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## Tian Ge Interactive Holdings Limited

天鵲互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1980)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2023

FINANCIAL HIGHLIGHTS		
<i>(in RMB'000)</i>	Year ended December 31,	
	2023	2022
Revenue	<b>67,621</b>	142,073
– Online interactive entertainment service	<b>66,394</b>	137,155
– Others	<b>1,227</b>	4,918
Gross profit	<b>58,848</b>	111,622
Gross profit margin	<b>87.0%</b>	78.6%
Net loss	<b>(135,052)</b>	(533,440)
Losses per share		
<i>(expressed in RMB per share)</i>		
– basic	<b>(0.114)</b>	(0.442)
– diluted <sup>(1)</sup>	<b>(0.114)</b>	(0.442)
Adjusted net loss <sup>(2)</sup>	<b>(132,844)</b>	(501,136)
Adjusted LBITDA <sup>(3)</sup>	<b>(120,560)</b>	(478,029)
Total assets	<b>2,560,083</b>	2,905,059
Total liabilities	<b>307,099</b>	532,958

*Notes:*

- (1) As the Group incurred losses for the years ended December 31, 2023 and 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.
- (2) Adjusted net loss was derived from the net loss 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-International Financial Reporting Standards (“**non-IFRS**”) adjustments.
- (3) Adjusted LBITDA was derived from the operating loss 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.

## **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, 2023 (the “**Reporting Period**”) with comparative figures for the preceding financial year ended December 31, 2022 prepared under 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, 2023 which have been agreed with the auditor of the Company.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **1. Business Overview and Outlook**

During the Reporting Period, the Group expanded into international social networking markets and repositioned its core business in order to cope with more stringent regulatory scrutiny and market challenges with respect to its domestic online live streaming operations. The objective of this strategy was to mitigate operational risks in the domestic market while sustaining the Group’s overall competitiveness and ongoing growth momentum.

In light of the continuing increase in worldwide demand for online entertainment, the Group took advantage of this favorable situation by implementing a series of proactive transformation plans thus with the intention of improving operational efficiency and risk management capabilities, ensuring that the Group could achieve sustainable growth and maintain its dominant position in an extremely competitive and ever-changing market environment.

The Board believes that through continuous innovation and optimization, as well as active exploration of emerging market opportunities, the Group will be able to overcome current challenges, capture more growth opportunities, and create sustained value for shareholders of the Company.

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

For the year ended December 31, 2023, the Group recorded a total revenue of RMB67.6 million from online interactive entertainment services and other business, which decreased by 52.4% from RMB142.1 million for the same period in 2022. The revenue from online interactive entertainment services decreased by 51.6% to RMB66.4 million for the year ended December 31, 2023, compared with RMB137.2 million for the same period in 2022. The year-on-year decline of revenue was primarily attributable to the structural adjustment of the proportion of the Company's domestic and overseas business, which resulted in the suspension of the domestic live streaming business.

For the year ended December 31, 2023, the loss attributable to owners of the Company was RMB134.7 million, the net loss was RMB135.1 million, the adjusted net loss was RMB132.8 million, and the adjusted LBITDA was RMB120.6 million.

### ***Business Overview***

#### *Suspension of Domestic Multistreaming Platforms*

Faced with the challenges of the domestic market and the more stringent regulatory scrutiny, the Group made a strategic adjustment at the end of 2023 through suspending its domestic online live streaming business. This decision reflects the Company's deep understanding of the current market environment and the firm commitment to the Group's long-term development strategy. Please refer to the announcement released by the Company on October 13, 2023 for other information.

#### *Market Expansion of Overseas Live Streaming Platforms*

The Group continued to keep abreast of the development trend and expand into overseas markets by replicating and promoting the successful domestic business modules. Over the past year, the Company's operations team dedicated themselves to advancing new overseas live streaming products. Their work focused on several crucial areas: conducting comprehensive market research to understand industry dynamics, planning and conceptualizing the unique aspects of the platform, developing the technical architecture to ensure high performance and scalability, defining the platform's key features for an engaging user experience, creating a prototype for early testing and iteration, and conducting user feedback sessions to refine the live streaming products.

The Company's latest live streaming platform in Indonesia, "KiWi live", has been put into operations in 2023, marking a pivotal step in the Group's global strategic transformation and the start of its live streaming business' international expansion.

### ***Financial Investments***

#### *Venture Capital and Private Equity Funds*

In 2023, the Federal Reserve's interest rate hikes impacted the global economy and geopolitical conflicts expanded, leading to significant volatility in various financial assets. The Company has adopted a neutral investment strategy in venture capital and private equity funds in 2023, focusing on sustainable development and aiming for stable, long-term returns. As of December 31, 2023, the Company held venture capital and private equity funds with a total value of RMB536.4 million. During the year ended December 31, 2023, venture capital and private equity funds recorded a fair value loss of RMB42.0 million, compared to a fair value loss of RMB24.6 million for the same period in 2022.

Despite the aforementioned fair value loss, the Company's venture capital and private equity funds still managed to have their own highlights, with an impressive return of investment principal reaching RMB49.0 million in 2023, surpassing the RMB2.6 million from the prior year. The surge in the return of investment principal highlighted the inherent value and potential profitability of those fund investments.

## Prospect and Future Outlook

Looking forward, the Group plans to minimize operational risks, stay competitive, and promote sustainable development in the international live broadcasting industry by adjusting the proportion of its domestic and overseas live broadcasting businesses in response to the increasingly severe regulatory environment. In order to satisfy the demand for high-quality live broadcasting material and improve user experience, the Group will keep investing in technological innovation and optimizing contents. To better serve our global user base and enhance interaction with consumers, the Company plans to leverage Tian Ge's deep resources in the online live streaming industry to strengthen the brand's influence through its own live streaming platforms, and promote the globalization and diversification of the core business.

Beyond live streaming, the Group will also continue to explore new social networking tools and investment opportunities to diversify income sources and expand into the global market. Effective utilization of financial assets will be the key to supporting this strategic expansion, which will provide the necessary financial support for the Group to ensure stable operations in the face of domestic and overseas market challenges. The Board believes that, through these comprehensive strategic deployments, the Group can build a more robust and flexible business model capable of not only coping with current market challenges but also seizing future growth opportunities, providing global users with superior service experiences, and creating long-term and stable value for shareholders of the Company.

## 2. Operating Information

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

	December 31, 2023	Three months ended			Quarter-on- quarter change
		December 31, 2022	Year-on-year change	September 30, 2023	
Total Monthly Active Users ( <i>in'000</i> )*	166	1,255	-86.8%	781	-78.7%
Suspended live streaming platforms	0	1,255	-100.0%	781	-100.0%
Emerging live streaming platforms	166	0		0	
Quarterly Paying Users ( <i>in'000</i> )	6	97	-93.8%	87	-93.1%
Suspended live streaming platforms	0	97	-100.0%	87	-100.0%
Emerging live streaming platforms	6	0		0	
Quarterly Average Revenue Per User ( <i>RMB</i> )	390	256	52.3%	226	72.8%
Suspended live streaming platforms	0	256	-100.0%	226	-100.0%
Emerging live streaming platforms	390	0		0	

\* Since the suspension of the domestic live streaming business at the end of 2023, the amount of monthly active users is an exact reflection of the number of overseas live streaming users.

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

- For the three months ended December 31, 2023, the total number of monthly active users (“MAUs”) for Tian Ge was approximately 166,000, representing a decrease of approximately 86.8% compared to the same period in 2022 and a decrease of approximately 78.7% compared to the three months ended September 30, 2023. The year-on-year and the quarter-on-quarter decreases were mainly due to the suspension of the domestic live streaming platforms.
- The mobile MAUs as at December 31, 2023 represented 100.0% of the total MAUs, while the percentages as at September 30, 2023 and December 31, 2022 were 92.0% and 90.4%, respectively.
- The number of quarterly paying users (“QPUs”) for Tian Ge’s online interactive entertainment service for the three months ended December 31, 2023 was approximately 6,000, representing a decrease of approximately 93.1% from the three months ended September 30, 2023 and representing a decrease of approximately 93.8% from the three months ended December 31, 2022, respectively. The year-on-year and the quarter-on-quarter decreases were mainly due to the suspension of the domestic live streaming platforms.
- The mobile QPUs as at December 31, 2023 represented 100.0% of the total QPUs, while the percentages as at September 30, 2023 and December 31, 2022 were 78.9% and 73.3%, respectively.
- For the three months ended December 31, 2023, the quarterly average revenue per user for Tian Ge’s online interactive entertainment service was RMB390, representing an increase of approximately 72.8% from the three months ended September 30, 2023 and representing an increase of approximately 52.3% from the three months ended December 31, 2022.

