private equity funds (Note 13(b))	(24,565)	144,639
– Wealth management products (Note 13(e))	4,244	5,861
– Unlisted equity investments (Note 13(a))	(96,832)	(1,007)
– Structured notes (Note 13(d))	13,974	66,459
– Convertible promissory notes (Note 13(f))	(12,164)	1,572
– Listed equity securities (Note 13(g))	(85,861)	(37,655)
– Other financial instruments (Note 13(c))	(178,362)	(976)
Net fair value loss on derivatives held for trading	(11,651)	(15,245)
Interest income on term deposits with initial term over 3 months	786	1,232
Government grants		
– Technology award	240	2,750
– Tax related subsidies	874	6,597
– Others	667	1,342
Fair value adjustment to investment properties	–	(5,569)
Interest income on loans to third parties, related parties and employees	2,906	3,844
Foreign exchange (losses)/gains on non-financing activities	(15,746)	4,036
Gain on disposal of investments accounted for using the equity method	–	274
Losses on disposal of property and equipment	(899)	(5)
Others	(3,412)	5,299
	<u>(405,801)</u>	<u>183,448</u>

6 FINANCE COSTS NET

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance income:		
– Interest income on cash and cash equivalents	3,442	3,907
– Exchange gain on financing activities	–	1
	<u>3,442</u>	<u>3,908</u>
Finance costs:		
– Interest charges for lease liabilities	(242)	(430)
– Interest expenses on borrowings	(10,724)	(3,817)
	<u>(10,966)</u>	<u>(4,247)</u>
Finance costs, net	<u>(7,524)</u>	<u>(339)</u>

7 TAX EXPENSE

7.1 Income tax expense

The income tax expense of the Group for the years ended 31 December 2022 and 2021 are analysed as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
– Enterprise income tax	4,021	43,760
– PRC withholding tax	6,100	9,250
	<u>10,121</u>	<u>53,010</u>
Deferred income tax :		
– Decrease/(Increase) in deferred tax assets (Note 19(a))	3,082	(172)
– Decrease in deferred tax liabilities (Note 19(b))	(7,044)	(10,116)
	<u>(3,962)</u>	<u>(10,288)</u>
Income tax expense	6,159	42,722
Income tax expense is attributable to:		
Profit from continuing operations	6,159	9,385
Profit from discontinued operations	–	33,337
	<u>6,159</u>	<u>42,722</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 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 2022.

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 2022:

Name	Applicable EIT rate in 2022
Hangzhou Tiange	15%
Zhejiang Tiange	15%
Star Power	25%
Hantang	25%
Jinhua9158	25%
Jinhua99	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. Besides, the additional deduction rate was increased to 100% from 1 October 2022 to 31 December 2022. Therefore, management has made its best estimation for the Group's entities in ascertaining their assessable profits for the years ended 31 December 2022 and 2021.

(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 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 year ended 31 December 2022 since the WFOEs were in loss-making status in 2022.

(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:

	Year ended 31 December	
	2022	2021
	RMB’000	RMB’000
(Loss)/Profit before income tax expense from:		
– continuing operations	(527,281)	88,357
– discontinued operations	–	84,978
	(527,281)	173,335
Tax calculated at a tax rate of 25%	(131,820)	43,334
Tax effects of:		
Different tax jurisdiction	117,864	(6,940)
Preferential income tax benefits applicable to subsidiaries in China	1,323	(539)
Refund of WHT of dividend (i)	–	(7,750)
Super deduction for research and development expenses	(636)	(2,589)
Tax losses and temporary differences for which no deferred tax assets were recognised	16,973	2,913
Expenses not deducted for tax purposes	2,455	1,187
Difference between the tax bases and accounting bases related to transferring equity interest of subsidiaries to NCI	–	13,106
Income tax expense	6,159	42,722

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

7.2 Tax losses

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Unused tax losses for which no deferred tax asset has been recognised	112,934	74,800
Potential tax benefit calculated at a tax rate of 25%	28,234	18,700

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 2023 to 2027. See Note 19 for information about recognised tax losses.

7.3 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

8 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

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

	Year ended 31 December	
	2022	2021
Total (loss)/profit attributable to owners of the Company		
(RMB'000) from:		
Continuing operations	(532,644)	80,064
Discontinued operations	—	48,764
	<u>(532,644)</u>	<u>128,828</u>
 Weighted average number of ordinary shares in issue (thousand shares)	 <u>1,205,200</u>	 <u>1,250,754</u>
 Basic (losses)/earnings per share (in RMB/share) attributable		
to the ordinary equity holders of the Company arises from:		
Continuing operations	(0.442)	0.064
Discontinued operations	—	0.039
	<u>(0.442)</u>	<u>0.103</u>

(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.

