天鴿 tiange

Tian Ge Interactive Holdings Limited

天鴿互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：1980

ANNUAL REPORT

2021

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Company Overview

ABOUT TIAN GE

Tian Ge Interactive Holdings Limited (the "**Company**", "**We**" or "**Tian Ge**") was founded in Hangzhou, China in 2008 with its shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing**") on July 9, 2014 (the "**Listing Date**"). In March 2015, Tian Ge was included in Hang Seng Composite Index Series including: HSCI, Industry Index – Information Technology, and SmallCap Index.

The Company and its subsidiaries (collectively the "**Group**") operate a number of renowned "many-to-many" and "one-to-many" live social video communities. Leveraging on its leading industry position, Tian Ge has launched a series of live streaming mobile applications and entered into the overseas markets, including Thailand and Indonesia, etc. The wide acceptance of live streaming mobile applications allows Tian Ge to fully capture the opportunities arising from the rapidly growing demand for mobile entertainment in China, Asia and the rest of the world, which also creates synergistic effects with Tian Ge's live social video businesses.

BOARD OF DIRECTORS

Executive Directors
Mr. Fu Zhengjun *(Chairman)*
Mr. Mai Shi'en

Non-executive Directors
Mr. Xiong Xiangdong
Ms. Cao Fei

Independent Non-executive Directors
Mr. Lam Yiu Por
Mr. Yang Wenbin
Mr. Chan Wing Yuen Hubert

CHIEF EXECUTIVE OFFICER
Mr. Zhao Weiwen

JOINT COMPANY SECRETARIES
Mr. Chen Shi
Ms. Ng Sau Mei

AUTHORISED REPRESENTATIVES
Mr. Fu Zhengjun
Ms. Ng Sau Mei

AUDIT COMMITTEE
Mr. Lam Yiu Por *(Chairman)*
Mr. Yang Wenbin
Mr. Chan Wing Yuen Hubert

REMUNERATION COMMITTEE
Mr. Yang Wenbin *(Chairman)*
Mr. Chan Wing Yuen Hubert
Mr. Xiong Xiangdong

NOMINATION COMMITTEE
Mr. Fu Zhengjun *(Chairman)*
Mr. Lam Yiu Por
Mr. Yang Wenbin

REGISTERED OFFICE
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P.O. Box 31119
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Cayman Islands

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Hangzhou, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT
Offshore Incorporations (Cayman) Limited
Grand Pavilion
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802 West Bay Road
P.O. Box 31119
KY1-1205
Cayman Islands

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Corporate Information

LEGAL ADVISERS

DLA Piper Hong Kong
25th Floor, Three Exchange Square
8 Connaught Place
Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

STOCK CODE

1980

COMPANY'S WEBSITE

www. tiange.com

PRINCIPAL BANKERS

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19/F, China Merchants Bank Tower
No. 7088 Shennan Boulevard
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China Merchants Bank
Hong Kong Branch
21/F, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

FINANCIAL HIGHLIGHTS

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

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

Notes:

(1) Adjusted net profit was derived from the net profit from continuing operations for the period excluding the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and income tax effects of the non-IFRS adjustments.

(2) Adjusted net profit margin is calculated by dividing adjusted net profit by revenue.

(3) Adjusted EBITDA was derived from the operating profit from continuing operations for the period, excluding the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions and depreciation and amortization.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Director**") (the "**Board**") and management of Tian Ge, I am pleased to present the 2021 annual report of the Group.

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

Overall Financial Performance

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

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

"Mobile + PC" Dual Live Streaming

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

Overseas Expansion

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

Structured Notes Investments

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

Venture Capital and Private Equity Funds

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

Prospect and Future Outlook

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

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

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

Fu Zhengjun
Chairman and Executive Director
Tian Ge Interactive Holdings Limited

March 30, 2022

1. OPERATING INFORMATION

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

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

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

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

- For the three months ended December 31, 2021, the total number of monthly active users ("**MAUs**") for Tian Ge was approximately 1.6 million, representing a decrease of approximately 82.7% from the same period in 2020 and representing an increase of approximately 4.7% from the three months ended September 30, 2021. The year-on-year decrease was mainly due to the intensification of industry competition, the streamlining of live streaming platforms and the reduction of promotional activities on live streaming websites.

- Our mobile MAUs as at December 31, 2021 represented 87.1% of our total MAUs, while the percentage as at September 30, 2021 and December 31, 2020 were 96.9% and 97.9%, respectively.

- The number of quarterly paying users ("**QPUs**") for Tian Ge's online interactive entertainment service for the three months ended December 31, 2021 was approximately 161,000, representing a decrease of approximately 3.6% from the three months ended September 30, 2021 and representing a decrease of approximately 35.1% from the three months ended December 31, 2020, respectively. This was primarily due to the recession and reduction of platform users.

- Our mobile QPUs as at December 31, 2021 represented 81.3% of our total QPUs, while the percentages as at September 30, 2021 and December 31, 2020 were 81.2% and 83.3%, respectively.

- The quarterly average revenue per user ("**QARPU**") for Tian Ge's online interactive entertainment service for the three months ended December 31, 2021 was RMB231, representing a decrease of approximately 23.5% from the three months ended September 30, 2021 and representing a decrease of approximately 14.8% from the three months ended December 31, 2020.

- Number of virtual rooms for Tian Ge's online interactive entertainment service increased by 23.2% as compared to the three months ended September 30, 2021 and decreased by 53.1% from the three months ended December 31, 2020. The decrease was primarily due to the cleanup of rooms without consumption and anchors. Number of hosts for Tian Ge's online interactive entertainment service increased by 3.6% as compared to the three months ended September 30, 2021 and representing a decrease of 70.4% from the three months ended December 31, 2020.

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

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

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

2. FINANCIAL INFORMATION

Revenue

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

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

Cost of Revenue and Gross Profit Margins

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

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

Selling and Marketing Expenses

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

Administrative Expenses

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

Research and Development Expenses

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

Net Impairment Losses on Financial Assets

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

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

Other Gains, Net

The Continuing Group's other gains, net experienced an increase of 396.3% year-on-year to RMB183.4 million for the year ended December 31, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the substantial growth of fair value gains on venture capital and private equity funds, structured notes and other financial instruments. The details are set out in note 8 to the consolidated financial statements.

Finance (Cost)/Income, Net

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

Share of Profit of Investments Accounted for Using the Equity Method

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

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

Income Tax Expense/(Credit)

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

Profits Attributable to Owners of the Company

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

Non-IFRS Presentation

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

ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT

(FOR THE YEAR ENDED DECEMBER 31, 2021)

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

Non-IFRS Measures

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

Adjusted EBITDA

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

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

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

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

Adjusted Net Profit

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

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

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

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

3. LIQUIDITY AND FINANCIAL RESOURCES

Cash and Cash Equivalent, and Term Deposits

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

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

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

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

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

Other Financial Instruments

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

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

The details are set out in note 22(c) to the consolidated financial statements.

Structured Notes

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

The details are set out in note 22(d) to the consolidated financial statements.

Fund Investments

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

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

Private Investments

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

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

Note:

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

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

Investments in Wealth Management Products

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

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

Convertible Promissory Notes

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

Intangible Assets

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

Deferred Income Tax Liabilities, Net

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

Redemption Liabilities

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

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

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

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

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

The details are set out in note 34 to the consolidated financial statements.

Bank Loans and Other Borrowings

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

Gearing Ratio

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

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

Capital Expenditures

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

Major Investments and Disposals

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

Charges on Assets

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

Contingent Liabilities

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

Foreign Exchange Risk

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

5. CORPORATE INFORMATION

Staff

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

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

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

Share Option Schemes

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

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

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

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

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

	Year ended December 31,				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Revenue*	915,969	721,256	483,498	329,639	**210,530**
Gross profit*	806,678	667,502	440,538	302,711	**160,695**
Profit before income tax*	394,194	354,619	186,694	59,208	**88,357**
Profit for the year	322,787	215,662	100,126	84,471	**130,613**
Profit attributable to Shareholders of the Company	324,099	218,276	93,834	80,617	**128,828**
Total comprehensive income/(loss) for the year	362,587	248,715	115,519	(46,129)	**86,990**
Total comprehensive income/(loss) attributable to Shareholders of the Company	363,933	251,404	109,227	(49,983)	**85,218**

	As at December 31,				
	2017 RMB'000	2018 RMB'000	2019 RMB'000	2020 RMB'000	**2021** **RMB'000**
Assets					
Non-current assets	1,359,049	1,572,543	1,518,622	1,173,090	**1,749,144**
Current assets	1,605,098	1,583,997	1,984,142	2,372,878	**1,777,746**
Total assets	2,964,147	3,156,540	3,502,764	3,545,968	**3,526,890**
Equity and liabilities					
Equity attributable to Shareholders of the Company	2,717,175	2,831,408	2,754,957	2,798,233	**3,063,020**
Non-controlling interests	11,582	12,762	109,786	114,605	**676**
Total Equity	2,728,757	2,844,170	2,864,743	2,912,838	**3,063,696**
Non-current liabilities	6,391	112,599	118,667	41,143	**28,880**
Current liabilities	228,999	199,771	519,354	591,987	**434,314**
Total liabilities	235,390	312,370	638,021	633,130	**463,194**
Total equity and liabilities	2,964,147	3,156,540	3,502,764	3,545,968	**3,526,890**

* *To reflect the operation results from continuing operations, the figures of year 2018 and 2019 were restated.*

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Fu Zhengjun (傅政軍), aged 43, is our Chairman and has been a Director of our Board since July 28, 2008. He was re-designated to our Board as an executive Director on March 11, 2014. Mr. Fu is the founder of our Group and has served as the chief executive officer of all our wholly-owned foreign enterprises (**"WFOE"**) and PRC Operating Entities (as defined below) since their respective incorporation until June 26, 2020. He is responsible for the overall strategic planning of our Group, and is instrumental to our growth and business expansion. Mr. Fu has approximately 18 years of experience in the Internet industry. Prior to founding our Group, Mr. Fu was the chief technology officer of Tiantu Information Technology (Shanghai) Co., Ltd. (天圖信息技術(上海)有限公司), a company mainly engaging in the development of Internet advertising technology, from August 2000 to September 2004, where he was responsible for products research and development. From August 1999 to August 2000, Mr. Fu served as an engineer at Zhejiang Data Communications Administration Bureau (浙江省數據通訊局) (formerly known as Zhejiang Communications Administration Bureau (浙江省通訊管理局)), where he was responsible for project management and implementation.

Mr. Fu received a bachelor's degree in computer science application from Zhejiang University of Technology (浙江工業大學) in Hangzhou in July 1999.

Mr. Mai Shi'en (麥世恩), aged 46, was appointed as a Director of our Board on March 5, 2014 and re-designated as an executive Director on March 11, 2014. From August 2012 to April 2014, Mr. Mai served as the chief financial officer of the Company and was responsible for the corporate finance, investor relations and financial management of our Group. He had been the chief operating officer of our Group from April 22, 2014 to May 31, 2021 and was responsible for the overall operation of our Group and mergers and acquisitions, as well as our Group's strategy planning and implementation. After the resignation of the former chief financial officer, Mr. Mai had resumed as the acting chief financial officer of the Company from July 31, 2015 to May 31, 2021. Mr. Mai has served as the directors of a number of subsidiaries or associated companies. Mr. Mai possesses extensive knowledge of the Internet industry and financial management. Prior to joining our Group, Mr. Mai was an executive director and the chief financial officer of Shanghai Nineyou Internet Technology Co. Ltd. (上海久遊網絡科技有限公司), an online games and interactive online platform operator in China, where he worked from September 2005 to July 2012 and was responsible for the company's overall financial planning, internal auditing and investment. From September 2003 to September 2005, Mr. Mai worked at Praxair (China) Investment Co., Ltd. (普萊克斯(中國)投資有限公司), responsible for financial related matters. In addition, from August 1998 to July 2003, Mr. Mai worked in the auditing departments of several top global accounting firms including Ernst & Young, Arthur Anderson and KPMG.

Mr. Mai graduated from Shanghai Jiaotong University (上海交通大學) in Shanghai in July 1998, where he received a bachelor's degree in international finance. He is a Certified Internal Auditor (CIA) admitted by China Institute of Internal Audit (中國內部審計協會) in November 2004 and a Chinese Institute of Certified Public Accountant (CICPA) admitted by Shanghai Certified Public Accountant Association (上海市註冊會計師協會) in December 2009.

NON-EXECUTIVE DIRECTORS

Mr. Xiong Xiangdong (熊向東), aged 50, was appointed as a non-executive Director on September 1, 2020. Mr. Xiong has been serving as the managing partner of Meridian Capital since January 2010. Mr. Xiong served as the president of Kubao Information Technology (Shanghai) Limited from September 2004 to December 2009. Mr. Xiong served as an investment director of IDG Capital from October 1994 to August 2004. Prior to that, Mr. Xiong served as an investment manager in Wantong Enterprises Group from July 1993 to October 1994.

Mr. Xiong obtained a bachelor degree in electronic science and technology from East China Normal University in July 1993.

Ms. Cao Fei (曹菲), aged 47, was appointed as a non-executive Director on January 11, 2018. Ms. Cao has been serving as the vice president, finance of Weibo Corporation (NASDAQ: WB) since September 2017. Ms. Cao served as the vice president, finance of SINA Corporation (NASDAQ: SINA) from January 2017 to September 2017 overseeing the corporate finance department and she served as the corporate controller of SINA Corporation from June 2005 to December 2016. Prior to that, Ms. Cao served as an audit manager in PricewaterhouseCoopers in Beijing from 1997 to 2005.

Ms. Cao is a certified public accountant in China and a member of China Institute of Certified Public Accountants (CICPA) since 2003. Ms. Cao obtained a bachelor degree in engineering from Shanghai Jiaotong University in July 1997 and an executive master of business administration from Shanghai Jiaotong University in December 2016.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Yiu Por (林曉波), aged 45, was appointed as an independent non-executive Director with effect from January 11, 2021. Mr. Lam has more than 21 years of experience in the field of finance and accounting. Mr. Lam is currently an independent non-executive director of JNBY Design Limited, a company listed on the Stock Exchange (stock code: 3306). He had also served as the chief financial officer and vice president of Greentech Technology International Limited (stock code: 195) from December 2013 to July 2020. Mr. Lam was an independent non-executive director of GR Properties Limited (stock code: 108) from July 2012 to April 2014, an independent non-executive director of Yat Sing Holdings Limited (stock code: 3708) from December 2014 to March 2016, a non-executive director of Zhong Ao Home Group Limited (stock code: 1538) from April 2015 to May 2017, an independent non-executive director of China Tontine Wines Group Limited (stock code: 389) from November 2016 to November 2018, and an independent non-executive director of Denox Environmental & Technology Holdings Limited (stock code: 1452) from November 2015 to June 2020.

Mr. Lam received his bachelor degree of arts in accountancy from the Hong Kong Polytechnic University (香港理工大學) in November 1997. Mr. Lam has been a member of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Governance Institute, a chartered financial analyst of the CFA Institute and a fellow of the Association of Chartered Certified Accountants since October 2004, March 2006, September 2006 and November 2007, respectively.

Biographical Details of Directors and Senior Management

Mr. Yang Wenbin (楊文斌), aged 56, was appointed as an independent non-executive Director on 13 June 2018. Mr. Yang has been serving as the chairman of Beijing Weiheng (Hangzhou) Law Firm since January 2017 and is responsible for the overall operations and management of the firm. Mr. Yang served as a senior partner of Zhejiang Zehou Law Firm from July 2011 to December 2016 and as the chairman of Zhejiang Handing Law Firm from October 2002 to June 2011. Prior to that, Mr. Yang served as a teacher in Zhejiang Police Vocational Academy from July 1986 to July 1996, primarily responsible for giving lectures in the field of criminal laws and jurisprudence. Mr. Yang is a licensed lawyer with profound theoretical knowledge and practical experience in criminal and corporate law. At present, Mr. Yang has been appointed as a practice instructor of post-graduate students in the School of Law of Zhejiang Gongshang University and as an adjunct professor of the College of Law and Political Science of Zhejiang A&F University.

Mr. Yang obtained a bachelor degree in law from Northwest University of Political Science and Law in June 1986.

Mr. Chan, Wing Yuen Hubert (陳永源), aged 64, was appointed as an independent non-executive Director on June 16, 2014. He has been an executive director of Central Development Holdings Limited (中發展控股有限公司) (stock code: 475) and Zhonghua Gas Holdings Limited (中華燃氣控股有限公司) (stock code: 8246) since November 2011 and August 2014 respectively. He has also been an independent non-executive director of FIT Hon Teng Limited (鴻騰六零八八精密科技股份有限公司) (stock code: 6088) since November 2016, all these companies are listed on the Stock Exchange. He spent over ten years with the Stock Exchange. In addition, Mr. Chan held various positions with companies listed on the Stock Exchange, including: as a director of Guangdong Investment Limited (粵海投資有限公司) (stock code: 270), as an independent non-executive director of China Smarter Energy Group Holdings Limited (中國智慧能源集團控股有限公司) (stock code: 1004) and Xinjiang La Chapelle Fashion Co., Ltd (新疆拉夏貝爾服飾股份有限公司), a company listed on the Stock Exchange (stock code: 6116) and The Shanghai Stock Exchange (stock code: 603157), as an executive director of EverChina Int'l Holdings Company Limited (潤中國際控股有限公司) (stock code: 202) and China Pipe Group Limited (中國管業集團有限公司) (stock code: 380).