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

	<b>Year ended</b>		Year-on-Year Change
	<b>December 31, 2023</b>	December 31, 2022	
MAUs ( <i>in'000</i> )*	<b>708</b>	1,552	-54.4%
QPUs ( <i>in'000</i> )	<b>71</b>	145	-50.8%
Quarterly Average Revenue Per User ( <i>RMB</i> )	<b>261</b>	257	1.4%

\* 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 51.6% to RMB66.4 million for the year ended December 31, 2023 from RMB137.2 million for the corresponding period in 2022. The year-on-year decrease was primarily due to the suspension of the domestic live streaming business.

Nevertheless, the Group continued to press for change through modifying the proportion of its domestic and overseas business activities. Pursuant to the above, the Company's latest live streaming platform in Indonesia, "KiWi live", was formally launched in 2023.

The Group's revenue generated from "Others" mainly includes the revenue from providing technical supporting services. Revenue generated from "Others" for the year ended December 31, 2023 was RMB1.2 million compared with RMB4.9 million in the corresponding period in 2022.

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

For the year ended December 31, 2023, the Group's cost of revenue experienced a decrease of 71.2% year-on-year to RMB8.8 million compared to the corresponding period in 2022. The year-on-year decrease was primarily due to the decreased internet bandwidth and server custody fees and the reduced commission charged by the distributors of overseas online games, as well as the suspension of the domestic live streaming business which significantly helped to reduce the operational costs.

The Group's gross profit margin for the year ended December 31, 2023 was 87.0%, compared with 78.6% for the corresponding period in 2022.

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

For the year ended December 31, 2023, the Group's selling and marketing expenses experienced a decrease of 46.5% year-on-year to RMB34.9 million compared to the corresponding period in 2022. The year-on-year decrease was primarily due to a decline in domestic marketing fees and a decrease in labor costs. Simultaneously, the Company has ramped up its investment in overseas markets through various channels, shifting its strategic focus to international layout.

### ***Administrative Expenses***

For the year ended December 31, 2023, the Group's administrative expenses decreased by 38.3% year-on-year to RMB76.8 million compared to the same period in 2022. The year-on-year decrease was primarily due to: 1) the impairment provision of RMB27.7 million against the carrying value of goodwill of certain domestic platforms in the corresponding period of 2022; and 2) the Company's strategic shrinkage of domestic operations and personnel, which resulted in the decrease in employee expenses, office leasing expenses, and other operational costs.

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

For the year ended December 31, 2023, the Group's research and development expenses experienced a decrease of 57.5% year-on-year to RMB17.6 million compared to the corresponding period in 2022. The year-on-year decrease was a result of the Company's strategic restructuring of its domestic R&D workforce, including the retention of essential R&D personnel and the future intention to utilize overseas R&D manpower outsourcing services. This strategy is designed to ensure that the Company's R&D capacity are well-equipped to respond to future requirements for new products or platforms.

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

For the year ended December 31, 2023, the Group's net impairment losses on financial assets were RMB5.4 million, which was primarily due to the provision provided on other receivables.

For the year ended December 31, 2022, the Group's net impairment losses on financial assets were RMB10.1 million.

### ***Other Losses, Net***

For the year ended December 31, 2023, the Group recorded net other losses totaling RMB62.1 million. These losses were primarily driven by substantial fair value losses on various investments, with RMB42.0 million attributed to venture capital and private equity funds, RMB27.2 million to equity securities of suspension of trading, RMB22.1 million to unlisted equity investments, and RMB17.6 million to listed equity securities, along with a fair value adjustment of RMB18.2 million to investment properties. However, these losses were partially offset by fair value gains of RMB24.7 million on other financial instruments and RMB22.4 million on derivatives held for trading.

For the year ended December 31, 2022, the Group's other losses, net recorded a total losses of RMB405.8 million, primarily due to the overall 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.

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

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

The Group's finance income, net was RMB3.0 million for the year ended December 31, 2023, compared with finance costs, net of RMB7.5 million for the year ended December 31, 2022, which was primarily due to the increased interest income on cash and cash equivalents.

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

For the year ended December 31, 2023, the Group's equity-accounted investment profit was RMB11.2 million, compared with RMB15.5 million for the corresponding period in 2022, which was mainly resulted from the investment gain in the live streaming e-commerce business of the Group's invested company.

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

For the year ended December 31, 2023, the Group's income tax expense recorded an increase of 83.0% year-on-year to RMB11.3 million compared to the corresponding period in 2022. The year-on-year increase was primarily due to the decrease in the deferred tax assets.

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

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

For the year ended December 31, 2023, the Group's loss attributable to owners of the Company was RMB134.7 million, compared with RMB532.6 million for the corresponding period in 2022. The year-on-year decrease was primarily due to the decline in loss before tax.

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

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

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

To supplement our consolidated financial statements which are presented in accordance with IFRS, adjusted net loss and adjusted LBITDA 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*

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

The following table reconciles the Group's operating loss to our adjusted LBITDA for the periods presented:

<i>(in RMB'000)</i>	<b>Year ended</b>	
	<b>December 31, 2023</b>	December 31, 2022
<b>Operating loss</b>	<b>(137,910)</b>	(535,241)
Share-based compensation expenses	–	1,659
Amortization and impairment of intangible assets arising from acquisitions	–	3,867
Impairment provision of goodwill	<b>2,208</b>	27,745
Depreciation and amortization expenses	<b>15,142</b>	23,941
<b>Adjusted LBITDA</b>	<b><u>(120,560)</u></b>	<b><u>(478,029)</u></b>

### *Adjusted Net Loss*

Adjusted net loss 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 to adjusted net loss for the periods presented below:

<i>(in RMB'000)</i>	<b>Year ended</b>	
	<b>December 31, 2023</b>	December 31, 2022
<b>Net loss</b>	<b>(135,052)</b>	(533,440)
Share-based compensation expenses	–	1,659
Amortization and impairment of intangible assets arising from acquisitions	–	3,867
Impairment provision of goodwill	<b>2,208</b>	27,745
Income tax effects of non-IFRS adjustments	–	(967)
<b>Adjusted net loss</b>	<b><u>(132,844)</u></b>	<b><u>(501,136)</u></b>

#### 4. Liquidity and Financial Resources

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

Cash and cash equivalents consist of cash at bank and cash on hand, and as at December 31, 2023 and December 31, 2022 amounted to RMB364.1 million and RMB497.7 million, respectively. As at these dates, all cash at bank balances were demand deposits and term deposits with initial terms of less than three months. The Group had term deposits with initial term of over three months of RMB271.2 million and nil as at December 31, 2023 and December 31, 2022, respectively.

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

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

Financial assets at FVPL decreased by 19.0% to RMB1,560.4 million as at December 31, 2023 compared to RMB1,926.3 million as at December 31, 2022. Such decrease was mainly attributable to a decrease of RMB164.3 million in other financial instruments, a decrease of RMB75.6 million in Fund Investments and a decrease of RMB69.9 million in investments in wealth management products. The following is a breakdown of the seven main categories as at the periods specified:

	As at December 31, 2023 (RMB’000)	As at December 31, 2022 (RMB’000)	Percentage increase/ (decrease)
(i) Other financial instruments	825,949	990,278	-16.6%
(ii) Fund Investments	536,356	611,923	-12.3%
(iii) Private Investments	98,687	139,653	-29.3%
(iv) Listed equity securities	44,400	59,931	-25.9%
(v) Investments in wealth management products	36,066	105,952	-66.0%
(vi) Equity securities of suspension of trading	17,584	–	–
(vii) Structured notes	1,361	6,549	-79.2%
(viii) Convertible promissory notes	–	11,967	-100.0%
<b>Total</b>	<b>1,560,403</b>	<b>1,926,253</b>	<b>-19.0%</b>

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

The fair value of other financial instruments invested by the Group decreased by 16.6% to RMB825.9 million as at December 31, 2023 compared to RMB990.3 million as at December 31, 2022.

The Group invested in other financial instruments, including private investment funds, REIT access funds, ETFs, etc. offered by several international financial institutions. For the year ended December 31, 2023, the Group recognized a fair value gain of RMB24.7 million (2022: a fair value loss of RMB178.4 million) on these investments.

The details are set out in note 12(c) to the consolidated financial statements.

### ***Fund Investments***

The Group held investment interests in fifteen venture capital and private equity funds as of December 31, 2023, with its participation in the Navigator Asia Fund constituting connected transactions of the Company. The fund aims 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 other information.

The initial aggregate investment amount in these venture capital and private equity funds was RMB325.5 million as at December 31, 2023. The fair value of these Fund Investments decreased by 12.3% to RMB536.4 million as at December 31, 2023 compared to RMB611.9 million as at December 31, 2022.

The details are set out in note 12(b) to the consolidated financial statements.