For the year ended 31 December 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 year ended 31 December 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.

	Year ended 31 December 2021
Total profit attributable to owners of the Company (RMB'000) from:	
Continuing operations	80,064
Discontinued operations	48,764
	<hr/> 128,828
 Weighted average number of ordinary shares in issue (thousand shares)	 1,250,754
Adjustments for share based compensation	
– share options (thousand shares)	620
Adjustments for share based compensation	
– RSUs (thousand shares)	8,205
	<hr/>
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	<hr/> 1,259,579
 Diluted earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:	
Continuing operations	0.064
Discontinued operations	0.039
	<hr/>
	<hr/> 0.103

9 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Associates	52,478	34,184

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Associates	15,484	9,718
Joint ventures	—	(1,697)
	15,484	8,021

(a) Interests in associates

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Beginning of the year	34,184	22,302
Additions	2,504	3,000
Disposals	—	(148)
Share of profit (i)	15,484	9,718
Currency translation difference	306	(688)
End of the year	52,478	34,184

- (i) The share of profit for the year ended 31 December 2022 and 2021 was mainly contributed by an associate engaged in livestreaming e-commerce business.
- (ii) No impairment provision was provided during the year ended 31 December 2022 and 2021 for the investments in associates as no impairment indicator was noted.

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 2022 and 2021. There were no material contingent liabilities relating to the Group's interests in the associates.

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate carrying amounts of associates	52,478	34,184
Aggregate amounts of the Group's share of:		
Profit for the year	15,484	9,718

(b) Interests in joint ventures

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	—	1,697
Share of loss	—	(1,697)
	<hr/>	<hr/>
End of the year	—	—
	<hr/> <hr/>	<hr/> <hr/>

10 PROPERTY AND EQUIPMENT

	Building RMB'000	Decorations RMB'000	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles and yacht RMB'000	Leasehold improvement RMB'000	CIP RMB'000	Total RMB'000
Year ended 31 December 2022								
Net book value								
Opening net book amount	102,284	650	547	10,111	8,029	1,713	–	123,334
Additions	–	69	190	664	1,009	58	1,529	3,519
Transferred from/(to) construction in progress	–	–	–	–	983	571	(1,554)	–
Reclassified as an investment property on transfer date	(26,371)	–	–	–	–	–	–	(26,371)
Disposals	–	–	(80)	(2,400)	(160)	–	–	(2,640)
Impairment (Note 4)	–	–	–	(3,343)	–	–	–	(3,343)
Depreciation charge (Note 4)	(3,588)	(496)	(154)	(3,986)	(2,698)	(1,229)	–	(12,151)
Currency translation difference	1,134	22	12	714	681	31	25	2,619
Closing net book amount	<u>73,459</u>	<u>245</u>	<u>515</u>	<u>1,760</u>	<u>7,844</u>	<u>1,144</u>	<u>–</u>	<u>84,967</u>
As at 31 December 2022								
Cost	95,477	15,626	3,731	25,412	15,527	9,954	–	165,727
Accumulated depreciation	(22,018)	(15,381)	(3,216)	(20,369)	(7,683)	(8,810)	–	(77,477)
Accumulated impairment	–	–	–	(3,283)	–	–	–	(3,283)
Net book amount	<u>73,459</u>	<u>245</u>	<u>515</u>	<u>1,760</u>	<u>7,844</u>	<u>1,144</u>	<u>–</u>	<u>84,967</u>