Mr. Chan obtained a higher diploma in company secretaryship and administration from Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University). Mr. Chan has been an associate member and a fellow member of The Hong Kong Institute of Directors (香港董事學會) since 1998 and 2022 respectively, and also an ordinary member of The Hong Kong Securities and Investment Institute (香港證券及投資學會) since 1999. Mr. Chan has been an associate member of both The Chartered Governance Institute and The Hong Kong Chartered Governance. In addition, he has been a member of the Chinese People's Political Consultative Conference – Heilongjiang Province Committee (中國人民政治協商會議黑龍江省委員會).

SENIOR MANAGEMENT

Mr. Zhao Weiwen (趙偉文), aged 54, has over 26 years of experience in the Internet industry. Before joining the Group, Mr. Zhao served as the manager of value-added business department and key client department of China Telecom's Jinhua Branch (中國電信金華分公司) in Jinhua, Zhejiang Province from August 1995 to March 2010, where Mr. Zhao was involved in building Internet network infrastructures and related projects.

Mr. Zhao started to work for our Group since April 2010. He was the general manager of Jinhua9158 Network Science and Technology Co., Ltd.* (金華就約我吧網絡科技有限公司) from April 2010 to July 2010 and the general manager of Jinhua99 Information Technology Co., Ltd.* (金華玖玖信息技術有限公司) from July 2010 to December 2010. Mr. Zhao has been working as the general manager of Zhejiang Tiange Information and Technology Co., Ltd* (浙江天格信息技術有限公司) for nearly ten years since January 2011 and is responsible for the daily management of Zhejiang Tiange Information and Technology Co., Ltd, including administration, human resources, IT, finance, customer services, and Internet supervision. Mr. Zhao is also currently serving as executive director and supervisor of a number of subsidiaries of our Group and is in charge of the daily management and development of a number of subsidiaries of our Group, including Zhejiang Tian Yue Information Technology Co., Ltd.* (浙江天悅信息技術有限公司), Jinhua Tianhu Network Technology Co., Ltd.* (金華天虎網絡科技有限公司), Zhejiang Tiange Information and Technology Co., Ltd.* (浙江天格信息技術有限公司), Jinhua9158 Network Science and Technology Co., Ltd.* (金華就約我吧網絡科技有限公司), Jinhua Xingyue Information Technology Co., Ltd.* (金華興悅信息技術有限公司), Jinhua Ruian Investment Management Company Limited* (金華睿安投資管理有限公司), Jinhua Ruichi Investment Management Company Limited* (金華睿馳投資管理有限公司), Jinhua9158 Investment Management Co., Ltd.* (金華就約我吧投資管理有限公司), Jinhua Xuance Investment Management Co., Ltd* (金華萱策投資管理有限公司) and Zhejiang Genxuan Investment Management Co., Ltd* (浙江亘萱投資管理有限公司).

Mr. Zhao obtained a diploma in project management from the People's Liberation Army Information Engineering College (解放軍信息工程學院) in Zhengzhou in July 1994.

Mr. Zhuang Jianqiu (莊劍秋), aged 46, with a bachelor degree from the Second Military Medical University of China (中國第二軍醫大學), started to work as deputy General manager of Jinhua Lanyou Network Technology Co., LTD. (金華藍優網絡科技有限公司) of our Group since May 2018. From June 2020, Mr. Zhuang has been promoted as vice president of our Group, with main responsibilities for overall management of human resources and administrative departments.

Report of the Directors

The Board is pleased to present this annual report and the audited consolidated financial statements of the Group for the year ended December 31, 2021 (the "**Reporting Period**").

INITIAL PUBLIC OFFERING

The Company was incorporated in the Cayman Islands on July 28, 2008 as an exempted company with limited liability under the Companies Law (2007 Revision) of the Cayman Islands as an investment holding company. The Company listed its shares on the Main Board of the Stock Exchange on July 9, 2014 and issued 304,267,000 shares at an offer price of HK$5.28 per share. On July 30, 2014, the Company further issued 45,640,000 shares pursuant to the full exercise of the over-allotment option.

PRINCIPAL ACTIVITIES

The principal activities of the Group are operating of live social video platforms, and other products and services in the People's Republic of China (the "**PRC**").

Details of the principal activities of the principal subsidiaries of the Company are set out in note 5 to the consolidated financial statements.

An analysis of the Group's revenue and operating profit for the year ended December 31, 2021 by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

The business review, the analysis using financial key performance indicator on the Group and the indication of likely future development on the Company's business are set out on pages 6 to 7 of this annual report.

IMPORTANT EVENT AFTER REPORTING DATE

The Group did not have any important event after the reporting date.

RESULTS

The Group's results for the year ended December 31, 2021 are set out in the consolidated statement of comprehensive income on pages 84 to 85 of this annual report.

COMPLIANCE WITH THE RELEVANT SIGNIFICANT LAWS AND REGULATIONS

The Group's operations are subject to laws and regulations issued by various PRC government authorities. To contribute to healthy development of the society, we strictly comply with the PRC laws and regulations. We require all users to agree to our terms of service upon account registration. Our terms of service set out types of content strictly prohibited on our platform, and we have also developed a robust content monitoring system, including our proprietary detection technology, which identifies certain features of the human body, such as skin tone, to automatically filter certain types of suspected inappropriate content for further review by our content monitoring team, as well as random checks of rooms during the periods commonly associated with potential violations of our terms of service.

Regulations Relating to Value-added Telecommunications Business

On September 25, 2000, the State Council promulgated the Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecom Regulations**"). Under the Telecom Regulations and the Catalogue of Telecommunication Business (《電信業務分類目錄》), an appendix to the Telecom Regulations, the services of an Internet content provider (the "**ICP**") are designated as a value-added telecommunication business as at March 1, 2016. An ICP is thus subject to examination by and approval of and is required to obtain a value-added telecommunication service operating license (增值電信業務經營許可證) (the "**ICP License**") from the Ministry of Industry and Information Technology (the "**MIIT**") or its provincial counterparts. The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**") promulgated on September 25, 2000 and amended on January 8, 2011 further categorize Internet information services into either commercial Internet information services or non-commercial Internet information services. The Internet Measures require commercial operators of Internet information services to obtain an ICP License from the MIIT or its provincial counterparts before engaging in the provision of any commercial Internet information services.

According to the currently effective Guidance Catalogue of Industries for Foreign Investment (《外商投資企業指導目錄》) (the "**Guidance Catalogue**"), updated on April 10, 2015, which governs investment activities in the PRC by foreign investors and the Administrative Rules for Foreign Investments in Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**FITE Regulations**") issued on December 11, 2001 and amended on September 10, 2008, the foreign investors' ultimate equity interests in an entity providing value-added telecommunications services in the PRC shall not exceed 50% (except e-commerce business). Furthermore, the Guidance Catalogue clearly stipulates that foreign investment is still restricted to enter into online publishing and online transmission of audio/visual programs business.

To comply with such foreign ownership restrictions, we operate our live social video platforms and engage in various online activities in the PRC through our PRC Operating Entities. Each of Hangzhou Han Tang Cultural Communication Co., Ltd. ("**Hantang**"), Jinhua9158 Network Science and Technology Co., Ltd ("**Jinhua9158**"), Jinhua99 Information Technology Co., Ltd ("**Jinhua99**") and Jinhua Xingxiu Cultural Communication Co., Ltd. ("**Xingxiu**") holds an ICP License.

Regulations Relating to Online Cultural Business

The Interim Provisions on the Administration of Internet Culture (《互聯網文化管理暫行規定》) (the "**Internet Culture Interim Provisions**"), promulgated on May 10, 2003 and amended on February 17, 2011, require entities engaging in activities relating to "online cultural products" to obtain the Network Cultural Business Permit (網絡文化經營許可證) from a provincial counterpart of the Ministry of Culture (the "**MOC**") if they intend to provide online culture products and services for profits. "Online cultural products" include cultural products that are produced specifically for Internet use, such as online music and entertainment, online games, online plays, online performances and other online cultural products that produce or reproduce music, entertainment, games, plays and other art works for Internet dissemination through technical means.

Pursuant to the currently effective Guidance Catalogue, the online cultural business (except online music) falls within the "prohibited" category. On March 18, 2011, the MOC issued the Circular on Implementation of the Newly Revised Interim Provisions on the Administration of Internet Culture (《關於實施新修訂<互聯網文化管理暫行規定>的通知》), which also provides that in general, the authorities temporarily will not accept applications by foreign-invested ICP operators for operation of online culture business.

On December 2, 2016, the MOC promulgated the Administrative Measures on Online Performance Operating Activities (《網絡表演經營活動管理辦法》) (the "**Online Performance Measures**") which took effect from January 1, 2017. The Online Performance Measures regulate online performance operating activities and emphasizes that any entities engaging in online performance operating activities must obtain the Network Cultural Business Permit. We have put measures to rectify and improve operations to comply with the Online Performance Measures.

Each of Hantang, Jinhua9158, Jinhua99 and Xingxiu holds a Network Cultural Business Permit.

Regulations Relating to Internet Publication Business

On February 4, 2016, as approved by the General Administration of Press and Publication (the "**GAPP**"), the MIIT issued the Regulations on Administration of Internet Publication Services (《網絡出版服務管理規定》) (the "**New Internet Publication Regulations**") which took effect from March 10, 2016. The Interim Regulations on Administration of Internet Publication (《互聯網出版管理暫行規定》) (the "**Interim Regulations**") issued on June 27, 2002 was superseded. The New Internet Publication Regulations preserved the license requirement for any company that engages in Internet publication activities which includes the provision of online games through Internet; therefore, an online game operator must obtain an Internet Publishing Services License (網絡出版服務許可證) so that it can directly offer its online games to the public in the PRC. The New Internet Publication Regulations specify foreign enterprises are prohibited to invest in the Internet publications business.

On July 6, 2005, five PRC government authorities, including the MOC and the GAPP, jointly adopted the Several Opinions on Canvassing Foreign Investment into the Cultural Sector (《關於文化領域引進外資的若干意見》), pursuant to which foreign enterprises are prohibited to invest in the business of audio/visual programs provision via the information network and Internet publications.

Hantang obtained an Internet Publishing License for the publication of online games and mobile phone games in 2013 and renewed on October 1, 2019.

Regulations Relating to Online Games

On June 3, 2010, the Interim Measures on Administration of Online Games (《網絡遊戲管理暫行辦法》) (the "**Online Game Measures**") were promulgated which require that a company engaging in the operation of online games, including operation of online games, issuance of virtual currency and/or provision of virtual currency transaction services, must have a registered capital of at least RMB10 million and obtain a Network Cultural Business Permit from the provincial counterpart of the MOC. For online games developed in the PRC, the online game operators are required to complete filing procedures with the MOC and comply with other relevant requirements. Online game operators shall indicate the filing numbers at the designated places of their websites and in the games. Online game operators are also required to establish self-censorship systems and have dedicated personnel for the purpose to ensure the lawfulness of the content of online games.

According to the New Internet Publication Regulations, games are not allowed to put online for operation without obtaining pre-approval from GAPP. We are in the process of applying for approval from GAPP and filing with the MOC for most of the online games we currently operate. The GAPP Online Game Notice requires an online game operator to obtain an Internet Publication License and further prohibits any direct foreign investment in online games operation business or foreign control or participation in domestic companies' online game operation business in an indirect way such as establishing other joint ventures, entering into relevant agreements or providing technical support, or in any other disguised manner.

Regulations Relating to Virtual Currency

To curtail online games that involve online gambling while addressing concerns that virtual currency might be used for money laundering or illicit trade, on January 25, 2007, the Ministry of Public Security, the MOC, the MIIT and the GAPP jointly issued the Notice on Regulating Operation Order of Online Games and Prohibition of Gambling via Online Games (《關於規範網絡遊戲經營秩序查禁利用網絡遊戲賭博的通知》). On February 15, 2007, fourteen PRC government authorities jointly issued the Notice on Further Strengthening Administration of Internet Cafes and Online Games (《關於進一步加強網吧及網絡遊戲管理工作的通知》). In accordance with this notice, the People's Bank of China (the "**PBOC**") shall strengthen the administration and regulation on virtual currency to prohibit the virtual currency from impacting the real currency system.

On June 4, 2009, the MOC and the MOFCOM jointly issued the Notice on Strengthening the Administration of Online Game Virtual Currency (《關於加強網絡遊戲虛擬貨幣管理工作的通知》) (the "**Virtual Currency Notice**"). The Virtual Currency Notice requires the entities engaging in businesses that (i) issue online game virtual currency (in the form of prepaid cards and/or pre-payment or prepaid card points), or (ii) offer online game virtual currency transaction services to apply for approval from the MOC through its provincial counterparts. The online game operators that issue virtual currency are prohibited from providing services that would enable the trading of such virtual currency. Any online game operator that fails to submit the requisite application will be subject to sanctions, including, without limitation, mandatory corrective measures and fines.

In addition to the Virtual Currency Notice, the Online Game Measures promulgated by the MOC effective on June 3, 2010 further provide that (i) virtual currency may only be used to purchase services and products provided by the online game operator that issues the currency; (ii) the purpose of issuing virtual currency shall not be malicious appropriation of the user's advance payment; (iii) the storage period of online game players' purchase record shall not be shorter than 180 days from last time the player receives the service provided by the online game operator; (iv) the types, price and total amount of virtual currency shall be filed with the cultural administration department at the provincial level. Moreover, the Online Game Measures stipulate that virtual currency transaction service providers may not provide virtual currency transaction services to minors or for online games that fail to obtain the necessary approval or filings, and that such providers should keep transaction records, accounting records and other relevant information for its users for at least 180 days.

Regulations Relating to Online Payment

On July 1, 2016, the People's Bank of China promulgated the Online Payment Business Regulations of Non-Banking Payment Institutions《非銀行支付機構網絡支付業務管理辦法》(the "**Payment Business Regulations**"), for further strengthening the administration and transition of online payment business. One of the important measures of the Payment Business Regulations is the system for identifying users. In consideration of the regulations, non-banking payment institutions request all applications in channels of distribusement only to the operators of APP. The previous amendment may bring differences in the details of top-up orders, but will not affect the settlement.

POTENTIAL RISK FACTORS

The live social video community industry is an evolving industry, its growth and the level of demand of Tian Ge's products and services are subject to uncertainty. The Company's growth will depend on a number of factors, some of which are beyond our control. These factors include:

Economic Environment

Many factors affect the level of consumer spending, including the state of the economy as a whole, stock market performance, interest rates, recession, deflation and other factors that influence consumer confidence. The Group's business performance might be negatively affected by uncertainties regarding future economic prospects in China. A significant decline in Chinese economy could have an adverse effect on the Group's business.

Market Acceptance

Tian Ge's success depends on the Company's ability to originate and identify market trends, and also to anticipate and respond timely to the changing consumer preferences. The Group foresees the shifting user trends from PCs to mobile devices, and hence devotes more resources in enhancing our core live social video products towards mobile. The Group will spare no effort to stay abreast of emerging trends, however, if the Group fails to identify and respond to the market trends, there might be significant adverse effects on Tian Ge's business and financial performance.

Content Monitoring

Due to the immense quantity of user-generated content on our platform, our system may not be able to detect all violations of our terms of service and inappropriate content streamed or displayed over our platform. We may be held liable for information or content displayed on, retrieved from or linked to our platform, or distributed to our users, and PRC authorities may impose legal sanctions on us.

Changing of Technologies

Our business and future success depend on our ability to adapt to rapidly changing of technologies, and our ability to provide new products and services through using new technologies plays an important role on our future performance. In recent years, the development of mobile technology resulted users shifting from PC to mobile device, which also demands more innovation and diversification in technology application. If we fail to keep pace with rapid technological changes, our future success may be adversely affected.

Contractual arrangements

We rely on contractual arrangements with our PRC Operating Entities (as defined below) and their shareholders for the operation of our business, which may not be as effective as direct ownership. If our PRC Operating Entities (as defined below) and their shareholders fail to perform their obligations under these contractual arrangements, we may have to resort to litigation to enforce our rights, which may be time-consuming, unpredictable, expensive and damaging to our operations and reputation. For details, please refer to the section "Contractual Arrangements" on pages 50 to 62 of this annual report.

Investment and New Business Development

To date, we had entered into strategic alliances, including joint ventures or minority equity investments, with various third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party. Moreover, these new opportunities come with associated uncertainties and risks, especially when the business is based on a relatively new business model that may not be successful and encounters large scale competitors with strong innovation and technological capabilities.

Foreign Exchange Risk

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

SOCIAL RESPONSIBILITIES AND HUMAN RESOURCES

In fulfillment of corporate social responsibilities, Tian Ge is committed to environmental sustainability. Tian Ge archived paperless business operation in running live social video platforms in China. The Group also actively implements the concept of "green office" by increasing employees' awareness about the importance of energy saving, recycling and waste reduction.