### ***Private Investments***

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

<b>Investment Category</b>	Historical	Percentage	<b>Fair value of</b>	Fair value of	Percentage
	transaction	of equity	<b>as of</b>	as of	
	amount	interest	<b>December 31,</b>	December 31,	increase/
	(RMB'000)		<b>2023</b>	2022	(decrease)
			<b>(RMB'000)</b>	<b>(RMB'000)</b>	
(i) 1 online/mobile gaming company	4,535	3.8%	<b>45,516</b>	57,760	-21.2%
(ii) 2 financial technology companies	23,000	4-6%	<b>20,097</b>	23,000	-12.6%
(iii) 1 e-commerce company	19,000	1.7%	<b>19,383</b>	19,000	2.0%
(iv) 1 cloud services company	19,000	0.38%	<b>13,691</b>	19,000	-27.9%

The underlying Private Investments are independent from each other. There was no single Private Investment whose carrying amount is over 5% of the Group's total assets as of December 31, 2023.

The details are set out in note 12(a) to the consolidated financial statements.

### ***Listed Equity Securities***

The fair value of listed equity securities invested by the Group decreased by 25.9% to RMB44.4 million as at December 31, 2023 compared to RMB59.9 million as at December 31, 2022. During the year ended December 31, 2023, the fair value loss of the investment was RMB17.6 million (2022: fair value loss of RMB85.9 million).

### ***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 66.0% to RMB36.1 million as at December 31, 2023 compared to RMB106.0 million as at December 31, 2022.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2% to 3.6% per annum and maturity period within 1 year or revolving terms. These wealth management products were offered by large state-owned or reputable financial institutions in the PRC.

### ***Equity securities of suspension of trading***

Investment in equity securities of suspension of trading represents the Group's investment in certain equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the trading in such equity securities was suspended since April 2023 and has not resumed as at the date of this announcement. As of 31 December 2023, the Company conducted the fair value assessment using a market approach by benchmarking to the median share price decline ratio, between the dates of trading suspension and trading resumption, of certain selected companies listed on the Stock Exchange that have experienced share trading suspension and resumption. Based on the result of the assessment, as at 31 December 2023, the balance of investment in equity securities of suspension of trading was RMB17.6 million, and the Group recognised a fair value loss of RMB27.2 million in other losses, net for the year ended that date.

### ***Structured Notes***

The fair value of the structured notes invested by the Group decreased by 79.2% to RMB1.4 million as at December 31, 2023 compared to RMB6.5 million as at December 31, 2022. For the year ended December 31, 2023, the Group recognized a fair value gain of RMB1.8 million (2022: RMB14.0 million) on these structured notes.

### ***Convertible Promissory Notes***

The Group's investment in convertible promissory notes issued by a banking services company declined to RMB0 as at December 31, 2023, from RMB12.0 million as at December 31, 2022, due to the issuer's deteriorating operations. The situation worsened after local governments placed the bank under provisional receivership in April 2023, leading to a possible liquidation. This resulted in a loss of RMB11.8 million during the Reporting Period.

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

The Group has entered into a few loan facilities with certain internationally reputable financial institutions for financing its investments in certain financial assets. The total available amount under the current facilities was USD239.3 million, of which USD6.7 million, HKD84.7 million and JPY221.6 million have been drawn down as at December 31, 2023. The borrowings were secured by the Group's investments in financial assets at FVPL.

### ***Gearing Ratio***

The gearing ratio as at December 31, 2023 was 6.0% compared with 13.4% as at December 31, 2022, as the Group's borrowings decreased to RMB135.1 million as at December 31, 2023 compared to RMB318.6 million as at December 31, 2022.

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

### ***Capital Expenditures***

For the year ended December 31, 2023, the Group's capital expenditures were approximately RMB14.5 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, 2023.

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

As at December 31, 2023, the Group did not have any asset charges.

### ***Contingent Liabilities***

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

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

We are exposed to foreign exchange risk arising from various currency exposures, primarily for foreign currency-denominated financial assets as at December 31, 2023. We do not hedge against any fluctuation in foreign currency.

## **5. Corporate Information**

### ***Staff***

The Company had 123 full time employees as at December 31, 2023. 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.

Relevant staff cost was RMB68.4 million for the year ended December 31, 2023, compared with staff cost of RMB91.3 million for the year ended December 31, 2022. 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, 2023.

### *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, 2023 were nil, as compared to RMB1.7 million for the year ended December 31, 2022.

As at December 31, 2023, options representing a total of 2,594,100 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 0.21% as at December 31, 2023. 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, 2023, the total number of shares underlying the Pre-IPO RSU Scheme and Post-IPO RSU Scheme represented approximately 0.76% of the total ordinary shares of the Company.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)***(FOR THE YEAR ENDED DECEMBER 31, 2023)*

		Year ended 31 December	
		2023	2022
	Note	RMB'000	RMB'000
Revenue	3	<b>67,621</b>	142,073
Cost of revenue	4	<b>(8,773)</b>	(30,451)
<b>Gross profit</b>		<b>58,848</b>	111,622
Selling and marketing expenses	4	<b>(34,917)</b>	(65,284)
Administrative expenses	4	<b>(76,766)</b>	(124,399)
Research and development expenses	4	<b>(17,551)</b>	(41,262)
Net impairment losses on financial assets		<b>(5,411)</b>	(10,117)
Other losses, net	5	<b>(62,113)</b>	(405,801)
<b>Operating loss</b>		<b>(137,910)</b>	(535,241)
Finance income	6	<b>12,034</b>	3,442
Finance costs	6	<b>(9,066)</b>	(10,966)
Finance income/(costs), net	6	<b>2,968</b>	(7,524)
Share of profit of investments accounted for using the equity method	9	<b>11,164</b>	15,484
<b>Loss before income tax</b>		<b>(123,778)</b>	(527,281)
Income tax expense	7	<b>(11,274)</b>	(6,159)
<b>Loss for the year</b>		<b>(135,052)</b>	(533,440)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		<b>17,523</b>	95,796
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		<b>10,884</b>	83,876
Change in fair value of owner-occupied properties	10	<b>—</b>	3,425
<b>Other comprehensive income for the year, net of income tax</b>		<b>28,407</b>	183,097
<b>Total comprehensive loss for the year</b>		<b>(106,645)</b>	(350,343)

		<b>Year ended 31 December</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss attributable to:</b>			
– Owners of the Company		<b>(134,670)</b>	(532,644)
– Non-controlling interests		<b>(382)</b>	(796)
		<u><b>(135,052)</b></u>	<u>(533,440)</u>
<b>Total comprehensive loss attributable to:</b>			
– Owners of the Company		<b>(106,288)</b>	(349,642)
– Non-controlling interests		<b>(357)</b>	(701)
		<u><b>(106,645)</b></u>	<u>(350,343)</u>
<b>Losses per share for loss attributable to the ordinary equity holders of the Company</b> (expressed in RMB per share):			
– Basic losses per share	8	<b>(0.114)</b>	(0.442)
– Diluted losses per share	8	<b>(0.114)</b>	(0.442)
		<u><b>(0.114)</b></u>	<u>(0.442)</u>

## CONSOLIDATED BALANCE SHEET

(AS AT DECEMBER 31, 2023)

		As at 31 December	
		2023	2022
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment		52,907	84,967
Right-of-use assets		4,511	9,835
Investment properties	10	111,128	90,290
Intangible assets		–	2,462
Investments accounted for using the equity method	9	51,537	52,478
Prepayments and other receivables		39,002	61,579
Financial assets at fair value through profit or loss	12	1,246,989	1,342,969
Deferred income tax assets	19	53	15,896
		<u>1,506,127</u>	<u>1,660,476</u>
<b>Current assets</b>			
Trade receivables	11	3,400	10,151
Prepayments and other receivables		34,179	47,912
Financial assets at fair value through profit or loss	12	313,414	583,284
Derivative financial instruments	13	67,655	105,577
Term deposits with initial term over 3 months		271,201	–
Cash and cash equivalents		364,107	497,659
		<u>1,053,956</u>	<u>1,244,583</u>
<b>Total assets</b>		<u><b>2,560,083</b></u>	<u><b>2,905,059</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	19	19,290	23,885
Lease liabilities		1,128	564
Other non-current liabilities		1,743	1,785
		<u>22,161</u>	<u>26,234</u>

		<b>As at 31 December</b>	
		<b>2023</b>	2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current liabilities</b>			
Borrowings	<i>17</i>	<b>135,083</b>	318,613
Financial liabilities at fair value through profit and loss		<b>8,154</b>	–
Trade payables	<i>18</i>	<b>1,140</b>	901
Other payables and accruals		<b>26,089</b>	61,471
Current income tax liabilities		<b>77,907</b>	78,237
Customer advance and deferred revenue		<b>765</b>	10,716
Lease liabilities		<b>1,499</b>	3,011
Derivative financial instruments	<i>13</i>	<b>34,301</b>	33,775
		<u><b>284,938</b></u>	<u>506,724</u>
<b>Total liabilities</b>		<u><b>307,099</b></u>	<u>532,958</u>
<b>Net assets</b>		<u><b>2,252,984</b></u>	<u>2,372,101</u>
<b>Equity</b>			
<b>Equity attributable to Owners of the Company</b>			
Share capital	<i>14</i>	<b>761</b>	764
Treasury stock	<i>14</i>	<b>(53,949)</b>	(53,740)
Share premium	<i>14</i>	<b>1,387,355</b>	1,399,615
Other reserves	<i>15</i>	<b>754,212</b>	746,243
Retained earnings		<b>164,987</b>	279,244
		<u><b>2,253,366</b></u>	<u>2,372,126</u>
<b>Non-controlling interests</b>		<u><b>(382)</b></u>	<u>(25)</u>
<b>Total equity</b>		<u><b>2,252,984</b></u>	<u>2,372,101</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(FOR THE YEAR ENDED DECEMBER 31, 2023)