	Building RMB'000	Decorations RMB'000	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles and yacht RMB'000	Leasehold improvement RMB'000	CIP RMB'000	Total RMB'000
Year ended 31 December 2021								
Net book value								
Opening net book amount	147,810	492	639	4,368	1,474	18	36	154,837
Additions	257	595	136	8,272	37	1,795	8,916	20,008
Transferred from/(to)								
construction in progress	–	–	–	–	8,916	–	(8,916)	–
Reclassified as an investment								
property on transfer date	(40,900)	–	–	–	–	–	–	(40,900)
Disposals	–	–	(18)	(233)	(17)	–	–	(268)
Impairment (Note 4)	–	–	–	–	–	–	(36)	(36)
Depreciation charge (Note 4)	(4,585)	(432)	(207)	(2,270)	(2,278)	(99)	–	(9,871)
Currency translation difference	(298)	(5)	(3)	(26)	(103)	(1)	–	(436)
Closing net book amount	<u>102,284</u>	<u>650</u>	<u>547</u>	<u>10,111</u>	<u>8,029</u>	<u>1,713</u>	<u>–</u>	<u>123,334</u>
As at 31 December 2021								
Cost	129,165	15,429	3,797	30,379	14,381	9,785	36	202,972
Accumulated depreciation	(26,881)	(14,779)	(3,247)	(20,262)	(6,352)	(8,072)	–	(79,593)
Accumulated impairment	–	–	(3)	(6)	–	–	(36)	(45)
Net book amount	<u>102,284</u>	<u>650</u>	<u>547</u>	<u>10,111</u>	<u>8,029</u>	<u>1,713</u>	<u>–</u>	<u>123,334</u>

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Cost of revenue	514	789
Selling and marketing expenses	1,196	493
Administrative expenses	10,882	4,605
Research and development expenses	2,902	4,020
Charged to the profit or loss	<u>15,494</u>	<u>9,907</u>

11 INTANGIBLE ASSETS

	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform license and game license RMB'000	Total RMB'000
Year ended 31 December 2022					
Opening net book amount	29,715	9,450	54	3,867	43,086
Additions	–	722	101	–	823
Amortisation charge (Note 4)	–	(1,218)	(132)	(800)	(2,150)
Impairment charge (Note 4)	(27,745)	(8,667)	–	(3,067)	(39,479)
Currency translation difference	182	–	–	–	182
	<u>2,152</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>182</u>
Closing net book amount	<u>2,152</u>	<u>287</u>	<u>23</u>	<u>–</u>	<u>2,462</u>
At 31 December 2022					
Cost	51,882	30,284	11,420	49,328	142,914
Accumulated amortisation	–	(21,330)	(11,397)	(19,544)	(52,271)
Accumulated impairment	(49,730)	(8,667)	–	(29,784)	(88,181)
	<u>2,152</u>	<u>287</u>	<u>23</u>	<u>–</u>	<u>2,462</u>
Net book amount	<u>2,152</u>	<u>287</u>	<u>23</u>	<u>–</u>	<u>2,462</u>
	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform license and game license RMB'000	Total RMB'000
Year ended 31 December 2021					
Opening net book amount	29,761	10,339	163	33,610	73,873
Additions	–	162	15	–	177
Amortisation charge (Note 4)	–	(1,051)	(124)	(3,026)	(4,201)
Impairment charge (Note 4)	–	–	–	(26,717)	(26,717)
Currency translation difference	(46)	–	–	–	(46)
	<u>29,715</u>	<u>9,450</u>	<u>54</u>	<u>3,867</u>	<u>43,086</u>
Closing net book amount	<u>29,715</u>	<u>9,450</u>	<u>54</u>	<u>3,867</u>	<u>43,086</u>
At 31 December 2021					
Cost	51,700	29,561	10,279	49,329	140,869
Accumulated amortisation	–	(20,111)	(10,225)	(18,745)	(49,081)
Accumulated impairment	(21,985)	–	–	(26,717)	(48,702)
	<u>29,715</u>	<u>9,450</u>	<u>54</u>	<u>3,867</u>	<u>43,086</u>
Net book amount	<u>29,715</u>	<u>9,450</u>	<u>54</u>	<u>3,867</u>	<u>43,086</u>

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

	Year ended 31 December	
	2022 RMB'000	2021 RMB'000
Cost of revenue	4,122	29,912
Selling and marketing expenses	67	72
Administrative expenses	27,952	64
Research and development expenses	9,488	870
	<u>41,629</u>	<u>30,918</u>
Charged to the profit or loss	<u>41,629</u>	<u>30,918</u>

(a) Impairment tests for goodwill

Goodwill is monitored by management at the CGU level, all of which belong to online interactive entertainment service operating segment.

The following is a summary of goodwill allocation for each of the CGUs.