Tian Ge views employees as our most valuable asset. Tian Ge recognizes that the skill, dedication and enthusiasm of our team is critical to our success in the face of ever-evolving market challenges. We strive to build an energetic working environment and to offer competitive remuneration packages, various incentives, promotion opportunities and training courses to its staff.

As one of the leading social media platform operators in China, the Group has maintained sound business relationships with our core live social ecosystem partnership as well as other stakeholders, which include but not limited to our distributors, hosts, sales agents, users and shareholders. We aim to improve the live social environment and ensure we provide the best value to our robust and solid loyal stakeholders.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: Nil).

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the articles of association of the Company (the "**Articles of Association**") and all applicable laws and regulations and the factors set out below.

In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future business growth and its shareholding value. The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends, including financial condition, financial results, future operations and liquidity position, expected working capital requirements and future expansion plans, debt to equity ratios and the debt level, business conditions and strategies, cash flow situation, the Shareholders' and the investors' expectation, general market conditions, any restrictions on payment of dividends and any other factors that the Board may consider relevant.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that the Board may deem appropriate.

Any final dividend for a financial year will be subject to Shareholders' approval.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year 2021 are set out in note 27 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Other than the Share Incentive Schemes as disclosed in this annual report and note 29 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the Reporting Period or subsisted at the end of the Reporting Period.

RESERVES

Details of movements in the reserves of the Group and the Company for the year ended December 31, 2021 are set out in the consolidated statement of changes in equity and note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at December 31, 2021, the Company's reserves available for distribution, calculated in accordance with the provisions of Cayman Companies Act, amounted to approximately RMB0.9 billion (as at December 31, 2020: RMB0.8 billion).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended December 31, 2021 are set out in note 14 to the consolidated financial statements. None of the applicable percentage ratios (as defined under the Listing Rules) in relation to a single property, plant or equipment exceeds 5%.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales to the Group's five largest distributors and customers for service performed accounted for approximately 90.9% of the Group's total revenue for the year ended December 31, 2021 and among which our top distributor accounted for approximately 60.3% of the Group's total revenue for the year ended December 31, 2021.

The Group's five largest suppliers for the year 2021 were promotion channels and server provider. The aggregate charges from the Group's five largest suppliers accounted for approximately 22.9% of the Group's cost of revenues and expenses attributable to suppliers for the year ended December 31, 2021 and among which our top supplier accounted for approximately 7.2% of the Group's cost of revenues and expenses attributable to suppliers for the year ended December 31, 2021.

None of the Directors or any of their close associates, or any Shareholders which to the knowledge of the Directors own more than 5% of the Company's issued shares have any interests in the Group's five largest suppliers or distributors.

DONATIONS

During the year ended December 31, 2021, the Company did not make any charitable contributions or other donations (2020: RMB0.3 million).

DIRECTORS

The Directors for the year ended December 31, 2021 and up to the date of this annual report are:

Executive Directors
Mr. Fu Zhengjun *(Chairman)*
Mr. Mai Shi'en

Non-Executive Directors
Mr. Xiong Xiangdong
Ms. Cao Fei

Independent Non-Executive Directors
Mr. Lam Yiu Por *(appointed as an independent non-executive Director with effect from January 11, 2021)*
Mr. Yang Wenbin
Mr. Chan Wing Yuen Hubert
Ms. Yu Bin *(resigned as an independent non-executive Director with effect from January 11, 2021)*

In accordance with article 84 of the Articles of Association, one-third of the Directors shall retire from office by rotation at an annual general meeting of the Company (the "**AGM**") and be eligible for re-election. Accordingly, Mr. Mai Shi'en, being an executive Director, Ms. Cao Fei, being a non-executive Director and Mr. Chan Wing Yuen Hubert, being an independent non-executive Director, shall retire from office at the forthcoming AGM and, being eligible, will offer themselves for re-election at the forthcoming AGM.

The Board has received an annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Board considers all independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years (subject to termination in certain circumstances as stipulated in the relevant service agreements and retirement by rotation in accordance with the Articles of Association).

Each of the non-executive Directors and the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years (subject to termination in certain circumstances as stipulated in the relevant letters of appointment and retirement by rotation in accordance with the Articles of Association).

None of the Directors has entered into or is proposed to enter into any service agreement with our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation, other than statutory compensation).

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The nomination committee of the Company (the "**Nomination Committee**") is responsible for reviewing the Board composition and recommending to the Board on the appointment or re-appointment of Directors and succession planning for the Directors, in particular the Chairman and chief executive officer.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of the Directors or any entity connected with the Directors has or had a material beneficial interest, whether directly or indirectly, in any transaction, arrangement or contract which is significant in relation to the Group's business to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2021.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

None of the Controlling Shareholders (as defined below) or its subsidiary has or had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended December 31, 2021.

ENFORCEMENT OF THE DEED OF NON-COMPETITION

Pursuant to the deed of non-competition dated June 16, 2014 (the "**Non-Competition Deed**") entered into by Mr. Fu Zhengjun, Three-Body Holdings Ltd and Blueberry Worldwide Holdings Limited (the "**Covenantors**" or "**Controlling Shareholders**"), each of the Covenantors has jointly and severally, unconditionally and irrevocably undertaken with our Company that he/it will not (except through the Group and any investment or interests held through the Group), and will procure his/its associates (other than any member of our Group) not to, directly or indirectly (including through nominees), carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in competition with or similar to or is likely to be in competition with the business referred to in the prospectus of the Company dated June 25, 2014 (the "**Prospectus**") that is carried on or contemplated to be carried on by any member of our Group (the "**Restricted Business**"). In addition, the Covenantors also granted the Company options for new business opportunities related to the Restricted Business. For details of the Non-Competition Deed, please refer to the Prospectus.

The Company has received confirmations from the Controlling Shareholders confirming their compliance with the Non-Competition Deed for disclosure in this annual report during the Reporting Period.

The Company and its Directors have made market enquiries and nothing has come to the attention of the Company or its Directors that the Controlling Shareholders are engaging in any business that may compete with that of the Group in contravention of the terms of the Non-Competition Deed. The independent non-executive Directors have also reviewed the compliance and enforcement status of the Non-Competition Deed, and are of the view that the Controlling Shareholders have abided by the undertakings contained in the Non-Competition Deed during the Reporting Period.

DIRECTORS' EMOLUMENTS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Particulars of the Directors' emoluments and five highest paid individuals for the year ended December 31, 2021 are set out in note 9 and note 40 respectively to the consolidated financial statements and the emolument policy of the Company is set out in the Corporate Governance Report on pages 65 to 76 of this annual report.

No Director has waived or has agreed to waive any emoluments during the year ended December 31, 2021.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2021, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which was in competition or was likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of December 31, 2021, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") are as follows:

Interests in ordinary shares of the Company:

Name of Director/chief executive	Nature of interests	Number of shares held	Approximate percentage of shareholding as at December 31, 2021
Mr. Fu Zhengjun ("**Mr. Fu**")	Founder of a discretionary trust (*Note 1*)	330,695,000	26.08%
	Beneficiary Owner	200,000	0.02%
Mr. Zhao Weiwen	Beneficiary Owner	1,009,000	0.08%

Note:

1. *UBS Trustees (B.V.I) Limited, the trustee of Mr. Fu's Trust (as defined below), holds the entire issued share capital of Three-Body Holdings Ltd through its nominee, UBS Nominee Limited. Three-Body Holdings Ltd holds the entire issued share capital of Blueberry Worldwide Holdings Limited. Blueberry Worldwide Holdings Limited in turn holds 330,695,000 shares in our Company. Mr. Fu's trust ("**Mr. Fu's Trust**") is a discretionary trust established by Mr. Fu (as the settlor) and the discretionary beneficiaries of which are Mr. Fu and his family members. Accordingly, each of Mr. Fu, UBS Trustees (B.V.I) Limited, Three-Body Holdings Ltd and Blueberry Worldwide Holdings Limited is deemed to be interested in the 330,695,000 shares held by Blueberry Worldwide Holdings Limited.*

Interest in underlying shares of the Company:

Name of Director/ chief executive	Position held within our Group	Nature	Number of shares represented by options or RSUs	Exercise price (US$)	Approximate percentage of shareholding as at December 31, 2021
Mr. Zhao Weiwen	Chief executive officer	RSUs *(Note 1)*	96,203	Nil	0.01%
		Options *(Note 1)*	100,000	0.35	0.01%
Mr. Mai Shi'en	Executive Director	RSUs *(Note 2)*	4,050,000	Nil	0.32%
Ms. Yu Bin	Independent non-executive Director *(Note 4)*	Options *(Note 3)*	200,000	0.35	0.02%
Mr. Chan Wing Yuen Hubert	Independent non-executive Director	Options *(Note 3)*	200,000	0.35	0.02%

Notes:

1. *Mr. Zhao Weiwen is interested in 96,203 Post-IPO RSUs granted to him on April 20, 2015 and April 1, 2016 respectively under Post-IPO RSU Scheme entitling him to receive 96,203 shares. Mr. Zhao is also interested in 100,000 Pre-IPO options granted to him on May 22, 2014 under the Pre-IPO Share Option Scheme entitling him to receive 100,000 shares.*

2. *Mr. Mai Shi'en is interested in 405,000 Pre-IPO RSUs granted to him on May 22, 2014 under the Pre-IPO RSU Scheme entitling him to receive 4,050,000 shares.*

3. *Ms. Yu Bin and Mr. Chan Wing Yuen Hubert are each interested in 20,000 Pre-IPO options granted to each of them on May 22, 2014 under the Pre-IPO share Option Scheme entitling each of them to receive 200,000 shares.*

4. *Ms. Yu Bin resigned as an independent non-executive Director with effect from January 11, 2021.*

Save as disclosed above, as at December 31, 2021, none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required to be recorded in the register to be kept by the Company pursuant to section 352 of the SFO, or which would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2021, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company), had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Nature of interests	Number of shares or securities held	Approximate percentage of interest as at December 31, 2021
UBS Trustees (B.V.I) Limited	Trustee *(Note 1)*	330,695,000	26.08%
Three-Body Holdings Ltd	Interest in Controlled Corporation *(Note 1)*	330,695,000	26.08%
Blueberry Worldwide Holdings Limited	Beneficial Owner *(Note 1)*	330,695,000	26.08%
Sina Hong Kong Limited	Beneficial Owner	300,000,000	23.66%
Ho Chi Sing	Interest in Controlled Corporation *(Note 2)*	110,000,000	8.68%
Zhou Quan	Interest in Controlled Corporation *(Note 2)*	110,000,000	8.68%
IDG-Accel China Growth Fund GP II Associates Ltd.	Interest in Controlled Corporation *(Note 2)*	110,000,000	8.68%
IDG-Accel China Growth Fund II Associates L.P.	Interest in Controlled Corporation *(Note 2)*	102,146,200	8.06%
IDG-Accel China Growth Fund II L.P.	Beneficial Owner *(Note 2)*	102,146,200	8.06%
The Core Trust Company Limited	Trustee *(Note 3)*	89,705,598	7.08%
TCT (BVI) Limited	Other *(Note 3)*	78,237,598	6.17%
Xinshow Limited	Nominee for another person (other than a bare trustee) *(Note 3)*	76,658,598	6.05%

Notes:

1. *UBS Trustees (B.V.I) Limited, the trustee of Mr. Fu's Trust, holds the entire issued share capital of Three-Body Holdings Ltd through its nominee, UBS Nominee Limited. Three-Body Holdings Ltd holds the entire issued share capital of Blueberry Worldwide Holdings Limited. Blueberry Worldwide Holdings Limited holds 330,695,000 shares in our Company. Mr. Fu's Trust is a discretionary trust established by Mr. Fu (as the settlor) and the discretionary beneficiaries of which are Mr. Fu and his family members. Accordingly, each of Mr. Fu, UBS Trustees (B.V.I) Limited, Three-Body Holdings Ltd and Blueberry Worldwide Holdings Limited is deemed to be interested in the 330,695,000 shares held by Blueberry Worldwide Holdings Limited.*

2. *IDG-Accel China Growth Fund II L.P. is wholly owned by IDG-Accel China Growth Fund II Associates L.P., which is in turn wholly owned by IDG-Accel China Growth Fund GP II Associates Ltd. Accordingly, each of IDG-Accel China Growth Fund II L.P., IDG-Accel China Growth Fund II Associates L.P. and IDG-Accel China Growth Fund GP II Associates Ltd. is deemed to be interested in the 102,146,200 shares held by IDG-Accel China Growth Fund II L.P.. Separately, IDG-Accel China Investors II L.P. is wholly owned by IDG-Accel China Growth Fund GP II Associates Ltd., therefore IDG-Accel China Growth Fund GP II Associates Ltd. is deemed to be interested in the shares held by IDG-Accel Growth Investors II L.P.*

   Each of Ho Chi Sing and Zhou Quan holds 50% of the issued share capital of IDG-Accel China Growth Fund GP II Associates Ltd., therefore both Ho Chi Sing and Zhou Quan are deemed to be interested in the 110,000,000 shares which IDG-Accel China Growth Fund GP II Associates Ltd. is interested in total.

3. *Xinshow Limited is the nominee (the "**Nominee**") to the trustee of certain share incentive schemes of Tian Ge. The Nominee is wholly owned by TCT (BVI) Limited, which is in turn wholly owned by The Core Trust Company Limited.*

Save as disclosed above, as at December 31, 2021, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES

Save as disclosed in the sections headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Incentive Schemes" in this annual report and in note 29 to the consolidated financial statements, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE INCENTIVE SCHEMES

In order to incentivize our Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to our Group, the Company adopted the Pre-IPO Share Option Scheme on December 9, 2008 (amended and restated on October 21, 2011 and May 22, 2014) and the Pre-IPO RSU Scheme on May 22, 2014. We also conditionally adopted the Post-IPO RSU Scheme and the Post-IPO Share Option scheme on June 16, 2014. On March 30, 2021, the Company resolved to amend certain terms of the Post-IPO RSU Scheme, and expanded the scope of the scheme to include granting of share awards to be obtained through acquisition of shares through on-market transactions and redistributing such to eligible participants to the scheme.

The principal terms of the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme (collectively, the "**Share Option Schemes**"), the Pre-IPO RSU Scheme and Post-IPO RSU Scheme (collectively, the "**RSU Schemes**") are summarized in the section headed "Statutory and General Information – D. Share Incentive Schemes" in Appendix IV to the Company's Prospectus and the announcement of the Company dated March 30, 2021.

Pre-IPO Share Option Scheme

The purposes of the Pre-IPO Share Option Scheme are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, directors and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by issuing them shares or by permitting them to purchase shares.

(i) The maximum aggregate number of shares that may be issued under the Pre-IPO Share Option Scheme shall not exceed 8,845,575 shares as at the date of the Prospectus. Following the capitalization issue (as defined in the Prospectus), it has been adjusted to 88,455,750 shares, which represented 6.98% of the total number of issued shares of the Company as at the date of this annual report;

(ii) The exercise price of any option shall be determined by the Administrator (as defined hereinafter) in its sole discretion, except that the exercise price of an incentive stock option shall not be less than 100% of the fair market value on the date of grant;

(iii) The Pre-IPO Share Option Scheme shall remain in effect for a term of ten (10) years subject to any amendments, alterations, suspension or termination by the Board or any of its committee (the "**Administrator**") and the remaining life of this scheme is around 2 years and 2 months; and

(iv) Any share option granted under the Pre-IPO Share Option Scheme shall automatically expire if it is not taken up within 30 days after the date of grant.

Post-IPO Share Option Scheme

The purposes of the Post-IPO Share Option Scheme are to incentivize and reward the eligible persons for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

(i) The participants can be an employee (whether full time or part time) or a director of a member of our Group or associated companies of our Company ("**Eligible Persons**");

(ii) The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 121,706,700, representing 9.60% of the total number of shares in issue as at the date of this annual report. As at December 31, 2021, 4,000,000 options have been granted by us pursuant to the Post-IPO Share Option Scheme;

(iii) No options shall be granted to any Eligible Person under the Post-IPO Share Option Scheme and any other schemes of our Company which, if exercised, would result in such Eligible Person becoming entitled to subscribe for such number of shares as, when aggregated with the total number of shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the shares in issue at such date;

(iv) An amount of HK$1.00 is payable upon acceptance of the grant of an option and such payment shall not be refundable and shall not be deemed to be a part payment of the exercise price;

(v) The exercise price shall be such price as determined by the Board and notified to an option-holder and which shall not be less than the higher of: (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of offer of the option; (b) the average of the closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (c) the nominal value of the shares;

(vi) The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date and the remaining life of this scheme is around 2 years and 3 months; and

(vii) Any option which remains unexercised shall lapse upon the expiry of the option period, which period shall be determined by the Board and shall not exceed ten years from the offer date of the option.