	Note	Attributable to Owners of the Company					Total	Non-	Total
		Share	Share	Treasury	Other	Retained		controlling	Equity
		capital	premium	stock	reserves	earnings		interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023		764	1,399,615	(53,740)	746,243	279,244	2,372,126	(25)	2,372,101
<b>Comprehensive loss</b>									
Loss for the year		-	-	-	-	(134,670)	(134,670)	(382)	(135,052)
<b>Other comprehensive income</b>									
Currency translation differences	15	-	-	-	28,382	-	28,382	25	28,407
<b>Total comprehensive loss</b>		-	-	-	28,382	(134,670)	(106,288)	(357)	(106,645)
<b>Transactions with Shareholders in their capacity as owners</b>									
Repurchase of ordinary shares	14	-	-	(1,648)	-	-	(1,648)	-	(1,648)
Cancellation of ordinary shares	14	(3)	(1,436)	1,439	-	-	-	-	-
Dividends provided for or paid	14	-	(10,824)	-	-	-	(10,824)	-	(10,824)
Dissolution of subsidiaries	15	-	-	-	(20,413)	20,413	-	-	-
<b>-Total transactions with Shareholders in their capacity as owners</b>		(3)	(12,260)	(209)	(20,413)	20,413	(12,472)	-	(12,472)
Balance at December 31, 2023		761	1,387,355	(53,949)	754,212	164,987	2,253,366	(382)	2,252,984

	Note	Attributable to Owners of the Company					Total	Non-	Total
		Share	Share	Treasury	Other	Retained		controlling	Equity
		capital	premium	stock	reserves	earnings		interests	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at January 1, 2022</b>		779	1,721,242	(32,471)	561,582	811,888	3,063,020	676	3,063,696
<b>Comprehensive loss</b>									
Loss for the year		-	-	-	-	(532,644)	(532,644)	(796)	(533,440)
<b>Other comprehensive income</b>									
Change in fair value of owner-occupied properties	10	-	-	-	3,425	-	3,425	-	3,425
Currency translation differences	14	-	-	-	179,577	-	179,577	95	179,672
<b>Total comprehensive (loss)/income</b>		-	-	-	183,002	(532,644)	(349,642)	(701)	(350,343)
<b>Transactions with Shareholders in their capacity as owners</b>									
Employees restricted share units (“RSU”) scheme:									
- value of employee services		-	-	-	1,659	-	1,659	-	1,659
- shares vested and transferred	14	-	(8)	8	-	-	-	-	-
Repurchase of ordinary shares	14	-	-	(37,518)	-	-	(37,518)	-	(37,518)
Cancellation of ordinary shares	14	(15)	(16,226)	16,241	-	-	-	-	-
Dividends provided for or paid	14	-	(305,393)	-	-	-	(305,393)	-	(305,393)
<b>Total transactions with Shareholders in their capacity as owners</b>		(15)	(321,627)	(21,269)	1,659	-	(341,252)	-	(341,252)
<b>Balance at December 31, 2022</b>		764	1,399,615	(53,740)	746,243	279,244	2,372,126	(25)	2,372,101

**CONSOLIDATED STATEMENT OF CASHFLOWS***(FOR THE YEAR ENDED DECEMBER 31, 2023)*

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Net cash used in operating activities</b>	<b>(42,944)</b>	<b>(42,771)</b>
<b>Net cash generated from investing activities</b>	<b>109,796</b>	<b>271,552</b>
<b>Net cash used in financing activities</b>	<b>(209,468)</b>	<b>(356,183)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(142,616)</b>	<b>(127,402)</b>
Cash and cash equivalents at beginning of the year	<b>497,659</b>	593,319
Exchange gains on cash and cash equivalents	<b>9,064</b>	31,742
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	<b>364,107</b>	<b>497,659</b>
	<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(FOR THE YEAR ENDED DECEMBER 31, 2023)

## 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 the WFOEs 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 28 March 2024.

## **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**”). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- IAS Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

### **(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

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 2023**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- IFRS 17, “Insurance Contracts”
- Amendments to IAS 8, “Definition of Accounting Estimates”
- Amendments to IAS 12, “International Tax Reform – Pillar Two Model Rules”
- Amendments to IAS 1 and IFRS Practice Statement 2, “Disclosure of Accounting Policies”, and
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction Tax

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**

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group are as follows:

<b>Standards</b>	<b>Effective for annual periods beginning on or after</b>
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
Supplier finance arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	To be determined

The directors have performed assessment on the new standards and amendments, and has concluded on a preliminary basis that these new standards and amendments would not have a significant impact on the Group’s consolidated financial statements when they become effective.

### 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 has following reportable segments for the year ended 31 December 2023 and 2022:

- 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, net, finance income/(costs), 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 2023 and 2022. 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 2023 is as follows:

	<b>Year ended 31 December 2023</b>		
	<b>Online interactive entertainment service RMB'000</b>	<b>Others RMB'000</b>	<b>Total RMB'000</b>
Revenue	<b>66,394</b>	<b>1,227</b>	<b>67,621</b>
Gross profit	<b>57,651</b>	<b>1,197</b>	<b>58,848</b>
– Depreciation, amortisation and impairment charges included in segment cost	<b>(584)</b>	<b>–</b>	<b>(584)</b>
Operating loss			<b>(137,910)</b>
Finance income			<b>12,034</b>
Finance costs			<b>(9,066)</b>
Share of profits of investments accounted for using the equity method			<b>11,164</b>
Loss before income tax			<b>(123,778)</b>

The segment information provided to the CODM for the reportable segments for the year ended 31 December 2022 is as follows:

	Year ended 31 December 2022		
	Online interactive entertainment service <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	137,155	4,918	<u>142,073</u>
Gross profit	108,580	3,042	<u>111,622</u>
– Depreciation, amortisation and impairment charges included in segment cost	<u>(4,624)</u>	<u>(12)</u>	<u>(4,636)</u>
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			<u><u>(527,281)</u></u>
		<b>Year ended 31 December</b>	
		<b>2023</b>	2022
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Live social video platforms		<b>63,409</b>	125,552
Game operation		<b>2,985</b>	11,603
Software research and development		<b>1,227</b>	3,548
Others		<u>–</u>	<u>1,370</u>
		<u><b>67,621</b></u>	<u>142,073</u>

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

The Company is domiciled in the Cayman Islands while the Group mainly operates its business in the PRC. For the years ended 31 December 2023 and 2022, the total geographic information on the revenue is as follows:

<b>Year ended 31 December 2023</b>		
<b>PRC (excluding Hong Kong)</b>	<b>Other regions</b>	<b>Total</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>56,477</b>	<b>11,144</b>	<b>67,621</b>
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Year ended 31 December 2022</b>		
<b>PRC (excluding Hong Kong)</b>	<b>Other regions</b>	<b>Total</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
111,466	30,607	142,073
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

#### ***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 2023 and 2022.

(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:

	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>
<b>Year ended 31 December 2023</b>					
Timing of revenue recognition					
At a point in time	63,249	2,985	-	-	66,244
Over time	160	-	1,227	-	1,377
	<u>63,409</u>	<u>2,985</u>	<u>1,227</u>	<u>-</u>	<u>67,621</u>
<b>Year ended 31 December 2022</b>					
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>

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

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue recognised that was included in the contract liability balance at the beginning of the period		
– Live social video platforms	<u>8,992</u>	<u>11,046</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	
	2023	2022
	RMB'000	RMB'000
PRC (excluding Hong Kong)	184,037	222,424
Other regions	75,048	79,187
	<u>259,085</u>	<u>301,611</u>

4 **EXPENSES BY NATURE**

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Employee benefit expenses (including share-based compensation expenses)	68,445	91,285
Promotion and advertising expenses (a)	15,512	34,145
Impairment of intangible assets	2,208	39,479
Bandwidth and server custody fees	7,114	12,384
Depreciation and impairment charges of property and equipment	7,435	15,494
Depreciation of right-of-use assets	7,375	10,440
Travelling and entertainment expenses	8,229	10,288
Professional and consultancy fees	4,284	8,744
Utilities and office expenses	5,809	6,831
Commission charges by platforms	358	6,027
Amortisation charges of intangible assets	332	2,150
Auditors' remuneration	2,800	4,080
– Audit services	2,780	4,060
– Non-audit services	20	20
Game development costs	1,230	3,827
Short-term operating lease	1,251	2,867
Others (b)	5,625	13,355
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<u>138,007</u>	<u>261,396</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, NET