	Opening RMB'000	Impairment RMB'000	Cumulative translation adjustments RMB'000	Closing RMB'000
2022				
Sina Show Platform	545	—	50	595
9158 Platform	1,425	—	132	1,557
Jinhua Platform	21,325	(21,325)	—	—
Megaptera	6,420	(6,420)	—	—
	<u>29,715</u>	<u>(27,745)</u>	<u>182</u>	<u>2,152</u>
	Opening RMB'000	Impairment RMB'000	Cumulative translation adjustments RMB'000	Closing RMB'000
2021				
Sina Show Platform	558	—	(13)	545
9158 Platform	1,458	—	(33)	1,425
Jinhua Platform	21,325	—	—	21,325
Megaptera	6,420	—	—	6,420
	<u>29,761</u>	<u>—</u>	<u>(46)</u>	<u>29,715</u>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the respective industry in which the CGU operates.

For each of the CGUs with significant amount of goodwill, the key assumptions used for the value-in-use calculations during the years ended 31 December 2022 and 2021 and the recoverable amounts as at 31 December 2022 and 2021 are disclosed as below:

	Year ended 31 December 2022 Megaptera	Year ended 31 December 2021 Jinhua Platform Megaptera	
Sales growth rate	-1%~2%	-25%~10%	2%~109%
Gross profit margin	55%~58%	61%~67%	58%~65%
Terminal growth rate	2%	2.5%	2.5%
Pre-tax discount rate	20%	21%	26%
	<hr/>	<hr/>	<hr/>
Recoverable amount of CGU (RMB'000)	(692)	30,719	11,600
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The budgeted gross profit margins used in the goodwill impairment testing, were determined by management based on past performance and its expectation for market development. The expected sales growth rate and gross profit margins are following the business plan approved by the Group. Pre-tax discount rates reflect market assessments of the time value and the specific risks relating to the industry.

During the six months ended 30 June 2022, indicators of impairment arose in the goodwill of Jinhua Platform due to the management's decision to adjust the Group's business strategy regarding the Jinhua Platform in the second quarter of 2022 as a result of the business uncertainty.

Accordingly, an impairment review on the goodwill relating to Jinhua Platform has been conducted by the management as of 30 June 2022 according to IAS 36 "Impairment of assets". For the purposes of impairment review, the recoverable amount of goodwill is determined based on the higher amount of the fair value less cost of disposal ("FVLCD") and value-in-use calculations. Based on the result of the impairment review, the Group recognised an impairment provision of approximately RMB21,325 thousand (Note 4) against the entire carrying amount of goodwill of Jinhua Platform as of 30 June 2022. The management conducted the impairment review on the Megaptera CGU as of 31 December 2021 and 2022. As of 31 December 2022, goodwill of RMB6,420 thousand and game license of RMB3,067 thousand were allocated to Megaptera CGU (31 December 2021: goodwill of RMB6,420 thousand and game license of RMB3,867 thousand).

For the purposes of impairment review, the recoverable amount of the CGU is determined based on the higher amount of the FVLCD and value-in-use calculation. The cash flow forecast is based on the Megaptera's business performance and the change of the Group's business strategy for resource allocation in the fourth quarter of 2022 regarding the Megaptera. Based on the results of the impairment assessments, impairment provisions of approximately RMB6,420 thousand and RMB3,067 thousand has been recognised against the goodwill and the game license as of 31 December 2022, respectively.

No impairment loss was recognised in 2021.

12 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Third parties	10,905	5,341
Less: allowance for impairment of trade receivables	(754)	(32)
Third parties, net	<u>10,151</u>	<u>5,309</u>

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0-90 days	6,293	5,325
91-180 days	3,217	7
181-365 days	1,388	—
Over 1 year	7	9
	<u>10,905</u>	<u>5,341</u>

- (b) The carrying amount of the Group's gross trade receivables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	3,359	1,951
US\$	7,546	3,260
HK\$	—	130
	<u>10,905</u>	<u>5,341</u>

- (c) Movements on the Group's allowance for impairment of trade receivables are as follows:

	2022 RMB'000	2021 <i>RMB'000</i>
As at 1 January	32	839
Provision/(reversal of provision) for receivables impairment	722	(707)
Receivables written off during the year as uncollectible	<u>—</u>	<u>(100)</u>
As at 31 December	<u>754</u>	<u>32</u>

- (d) Fair value of trade receivables

As at 31 December 2022 and 2021, due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair value.

- (e) Impairment and risk exposure

The Group applies the simplified approach permitted by IFRS9, which requires the expected lifetime losses to be recognised from initial recognition of the assets. This provisions matrix is determined based on historical observed default rates over the expected life of trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at year end. For the years ended 31 December 2022 and 2021, loss allowance made against the gross amounts of trade receivables were insignificant, and provision matrix is not presented.