Outstanding Share Options

Pre-IPO Share Option Scheme

As disclosed in the section headed "Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus, prior to the Listing, options representing a total of 15,648,000 shares were granted to 490 grantees under the Pre-IPO Share Option Scheme. Our Company adopted the Pre-IPO RSU Scheme to partially replace the options granted under the Pre-IPO Share Option Scheme. Options representing a total of 4,280,000 shares, which were granted to 5 persons including 2 executive Directors, 1 senior management, 1 connected person and 1 other employee of our Group, were replaced by Pre-IPO RSUs. No consideration was paid by any of the grantees of the options under the Pre-IPO Share Option Scheme for any options granted to them. Although the Company determines the vesting period of each option holders on a case by-case basis, the general vesting period for the option holders are as follows: 25% of the shares subject to the Pre-IPO Share Option shall vest on the first anniversary of the granting date, and 1/48 of the shares subject to the Pre-IPO Share Option shall vest each month thereafter over the next three years on the same day of the month as the granting date (such day to be deemed to be the last day of the month, when necessary), subject to the option holders continuing to be a service provider through these dates.

As at December 31, 2021, options representing a total of 4,320,895 shares (taking into account the 31,709,426 options which have lapsed or cancelled and options in respect of an aggregate of 77,649,679 shares which have been exercised in accordance with the terms of the Pre-IPO Share Option Scheme) were outstanding. If all the options under the Pre-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our Shareholders of approximately 0.34% as at December 31, 2021. However, as the options are exercisable over a 10-year period from the date of grant, any such dilutive effect on earnings per Share may be staggered over several years.

No other share options have been granted by us after the Listing pursuant to the Pre-IPO Share Option Scheme. The total number of shares available for issue under the Pre-IPO Share Option Scheme was 4,320,895 shares, representing approximately 0.34% of the shares of the Company in issue as at the date of this annual report.

The Company has appointed The Core Trust Company Limited (匯聚信託有限公司) as the trustee and Happy88 Holdings Limited, a company incorporated in the British Virgin Islands and an independent third party, as the nominee to administer the Pre-IPO Share Option Scheme pursuant to its scheme rules. During the Reporting Period, no shares have been issued and allotted to Happy88 Limited.

Post-IPO Share Option Scheme

The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option scheme of our Company must not in aggregate exceed 121,706,700, representing 10% of the total number of shares in issue as at the Listing Date.

During the year ended December 31, 2021, 25,000 share options have lapsed and no share option was exercised, granted or cancelled under the Post-IPO Share Option Scheme. As a result, as at December 31, 2021, options representing a total of 2,827,000 shares were outstanding, representing approximately 0.22% of the issued shares of the Company.

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the Listing Date and the remaining life of this scheme is around 2 years and 3 months. The options are exercisable over a 10-year period from the date of grant.

The options granted on September 22, 2015 have been vested on December 22, 2015, September 22, 2016, September 22, 2017 and September 22, 2018 respectively and the number of options granted for the respective vesting dates was 1,625,000, 1,125,000, 875,000 and 375,000. The closing price of the shares immediately before the date of grant was HK$3.31.

The total number of shares available for issue under the Post-IPO Share Option Scheme was 120,533,700 shares, representing approximately 9.51% of the shares of the Company in issue as at the date of this annual report.

Pre-IPO RSU Scheme

The purposes of the Pre-IPO RSU Scheme are to recognize the contributions by grantees and to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

(i) the total number of shares underlying RSUs under the Pre-IPO RSU Scheme shall not exceed 7,280,000 shares;

(ii) the participants of the scheme are existing employees, Directors or officers of the Group, and any other person selected by the Board or the RSUs and option committee at its sole discretion from time to time; and

(iii) the duration of the Pre-IPO RSU Scheme is 10 years commencing on May 22, 2014 and the remaining life of this scheme is around 2 years and 2 months.

Post-IPO RSU Scheme

With the exceptions on the amendments made to certain terms of the Post-IPO RSU Scheme on March 30, 2021, which expanded the scope of the scheme to include granting of share awards to be obtained through acquisition of shares through on-market transactions and redistributing such to eligible participants to the scheme, the scheme rules of the Post-IPO RSU Scheme are substantially similar to the Pre-IPO RSU Scheme. The purposes of the Post-IPO RSU Scheme are to incentivize directors, senior management, consultants and employees of the Company for their contribution to the Company, to retain them for continual operation and development of the Company and to attract suitable personnel for further development of the Company.

(i) the maximum aggregate number of shares underlying all grants of RSUs pursuant to the Post-IPO RSU Scheme will not exceed 24,341,340 shares, representing approximately 2% of the total number of shares in issue as at the Listing Date;

(ii) the maximum number of award shares that may be granted under the Post-IPO RSU Scheme shall not exceed 64,070,808 shares, representing 5.0% of the total number of issued Shares as at March 30, 2021;

(iii) the participants of the scheme are existing employees, Directors or officers of the Group, and any other person selected by the Board or the RSUs and option committee at its sole discretion from time to time; and

(iv) the duration of the Post-IPO RSU Scheme has been extended to March 30, 2031 pursuant to the amendments of the scheme rules on March 30, 2021.

Outstanding RSUs

Pre-IPO RSU Scheme

A total of 7,280,000 Pre-IPO RSUs (which includes the 4,280,000 Pre-IPO RSUs which were granted to partially replace the options granted under the Pre-IPO Share Option Scheme) have been granted on May 22, 2014 to 17 grantees, including 2 executive Directors, 3 senior management members, 1 connected person of the Group and 11 other employees. The 4,280,000 Pre-IPO RSUs that were granted to replace the Pre-IPO Share Option Scheme have the same vesting period as the Pre-IPO Share Options. For the Pre-IPO RSUs granted to the remaining Pre-IPO RSU grantees, 25% shall vest on the first anniversary of the date of the grant letter, and 1/48 shall vest each month thereafter over the next three years on the same day of the month as the date of the grant letter (such day to be deemed to be the last day of the month, when necessary).

On July 9, 2014, upon the Company's IPO on the Main Board of the Stock Exchange, the Company's ordinary shareholders received 9 bonus shares for every registered ordinary share that they already held. As a result, the 7,280,000 ordinary shares of the Company underlying the RSUs were adjusted to 72,800,000 ordinary shares on a one-to-ten basis. As at the date of this annual report, the total number of shares underlying the RSUs represents approximately 5.74% of the total number of shares of the Company.

We have appointed The Core Trust Company Limited (匯聚信託有限公司) as the trustee and Tangguo Limited, a company incorporated in the British Virgin Islands and an independent third party, as the nominee to administer the Pre-IPO RSU Scheme pursuant to its scheme rules.

During the Reporting Period, RSUs in respect of an aggregate of 310,000 shares have been exercised by grantees under the Pre-IPO RSU Scheme and no RSUs were granted, cancelled and lapsed. As a result, as at December 31, 2021,11,400,000 shares have been allotted and issued to Tangguo Limited.

Post-IPO RSU Scheme

As at December 31, 2021, RSUs in respect of a total of 71,093,488 shares pursuant to the Company's Post-IPO RSU Scheme have been granted on April 20, 2015, September 15, 2015, April 1, 2016, April 5, 2017, April 18, 2017, June 3, 2019, April 28, 2020 and March 31, 2021.

The RSUs granted on April 20, 2015 were vested on August 16, 2015 and August 16, 2016, respectively and the number of RSUs granted for the respective vesting date is 1,749,500 and 1,749,500. The closing price of the shares immediately before the date of grant was HK$5.48.

The RSUs granted on September 15, 2015 were vested on December 15, 2015, September 15, 2016 and September 15, 2017, respectively and the number of RSUs granted for the respective vesting date is 1,646,000, 930,000 and 144,000. The closing price of the shares immediately before the date of grant was HK$2.90.

The RSUs granted on April 1, 2016 were vested on August 3, 2016 and August 3, 2017, respectively and the number of RSUs granted for the respective vesting date is 524,350 and 524,338. The closing price of the shares immediately before the date of grant was HK$4.96.

The RSUs granted on April 5, 2017 were vested on May 28, 2017, July 20, 2017, May 28, 2018 and July 20, 2018 respectively and the number of RSUs granted for the respective vesting date was 4,944,800, 389,333, 4,944,800 and 389,321. The closing price of the shares immediately before the date of grant was HK$6.19.

The RSUs granted on April 18, 2017 were vested on May 28, 2017, July 20, 2017, May 28, 2018 and July 20, 2018 respectively and the number of RSUs granted for the respective vesting date was 1,455,200, 23,573, 1,455,200 and 23,573. The closing price of the shares immediately before the date of grant was HK$5.13.

The RSUs granted on June 3, 2019 were vested on September 30, 2019 and December 31, 2019 respectively and the number of RSUs granted for the respective vesting date was 5,000,000 respectively. The closing price of the shares immediately before the date of grant was HK$2.08.

The RSUs granted on April 28, 2020 were vested on May 28, 2020 and July 28, 2020 respectively and the number of RSUs granted for the respective vesting date was 7,500,000 respectively. The closing price of the shares immediately before the date of grant was HK$1.33.

The RSUs granted on March 31, 2021 were vested on September 1, 2021 and March 1, 2022 respectively and the number of RSUs granted for the respective vesting date was 12,600,000 respectively. The closing price of the shares immediately before the date of grant was HK$0.90.

As at December 31, 2021, RSUs in respect of the maximum number of award shares that may be granted under the Post-IPO RSU Scheme shall not exceed 64,070,808 shares, representing 5.0% of the total number of issued shares of the Company as at the effective date of the Post-IPO RSU Scheme terms amendment, and the trustee purchased 34,840,000 shares through on-market transactions.

The Company appointed The Core Trust Company Limited (滙聚信託有限公司) as the trustee and Xinshow Limited, a company incorporated in the British Virgin Islands and an independent third party, as the nominee to administer the Post-IPO RSU Scheme. During the Reporting Period, RSUs in respect of an aggregate of 9,388,271 shares have been exercised by grantees under the Post-IPO RSU Scheme and no RSUs were lapsed and cancelled. As a result, as at December 31, 2021, 76,540,241 shares have been allotted and issued to Xinshow Limited.

Details of the options granted under the Share Option Schemes and the RSUs granted under the RSU Schemes

The following table shows the details of the options and/or the RSUs granted and outstanding under the Schemes to, on an individual basis, the Directors, chief executive members and other connected person of the Group as at December 31, 2021.

Name of Grantee	Position Held within Our Group	Nature	Number of Shares Represented by Option or RSUs	Date of Grant	Outstanding as at January 1, 2021	Exercise Price (US$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2021
Mr. Zhao Weiwen	Chief executive officer	RSUs	50,852	April 20, 2015	50,852	Nil	0	0	0	50,852
		RSUs	45,351	April 1, 2016	45,351	Nil	0	0	0	45,351
		Options	100,000	May 22, 2014	100,000	0.35	0	0	0	100,000
Mr. Mai Shi'en	Executive Director	RSUs	4,050,000	22 May 2014	4,050,000	Nil	0	0	0	4,050,000
Ms. Yu Bin *(Note 1)*	Independent non-executive Director	Options	200,000	22 May 2014	200,000	0.35	0	0	0	200,000
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options	200,000	22 May 2014	200,000	0.35	0	0	0	200,000
Three Directors and a chief executive officer		Options	500,000							
		RSUs	4,146,203							
		Sub-total	4,646,203							

Note:

1. *Ms. Yu Bin resigned as an independent non-executive Director with effect from January 11, 2021.*

Details of the options granted under the Share Option Schemes and the RSU Schemes

The following is a summary table showing further details of the options and/or the RSUs granted and outstanding under the Share Option Schemes and the RSU Schemes to individuals who are neither a Director, chief executive member nor a connected person of the Group as at December 31, 2021.

Rank/Position Held With Our Group	Nature	Number of Shares Represented by Option or RSUs	Date of Grant	Outstanding as at January 1, 2021	Exercise Price (US$/ HK$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2021
79 other employees, 42 other consultants and 6 ex-employees *(Note 1)*	Options	0	December 26, 2011	1,300,000	US$0.06	1,300,000	0	0	0
		0	December 26, 2011	20,000	US$0.1	20,000	0	0	0
		0	December 26, 2011	566,110	US$0.12	23,000	0	543,110	0
		842,795	October 14, 2012	962,795	US$0.15	20,000	0	100,000	842,795
		248,000	September 14, 2013	258,000	US$0.2	0	0	10,000	248,000
		2,730,100	May 22, 2014	3,015,815 *(Notes 2 and 3)*	US$0.35	0	0	285,715	2,730,100
		2,827,000	September 22, 2015	2,852,000	HK$3.50	0	0	25,000	2,827,000
	Options total	6,647,895		8,974,720	–	1,363,000	0	963,825	6,647,895
	RSUs	7,350,000	May 22, 2014	7,660,000	Nil	310,000	0	0	7,350,000
		350,415	April 20, 2015	350,415	Nil	0	0	0	350,415
		16,746	September 15, 2015	49,874	Nil	33,128	0	0	16,746
		250,245	April 1, 2016	395,952	Nil	145,707	0	0	250,245
		3,272,700	April 5, 2017	4,466,326	Nil	1,193,626	0	0	3,272,700
		415,096	April 18, 2017	1,779,492	Nil	1,364,396	0	0	415,096
		617,836	June 4, 2019	3,770,250	Nil	3,152,414	0	0	617,836
		11,975,000	April 28, 2020	15,000,000	Nil	3,025,000	0	0	11,975,000
		24,726,000	March 31, 2021	N/A	Nil	474000	0	0	24,726,000
	RSUs total	48,974,038		33,472,309		9,698,271	0	0	48,974,038
	Sub-total	55,621,933							

Notes:

1. *Consultants are third party agents who provided our Group with business consultancy services on financial management, research and development, human resources and sales. Pursuant to the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme, a total of 4,328,000, options have been granted to 42 consultants.*

2. *Included 180,000 options granted to Mr. Herman Yu, a former non-executive Director who resigned with effect from January 11, 2018.*

3. *Included 200,000 options granted to Mr. Mao Chengyu, a former non-executive Director who resigned with effect from September 1, 2020.*

4. *The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was approximately HKD0.93.*

5. *The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Reporting Period was approximately HKD1.23.*

CONNECTED TRANSACTIONS

We have entered into a number of agreements and arrangements with our connected persons (as set out below) in our ordinary and usual course of business which are not exempted from reporting.

The table below sets forth the connected persons of our Company who conduct connected transactions with our Group since Listing and the nature of their connection with our Group:

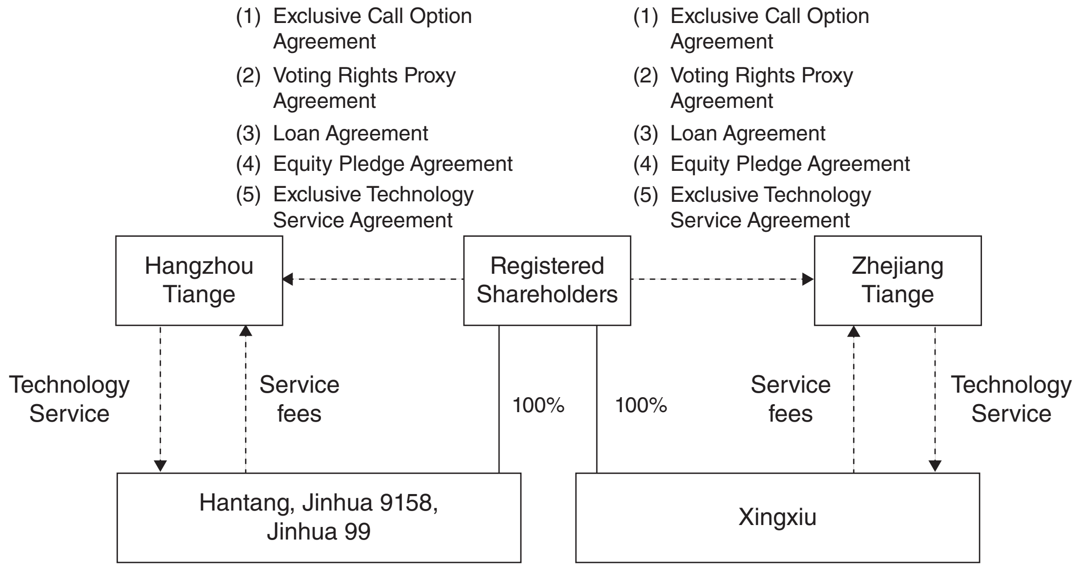
Name	Connected Relationship
Mr. Fu	Mr. Fu is our Director and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules.
Sina Hong Kong Limited ("**SINA HK**")	SINA HK is a substantial shareholder of our Company and is therefore our connected person pursuant to Rule 14A.07(1) of the Listing Rules.
Beijing SINA Internet Information Service Co., Ltd. ("**Beijing SINA**")	Beijing SINA is a subsidiary of SINA HK and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules.
Hantang	Hantang is owned as to 98% by Mr. Fu and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules.
Jinhua9158	Jinhua9158 is owned as to 98% by Mr. Fu and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules.
Jinhua99	Jinhua99 is owned as to 98% by Mr. Fu and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules.
Xingxiu	Xingxiu is owned as to 98% by Mr. Fu and is therefore our connected person pursuant to Rule 14A.07(4) of the Listing Rules.