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Net fair value (losses)/gains on financial assets at FVPL		
– Venture capital and private equity funds (Note 12(b))	(41,978)	(24,565)
– Wealth management products (Note 12(e))	1,362	4,244
– Unlisted equity investments (Note 12(a))	(22,068)	(96,832)
– Structured notes (Note 12(d))	1,755	13,974
– Convertible promissory notes (Note 12(f))	(11,756)	(12,164)
– Listed equity securities (Note 12(g))	(17,613)	(85,861)
– Equity securities of suspension of trading (Note 12(h))	(27,247)	–
– Other financial instruments (Note 12(c))	24,661	(178,362)
Net fair value gain on financial liabilities at FVPL	6,095	–
Net fair value gain/(loss) on derivatives held for trading (Note 13)	22,443	(11,651)
Interest income on term deposits with initial term over 3 months	5,285	786
Rental income	5,175	4,918
Government grants (a)		
– Technology award	6,227	240
– Tax related subsidies	118	874
– Others	79	667
Fair value adjustment to investment properties (Note 10)	(18,189)	–
Interest income on loans to third parties, related parties and employees	369	2,906
Foreign exchange losses on non-financing activities	(1,883)	(15,746)
Gains/(losses) on disposal of property and equipment	179	(899)
Others	4,873	(8,330)
	<u>(62,113)</u>	<u>(405,801)</u>

(a) For the years ended 31 December 2023 and 2022, government grants primarily consist of:

- Technology award, amounting to RMB6,227 thousand (2022: RMB240 thousand) was granted by the local government authorities in Hangzhou and Jinhua to reward the Group's achievement and support the Group's development in information service industries;
- Tax related subsidies, amounting to RMB118 thousand (2022: RMB874 thousand) were granted by local government authorities in Hangzhou and Jinhua to incentivise the Group's business development.

## 6 FINANCE INCOME/(COSTS), NET

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Finance income:		
– Interest income on cash and cash equivalents	<u>12,034</u>	<u>3,442</u>
Finance costs:		
– Exchange loss on financing activities, net	(58)	–
– Interest charges for lease liabilities	(198)	(242)
– Interest expenses on borrowings	<u>(8,810)</u>	<u>(10,724)</u>
	<u>(9,066)</u>	<u>(10,966)</u>
Finance income/(costs), net	<u><u>2,968</u></u>	<u><u>(7,524)</u></u>

## 7 TAX EXPENSE

### 7.1 Income tax expense

The income tax expense of the Group for the years ended 31 December 2023 and 2022 are analysed as follows:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Current income tax:		
– Enterprise income tax	26	4,021
– PRC withholding tax	<u>–</u>	<u>6,100</u>
	<u>26</u>	<u>10,121</u>
Deferred income tax :		
– Decrease in deferred tax assets (Note 19(a))	16,406	3,082
– Decrease in deferred tax liabilities (Note 19(b))	<u>(5,158)</u>	<u>(7,044)</u>
	<u>11,248</u>	<u>(3,962)</u>
Income tax expense	<u><u>11,274</u></u>	<u><u>6,159</u></u>

(a) *Cayman Islands income tax*

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

(b) *Hong Kong profits tax*

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

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

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

Hangzhou Tiange and Zhejiang Tiange renewed 'New High-tech Enterprise' qualification under the EIT Law in 2020. Accordingly, they were entitled to a preferential EIT rate of 15% for a three-year period from 2021 to 2023.

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 2023:

<b>Name</b>	<b>Applicable EIT rate in 2023</b>
Hangzhou Tiange	15%
Zhejiang Tiange	15%
Star Power	25%
Hantang	25%
Jinhua9158	25%
Jinhua99	25%
Tianhu	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. Therefore, management has made its best estimation for the Group's entities in ascertaining their assessable profits for the years ended 31 December 2023 and 2022.

(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 and 2023 since the WFOEs were in loss-making status in 2022 and 2023.

(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	
	2023	2022
	RMB'000	RMB'000
Loss before income tax expense	(123,778)	(527,281)
Tax calculated at a tax rate of 25%	(30,945)	(131,820)
Tax effects of:		
Different tax jurisdiction	24,886	117,864
Preferential income tax benefits applicable to subsidiaries in China	2,577	1,323
Super deduction for research and development expenses	–	(636)
Tax losses and temporary differences for which no deferred tax assets were recognised (Income not subject to)/expenses not deducted for tax purpose	17,152	16,973
	<u>(2,396)</u>	<u>2,455</u>
Income tax expense	<u>11,274</u>	<u>6,159</u>

## 7.2 Tax losses

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
Unused tax losses for which no deferred tax asset has been recognised	126,769	112,934
Potential tax benefit calculated at a tax rate of 25%	31,692	28,234

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 2024 to 2028. 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 PER SHARE

### (a) Basic losses per share

Basic losses per share is calculated by dividing the loss 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	
	2023	2022
<b>Total loss attributable to owners of the Company (RMB'000)</b>	<u>(134,670)</u>	<u>(532,644)</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>1,178,326</u>	<u>1,205,200</u>
<b>Basic losses per share (in RMB/share) attributable to the ordinary equity holders of the Company</b>	<u><u>(0.114)</u></u>	<u><u>(0.442)</u></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 2023 and 2022, share options granted to employees under Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and RSUs granted to employees and non-employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme (Note 16) are considered to be potential ordinary shares.

As the Group incurred losses for the year ended 31 December 2023 and 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.

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

The amounts recognised in the balance sheet are as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Associates	<b>51,537</b>	<b>52,478</b>

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

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Associates	<b>11,164</b>	<b>15,484</b>

## Interests in associates

	Year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Beginning of the year	52,478	34,184
Additions	–	2,504
Disposals	(4,101)	–
Dividend received	(8,075)	–
Share of profit	11,164	15,484
Currency translation difference	71	306
	<u>51,537</u>	<u>52,478</u>
End of the year	<u>51,537</u>	<u>52,478</u>

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 2023 and 2022. There were no material contingent liabilities relating to the Group's interests in the associates

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate carrying amounts of associates	51,537	52,478
Aggregate amounts of the Group's share of:		
Profit for the year	11,164	15,484

## 10 INVESTMENT PROPERTIES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>At fair value</b>		
Opening amount	90,290	59,890
Additions (i)	13,877	–
Transfer from owner-occupied properties (ii)	22,900	30,400
Net loss from fair value adjustment (Note 5)	(16,110)	–
Currency translation differences	171	–
	<u>111,128</u>	<u>90,290</u>
Closing amount	<u>111,128</u>	<u>90,290</u>

- (i) During the year ended 31 December 2023, the Group purchased three real estate property located in the United Kingdom at a cash consideration of GBP\$1,554 thousand (approximately RMB13,877 thousand). These three properties are held as investment properties for long-term rental yields, and are not occupied by the Group.
- (ii) During the year ended 31 December 2023 and 2022, Hangzhou Tiange entered into several rental agreements to lease its self-owned property located in Hangzhou to third parties. Due to the change in use of the property, the Group reclassified the property from “property and equipment” to “investment properties”.

In 2023, the difference of RMB2,079 thousand between the carrying amount of RMB24,979 thousand and its fair value of RMB22,900 thousand on the transfer date recognised in “other losses, net”.

In 2022, the difference of RMB4,029 thousand between the carrying amount of RMB26,371 thousand and its fair value of RMB30,400 thousand on the transfer date recognised in OCI. Deferred income tax liabilities of RMB604 thousand has been provided at a tax rate of 15% in relation to the reclassification (Note 19) as the Group expects that the ‘New High-tech Enterprise’ qualification of Hangzhou Tiange can be renewed on a recurring basis.

(iii) Amounts recognised in the consolidated statement of comprehensive loss for investment properties:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Lease income	5,175	3,820
Direct operating expenses related to properties that generated rental income	(500)	(468)
	<u>4,675</u>	<u>3,352</u>

As at 31 December 2023 and 2022, the Group had no unprovided contractual obligations for future repairs, maintenance or enhancements, and no properties were pledged as security by the Group.

(iv) The Group obtained valuation performed by independent and qualified valuers to determine the fair value of the investment properties as at 31 December 2023 and 2022. The revaluation loss is included in 'other losses, net' in the consolidated statement of comprehensive income (Note 5).