13 FINANCIAL ASSETS AT FVPL

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Included in non-current assets		
Unlisted equity investments (a)	139,653	298,744
Investments in venture capital and private equity funds (b)	611,923	579,440
Other financial instruments (c)	579,426	485,361
Convertible promissory notes (f)	11,967	21,958
	1,342,969	1,385,503
Included in current assets		
Structured notes (d)	6,549	617,862
Investments in wealth management products (e)	105,952	178,094
Other financial instruments (c)	410,852	147,315
Listed equity securities (g)	59,931	80,738
	583,284	1,024,009
	1,926,253	2,409,512

(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 2022 and 2021:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Opening balance as at 1 January	298,744	260,487
Additions (i)	27,000	65,769
Disposals (ii)	(40,000)	(10,037)
Dividend received	—	(2,500)
Fair value change recognised in profit or loss (ii) (Note 5)	(96,832)	(1,007)
Transfer to listed equity securities	(55,720)	(12,622)
Currency translation difference	6,461	(1,346)
	<hr/>	<hr/>
Closing balance as at 31 December	139,653	298,744
	<hr/>	<hr/>

- (i) During the year ended 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 is accounted for as financial assets at FVPL.

In 2020, the Group entered into a share purchase agreement to purchase certain equity interests of one unlisted company engaged in the provision of cloud services with a cash consideration of RMB19,000 thousand. As of 31 December 2021, the Group aggregately prepaid RMB9,500 thousand as a refundable deposit, and recorded it as a refundable prepayment. In December 2022, the Group paid the remaining consideration of RMB9,500 thousand. Upon the completion of the transaction, the prepayment was transferred into financial assets at FVPL in 2022.

During the year ended 31 December 2021, the Group paid RMB65,769 thousand to purchase 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) During the year ended December 2022, the Group disposed its entire equity interests of an unlisted company engaged in online games at a cash consideration of RMB40,000 thousand. Accordingly, the Group recognised a gain of RMB5,408 thousand at the difference of the carrying amount of RMB34,592 thousand and the consideration of RMB40,000 thousand.

(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 0.3% to 49% 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. 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 and private equity funds for the years ended 31 December 2022 and 2021:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Opening balance as at 1 January	579,440	438,745
Additions (i)	25,120	55,925
Repayment of investments (ii)	(2,612)	(51,832)
Fair value change recognised in profit or loss (Note 5)	(24,565)	144,639
Transfer to listed equity securities	(3,214)	—
Currency translation difference	37,754	(8,037)
	<hr/>	<hr/>
Closing balance as at 31 December	<u>611,923</u>	<u>579,440</u>

- (i) During the year ended 31 December 2022, the Group paid approximately RMB25,120 thousand to subscribe for interests in certain venture capital and private equity funds (2021: RMB55,925 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 2022, the Group received a cash payment of RMB2,612 thousand (2021: RMB51,832 thousand) from certain venture capital and private equity funds for the return of investment principal.

(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 2022, the Group recognised a fair value loss of 178,362 thousand (2021: a fair value loss of RMB976 thousand) on these investments.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Included in current assets		
ETF (i)	268,536	46,053
Private investment fund (ii)	88,707	100,002
Other fund investments	869	1,260
Treasury notes	37,325	—
Corporate notes	15,415	—
	410,852	147,315
Included in non-current assets		
Private investment fund (ii)	307,390	255,593
Insurance policies (iii)	119,728	102,114
REIT access fund (iv)	120,757	95,962
Blackstone private credit access fund (v)	26,741	25,784
Other fund investments	4,810	5,908
	579,426	485,361
	990,278	632,676

- (i) The balance represents the Group's investments in ETF in the U.S. stock market. During the year ended 31 December 2022, the Group recognised a fair value loss of RMB176,582 thousand (2021: RMB31,422 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 2022, the Group recognized a fair value loss of RMB6,576 thousand (2021: a fair value gain of RMB9,285 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 insurance policies is the Group. During the year ended 31 December 2022, a fair value loss of RMB5,008 thousand (2021: a fair value gain of RMB4,727 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. For the year ended 31 December 2022, the Group recognised a fair value gain of RMB12,115 thousand on the fund investment (2021: RMB15,146 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 2022, the fair value gain of the investment was RMB816 thousand (2021: RMB838 thousand).