Contractual Arrangements

The Company is primarily engaged in the operations of live social video communities, online and mobile games (the "**Principal Business**"), which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Accordingly, we, as foreign investors, cannot acquire equity interest in Hantang, Jinhua9158, Jinhua99 and Xingxiu (the "**PRC Operating Entities**", each a "**PRC Operating Entity**"), which hold certain licenses and permits required for the operation of our Principal Business. Therefore, our Group, through our WFOEs, Hangzhou Tiange and Zhejiang Tiange, has entered into the contractual arrangements ("**Contractual Arrangements**") with our PRC Operating Entities and their shareholders in order to conduct the Principal Business in the PRC and to assert management control over the operations of, and enjoy all economic benefits of, each of the PRC Operating Entities.

As part of the proposed reorganization, Hangzhou Tiange and Zhejiang Tiange, the PRC Operating Entities, Mr. Fu and Mr. Fu Yanchang as the registered shareholders of the PRC Operating Entities (the "**Registered Shareholders**") entered into a series of agreements underlying the Contractual Arrangements. Each of the PRC Operating Entities, the relevant WFOE and the Registered Shareholders (where applicable) entered into a set of underlying agreements with substantially identical terms, being (i) Exclusive Technology Service Agreement (獨家技術服務協議); (ii) Exclusive Call Option Agreement (獨家購買權協議); (iii) Voting Rights Proxy Agreement (股東表決權委託協議); (iv) Loan Agreement (借款協議); and (v) Equity Pledge Agreement (股權質押協議). For details of the proposed reorganization, please refer to the announcement of the Company dated 9 March 2022 and the circular of the Company dated 13 April 2022. Below is an illustration of the existing set of Contractual Arrangements.

The following simplified diagram illustrates the Contractual Arrangements which has been in place since the Listing:



Notes:

1. *Please refer to the section headed "Exclusive Call Option Agreement" below.*

2. *Please refer to the section headed "Voting Rights Proxy Agreement" below.*

3. *Please refer to the section headed "Loan Agreement" below.*

4. *Please refer to the section headed "Equity Pledge Agreement" below.*

5. *The registered shareholders are Mr. Fu and Mr. Fu Yanchang.*

6. *Please refer to the section headed "Exclusive Technology Service Agreement" below.*

Exclusive Technology Service Agreements

Each of our PRC Operating Entities and the relevant WFOE entered into an amended and restated Exclusive Technology Service Agreement in June 2014, pursuant to which the relevant PRC Operating Entity agrees to engage the relevant WFOE as its exclusive provider of technology services related to its business. In addition, the relevant WFOE has exclusive and proprietary rights to all intellectual properties arising from the performance of these services.

Pursuant to each Exclusive Technology Service Agreement, the relevant PRC Operating Entity shall pay to the relevant WFOE a service fee at 95% of the PRC Operating Entity's net revenue, i.e. revenue less any costs and expenses (except the service fee) necessary for such PRC Operating Entity's business operations and any taxes (except enterprise income tax) and accumulated losses in a given year, plus extra service fee for additional services provided by the relevant WFOE upon request of the relevant PRC Operating Entity, within three months after each calendar year for the services provided in the preceding year. Each Exclusive Technology Service Agreement has a term of twenty years and will be automatically renewed on a yearly basis after expiration unless otherwise notified by the relevant WFOE, and shall be terminated when the operating term of the relevant WFOE or the relevant PRC Operating Entity expires. To the extent permitted by law, each PRC Operating Entity is not contractually entitled to terminate relevant Exclusive Technology Service Agreement with the relevant WFOE. Further, without the prior written approval from the relevant WFOE, the relevant PRC Operating Entity (i) shall not enter into any transactions that may result in conflicts with the relevant Exclusive Technology Service Agreement or adversely affect the relevant WFOE's interests thereunder, and (ii) shall not dispose of any of its material assets or change its existing shareholding structure.

Exclusive Call Option Agreements

Each of our PRC Operating Entities, the Registered Shareholders, and the relevant WFOE entered into an amended and restated Exclusive Call Option Agreement in June 2014, pursuant to which (i) the Registered Shareholders irrevocably grant the relevant WFOE an exclusive and unconditional option to purchase their equity interests in the relevant PRC Operating Entity to the extent permitted under PRC law at a purchase price equal to the higher of the capital contribution paid to the registered capital by the respective Registered Shareholder for such interests or the lowest price permitted under PRC law, and (ii) the relevant PRC Operating Entity irrevocably grants the relevant WFOE an exclusive and unconditional option to purchase all or part of its assets to the extent permitted under PRC law at a purchase price equal to the higher of the net book value of such assets or the lowest price permitted under PRC law. The relevant WFOE may also designate a third party to purchase all or part of the interests and assets of the relevant PRC Operating Entity, subject to the call option. Such third party shall be (i) a direct or indirect shareholder of the relevant WFOE (when exercising equity purchase option or assets purchase option), or (ii) a director of the relevant WFOE or the relevant WFOE's direct or indirect shareholder who is a PRC citizen (when exercising equity purchase option).

Pursuant to each Exclusive Call Option Agreement, the Registered Shareholders and the relevant PRC Operating Entity each have undertaken to perform certain acts or refrain from performing certain acts until they obtain written consent from the relevant WFOE.

Each Exclusive Call Option Agreement expires when all the equity interests in and assets of the relevant PRC Operating Entity have been transferred to the relevant WFOE or its designated entities or individuals. To the extent permitted by law, each PRC Operating Entity and its Registered Shareholders are not contractually entitled to terminate relevant Exclusive Call Option Agreement with relevant WFOE.

In addition, the respective Registered Shareholders undertake that (i) in case they receive any dividends or other profit distributions from the PRC Operating Entities, they shall return the same to the WFOEs, with deduction of applicable taxes and governmental fees; and (ii) in case they receive any proceeds from transfer of equity interests in the PRC Operating Entities, or any distributions upon liquidation of the PRC Operating Entities, and if the amount of such proceeds or distribution is higher than the loans owed by the Registered Shareholders respectively to the WFOEs under the relevant Loan Agreements, they shall return to the relevant WFOE such proceeds or distribution they receive, with deduction of applicable taxes and governmental fees, and the amounts of relevant loans.

Equity Pledge Agreements

Each of the PRC Operating Entities, the Registered Shareholders and the relevant WFOE entered into an amended and restated Equity Pledge Agreement in June 2014, pursuant to which, the Registered Shareholders will pledge all their equity interests in the PRC Operating Entities to the relevant WFOE to secure their performance, as well as the performance of the PRC Operating Entities, of the relevant (i) Exclusive Technology Service Agreement; (ii) Exclusive Call Option Agreement; (iii) Voting Rights Proxy Agreement; and (iv) Loan Agreement. If any of the Registered Shareholders or PRC Operating Entities breaches or fails to fulfill the obligations under any of the aforementioned agreements, the relevant WFOE, as the pledgee, will be entitled to foreclose the pledge over the equity interests, entirely or partially.

Pursuant to each Equity Pledge Agreement, any dividend or bonus arising from the pledged equity interests shall be deposited into the relevant WFOE's designated bank account, and shall be used in discharge of the collateralized obligations with first priority. Under each Equity Pledge Agreement, the Registered Shareholders warrant to the relevant WFOE that all appropriate arrangements have been made and all necessary documents have been executed to ensure that none of their successors, guardians, creditors, spouses and other third parties will adversely impact or hinder the enforcement of the relevant Equity Pledge Agreement in the event of death, loss of legal capacity, bankruptcy, divorce or any other situation of the Registered Shareholders.

Pursuant to each Equity Pledge Agreement, the Registered Shareholders shall not obtain any dividend or bonus or (in the event of liquidation or termination of the relevant PRC Operating Entity) receive any distribution of properties or assets of the relevant PRC Operating Entity in respect of the pledged equity interests without prior consent from the relevant WFOE, and such dividend, bonus or remaining assets of the relevant PRC Operating Entity shall be deposited into the relevant WFOE's designated bank account, and shall be used in discharge of the secured debts with first priority. Each Equity Pledge Agreement will remain in full effect until all the contractual obligations have been performed or all the secured debts have been discharged.

Voting Rights Proxy Agreements

Each of the PRC Operating Entities, the Registered Shareholders and the relevant WFOE entered into an amended and restated Voting Rights Proxy Agreement in June 2014, pursuant to which, each Registered Shareholder, through the Power of Attorney, irrevocably appoints the person designated by the relevant WFOE as his attorney-in-fact to exercise the shareholder's rights in the relevant PRC Operating Entity. Pursuant to each Voting Rights Proxy Agreement, the appointee appointed by the relevant WFOE as the Registered Shareholder's power of attorney should be a director of the relevant WFOE or the relevant WFOE's direct or indirect shareholder, or such director's successor (including a liquidator replacing the director or its successor), and such appointee should be a PRC citizen and should not be either of the Registered Shareholders or any of their "connected person" as defined in the Listing Rules.

Each Voting Rights Proxy Agreement has a term of twenty years and will be extended for one year after expiration unless otherwise notified by the relevant WFOE. In case that (i) the operating term of the relevant WFOE or the relevant PRC Operating Entity expires, or (ii) the parties thereto mutually agree on an early termination, the relevant Voting Rights Proxy Agreement may be terminated. To the extent permitted by law, each PRC Operating Entity and its Registered Shareholders are not contractually entitled to terminate relevant Voting Rights Proxy Agreement with the relevant WFOE.

Powers of Attorney

Each of the Registered Shareholders executed an irrevocable Power of Attorney in June 2014, appointing Mai Shi'en as his proxy to exercise on his behalf all of his shareholder rights in the relevant PRC Operating Entity. The Power of Attorney shall remain in effect until the expiration or early termination of the relevant Voting Rights Proxy Agreement, unless otherwise the relevant WFOE to the Voting Rights Proxy Agreement designates another appointee. Mr. Mai Shi'en, being an executive Director of our Company, has the duty to act in the best interest of our Company.

Loan Agreements

Each of the relevant WFOEs and the Registered Shareholders entered into a Loan Agreement in February and March 2014 and an amendment agreement to the respective Loan Agreement in June 2014, pursuant to which the relevant WFOE provided an interest-free loan facility to each of the Registered Shareholders for his investment in the relevant PRC Operating Entity. Under each of the Loan Agreements regarding the investment in Jinhua9158, Jinhua99 and Xingxiu, the relevant WFOE has lent to each of the Registered Shareholders amounts equal to his respective capital contribution to the registered capital of the relevant PRC Operating Entity, i.e. RMB9,800,000 to Mr. Fu and RMB200,000 to Mr. Fu Yanchang. Under the Loan Agreement regarding the investment in Hantang, Hangzhou Tiange has lent to the Registered Shareholders a total amount of RMB9,000,000 in proportion to their respective shareholding percentage, i.e. RMB8,820,000 to Mr. Fu and RMB180,000 to Mr. Fu Yanchang.

Each Loan Agreement has a term of twenty years, or the operating term of the relevant PRC Operating Entity, whichever is shorter. To the extent permitted by law, the Registered Shareholders are not contractually entitled to terminate the Loan Agreements with the relevant WFOE. The relevant WFOE is entitled to accelerate the repayment of loan at any time at its sole discretion. In addition, pursuant to each Loan Agreement, if the relevant WFOE requests early repayment of all or part of the principal, the relevant WFOE shall have the right to acquire, or designate a third party to acquire, the Registered Shareholders' equity interests in the relevant PRC Operating Entity at a price equal to the amount that should be repaid.

Please refer to the section headed "Contractual Arrangements" in the Prospectus for detailed terms of these agreements.

In 2016, to comply with the restrictions of foreign investment under the PRC laws and regulations, four PRC operating entities, Zhejiang Genxuan Investment Management Co., Ltd ("**Genxuan**", formerly known as Jinhua Tianchuang Investment Management Co., Ltd), Jinhua Chaduan Investment Management Co., Ltd ("**Chaduan**"), Jinhua Duance Investment Management Co., Ltd ("**Duance**") and Jinhua Xuance Investment Management Co., Ltd ("**Xuance**") were established. These four PRC operating entities were the wholly-owned subsidiaries of Jinhua99. The Company, through a set of Contractual Arrangements, has asserted management control over the operation of Jinhua99 and in turn has taken effective control over the wholly-owned subsidiaries of Jinhua99.

Save as disclosed in the Prospectus and above, as at the date of this annual report, there has not been any material change in the Contractual Agreements and/or the circumstances under which they were adopted.

Our independent non-executive Directors have reviewed the agreements underlying the Contractual Arrangements and confirmed that as of the date of this annual report: (i) the transactions carried out have been entered into in accordance with the relevant provisions of such agreements, have been operated so that the profit generated by each of our PRC Operating Entities has been substantially retained by Hangzhou Tiange and Zhejiang Tiange (as the case may be), (ii) no dividends or other distributions have been made by any of our PRC Operating Entities to the relevant holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) no new contracts have been entered into, renewed or reproduced between our Group and our PRC Operating Entities as of the date of this annual report.

Our independent non-executive Directors have reviewed the nature, the implementation of the pricing policy and the internal control procedure of the continuing connected transactions described above and confirmed that the transactions have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and are in accordance with the agreements governing them on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

The auditor of the Company has confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions:

1. Nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's Board of directors;

2. Nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

3. Nothing has come to their attention that causes them to believe that there were dividends or other distributions made by Hantang, Jinhua9158, Jinhua99, Xingxiu during the year ended December 31, 2021 to the holders of their equity interests which were not otherwise subsequently assigned or transferred to the Group.

Save as disclosed in the annual report, the Board confirmed that none of the related party transactions set out in note 38 to the consolidated financial statements constituted non-exempt connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules. During the Reporting Period, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this annual report pursuant to the Listing Rules.

Compliance with the qualification requirement

As set out in the section headed "Contractual Arrangements – Introduction" in the Prospectus, a foreign investor who invests in a value-added telecommunications business in the PRC must demonstrate a good track record and experience in providing value-added telecommunications services (the "**Qualification Requirement**"). The Company noticed that on January 19, 2015, the Ministry of Commerce of the PRC published a discussion draft of the proposed new Foreign Investment Law (the "**Draft FIL**") for public comments which for the first time introduced the concept of actual controller from the foreign investment prospective. It might have potential impact on our contractual arrangement. We will closely monitor the progress of the Draft FIL and inform the public in due course.

Despite the lack of clear guidance or interpretation on the Qualification Requirement, we have been gradually building up our track record of overseas business operations to comply with the Qualification Requirement. As at December 31, 2021, the Company has no further update to disclose in relation to the Qualification Requirement.

The Foreign Investment Law

On January 1, 2020, the Foreign Investment Law (外商投資法) (the "**FIL**") and the Regulations for Implementation of the Foreign Investment Law of the People's Republic of China (the "**Implementation Regulations**") came into effect and, replaced the previous laws regulating foreign investment in PRC, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The FIL and its Implementation Regulations embody an expected regulatory trend in PRC to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments.

The FIL does not explicitly stipulate the contractual arrangements as a form of foreign investment. The FIL does not mention concepts including "de facto control" and "controlling through contractual arrangements" nor does it specify the regulation on controlling through contractual arrangements. Furthermore, the FIL does not specifically stipulate rules on the Group's Principal Business. Instead, the FIL stipulates that "foreign investors invest in PRC through any other methods under laws, administrative regulations, or provisions prescribed by the State Council", which leaves leeway for future laws, administrative regulations or provisions promulgated by the Stale Council to provide for contractual arrangements as a method of foreign investment. On December 26, 2019, the Supreme People's Court issued the Interpretations on Certain Issues Regarding the Applicable of Foreign Investment Law ("**FIL Interpretations**"), which came into effect on January 1, 2020. In accordance with the FIL Interpretations, where a party concerned claims an investment agreement to be invalid on the basis that it is for an investment in the prohibited or restricted industries under the negative list and violates the restrictions set out therein, the courts should support such claim. In addition, the FIL does not specify what actions shall be taken with respect to the existing companies with a VIE structure, whether or not these companies are controlled by PRC entities and/or citizens.

Therefore, there are possibilities that future laws, administrative regulations or provisions of the State Council may stipulate contractual arrangements as a way of foreign investment, and then whether our Contractual Arrangements will be recognized as foreign investment, whether our Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how our Contractual Arrangements will be handled are uncertain.

Save as disclosed in the Prospectus and in this annual report, currently, as advised by the Company's PRC legal advisers, there has been no change in the PRC laws and regulations in the sector of our Principal Business except the Notice of the Ministry of Industry and Information Technology ("**MIIT**") on liberalization of proportion of foreign investment of online data processing and transactions processing business (E-commerce business) in China (Shanghai) Pilot Free Trade Zone(《關於在中國(上海)自由貿易試驗區放開在線數據處理與交易處理業務(經營類電子商務)外資股權比例限制的通告》), effective from January 13, 2015, stipulates that the proportion of foreign investment in on-line data processing and transactions processing business (E-commerce business) was raised to 100% and foreign invested enterprises could participate in the competition. However, this liberalization of foreign investment has no effect on our business.