<b>Description</b>	<b>Fair value measurement at 31 December 2023 using</b>			<b>Total</b>
	<b>Quoted prices in active markets for identical assets (Level 1) RMB'000</b>	<b>Significant other observable inputs (Level 2) RMB'000</b>	<b>Significant unobservable inputs (Level 3) RMB'000</b>	
Recurring fair value measurements				
Beijing, China	–	–	38,930	38,930
Shanghai, China	–	–	12,500	12,500
Hangzhou I, China	–	–	22,750	22,750
Hangzhou II, China	–	–	22,900	22,900
London, UK	–	–	14,048	14,048
	<u>–</u>	<u>–</u>	<u>111,128</u>	<u>111,128</u>

Description	Fair value measurement at 31 December 2022 using			Total RMB'000
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurements				
Beijing, China	–	–	45,140	45,140
Shanghai, China	–	–	14,750	14,750
Hangzhou, China	–	–	30,400	30,400
	–	–	90,290	90,290

(v) **Valuation techniques used to determine level 3 fair values**

At the end of each reporting period, the Group updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Group determines the value of a property within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group consider information from a variety of sources including:

- current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- discounted cash flow projections based on reliable estimates of future cash flows
- capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

For the Group's investment properties, the valuation was determined using the income capitalisation approach, under which the property's estimated rental income and capitalisation rate are adjusted based on market research.

There were no transfers between levels 1, 2 and 3 during the year.

(vi) Valuation inputs and relationship to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements (see (iv) above for the valuation techniques adopted):

Description	Fair value at		Unobservable inputs	Range of inputs (probability-weighted average)		Relationship of unobservable inputs to fair value
	31 December 2023	31 December 2022		2023	2022	
	RMB'000	RMB'000				
Shanghai, China	12,500	14,750	Rental growth rate Discount rate	-7.4%~3.0% 4.9%~5.4%	3.0% 5.6%	The higher the rental growth rate, the higher the fair value; The higher the discount rate, the lower the fair value
Beijing, China	38,930	45,140	Rental growth rate Discount rate	-18.4%~0% 5.0%	-5.1%~4.7% 5.0%~5.5%	
Hangzhou I, China	22,750	30,400	Rental growth rate Discount rate	-2.5%~5.0% 4.5%~5.0%	-10%~4% 4.5%~5.5%	
Hangzhou II, China	22,900	–	Rental growth rate Discount rate	-17.4~28.0% 4.5%~5.0%	N/A N/A	
London, UK	14,048	–	N/A	N/A	N/A	
	<b>111,128</b>	<b>90,290</b>				

## 11 TRADE RECEIVABLES

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Third parties	4,389	10,905
Less: allowance for impairment of trade receivables	<u>(989)</u>	<u>(754)</u>
Third parties, net	<u><u>3,400</u></u>	<u><u>10,151</u></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	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
0-90 days	2,581	6,293
91-180 days	609	3,217
181-365 days	232	1,388
Over 1 year	<u>967</u>	<u>7</u>
	<u><u>4,389</u></u>	<u><u>10,905</u></u>

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

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,190	3,359
US\$	<u>3,199</u>	<u>7,546</u>
	<u><u>4,389</u></u>	<u><u>10,905</u></u>

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	754	32
Provision for receivables impairment	<u>235</u>	<u>722</u>
As at 31 December	<u><u>989</u></u>	<u><u>754</u></u>

(d) **Fair value of trade receivables**

As at 31 December 2023 and 2022, 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 2023 and 2022, loss allowance made against the gross amounts of trade receivables were insignificant, and provision matrix is not presented.

**12 FINANCIAL ASSETS AT FVPL**

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Included in non-current assets</b>		
Unlisted equity investments (a)	<b>98,687</b>	139,653
Investments in venture capital and private equity funds (b)	<b>536,356</b>	611,923
Other financial instruments (c)	<b>611,946</b>	579,426
Convertible promissory notes (f)	<b>–</b>	11,967
	<b>1,246,989</b>	1,342,969
<b>Included in current assets</b>		
Structured notes (d)	<b>1,361</b>	6,549
Investments in wealth management products (e)	<b>36,066</b>	105,952
Other financial instruments (c)	<b>214,003</b>	410,852
Equity securities of suspension of trading (h)	<b>17,584</b>	–
Listed equity securities (g)	<b>44,400</b>	59,931
	<b>313,414</b>	583,284
	<b>1,560,403</b>	1,926,253

(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 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Opening balance as at 1 January	139,653	298,744
Additions (i)	–	27,000
Disposals (ii)	–	(40,000)
Fair value change recognised in profit or loss (ii) (Note 5)	(22,068)	(96,832)
Transfer to listed equity securities	(19,541)	(55,720)
Currency translation difference	643	6,461
	<u>98,687</u>	<u>139,653</u>
Closing balance as at 31 December	<u>98,687</u>	<u>139,653</u>

- (i) 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 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.

- (ii) During the year ended 31 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 0.2% 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. These vehicles are financed through issuing units to investors. The Group's maximum exposure to loss is limited to the carrying amount of the interests held by the Group.

Set out below are the movements of the Group's investments in venture capital and private equity funds for the years ended 31 December 2023 and 2022:

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Opening balance as at 1 January	611,923	579,440
Additions (i)	7,334	25,120
Repayment of investments (ii)	(48,955)	(2,612)
Fair value change recognised in profit or loss (Note 5)	(41,978)	(24,565)
Transfer to listed equity securities	–	(3,214)
Currency translation difference	8,032	37,754
	<u>536,356</u>	<u>611,923</u>
Closing balance as at 31 December	<u>536,356</u>	<u>611,923</u>

- (i) During the year ended 31 December 2023, the Group paid approximately RMB7,334 thousand to subscribe for interests in certain venture capital and private equity funds (2022: RMB25,120 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 2023, the Group received a cash payment of RMB43,655 thousand (2022: RMB2,612 thousand) from certain venture capital and private equity funds for the return of investment principal. In addition, in December 2023, one of the venture capital and private equity funds also declared a return of investment of RMB5,300 thousand which was subsequently received by the Group in January 2024. The Group recorded such amount in prepayments and other receivables as of 31 December 2023.

(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 2023, the Group recognised a fair value gain of RMB24,661 thousand (2022: a fair value loss of RMB178,362 thousand) on these investments.

	As at 31 December	
	2023	2022
	RMB'000	RMB'000
<b>Included in current assets</b>		
Exchange Traded Fund (i)	75,048	268,536
Private investment fund (ii)	62,804	88,707
Other fund investments	2,673	869
Treasury notes	—	37,325
Corporate notes and bank notes	73,478	15,415
	<u>214,003</u>	<u>410,852</u>
<b>Included in non-current assets</b>		
Private investment fund (ii)	354,386	307,390
Insurance policies (iii)	134,778	119,728
REIT access fund (iv)	88,286	120,757
Blackstone private credit access fund (v)	27,930	26,741
Other fund investments	6,566	4,810
	<u>611,946</u>	<u>579,426</u>
	<u><u>825,949</u></u>	<u><u>990,278</u></u>

- (i) The balance represents the Group's investments in Exchange Traded Fund (“ETF”) in the U.S. stock market. During the year ended 31 December 2023, the Group recognised a fair value gain of RMB3,834 thousand (2022: a fair value loss of RMB176,582 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 2023, the Group recognised a fair value gain of RMB13,524 thousand (2022: a fair value loss of RMB6,576 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 2023, a fair value loss of RMB832 thousand (2022: a fair value loss of RMB5,008 thousand) was recognised in “other losses, 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 2023, the Group recognised a fair value gain of RMB653 thousand on the fund investment (2022: RMB12,115 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 2023, the fair value gain of the investment was RMB3,375 thousand (2022: RMB816 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 2023 and 2022:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Structured notes</b>		
Opening balance as at 1 January	<b>6,549</b>	617,862
Additions	<b>1,357</b>	80,404
Disposals	<b>(8,127)</b>	(734,755)
Fair value change recognised in profit or loss (Note 5)	<b>1,755</b>	13,974
Currency translation difference	<b>(173)</b>	29,064
	<u><b>1,361</b></u>	<u>6,549</u>
Closing balance as at 31 December	<u><b>1,361</b></u>	<u>6,549</u>

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

This represents RMB-denominated wealth management products with interest rates ranging from 2.0% to 3.6% per annum (2022: from 2.0% 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.

As at 31 December 2023, the Group held 10 (2022: 23) wealth management products, representing about 1.4% (2022: 3.6%) of the Group's total assets. The Group's investment costs in these wealth management products were RMB36,000 thousand (2022: RMB104,110 thousand).

For the year ended 31 December 2023, the Group recorded an aggregate gain of approximately RMB1,362 thousand (2022: RMB4,244 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**

This represents the Group's investment in two convertible promissory notes issued by a banking services company in April 2020 and January 2021, respectively. The principal and interest of the notes shall be repayable within 24 months unless the Group choose to convert it into equity investment at the pre-determined conversion price. 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 in 2023 and 2024. The management designated the notes as financial asset at FVPL. The Company engaged a third-party appraiser in evaluating the fair value of the convertible promissory notes as of 31 December 2022, and a fair value loss of RMB12,164 thousand were made against the carrying value of the convertible promissory notes given the deteriorating business performance of the banking company. In April 2023, the banking service company was put under temporary receivership by the local government. Due to significant uncertainties in operations of the banking service company, a fair value loss of RMB11,756 thousand was made against the carrying value of the convertible promissory notes for the year ended 31 December 2023.