(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 2022 and 2021:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Structured notes		
Opening balance as at 1 January	617,862	501,670
Additions	80,404	2,651,263
Disposals	(734,755)	(2,586,424)
Fair value change recognised in profit or loss (Note 5)	13,974	66,459
Currency translation difference	29,064	(15,106)
	<hr/>	<hr/>
Closing balance as at 31 December	<u>6,549</u>	<u>617,862</u>

(e) Investments in wealth management products

This represents RMB-denominated wealth management products with interest rates ranging from 2.0% to 3.7% per annum (2021: 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.

As at 31 December 2022, the Group held 23 (2021: 26) wealth management products, representing about 3.6% (2021: 5%) of the Group's total assets. The Group's investment costs in these wealth management products were RMB104,110 thousand (2021: RMB175,885 thousand).

For the year ended 31 December 2022, the Group recorded an aggregate gain of approximately RMB4,244 thousand (2021: RMB5,861 thousand) on these products, which included realised and unrealised gain.

The Group's daily operation generated 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 USD1,000 thousand (approximately RMB7,041 thousand). 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 USD2,000 thousand (approximately RMB13,050 thousand). 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. Upon the maturity of the convertible promissory notes, the Group entered into supplementary agreements with the banking services company to extend the repayment for these two convertible promissory notes to 2023 and 2024, respectively. The Company engaged a third party appraiser in evaluating the fair value of the investments in the equity interests and the convertible promissory notes as of 31 December 2022. Given the deteriorating business performance of the banking company, fair value losses of RMB15,726 thousand and RMB12,164 thousand were made against the carrying values of the investments in equity interests and the convertible promissory notes for the year ended 31 December 2022.

(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 2022, the fair value loss of the investment was RMB85,861 thousand (2021: RMB37,655 thousand).

(h) Fair value and risk exposure

The carrying amount of the Group's financial assets at FVPL are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	475,859	783,735
HK\$	53,077	16,983
US\$	1,397,317	1,606,282
JPY	—	2,512
	<u>1,926,253</u>	<u>2,409,512</u>

14 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current assets	105,577	494
Current liabilities	(33,775)	(4,820)
	<u>71,802</u>	<u>(4,326)</u>

As at 31 December 2022, the Group's derivative financial instruments were the options in active market, the price of derivative financial instruments were linked to the price of their underlying securities, including individual stock or stock market index. These derivatives were accounted for at FVPL, as they didn't qualify as hedges, they were classified as 'held for trading'. A net loss on derivatives of RMB11,651 thousand (Note 5) was recognised in profit or loss for the year ended 31 December 2022 (2021: RMB15,245 thousand).

15 SHARE CAPITAL, SHARE PREMIUM AND TREASURY STOCK

	Number of Shares	Share capital		Share premium	Treasury stock
		US\$'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	1,281,076,162	128.09	795	1,762,930	–
Employees share option scheme:					
– proceeds from share issued (a)	1,363,000	0.14	1	549	–
Employees RSU scheme:					
– shares issued for RSU Scheme (b)	25,200,000	2.52	16	–	(16)
– shares vested and transferred (b)	–	–	–	(8)	8
Repurchase of ordinary shares (c)	–	–	–	–	(74,725)
Cancellation of ordinary shares (c)	(39,725,000)	(3.97)	(33)	(42,229)	42,262
At 31 December 2021	<u>1,267,914,162</u>	<u>126.78</u>	<u>779</u>	<u>1,721,242</u>	<u>(32,471)</u>
At 1 January 2022	1,267,914,162	126.78	779	1,721,242	(32,471)
Employees RSU scheme:					
– shares vested and transferred (b)	–	–	–	(8)	8
Repurchase of ordinary shares (c)	–	–	–	–	(37,518)
Cancellation of ordinary shares (c)	(25,755,000)	(2.58)	(15)	(16,226)	(16,241)
Dividends provided for or paid (d)	–	–	–	(305,393)	–
At 31 December 2022	<u>1,242,159,162</u>	<u>124.20</u>	<u>764</u>	<u>1,399,615</u>	<u>(53,740)</u>

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

(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 were vested in September 2021, and the remaining 50% shall be vested 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.

All of these shares were vested and transferred to the grantees as of 31 December 2022.

(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 2022, 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.