As of the date of this annual report, there has been no material change in the Contractual Arrangements and/or the circumstances under which they had been adopted by our Group prior to our listing. Therefore, for the year ended December 31, 2021, none of the Contractual Arrangements have been unwound.

Information about the PRC Operating Entities

Name of the PRC Operating Entity	Type of legal entity/place of establishment and operation	Registered owners	Business activities
As at December 31, 2021			
Hantang	Limited liability company/the PRC	98% by Mr. Fu and 2% by Mr. Fu Yanchang	Online entertainment service and advertising
Jinhua9158	Limited liability company/the PRC	98% by Mr. Fu and 2% by Mr. Fu Yanchang	Online entertainment service
Jinhua99	Limited liability company/the PRC	98% by Mr. Fu and 2% by Mr. Fu Yanchang	Online entertainment service
Xingxiu	Limited liability company/the PRC	98% by Mr. Fu and 2% by Mr. Fu Yanchang	Online entertainment service

As the PRC government restricts foreign investment in telecommunications and online cultural businesses, we conduct the operations of our Principal Business through our PRC Operating Entities, Hantang, Jinhua9158, Jinhua99 and Xingxiu. Please refer to the section headed "Business" in the Prospectus for more details of our core business. We generate revenues primarily through sales of virtual currency to our distributors on our live social video platforms and also generate revenues from sales of virtual items in our mobile games. Although the Company does not have any equity interest in our PRC Operating Entities, it is able to exercise effective control over our PRC Operating Entities and receive substantially all of the economic benefits of their operations through the Contractual Arrangements with our PRC Operating Entities and their shareholders. Consequently, the PRC Operating Entities are the core structure of our Group. Both the current operation and further development of our business are largely dependent on our PRC Operating Entities, Hantang, Jinhua9158, Jinhua99 and Xingxiu.

In addition, the PRC Operating Entities are significant to the Group as they hold most of the intellectual property rights, licenses and permits that are essential to the operation of the business of the Group. The revenue and the total asset value of the PRC Operating Entities subject to the Contractual Arrangements amounted to approximately RMB175.1 million (2020: RMB311.5 million) for the year ended December 31, 2021 and approximately RMB560.8 million (2020: RMB487.5 million) as at December 31, 2021, respectively.

Each of the PRC Operating Entities has undertaken to the Company that, for so long as the shares of the Company are listed on the Stock Exchange, they will provide the Group's management and the auditors of the Company with full access to its relevant records for the purpose of procedures to be carried out by the auditors of the Company on the transactions as contemplated under the Contractual Arrangements.

For more details of the legality of the Contractual Arrangements, please see the section headed "Contractual Arrangements" in the Prospectus.

Risks associated with the Contractual Arrangements and the actions taken by the Company to mitigate the risks

No.	Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
1.	If the relevant PRC authorities find that the agreements that establish the structure for operating our live social video communities, online and mobile games in China do not comply with PRC laws and regulations, or if these laws or regulations or their interpretations change in the future, we could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our interests in the PRC Operating Entities.	Pursuant to the Exclusive Technology Service Agreement, at any time after the date of such agreements, in the event of any promulgation or change of any law, regulation or rule of China or any interpretation or applicable change on such laws, regulations or rules, the following agreement shall be applicable: if the economic interests of any party under the agreements suffer a significant adverse effect directly or indirectly due to above change of laws, regulations or rules, the agreements should continue to operate pursuant to the original terms. Each of the parties shall obtain a waiver for complying on such change or rule via all legal channels. If any adverse effect on the economic interests of any party may not be eliminated according to this agreement, upon the receipt by other parties of such notice from the affected party, all the parties shall promptly discuss and make all necessary modification to the agreements to maintain the economic interests of the affected party under the agreement.
2.	Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. PRC Operating Entities or their shareholders may fail to perform their obligations under our Contractual Arrangements and certain terms of the Contractual Arrangements may not be enforceable under PRC laws.	Each of the agreements underlying the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute relating to the Contractual Arrangements, arbitrators may award remedies over the equity interests or assets of PRC Operating Entities and courts of competent jurisdiction may grant interim remedies over the equity interest or assets of PRC Operating Entities.
3.	We may lose the ability to use and enjoy assets held by the PRC Operating Entities that are material to our business operations if the PRC Operating Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding.	According to the Exclusive Call Option Agreement, in the event of a mandatory liquidation required by PRC laws, all of the remaining assets and residual interests of the PRC Operating Entities shall be transferred through a non-reciprocal transfer to Hangzhou Tiange and Zhejiang Tiange or its appointee after such liquidation at the lowest transfer price permitted by PRC laws. In such case, if the Registered Shareholders receive any payment after the liquidation, they shall return in full such payment to Hangzhou Tiange and Zhejiang Tiange or its appointee, after the deduction of relevant taxes or payments pursuant to applicable PRC laws.

No.	Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
4.	Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and any finding that we or the PRC Operating Entities owe additional taxes could substantially reduce our consolidated net income and the value of your investment.	The Company's PRC legal advisers took the view that the Contractual Arrangements will not be challenged by the PRC tax authorities or other government authorities, provided that Hangzhou Tiange, Zhejiang Tiange and the PRC Operating Entities implement the Contractual Arrangements in accordance with the terms thereof, unless the PRC tax authorities determine that such transactions are not conducted on an arm's length basis.
5.	The Group may be subject the higher income tax rates and incur additional taxes as a result of the Contractual Arrangements, which may increase the tax expenses and decrease the new profit margin.	Hangzhou Tiange was qualified as a Key National Software Enterprise from 2015 to 2019 and a New High-tech Enterprise from 2014 to 2021, and Zhejiang Tiange was qualified as a New Hightech Enterprise from 2016 to 2021, which were recognized by the relevant authorities in Zhejiang and enjoyed the preferential tax treatment. Hangzhou Tiange enjoyed a reduced income tax rate of 10% from 2015 to 2019 and a reduced income tax rate of 15% for 2014 and 2021. Zhejiang Tiange enjoyed a reduced income tax rate of 15% from 2016 to 2021. As the Key National Software Enterprises and New High-tech Enterprises, both of them will use their reasonable endeavors to take all necessary actions to maintain their status as "Key National Software Enterprise" and "New High-tech Enterprise". Please also refer to paragraph 4 above.

No.	Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
6.	Shareholders of the PRC Operating Entities may have conflicts of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.	Each of the Registered Shareholders have undertaken that during the period when the Contractual Arrangements remain effective, (i) unless a prior written consent is obtained from the PRC Operating Entities, such shareholder will not engage in, conduct, participate in or use the information obtained from the PRC Operating Entities or any of its affiliates to participate in, directly or indirectly, any business or activity which competes or is likely to compete with the business of the PRC Operating Entities or its subsidiaries (if any), nor will he acquire, hold any interests in or derive any interests from any business which competes or is likely to compete with the business of the PRC Operating Entities or its subsidiaries (if any); (ii) such shareholder will not take any action deviating from the intention and purposes of the agreements underlying the Contractual Arrangements which may lead to any conflict of interests between Hangzhou Tiange and Zhejiang Tiange and the PRC Operating Entities or its subsidiaries (if any); and (iii) if any conflict of interests occurs during the performance of such agreements by such shareholder, he will act in favor of Zhejiang Tiange and Hangzhou Tiange as set forth under the agreements and in accordance with the directions of Zhejiang Tiange and Hangzhou Tiange.
7.	We depend on the PRC Operating Entities to provide certain services that are critical to our business. The breach or termination of any of our service agreements with PRC Operating Entities or any failure of or significant quality deterioration in these services could materially and adversely affect our business, financial condition and results of operations.	To ensure sound and effective operation of the Group after the adoption of the Contractual Arrangements, the relevant business units and operation divisions of the Group will report regularly, which will be no less frequent than on a monthly basis, to the senior management of the Company on the compliance and performance conditions under the Contractual Arrangements and other related matters. In addition, pursuant to the Exclusive Technology Service Agreement and the Exclusive Call Option Agreement, to the extent permitted by law, each PRC Operating Entity and its Registered Shareholders are not contractually entitled to terminate relevant Exclusive Technology Service Agreement and Exclusive Call Option Agreement with Hangzhou Tiange and/or Zhejiang Tiange.

No.	Risks associated with the Contractual Arrangements	Mitigation actions taken by the Company
8.	If we exercise the option to acquire equity ownership and assets of PRC Operating Entities, the ownership or asset transfer may subject us to substantial costs.	According to the Exclusive Call Option Agreement, in the event that the option is exercised by Hangzhou Tiange and/or Zhejiang Tiange, the transfer price of equity interests and/or assets shall be the higher of the capital contribution paid to the registered capital by the respective Registered Shareholder for such interest/net book value of such assets or the lowest price permitted under the PRC laws, and the Registered Shareholders shall return any proceeds received from transfer of equity interest in the PRC Operating Entities, or any distributions upon liquidation of the PRC Operating Entities, and if the amount of such proceeds or distribution is higher than the loans owed by the Registered Shareholders respectively to the Hangzhou Tiange and/or Zhejiang Tiange under the relevant Loan Agreements, they shall return to the Hangzhou Tiange and/or Zhejiang Tiange such proceeds or distribution they receive, with deduction of applicable taxes and governmental fees, and the amounts of relevant loans. Therefore, If Hangzhou Tiange and/or Zhejiang Tiange exercise this option, all or any part of the equity interests of the PRC Operating Entities acquired would be transferred to Hangzhou Tiange and/or Zhejiang Tiange and the benefits of equity ownership would flow to the Company and our shareholders.
9.	Certain terms of the Contractual Arrangements may not be enforceable under PRC laws	The Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOEs and its consolidated affiliated entities to deal with specific issues or matters arising from the Contractual Arrangements.

For more information relating to the Contractual Arrangements, including the risks associated with the arrangements and the actions taken by us to mitigate the risks, please refer to the Prospectus.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the Reporting Period, the Company has repurchased a total of 39,725,000 shares on the Stock Exchange with an aggregate amount of HK$51,256,840. As at the date of this annual report, all shares repurchased during the Reporting Period were cancelled. Details of shares repurchased during the Reporting Period are set out as follows:

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

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 Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares of the Company on a pro-rata basis to existing Shareholders.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") since July 9, 2014 with written terms of reference and the duties of the Audit Committee include reviewing the Company's annual reports and interim reports and providing advice and comments to the Directors. The Audit Committee is also responsible for reviewing and supervising the financial reporting and internal control procedures of the Group.

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Lam Yiu Por (chairman of the Audit Committee), Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the latest practicable date prior to the issue of this annual report, the Company has maintained the public float of the issued shares of the Company as required under the Listing Rules.

Report of the Directors

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 21 of this annual report. This summary does not form part of the audited consolidated financial statements.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2021.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association and subject to the provisions of the Companies Act of the Cayman Islands, the Directors, auditor and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year in respect of any legal actions which may be taken against the Directors and officers in the execution and discharge of their duties or in relation thereto.

AUDITOR

PricewaterhouseCoopers has acted as auditor of the Company for the year ended December 31, 2021.

PricewaterhouseCoopers shall retire in the AGM and being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution for the reappointment of PricewaterhouseCoopers as auditor of the Company is to be proposed at the forthcoming AGM.

For and on behalf of the Board
Fu Zhengjun
Chairman and Executive Director

Hong Kong, March 30, 2022

The Board is pleased to present this corporate governance report in the annual report of the Company for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining high standards of corporate governance practices to enhance the corporate performance accountability and safeguard Shareholders' interests. The Board is also committed to comply with the principles of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules. Save and except for the deviation disclosed in this annual report, the Directors are of the opinion that the Company has complied with all applicable code provisions set out in the CG Code throughout the year ended December 31, 2021. The Company will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code.

THE BOARD OF DIRECTORS

Board Composition

The Board currently comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. The brief biographical details of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 22 to 25 of this annual report. Details regarding the term of appointment of the non-executive directors are set out in the section headed "Directors Service Contracts" on page 36 of this annual report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board.

During the Reporting Period, the Board has at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board and at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received annual confirmation from each of the independent non-executive Directors of his/her independence pursuant to the requirements of the Listing Rules. The Company considers that each of the independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

Role and Function and Delegation by the Board

The Board is responsible for and has general powers for the management and conduct of the business of the Company. It delegates day to day management of the Company to two executive Directors and the senior management of the Company, within the control and authority framework set by the Board. The delegated functions and responsibilities are periodically reviewed by the Board.

The Board reserves for its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

In addition, the Board has also delegated to the Audit Committee, the Remuneration Committee and the Nomination Committee various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in this annual report.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interest of the Company and its shareholders at all times.

The Company has arranged appropriate liability insurance to indemnify its Directors in respect of legal actions against them.

Board Meetings

The Company adopts the practice of holding Board meetings for at least four times a year at approximately quarterly intervals pursuant to code provision C.5.1 (previous code provision A.1.1) of the CG Code. Notice of not less than fourteen days is given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting pursuant to code provision C.5.3 (previous code provision A.1.3) of the CG Code.

All Directors are provided with agenda and relevant information related to the agenda in advance before the meeting. They can access to the senior management and the joint company secretaries of the Company at all time and, upon reasonable request, seek independent professional advice at the Company's expense.

Minutes of the meetings are kept by the joint company secretary, Mr. Chen Shi, with copies circulated to all Directors for information and records. Minutes of the Board meetings and committee meetings are recorded in sufficient detail of the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the Reporting Period, four Board meetings were held on March 30, 2021, May 26, 2021, August 30, 2021 and November 26, 2021 respectively. The attendance of the Directors at the Board meetings is presented hereinafter.

Board Committees

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, to handle particular responsibilities of the Board and the Company's affairs. All Board committees are established with defined written terms of reference which have been uploaded to the website of the Stock Exchange and that of the Company, and are provided with sufficient resources to discharge their duties.

Audit Committee

The Company established the Audit Committee on July 9, 2014 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Audit Committee by the Board. The primary duties of the Audit Committee are to review the financial information of the Company, to review the financial reporting process and internal control system of our Group, to oversee the audit process, to make recommendation on the appointment, re-appointment and removal of external auditor and perform other duties and responsibilities as assigned by our Board.

The Audit Committee consists of three independent non-executive Directors. being Mr. Lam Yiu Por, Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert. Mr. Lam Yiu Por has been appointed as the chairman of the Audit Committee, and is our independent non-executive Director with the appropriate professional qualifications. During the Reporting Period, two Audit Committee meetings were held, in which the members of the Audit Committee discussed with PricewaterhouseCoopers about the arrangements of the Company's annual audit work and reviewed the annual results and interim results of the Group and the relevant financial statements and reports and significant financial reporting judgments contained in them, as well as to review internal control system, and the Group's financial and accounting policies and practices. The attendance of the Directors at the Audit Committee meetings is presented hereinafter.

Remuneration Committee

The Company established the Remuneration Committee on July 9, 2014 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Remuneration Committee by the Board. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

The Remuneration Committee comprises two independent non-executive Directors, being Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert and one non-executive Director, being Mr. Xiong Xiangdong. Mr. Yang Wenbin, our independent non-executive Director, has been appointed as the chairman of the Remuneration Committee. One Remuneration Committee meeting was held during the Reporting Period to, among other matters, discuss and review the remuneration policy and packages for Directors and senior management, and to assess performance of executive Directors. The attendance of the Directors at the Remuneration Committee meetings is presented on page 71 of this annual report.

The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to retain and motivate executive Directors by linking their compensation with their individual performance. The remuneration package includes basic salary, performance and/or discretional bonus, participation in the Share Incentive Schemes and other benefits. Remuneration of the non-executive Directors includes mainly the director's fee which is a matter for the Board to decide by reference to the duties and responsibilities of the non-executive Director. Remuneration of the independent non-executive Directors includes the director's fee which is determined by the Board based on the duties and responsibilities of independent non-executive Directors and their participation in the Share Incentive Schemes.

The emoluments of each Director and senior management for the year ended December 31, 2021 are set out in note 9 and note 40 to the consolidated financial statements.

Nomination Committee

The Company established the Nomination Committee on July 9, 2014 with written terms of reference in compliance with the requirements of the CG Code as set out in the Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Nomination Committee by the Board. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment and removal of Directors of our Company. In the nomination procedures, the Nomination Committee makes reference to criteria including reputation of candidates for integrity, accomplishment and experience, professional and educational background.

The Nomination Committee consists of two independent non-executive Directors, being Mr. Lam Yiu Por and Mr. Yang Wenbin and one executive Director, being Mr. Fu. Mr. Fu has been appointed as the chairman of the Nomination Committee. During the Reporting Period, one meeting of the Nomination Committee was held to assess the independence of independent non-executive Directors, to review the board diversity policy of the Company, to consider the re-appointments of the retired Directors, and to discuss matters relating to procedure of nomination of Director candidate by Shareholders, Directors' evaluation and succession plan.

The attendance of the Directors at the Nomination Committee meeting is presented on page 71 of this annual report.