**(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 2023, the fair value loss of the investment was RMB17,613 thousand (2022: RMB85,861 thousand).

**(h) Equity securities of suspension of trading**

Investment in equity securities of suspension of trading represents the Group's investment in certain equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited and the trading in such equity securities was suspended since April 2023 and has not resumed as at the date of this announcement. As of 31 December 2023, the Company conducted the fair value assessment using a market approach by benchmarking to the median share price decline ratio, between the dates of trading suspension and trading resumption, of certain selected companies listed on The Stock Exchange of Hong Kong Limited that have experienced share trading suspension and resumption. Based on the result of the assessment, as at 31 December 2023, the balance of investment in equity securities of suspension of trading was RMB17,584 thousand, and the Group recognised a fair value loss of RMB27,247 thousand in other losses, net for the year ended that date.

(i) **Fair value and risk exposure**

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

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
RMB	<b>377,462</b>	475,859
HK\$	<b>28,577</b>	53,077
US\$	<b>1,150,711</b>	1,397,317
JPY	<b>3,653</b>	—
	<b><u>1,560,403</u></b>	<b><u>1,926,253</u></b>

**13 DERIVATIVE FINANCIAL INSTRUMENTS**

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current assets	<b>67,655</b>	105,577
Current liabilities	<b>(34,301)</b>	(33,775)

As at 31 December 2023, 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 gain on derivatives of RMB22,443 thousand (Note 5) was recognised in profit or loss for the year ended 31 December 2023 (2022: a net loss of RMB11,651 thousand).

## 14 SHARE CAPITAL, SHARE PREMIUM AND TREASURY STOCK

	Number of Shares	Share capital		Share premium RMB'000	Treasury stock RMB'000
		US\$'000	RMB'000		
<b>At 1 January 2022</b>	1,267,914,162	126.78	779	1,721,242	(32,471)
Employees RSU scheme:					
– shares vested and transferred (a)	–	–	–	(8)	8
Repurchase of ordinary shares (b)	–	–	–	–	(37,518)
Cancellation of ordinary shares (b)	(25,755,000)	(2.58)	(15)	(16,226)	16,241
Dividends provided for or paid (c)	–	–	–	(305,393)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2022</b>	1,242,159,162	124.20	764	1,399,615	(53,740)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 1 January 2023</b>	<b>1,242,159,162</b>	<b>124.20</b>	<b>764</b>	<b>1,399,615</b>	<b>(53,740)</b>
Repurchase of ordinary shares (b)	–	–	–	–	(1,648)
Cancellation of ordinary shares (b)	(3,966,000)	(0.40)	(3)	(1,436)	1,439
Dividends provided for or paid (c)	–	–	–	(10,824)	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2023</b>	<b>1,238,193,162</b>	<b>123.80</b>	<b>761</b>	<b>1,387,355</b>	<b>(53,949)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

- (a) 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 (Note 16). Pursuant to the vesting schedule, 50% of these newly issued shares were vested in September 2021, and the remaining 50% were 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.
- (b) 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.

During the year ended 31 December 2023, the Company repurchased 4,722,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited with total cash consideration of HK\$1,902 thousand (approximately RMB1,648 thousand), and 3,966,000 repurchased ordinary shares had been cancelled and deducted from the share capital and share premium within shareholders' equity. As of 31 December 2023, the total number of shares recorded as treasury stock was 64,369,000.

- (c) The dividends paid in 2023 were RMB10,824 thousand with HK\$0.01 per fully paid ordinary share.

## 15 OTHER RESERVES

	Statutory Reserves <i>RMB'000</i>	Share-based Compensation Reserve <i>RMB'000</i>	Translation Differences <i>RMB'000</i>	Change in the fair value of owner-occupied properties <i>RMB'000</i>	Changes in ownership interests in subsidiaries without change of control <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Opening balance at</b>							
<b>1 January 2023</b>	155,690	296,017	135,045	8,184	149,494	1,813	746,243
Dissolution of subsidiaries (a)	(20,413)	-	-	-	-	-	(20,413)
Currency translation differences	-	-	28,382	-	-	-	28,382
<b>At 31 December 2023</b>	<b>135,277</b>	<b>296,017</b>	<b>163,427</b>	<b>8,184</b>	<b>149,494</b>	<b>1,813</b>	<b>754,212</b>
<b>Opening balance at</b>							
<b>1 January 2022</b>	155,690	294,358	(44,532)	4,759	149,494	1,813	561,582
Employees RSU scheme:							
- value of employee services (Note 16)	-	1,659	-	-	-	-	1,659
Change in fair value of owner-occupied properties (Note 10)	-	-	-	3,425	-	-	3,425
Currency translation differences	-	-	179,577	-	-	-	179,577
<b>At 31 December 2022</b>	<b>155,690</b>	<b>296,017</b>	<b>135,045</b>	<b>8,184</b>	<b>149,494</b>	<b>1,813</b>	<b>746,243</b>

- (a) In accordance with the Company Law in the PRC and Articles of Association of the companies incorporated in the PRC now comprising the Group, i.e. the PRC Operating Entities, it is required to appropriate 10% of the annual net profits of the PRC Operating Entities, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing any net profit. When the balance of the statutory surplus reserve fund reaches 50% of the registered capital of the PRC Operating Entities, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be capitalised as capital, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of registered capital.

In addition, in accordance with the Law of the PRC on Enterprises with Foreign Investments and the stipulated provisions in the Articles of Association of Hangzhou Tiange, Zhejiang Tiange, Star Power and Tianyue appropriation from net profits (after offsetting accumulated losses brought forward from prior years) should be made by these wholly-foreign owned subsidiaries to their reserve funds. The percentage of net profit to be appropriated to the reserve fund is not less than 10% of the net profit. When the balance of the reserve fund reaches 50% of the registered capital, such transfer is not needed.

## 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 2023		3,382,400		2,747,000	6,129,400
Lapsed	US\$0.3328	<u>(1,737,300)</u>	US\$3.5000	<u>(1,798,000)</u>	<u>(3,535,300)</u>
At 31 December 2023		<u>1,645,100</u>		<u>949,000</u>	<u>2,594,100</u>
At 1 January 2022		4,320,895		2,827,000	7,147,895
Lapsed	US\$0.1626	<u>(938,495)</u>	US\$3.5000	<u>(80,000)</u>	<u>(1,018,495)</u>
At 31 December 2022		<u>3,382,400</u>		<u>2,747,000</u>	<u>6,129,400</u>

During the years ended 31 December 2023 and 2022, no share option was granted.

As at 31 December 2023, 2,594,100 share options (2022: 6,129,400) were outstanding and exercisable. No ordinary shares were issued by the Company during the year ended 31 December 2023 and 2022(Note 14).

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 2023 and 2022, are as follows:

Trench	Expiry Date	Exercise price	Number of share options	
			31 December 2023	31 December 2022
Trench VIII Option	10 years commencing from the date of grant of options since 14 September 2013	US\$0.2	–	199,000
Trench IX Option	10 years commencing from the date of grant of options since 22 May 2014	US\$0.35	<b>1,645,100</b>	3,183,400
Trench X Option	8 years and 10 months commencing from the date of grant of options since 22 September 2015	HK\$3.5	<b>949,000</b>	2,747,000
			<b>2,594,100</b>	<b>6,129,400</b>
Weighted average remaining contractual life of options outstanding at the end of the year			<b>0.45 years</b>	1.96 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 2023 and 2022 are as follows:

	Number of shares held for Post-IPO RSU Scheme
<b>At 1 January 2023</b>	–
Granted(i)	500,000
<b>At 31 December 2023</b>	<b>500,000</b>
<b>At 1 January 2022</b>	12,600,000
Vested and transferred	(12,600,000)
<b>At 31 December 2022</b>	<b>–</b>

There were no shares vested but not transferred to the grantees as at 31 December 2023 and 2022.

- (i) On 11 December 2023, the Company granted Post-IPO RSUs in respect of 500,000 ordinary shares to one consultant under the Post-IPO RSU Scheme. Pursuant to the vesting schedule, 50% of these newly issued shares shall vest in June 2024, and the remaining 50% shall vest in December 2024. The fair value of Post-IPO RSUs granted during the year ended 31 December 2023 was HK\$0.42 per share (equivalent to approximately RMB0.38 per share).

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

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

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Restricted share units granted under RSUs schemes	<u>          —          </u>	<u>          1,659          </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) **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**

	<b>As at 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Included in current liabilities		
USD bank borrowings, secured	<b>47,167</b>	318,603
HKD bank borrowings, secured	<b>76,790</b>	10
JPY bank borrowings, secured	<b>11,126</b>	—
	<b>135,083</b>	<b>318,613</b>

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions to finance its certain investments in financial assets. The total available amount under the current facilities is USD239,340 thousand, of which USD6,659 thousand, HKD84,735 thousand and JPY221,567 thousand have been drawn down as at 31 December 2023. The borrowings were secured by the Group's investments in financial assets at FVPL (Note 12(c)&(d)&(g)).