During the year ended 31 December 2022, the Company repurchased 54,528,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited with total cash consideration of HK\$43,866 thousand (approximately RMB37,518 thousand), and 25,755,000 repurchased ordinary shares had been cancelled and deducted from the share capital and share premium within shareholders' equity. As of 31 December 2022, the total number of shares recorded as treasury stock was 63,613,000.

- (d) The dividends paid in 2022 were RMB305.4 million with HK\$0.28 per fully paid ordinary share.

16 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 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
At 1 January 2022		4,320,895		2,827,000	7,147,895
Lapsed	US\$0.1626	(938,495)	US\$3.5000	(80,000)	(1,018,495)
At 31 December 2022		3,382,400		2,747,000	6,129,400
At 1 January 2021		6,622,720		2,852,000	9,474,720
Exercised (Note 15)	US\$0.0632	(1,363,000)	N/A	–	(1,363,000)
Lapsed	US\$0.1936	(938,825)	US\$3.5000	(25,000)	(963,825)
At 31 December 2021		4,320,895		2,827,000	7,147,895

During the years ended 31 December 2022 and 2021, no share option was granted.

As at 31 December 2022, 6,129,400 share options (2021: 7,147,895) were outstanding and exercisable. As a result of the options exercised during the year ended 31 December 2021, 1,363,000 ordinary shares were issued by the Company. The weighted average price of the shares at the time these options were exercised was HK\$0.9336 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 2022 and 2021, are as follows:

Trench	Expiry Date	Exercise price	Number of share options	
			31 December 2022	31 December 2021
Trench VII Option	10 years commencing from the date of grant of options since 14 October 2012	US\$0.15	–	842,795
Trench VIII Option	10 years commencing from the date of grant of options since 14 September 2013	US\$0.2	199,000	248,000
Trench IX Option	10 years commencing from the date of grant of options since 22 May 2014	US\$0.35	3,183,400	3,230,100
Trench X Option	8 years and 10 months commencing from the date of grant of options since 22 September 2015	HK\$3.5	2,747,000	2,827,000
			6,129,400	7,147,895
Weighted average remaining contractual life of options outstanding at the end of the period			1.96 years	2.70 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 2022 and 2021 are as follows:

	Number of shares held for Post-IPO RSU Scheme
At 1 January 2022	12,600,000
Vested and transferred	<u>(12,600,000)</u>
At 31 December 2022	<u><u>—</u></u>
At 1 January 2021	—
Granted (i)	25,200,000
Vested and transferred	<u>(12,600,000)</u>
At 31 December 2021	<u><u>12,600,000</u></u>

There were no shares vested but not transferred to the grantees as at 31 December 2022 and 2021.

- (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).

(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:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
RSUs granted under RSU schemes	<u><u>1,659</u></u>	<u><u>16,927</u></u>

(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 2022, the Expected Retention Rate was assessed to be 100% (2021: 100%).

(f) Shares held for RSU Scheme

The shares held for Pre-IPO RSU Scheme and Post-IPO RSU Scheme were presented 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.

17 BORROWINGS

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Included in current liabilities		
USD bank borrowings, secured	318,603	287,165
HKD bank borrowings, secured	10	—
	318,613	287,165

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 USD173,883 thousand, of which USD45,746 thousand and HKD12 thousand have been drawn down as at 31 December 2022. The borrowings were secured by the Group's investments in financial assets at FVPL (Note 13(c)&(d)&(g)).

The aggregate principal amounts of bank borrowings and applicable interest rates as at 31 December 2022 and 2021 are as follows:

	As at 31 December 2022		As at 31 December 2021	
	Amount (thousand)	Interest rate (per annum)	Amount (thousand)	Interest rate (per annum)
US\$ bank borrowings, secured	USD45,746	SOFR + 50~80bps	USD45,040	LIBOR + 50~80bps
HK\$ bank borrowings, secured	HKD12	6.8%	—	N/A

18 TRADE PAYABLES

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

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Third parties	<u>901</u>	<u>1,580</u>

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

	As at 31 December	
	2022 RMB'000	2021 RMB'000
0-90 days	537	671
91-180 days	1	—
181-365 days	14	89
Over 1 year	<u>349</u>	<u>820</u>
	<u>901</u>	<u>1,580</u>

The carrying amount of the Group's trade payables are denominated in the following currencies:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
RMB	290	1,293
US\$	611	287
	901	1,580

The carrying amounts of trade payables are considered to approximate their fair values due to their short-term nature.