Board Diversity Policy

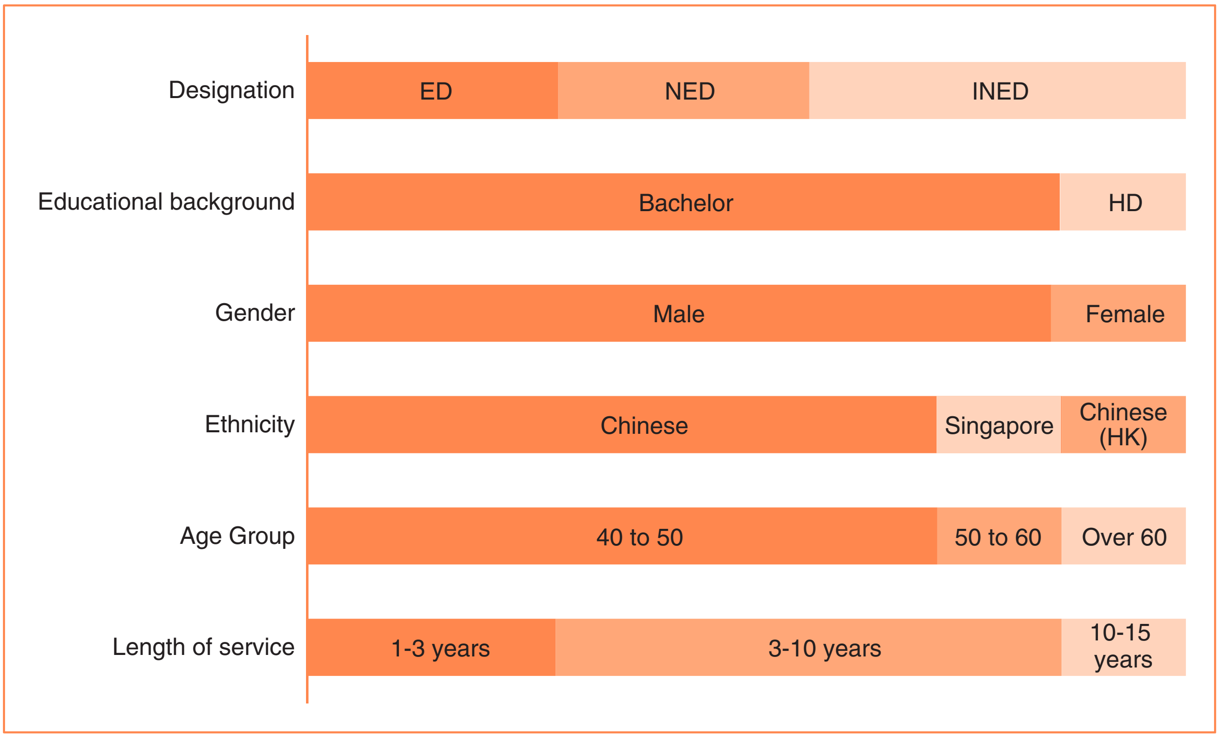
The Nomination Committee has formulated a Board diversity policy (the "**Policy**"), in which the Company recognizes the benefits of having a diverse Board to enhance the quality of its performance. According to the policy, selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity of the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

The Nomination Committee will report annually, in the corporate governance report of the Company, on the process it has used in relation to Board appointments. Such report will include a summary of the Policy, the measurable objectives set for implementing the Policy and progress made towards achieving these measurable objectives.

The Nomination Committee will review the Policy annually, which will include an assessment of the effectiveness of the Policy. The Nomination Committee will discuss any revisions that may be required and recommend any such revisions to the Board for approval.

As at the date of this annual report, the Board comprises seven Directors, one of which is a female member. The following table further illustrates the diversity of the Board members as of the date of this annual report:



Bachelor : Bachelor Degree
HD : Higher Diploma
ED : Executive Director
INED : Independent Non-executive Director
NED : Non-Executive Director

Director Nomination Policy

The Nomination Committee has also adopted a nomination policy which sets out the nomination procedures, selection criteria and recommendations of candidates for directorship. The selection criteria used in assessing the suitability of a proposed candidate include, inter alia, his/her reputation for integrity, professional knowledge and relevant industry experience, whether he/she can commit sufficient time to the business, and whether he/she can contribute to the diversity of the Board as detailed in the Policy. The procedure to consider and make recommendations for a Director is summarized as follows:

(i) The secretary of the Nomination Committee shall convene a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(ii) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

(iii) Until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.

(iv) In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, and to invite nominations from Shareholders, a circular will be sent to Shareholders. The circular will set out the lodgment period for Shareholders to make the nominations. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.

(v) For the re-appointment of any existing member(s) of the Board, the Nomination Committee shall make recommendations to the Board for its consideration and recommendation, for the proposed candidates to stand for re-election at a general meeting.

The composition of the Board and the Board members' respective attendance in Board meetings, general meetings, the Audit Committee meetings, the Remuneration Committee meeting and the Nomination Committee meeting during the year ended December 31, 2021 are as follows:

	No. of meeting attended/held				
Directors	Board meeting	General meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting
Executive Directors					
Mr. Fu Zhengjun	4/4	2/2	N/A	N/A	1/1
Mr. Mai Shi'en	4/4	2/2	N/A	N/A	N/A
Non-executive Directors					
Mr. Xiong Xiangdong	4/4	0/2	N/A	1/1	N/A
Ms. Cao Fei	4/4	0/2	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Lam Yiu Por *(appointed with effect from January 11, 2021)*	4/4	0/2	2/2	N/A	1/1
Mr. Yang Wenbin	4/4	0/2	2/2	1/1	1/1
Mr. Chan Wing Yuen Hubert	4/4	0/2	2/2	1/1	N/A
Ms. Yu Bin *(resigned with effect from January 11, 2021)*	N/A	N/A	N/A	N/A	N/A

Code provision F.2.2 (previous code provision E.1.2) of the CG Code requires that the chairman of the Board and the chairmen of the audit, remuneration and nomination committees (or another member of the committee in their absence) should attend the general meeting. Other than Mr. Fu Zhengjun and Mr. Mai Shi'en attended the annual general meeting of the Company held on June 11, 2021, all other Directors did not attend such annual general meeting due to COVID-19 pandemic.

CHANGES IN INFORMATION OF DIRECTORS

Ms. Yu Bin has resigned as an independent non-executive Director, a member of the Nomination Committee and the chairman of the Audit Committee on January 11, 2021 due to her other work arrangements. Mr. Lam Yiu Por has been appointed as an independent non-executive Director, a member of the Nomination Committee and the chairman of the Audit Committee on the same day. Please refer to the announcement of the Company dated January 11, 2021 regarding the change of independent non-executive Directors and change of composition of Board committees for details.

Since May 31, 2021, Mr. Mai Shi'en ceased to be a chief operating officer and acting chief financial officer of the Company due to his career development. Please refer to the announcement of the Company dated May 31, 2021 regarding the resignation of chief operating officer and acting chief financial officer for details.

Save as disclosed herein, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. According to the records of the Company, all Directors attended training sessions on duties and obligations of directors of companies listed on the Stock Exchange, including connected transactions and corporate governance, which were conducted by the Company's legal advisers as to Hong Kong laws. The Company also provided periodic legal updates and developments on the Listing Rules, the Hong Kong Companies Ordinance, news updates from the Stock Exchange and Securities & Futures Commission of Hong Kong and other relevant legal and regulatory requirements to all of the Directors, as well as regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set forth in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision C.2.1 (previous code provision A.2.1) of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

The Chairman of the Board and the chief executive officer of the Group are currently two separate positions held by Mr. Fu and Mr. Zhao Weiwen, respectively, with clear distinction in responsibilities. Our Chairman is responsible for the overall strategic planning, management and operation of the Group, while the chief executive officer is responsible for the day-to-day operations of the Group.

Code provision C.2.7 (previous code provision A.2.7) of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other Directors. During the Reporting Period, the Chairman met with the independent non-executive Directors to understand their concerns and to discuss pertinent issues.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

(b) to review and monitor the training and continuous professional development of Directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct applicable to employees and Directors; and

(e) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code).

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended December 31, 2021 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report on pages 78 to 83 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control of the Group, and continuously monitors and reviews the effectiveness of its operation. A defined management structure with specified limits of authority and responsibilities is developed for promoting the effectiveness of operations, ensuring the reliability of financial reporting, complying with applicable laws, rules and regulations, and safeguarding assets of the Group.

Characteristics of Risk Management and Internal Control Organization System

The Company has been equipped with sufficient resources, staff qualifications and experience, sufficient training courses and relevant budgets in risk management and internal control to establish the risk management and internal control organization system, which includes the Board, the Audit Committee, internal audit department, the Company's management, and all the departments of the organization. All departments and the Company's management are the first line of defense for risk management and internal control, which are responsible for identification, reporting and preliminary management of risks. The internal audit department is the second line of defense. It is responsible for the overall organization, coordination and planning of risk management and internal control work, and monitors the first line of defense. The Audit Committee is the third line, which is responsible for monitoring the work of the first and second lines of defense. As the highest decision-making body of the Company's risk management and internal control, the Board takes ultimate responsibility for the sound and effective implementation of the Company's risk management and internal control system.

Work Carried Out and Reviewed of Risk Management and Internal Control

The Company conducts annual reviews of the effectiveness of the risk management and internal control organization system and evaluates all key monitoring aspects, including financial monitoring, operational monitoring, compliance monitoring and risk management.

Internal audits carried out by the internal audit department, with the assistance of internal and external monitoring consultants, ensure that the monitoring is carried out properly and functioning according to the intended function. The results of the internal audits and review are reported to the executive Directors and the Audit Committee at least once a year. In 2021, around the overall business objectives, the Company sorted out and identified the possible risks from four levels of the strategic-business-reputation, compliance monitoring, financial, organization and operation, which formed the risk management framework as the basis for risk management. The internal audit department discussed with all the responsible departments to analyze and evaluate the risk identified, and submitted the assessment and measures to be taken for major risks to the Company's management for review, and to Audit Committee and Directors for consideration and approval. The Board has reviewed the effectiveness of the risk management and internal control organization system and confirmed that the system is effective during the Reporting Period, and there are no significant monitoring errors or significant monitoring weaknesses.

The Processing and Publishing of Inside Information

The Company has established procedures on disclosure of inside information to ensure that inside information is promptly identified, assessed and submitted, where appropriate, for the attention of the Board.

To manage the risks regarding inside information, we have adopted the Model Code as the Company's own code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all members of the Board complied with the Model Code during the year ended December 31, 2021. Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended December 31, 2021.

INDEPENDENT AUDITORS' REMUNERATION

The Group's independent auditor is PricewaterhouseCoopers.

For the year ended December 31, 2021, the fees paid/payable to PricewaterhouseCoopers for the audit and review of the financial statements of the Group were RMB3.9 million.

Fees paid/payable to PricewaterhouseCoopers for non-audit services provided to the Group for the year were RMB0.02 million.

JOINT COMPANY SECRETARIES

Mr. Chen Shi and Ms. Ng Sau Mei of TMF Hong Kong Limited, an external service provider, have been appointed by the Company as the joint company secretaries. The primary corporate contact person of Ms. Ng Sau Mei at the Company is Mr. Chen Shi, the joint company secretary and general counsel of the Company.

During the year ended December 31, 2021, each of Mr. Chen Shi and Ms. Ng Sau Mei has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONSHIP

The Company believes that effective communication with Shareholders and other investment community is essential. Since the Listing Date, the executive Directors and head of investor relations of the Group held regular briefings, press conferences and analysts meetings of annual results, attended investor forums and participated in roadshows and conducted meetings with the institutional investors and financial analysts in China, Hong Kong and overseas countries to keep them abreast of the Group's business and development. Investors can also communicate with the Company through email at IR@tiange.com.

Shareholders' meetings provide a useful forum for the Shareholders to exchange views with the Board. The executive Directors will attend the Shareholders' meetings to answer the questions raised by the Shareholders. Published documents together with the latest corporate information and news are available on the Company's website at www.tiange.com.

SHAREHOLDERS' RIGHTS

Besides the request of the Board, extraordinary general meetings can be convened through the following measures:

(a) on the written requisition of any one or more Shareholders deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by such Shareholder(s), provided that such Shareholder(s) hold(s) as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company; or

(b) on the written requisition of any one Shareholder which is a recognized clearing house (or its nominee(s)) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the Shareholder, provided that such Shareholder holds as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting according to the applicable laws and the Articles of Association. If a Shareholder, who is entitled to attend and vote at the relevant general meeting, wishes to nominate a person (not being the nominating Shareholder) to stand for election as a Director, he or she should give to the secretary of the Company notice in writing of the intention to propose a person for election as a Director and notice in writing by that person of his or her willingness to be so elected, commencing no earlier than the day after the dispatch of the notice of the relevant general meeting and ending no later than seven days prior to the date of such general meeting.

As regards proposing a person for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company in Hangzhou at 12-14/F, Intime City Tower E, Gongshu District, Hangzhou, PRC (email address: IR@tiange.com).

CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2021, there were no significant changes in the constitutional documents of the Company.

This glossary contains explanations of certain terms used in this annual report in connection with our Company and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

"Quarterly Average Revenue Per User" or "QARPU"	Average quarterly revenue in a particular period divided by the average QPUs in that period.
"MAUs"	Number of active registered users that accessed our products or services in the relevant month. (A MAU is defined as a registered user that accessed our products or services at least once during the relevant month.)
"QPUs"	Number of paying users for our products and services in the relevant quarter. (A QPU for live social video platform is defined as a user that purchased virtual goods at least once during the relevant quarter.)
"Hosts"	Users who generate content, have host accounts and are deemed by us to be hosts. Hosts may receive marketing fees from distributors.
"Registered users"	The accumulated number of users who have registered an account on our live social video platform and duplicated accounts were not excluded.

* For identification purpose only

Independent Auditor's Report

To the Shareholders of Tian Ge Interactive Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Tian Ge Interactive Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 84 to 220, comprise:

- the consolidated balance sheet as at 31 December 2021;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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 opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to fair value measurement of investments in venture capital and private equity funds and unlisted equity investments recorded as financial assets at fair value through profit or loss.

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of investments in venture capital and private equity funds and unlisted equity investments recorded as financial assets at fair value through profit or loss	
Refer to note 2.12, note 3.3, note 4.1(a) and note 22 to the consolidated financial statements. As at 31 December 2021, the Group held investments in venture capital and private equity funds and unlisted equity investments recorded as financial assets at fair value through profit or loss amounting to RMB579,440 thousand and RMB298,744 thousand, respectively, which were carried at fair value. During the year ended 31 December 2021, a net fair value gain of RMB144,639 thousand was recognised against the investments in venture capital and private equity funds recorded as financial assets at fair value through profit or loss; a net fair value loss of RMB1,007 thousand was recognised against unlisted equity investments recorded as financial assets at fair value through profit or loss.	Our procedures in relation to the fair value measurement of investments in venture capital and private equity funds and unlisted equity investments recorded as financial assets at fair value through profit or loss included: – We understood and evaluated management's internal control and assessment process of the fair value measurement of such financial instruments, including development of the key assumptions applied in determining the fair value, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity of significant assumptions used; – We tested the key controls over the fair value measurement of such financial instruments; – We performed retrospective review by comparing the actual results for the current year with the outcome of the Group's prior period forecast to assess the effectiveness of management's estimation process; – For fair value measurement of some investments involves independent professional valuers, we assessed the competence and objectivity of the independent professional valuers engaged by the Group;

Key Audit Matter	How our audit addressed the Key Audit Matter
We focused on this area due to the magnitude of the financial assets and the subjectivity of significant assumptions and inputs used in determining the respective fair values of such financial instruments.	– With assistance of our internal valuation specialist, we assessed the appropriateness of the valuation methodologies used by management by reference to industry practice and the financial status and business plans of the investees; – We tested, on a sample basis, the appropriateness of the unobservable and observable inputs used for measuring the fair value of such financial instruments by reference to relevant market information including recent rounds of financing information and underlying supporting documents of the unlisted equity investments and the investees of the venture capital and private equity funds, and by evaluating the underlying assumptions and inputs, such as sales growth rate, gross profit margin rate, terminal growth rate, risk-adjusted discount rate and discount for lack of marketability, adopted in the financial projections; – We tested, on a sample basis, the arithmetical accuracy of the valuation computation. Based on the procedures performed, we found the valuation methodologies used were acceptable and the key inputs used for measuring the fair value were supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in Tian Ge Interactive Holdings Limited 2021 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pai Hung On, Hendry.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2022

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
(All amounts in RMB unless otherwise stated)

		Year ended 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
Continuing operations			
Revenue	6	**210,530**	329,639
Cost of revenue	7	**(49,835)**	(26,928)
Gross profit		**160,695**	302,711
Selling and marketing expenses	7	**(104,561)**	(107,880)
Administrative expenses	7	**(90,515)**	(92,622)
Research and development expenses	7	**(61,651)**	(68,383)
Net impairment losses on financial assets	3.1 (b)	**(6,741)**	(18,426)
Other gains, net	8	**183,448**	36,960
Operating profit		**80,675**	52,360
Finance income	10	**3,908**	7,911
Finance costs	10	**(4,247)**	(1,558)
Finance (costs)/income, net	10	**(339)**	6,353
Share of profit of investments accounted for using the equity method	13	**8,021**	495
Profit before income tax		**88,357**	59,208
Income tax (expense)/income	11	**(9,385)**	8,777
Profit from continuing operations		**78,972**	67,985
Discontinued operations			
Profit from discontinued operations	26	**51,641**	16,486
Profit for the year		**130,613**	84,471
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences		**(28,477)**	(75,022)
Items that will not be reclassified to profit or loss			
Currency translation differences		**(18,326)**	(55,578)
Change in fair value of owner-occupied property	16, 35	**3,180**	–
Other comprehensive loss for the year, net of income tax		**(43,623)**	(130,600)
Total comprehensive income/(loss) for the year		**86,990**	(46,129)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021
(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Profit attributable to:			
– Owners of the Company		**128,828**	80,617
– Non-controlling interests		**1,785**	3,854
		130,613	84,471
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		**85,218**	(49,983)
– Non-controlling interests		**1,772**	3,854
		86,990	(46,129)
Total comprehensive income/(loss) for the period attributable to owners of the Company arises from:			
– Continuing operations		**36,454**	(58,428)
– Discontinued operations	26	**48,764**	8,445
		85,218	(49,983)
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (expressed in RMB per share):			
– Basic earnings per share	12	**0.064**	0.057
– Diluted earnings per share	12	**0.064**	0.057
Earnings per share for profit attributable to the ordinary equity holders of the Company (expressed in RMB per share):			
– Basic earnings per share	12	**0.103**	0.064
– Diluted earnings per share	12	**0.103**	0.064

The notes on pages 92 to 220 are integral parts of these consolidated financial statements.