The aggregate principal amounts of bank borrowings and applicable interest rates as at 31 December 2023 and 2022 are as follows:

	As at 31 December 2023		As at 31 December 2022	
	Amount ( <i>thousand</i> )	Interest rate ( <i>per annum</i> )	Amount ( <i>thousand</i> )	Interest rate ( <i>per annum</i> )
US\$ bank borrowings, secured	USD6,659	Secured Overnight Financing Rate (SOFR)+ 50~100bps and 4.83%	USD45,746	SOFR+ 50~80bps
HK\$ bank borrowings, secured	HKD84,735	SOFR+ 50~100bps	HKD12	6.80%
JPY bank borrowings, secured	JPY221,567	0.89%	—	N/A

## 18 TRADE PAYABLES

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Third parties	<u>1,140</u>	<u>901</u>

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

	As at 31 December	
	2023 RMB'000	2022 RMB'000
0-90 days	176	537
91-180 days	20	1
181-365 days	321	14
Over 1 year	<u>623</u>	<u>349</u>
	<u>1,140</u>	<u>901</u>

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

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	–	290
US\$	<b>1,140</b>	611
	<u>1,140</u>	<u>901</u>

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

## 19 DEFERRED INCOME TAX

### (a) Deferred tax assets

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>The balance comprises temporary differences attributable to:</b>		
Customer advance and deferred revenue	–	2,389
Advertising expenses	<b>3,881</b>	16,007
Deductible losses from previous years	<b>53</b>	1,891
Impairment losses	–	53
	<u>3,934</u>	<u>20,340</u>
Total deferred tax assets	<b>3,934</b>	20,340
Set-off of deferred tax liabilities pursuant to set-off provisions	<b>(3,881)</b>	(4,444)
<b>Net deferred tax assets</b>	<b>53</b>	15,896

The analysis of deferred income tax assets are as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Deferred income tax assets:</b>		
– to be recovered after more than 12 months	<b>3,881</b>	17,951
– to be recovered within 12 months	<b>53</b>	2,389
	<u>3,934</u>	<u>20,340</u>

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 <i>RMB'000</i>	Advertising expenses <i>RMB'000</i>	Deductible losses from previous years <i>RMB'000</i>	Impairment losses <i>RMB'000</i>	Provisions of liabilities and others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>At 31 December 2021</b>	<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>
<b>At 31 December 2022</b>	<u>2,389</u>	<u>16,007</u>	<u>1,891</u>	<u>53</u>	<u>–</u>	<u>20,340</u>
Recognised in the consolidated statement of comprehensive income	<u>(2,389)</u>	<u>(12,126)</u>	<u>(1,838)</u>	<u>(53)</u>	<u>–</u>	<u>(16,406)</u>
<b>At 31 December 2023</b>	<u>–</u>	<u>3,881</u>	<u>53</u>	<u>–</u>	<u>–</u>	<u>3,934</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 2023, the Group did not recognise deferred income tax assets of RMB31,692 thousand (31 December 2022: RMB28,234 thousand) in respect of tax losses amounting to RMB126,769 thousand (31 December 2022: RMB112,934 thousand). These tax losses will expire from 2024 to 2028.

**(b) Deferred tax liabilities**

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>The balance comprises temporary differences attributable to:</b>		
Assets appreciation	–	2,104
Unrealised investment income	<b>23,084</b>	25,794
Withholding tax of dividend	<b>87</b>	431
	<u>23,171</u>	<u>28,329</u>
Total gross deferred tax liabilities		
Set-off of deferred tax liabilities pursuant to set-off provisions	<u>(3,881)</u>	<u>(4,444)</u>
<b>Net deferred tax liabilities</b>	<u><b>19,290</b></u>	<u>23,885</u>

The analysis of deferred income tax liabilities are as follows:

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Deferred income tax liabilities:</b>		
– to be recovered after more than 12 months	–	2,104
– to be recovered within 12 months	<b>23,171</b>	26,225
	<b>23,171</b>	28,329

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

	<b>Assets Appreciation RMB'000</b>	<b>Unrealised investment income RMB'000</b>	<b>Withholding tax of dividend RMB'000</b>	<b>Total RMB'000</b>
<b>At 31 December 2021</b>	<u>2,140</u>	<u>26,098</u>	<u>6,531</u>	<u>34,769</u>
Recognised in the consolidated statement of comprehensive loss	(640)	(304)	(6,100)	(7,044)
Recognised in changes of equity (Note 10)	<u>604</u>	<u>–</u>	<u>–</u>	<u>604</u>
<b>At 31 December 2022</b>	<u>2,104</u>	<u>25,794</u>	<u>431</u>	<u>28,329</u>
Recognised in the consolidated statement of comprehensive loss	<u>(2,104)</u>	<u>(2,710)</u>	<u>(344)</u>	<u>(5,158)</u>
<b>At 31 December 2023</b>	<u>–</u>	<u>23,084</u>	<u>87</u>	<u>23,171</u>

As at 31 December 2023, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB425,071 thousand (2022: RMB423,024 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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. Save as disclosed below, during the year ended December 31, 2023, 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.

Pursuant to code provision F.2.2 of the CG Code, the chairman of the board should attend the annual general meeting. Mr. Fu Zhengjun, the chairman of Board, did not attend the Company’s annual general meeting held on June 20, 2023 due to his other work commitment.

## **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 C3 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, 2023.

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

During the year ended December 31, 2023, the Company has repurchased a total of 4,722,000 shares on the Stock Exchange with an aggregate amount of HK\$1,901,770. As at the date of this announcement, all shares repurchased during the year ended December 31, 2023 were cancelled. Details of shares repurchased during the year ended December 31, 2023 are set out as follows:

Month of repurchases	Number of Shares purchased on the Stock Exchange	Price paid per Share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
December 2023	4,722,000	0.42	0.38	1,901,770

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, 2023.

## FINAL DIVIDEND

The Board has proposed a final dividend of HK\$0.01 per share for the year ended December 31, 2023 (2022: Nil). Subject to the approval at the forthcoming annual general meeting of the Company to be held on June 20, 2024, the final dividend will be payable on July 12, 2024 to the shareholders of the Company whose names appear on the register of members of the Company on June 28, 2024.

## **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, 2024 (the “AGM”), the register of members of the Company will be closed from June 17, 2024 to June 20, 2024 (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, Link Market Services (Hong Kong) Pty Limited of Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong not later than 4:30 p.m. on June 14, 2024 for registration.

In order to determine the entitlement of the shareholders to receive the final dividend, the register of members of the Company will be closed from June 27, 2024 to June 28, 2024 (both days inclusive), during which period no transfer of shares will be registered. All transfer documents accompanied by the relevant share certificates shall be lodged with the Company’s share registrar in Hong Kong, Link Market Services (Hong Kong) Pty Limited of Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong not later than 4:30 p.m. on June 26, 2024 for registration.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed and discussed the annual results of the Group for the year ended December 31, 2023.

## **SCOPE OF WORK OF INDEPENDENT AUDIT**

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 cashflows and the related notes thereto for the year ended December 31, 2023 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.

## **EXTRACT FROM INDEPENDENT AUDITOR'S REPORT**

The auditor has issued a qualified opinion in the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2023. The details of which are extracted as follows:

### **Our Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### **Basis for Qualified Opinion**

As explained in note 3.3 and note 21(h) to the consolidated financial statements, the Group has an investment in certain equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited. This investment is accounted for as financial assets at fair value through profit or loss in the consolidated balance sheet. As at 31 December 2023, the carrying amount of the Group's investment in the equity securities was RMB17,584 thousand, and the Group recognised a fair value loss of RMB27,247 thousand for the year then ended.

The trading of the above-mentioned equity securities was suspended in April 2023 and has not resumed. Management assessed the fair value of the Group's investment in these equity interests as at 31 December 2023 using a market approach by benchmarking to the median share price decline ratio, between the dates of trading suspension and trading resumption, of certain selected companies listed on The Stock Exchange of Hong Kong Limited that have experienced share trading suspension and resumption.

Management, however, was unable to provide evidence about the appropriateness of the selection of companies to support the reasonableness of the median share price decline ratio. We were unable to obtain sufficient appropriate audit evidence we considered necessary to assess the reasonableness of the median share price decline ratio adopted in management's assessment of the fair value of the Group's investment in the equity securities. Consequently, we were unable to determine whether any adjustments might be necessary to the carrying amount of the Group's investment included in financial assets at fair value through profit or loss as at 31 December 2023 and the amount of fair value loss included in other losses, net for the year ended 31 December 2023.

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

## **PUBLICATION OF ANNUAL REPORT**

Pursuant to the requirements of the Listing Rules, the 2023 annual report of the Company will set out all information disclosed in the annual results announcement for the year ended December 31, 2023 and will be sent 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 28, 2024

*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. Wang Mingchun and Mr. Chan Wing Yuen Hubert.*