19 DEFERRED INCOME TAX

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

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	13,505	14,394
– to be recovered within 12 months	2,391	1,866
	15,896	16,260
Deferred income tax liabilities:		
– to be recovered after more than 12 months	(2,057)	(2,093)
– to be recovered within 12 months	(21,828)	(25,514)
	(23,885)	(27,607)
Deferred income tax liabilities, net	(7,989)	(11,347)

Movements	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
At beginning of the year	(11,347)	(20,575)
Recognised in the consolidated statement of comprehensive income (Note 7.1)	3,962	10,288
Recognised in changes of equity	(604)	(1,060)
At end of the year	(7,989)	(11,347)

(a) Deferred tax assets

The movements in deferred income tax assets, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Customer advance and deferred revenue RMB'000	Advertising expenses RMB'000	Deductible losses from previous years RMB'000	Impairment losses RMB'000	Provisions of liabilities and others RMB'000	Total RMB'000
At 31 December 2020	<u>4,516</u>	<u>13,349</u>	<u>4,140</u>	<u>1,170</u>	<u>75</u>	<u>23,250</u>
Recognised in the consolidated statement of comprehensive income	<u>(1,797)</u>	<u>1,045</u>	<u>922</u>	<u>2</u>	<u>–</u>	<u>172</u>
At 31 December 2021	<u>2,719</u>	<u>14,394</u>	<u>5,062</u>	<u>1,172</u>	<u>75</u>	<u>23,422</u>
Recognised in the consolidated statement of comprehensive income	<u>(330)</u>	<u>1,613</u>	<u>(3,171)</u>	<u>(1,119)</u>	<u>(75)</u>	<u>(3,082)</u>
At 31 December 2022	<u>2,389</u>	<u>16,007</u>	<u>1,891</u>	<u>53</u>	<u>–</u>	<u>20,340</u>

The Group only recognises deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilise those tax losses. Management will continue to assess the recognition of deferred income tax assets in future reporting periods. As at 31 December 2022, the Group did not recognise deferred income tax assets of RMB28,234 thousand (31 December 2021: RMB18,700 thousand) in respect of tax losses amounting to RMB112,934 thousand (31 December 2021: RMB74,800 thousand). These tax losses will expire from 2023 to 2027.

(b) Deferred tax liabilities

The movements in deferred income tax liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Assets Appreciation <i>RMB'000</i>	Unrealised investment income <i>RMB'000</i>	Withholding tax of dividend <i>RMB'000</i>	Total <i>RMB'000</i>
At 31 December 2020	<u>247</u>	<u>27,618</u>	<u>15,960</u>	<u>43,825</u>
Recognised in the consolidated statement of comprehensive income	833	(1,520)	(9,429)	(10,116)
Recognised in changes of equity	<u>1,060</u>	<u>—</u>	<u>—</u>	<u>1,060</u>
At 31 December 2021	<u>2,140</u>	<u>26,098</u>	<u>6,531</u>	<u>34,769</u>
Recognised in the consolidated statement of comprehensive income	(640)	(304)	(6,100)	(7,044)
Recognised in changes of equity	<u>604</u>	<u>—</u>	<u>—</u>	<u>604</u>
At 31 December 2022	<u>2,104</u>	<u>25,794</u>	<u>431</u>	<u>28,329</u>

As at 31 December 2022, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB423,024 thousand (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.

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. Save as disclosed below, during the year ended December 31, 2022, the Company has complied with all applicable code provisions set out in 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.

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 the 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 year ended December 31, 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended December 31, 2022, the Company has repurchased a total of 25,755,000 shares on the Stock Exchange with an aggregate amount of HK\$17,705,380. As at the date of this announcement, all shares repurchased during the year ended December 31, 2022 were cancelled. Details of shares repurchased during the year ended December 31, 2022 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)	
November 2022	25,755,000	0.70	0.60	17,705,380.00

During the year ended December 31, 2022, the Company also transferred the necessary funds and instructed its trustee to acquire 28,773,000 shares through on-market transactions at a total consideration of HK\$26,160,620 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, 2022.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2022.

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, 2023 (the "AGM"), the register of members of the Company will be closed from June 15, 2023 to June 20, 2023 (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, 2023.

AUDIT COMMITTEE

The Audit Committee has reviewed and discussed the annual results of the Group for the year ended December 31, 2022. 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, 2022 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 2022 annual report of the Company will set out all information disclosed in the annual results announcement for the year ended December 31, 2022 and will be despatched to the shareholders of the Company 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, 2023

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.