Consolidated Balance Sheet

For the year ended 31 December 2021
(All amounts in RMB unless otherwise stated)

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Assets			
Non-current assets			
Property and equipment	14	**123,334**	154,837
Right-of-use assets	15	**6,435**	14,371
Investment properties	16	**59,890**	28,126
Intangible assets	17	**43,086**	73,873
Investments accounted for using the equity method	13	**34,184**	23,999
Prepayments and other receivables	21	**80,452**	39,099
Financial assets at fair value through profit or loss	22	**1,385,503**	824,427
Deferred income tax assets	35	**16,260**	14,358
		1,749,144	1,173,090
Current assets			
Trade receivables	20	**5,309**	6,013
Prepayments and other receivables	21	**100,055**	133,351
Financial assets at fair value through profit or loss	22	**1,024,009**	697,294
Derivative financial instruments	24	**494**	3,632
Term deposits with initial term over 3 months	23	**54,560**	263,637
Cash and cash equivalents	25	**593,319**	973,253
		1,777,746	2,077,180
Assets classified as held for sale	26	**–**	295,698
		1,777,746	2,372,878
Total assets		**3,526,890**	3,545,968
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	35	**27,607**	34,933
Lease liabilities	15	**182**	5,077
Other non-current liabilities		**1,091**	1,133
		28,880	41,143

	Note	As at 31 December 2021 RMB'000	2020 RMB'000
Current liabilities			
Borrowings	31	**287,165**	141,353
Trade payables	32	**1,580**	1,374
Other payables and accruals	33	**45,734**	73,860
Current income tax liabilities		**78,570**	103,135
Customer advance and deferred revenue		**11,816**	17,689
Lease liabilities	15	**4,629**	7,908
Derivative financial instruments	24	**4,820**	526
Redemption liabilities	34	**–**	238,729
		434,314	584,574
Liabilities directly associated with assets classified as held for sale	26	**–**	7,413
		434,314	591,987
Total liabilities		**463,194**	633,130
Net assets		**3,063,696**	2,912,838
Equity			
Equity attributable to Owners of the Company			
Share capital	27	**779**	795
Treasury stock	27	**(32,471)**	–
Share premium	27	**1,721,242**	1,762,930
Other reserves	28	**561,582**	352,094
Retained earnings	30	**811,888**	682,414
		3,063,020	2,798,233
Non-controlling interests	5(c)	**676**	114,605
Total equity		**3,063,696**	2,912,838

The notes on pages 92 to 220 are integral parts of these consolidated financial statements.

The financial statements on pages 84 to 220 were approved for issue by the Board of Directors on 30 March 2022 and were signed on its behalf.

Director	Director
Fu Zhengjun	**Mai Shi'en**

Consolidated Statement of Changes in Equity

(All amounts in RMB unless otherwise stated)

	Note	Share capital RMB'000	Share premium RMB'000	Treasury stock RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
		Attributable to Owners of the Company							
Balance at 1 January 2021		795	1,762,930	–	352,094	682,414	2,798,233	114,605	2,912,838
Comprehensive income									
Profit for the year		–	–	–	–	128,828	128,828	1,785	130,613
Other comprehensive loss									
Change in fair value of owner-occupied property	16,35	–	–	–	3,180	–	3,180	–	3,180
Currency translation differences	28	–	–	–	(46,790)	–	(46,790)	(13)	(46,803)
Total comprehensive income/(loss)		–	–	–	(43,610)	128,828	85,218	1,772	86,990
Transactions with Shareholders in their capacity as owners									
Employees share option scheme:									
– proceeds from shares issued	27	1	549	–	–	–	550	–	550
Employees restricted share units ('RSU') scheme:									
– value of employee services	9	–	–	–	16,927	–	16,927	–	16,927
– shares vested and transferred	27	–	(8)	8	–	–	–	–	–
– shares issued for RSU scheme	27	16	–	(16)	–	–	–	–	–
Repurchase of ordinary shares	27	–	–	(74,725)	–	–	(74,725)	–	(74,725)
Cancellation of ordinary shares	27	(33)	(42,229)	42,262	–	–	–	–	–
Disposal of discontinued operations	28,30	–	–	–	(2,498)	2,498	–	(116,653)	(116,653)
Changes in ownership interests in subsidiaries without change of control	5	–	–	–	(1,912)	–	(1,912)	952	(960)
Derecognition of redemption liabilities	34	–	–	–	238,729	–	238,729	–	238,729
Profit appropriations to statutory reserves	28	–	–	–	1,852	(1,852)	–	–	–
Total transactions with Shareholders in their capacity as owners		(16)	(41,688)	(32,471)	253,098	646	179,569	(115,701)	63,868
Balance at 31 December 2021		779	1,721,242	(32,471)	561,582	811,888	3,063,020	676	3,063,696

(All amounts in RMB unless otherwise stated)

		Attributable to Owners of the Company						Non-controlling interests	Total Equity
		Share capital	Share premium	Treasury stock	Other reserves	Retained earnings	Total		
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020		780	1,760,719	–	393,817	599,641	2,754,957	109,786	2,864,743
Comprehensive income									
Profit for the year		–	–	–	–	80,617	80,617	3,854	84,471
Other comprehensive loss									
Currency translation differences	28	–	–	–	(130,600)	–	(130,600)	–	(130,600)
Total comprehensive income/(loss)		–	–	–	(130,600)	80,617	(49,983)	3,854	(46,129)
Transactions with Shareholders in their capacity as owners									
Employees share option scheme:									
– proceeds from shares issued	27	5	2,221	–	–	–	2,226	–	2,226
Employees restricted share units ('RSU') scheme:									
– value of employee services	9	–	–	–	18,311	–	18,311	–	18,311
– shares vested and transferred	27	–	(10)	10	–	–	–	–	–
– shares issued for RSU scheme	27	10	–	(10)	–	–	–	–	–
Disposal of subsidiaries	5	–	–	–	(3,268)	3,268	–	(245)	(245)
Acquisition of subsidiaries		–	–	–	–	–	–	1,210	1,210
Derecognition of redemption liabilities	34	–	–	–	72,722	–	72,722	–	72,722
Profit appropriations to statutory reserves	28	–	–	–	1,112	(1,112)	–	–	–
Total transactions with Shareholders in their capacity as owners		15	2,211	–	88,877	2,156	93,259	965	94,224
Balance at 31 December 2020		795	1,762,930	–	352,094	682,414	2,798,233	114,605	2,912,838

The notes on pages 92 to 220 are integral parts of these consolidated financial statements.

Consolidated Statement of Cash Flows

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	36(a)	**(14,438)**	98,408
Receipt of refunded withholding tax in connection with dividend distribution	11	**7,750**	27,500
Income tax paid		**(86,920)**	(105,385)
Net cash (used in)/generated from operating activities		**(93,608)**	20,523
Cash flows from investing activities			
Proceeds from disposal of discontinued operations, net of cash and cash equivalents included in assets classified as held for sale	26	**251,810**	–
Proceeds from disposal of subsidiaries, net of cash disposed	5	**–**	5,029
Payment for acquisition of subsidiary, net of cash acquired	18	**–**	(9,085)
Payment for acquisition of investments accounted for using the equity method	13	**(3,000)**	–
Proceeds from disposal of investments accounted for using the equity method	13	**422**	4,208
Purchase of and prepayment for property and equipment, intangible assets and other non-current assets		**(46,111)**	(6,986)
Proceeds from disposal of property and equipment and intangible assets		**25,546**	224
Payment for term deposits with initial term of over 3 months		**(75,429)**	(778,088)
Proceeds from disposal of term deposits with initial term of over 3 months		**284,223**	576,774
Payment for financial assets at FVPL		**(4,556,404)**	(2,520,267)
Proceeds from disposal of financial assets at FVPL		**3,794,804**	2,593,987
Payment for derivative financial instruments		**(115,402)**	(61,443)
Proceeds from disposal of derivative financial instruments		**109,778**	53,911
Dividend received from an investment accounted for using the equity method and financial assets at FVPL	13(a), 22(a)	**2,500**	8,584
Cash paid for prepayment of investments		**(51,697)**	(20,329)
Proceeds from disposal of investment property	16(ii)	**7,807**	20,057
Receipt of refundable prepayments for potential investments		**500**	3,800
Loans granted to third parties, related parties and employees		**(31,485)**	(106,318)
Repayment of loans granted to third parties, related parties and employees		**62,571**	45,401
Interest received		**8,086**	14,077
Net cash used in investing activities		**(331,481)**	(176,464)

(All amounts in RMB unless otherwise stated)

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from financing activities			
Proceeds from exercise of share options	27(a)	**550**	2,226
Proceeds from bank borrowings	36(b)	**153,589**	153,035
Interest paid		**(3,733)**	(1,146)
Prepayments for repurchase of ordinary shares	21(g)	**(8,736)**	–
Payment for repurchase of ordinary shares	27(c)	**(74,725)**	–
Net cash paid for transferring equity interests of subsidiaries to non-controlling interests		**(768)**	–
Lease payments	36(b)	**(8,222)**	(6,680)
Net cash generated from financing activities		**57,955**	147,435
Net decrease in cash and cash equivalents		**(367,134)**	(8,506)
Cash and cash equivalents at beginning of the year		**974,276**	1,033,006
Exchange losses on cash and cash equivalents		**(13,823)**	(50,224)
Cash and cash equivalents at end of the year		**593,319**	974,276
Analysis of balances of cash and cash equivalents:			
Cash and cash equivalents		**593,319**	973,253
Cash and cash equivalents included in assets classified as held for sale		**–**	1,023
		593,319	974,276
Cash flows of discontinued operations	26(b)	**3,167**	(4,639)

The notes on pages 92 to 220 are integral parts of these consolidated financial statements.

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'), which are wholly foreign owned enterprises incorporated in the PRC in November 2008 and September 2009 respectively.

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

– exercise effective financial and operational control over the Hantang, Jinhua9158, Jinhua99 and Xingxiu;

– irrevocably exercise equity holders' voting rights of Hantang, Jinhua9158, Jinhua99 and Xingxiu;

– receive substantially all of the economic returns generated by Hantang, Jinhua9158, Jinhua99 and Xingxiu by way of business support, technical and consulting services provided by Hangzhou Tiange and Zhejiang Tiange;

– obtain an irrevocable and exclusive right to purchase the entire equity interest in Hantang, Jinhua9158, Jinhua99 and Xingxiu from the respective shareholders;

– obtain a pledge over the entire equity interest of Hantang, Jinghua9158, Jinhua99 and Xingxiu from their respective equity holders as collateral for all accounts payable by Hantang, Jinghua9158, Jinghua99 and Xingxiu to Hangzhou Tiange and Zhejiang Tiange and to secure performance of Hantang, Jinghua9158, Jinghua99 and Xingxiu's obligations under the Contractual Arrangements.

1 GENERAL INFORMATION – *continued*

The Group does not have any equity interest in Hantang, Jinghua9158, Jinghua99 and Xingxiu. As a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement in Hantang, Jinghua9158, Jinghua99 and Xingxiu and has the ability to affect those returns through its power over Hantang, Jinghua9158, Jinghua99 and Xingxiu, and is considered to control Hantang, Jinghua9158, Jinghua99 and Xingxiu. Consequently, the Company regards Hantang, Jinghua9158, Jinghua99 and Xingxiu as the structured entities under IFRSs (see also Note 4.2(b) and Note 5(a)).

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with IFRS and HKCO

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

(b) Historical cost convention

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

– Certain financial assets and liabilities (including derivative instruments) – measured at fair value

– Investment properties – measured at fair value

– Asset held for sale – measured at the lower of fair value less cost of sell and carrying amount

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.1 Basis of preparation – *continued*

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

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

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

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

(d) New standards and interpretations not yet adopted

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest ("NCI") in the acquiree on an acquisition-by-acquisition basis. NCI in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of NCI are measured at their acquisition date fair value, unless another measurement basis is required by IFRSs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.2 Subsidiaries – *continued*

2.2.1 Consolidation – continued

*(a) **Business combinations** – continued*

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, NCI recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.2 Subsidiaries – *continued*

2.2.1 Consolidation – continued

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with NCI that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of loss of investments accounted for using the equity method in the consolidated statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.4 Joint ventures

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the 'CODM'), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Group's PRC subsidiaries is Renminbi ("RMB"). The functional currency of the Company and its certain overseas subsidiaries is United States Dollars ("US$") while the functional currency of the other overseas subsidiaries is Hong Kong Dollars ("HK$"). As the major operations of the Group are within the PRC, the Group presents its consolidated financial statements in Renminbi ("RMB"), unless otherwise stated.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of comprehensive income within 'finance income' or 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains, net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.6 Foreign currency translation – *continued*

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

– all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.7 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Building	30 – 40 years
– Decorations	2 – 5 years
– Furniture and office equipment	3 – 5 years
– Server and other equipment	3 – 4 years
– Motor vehicles and yacht	4 years
– Leasehold improvement	Shorter of remaining term of the lease and the estimated useful lives of the assets

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction-in-progress (the 'CIP') represents office buildings under construction and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction and acquisition. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other gains, net' in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.8 Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. Properties that are being constructed or developed for future use as investment properties are also included.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. However, if an owner-occupied property becomes an investment property carried at fair value, the Group treats the difference at the date between the carrying amount of the property and its fair value as below: If the asset's carrying amount is increased as a result of a revaluation, the increase will be recognised in other comprehensive income and accumulated in equity as revaluation surplus. If the asset's carrying amount is decreased as a result of a revaluation, the decrease will be recognised in profit or loss.

After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of comprehensive income as part of a valuation gain or loss in 'other gains, net'.

2.9 Intangible assets

(a) Goodwill

Goodwill arises from the acquisition of subsidiaries and business represents the excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ('CGUs'), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, which is below operating segment level.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGUs or group of CGUs containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Gains and losses on the disposal of CGUs or group of CGUs include the carrying amount of goodwill relating to the CGUs or group of CGUs disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.9 Intangible assets – *continued*

(b) Computer software, brand name, domain name and technology, platform license and game license, and customer resource

Separately acquired computer software, brand name, domain name and technology, platform licence and game license are shown at historical cost. Computer software, brand name, domain name and technology, platform license and game licence, customer resource acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these intangible assets over their estimated useful lives, and recorded as amortisation within operating expenses and cost of sales in the consolidated statement of comprehensive income.

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

– Computer software	3 – 20 years
– Domain name and technology	1 – 10 years
– Platform license and game license	6 – 20 years
– Customer resource	3 years

(c) Research and development expenditures

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when recognition criteria are fulfilled. These criteria includes: (1)it is technically feasible to complete the software product and technology so that it will be available for use; (2)management intends to complete the software product and technology and use or sell it; (3)there is an ability to use or sell the software product and technology; (4)it can be demonstrated how the software product and technology will generate probable future economic benefits; (5)adequate technical, financial and other resources to complete the development and to use or sell the software product and technology are available; and (6)the expenditure attributable to the software product and technology during its development can be reliably measured. Other development expenditures that do not meet those criteria are recognised as expenses as incurred. There were no development costs meeting these criteria and capitalised as intangible assets for all the years presented.

Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.10 Impairment of non-financial assets

Goodwill (see Note 2.9(a) and Note 17) and assets that have an indefinite useful life or not ready to use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairments are reviewed for possible reversal of the impairment at each reporting date.

2.11 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.12 Investment and other financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.12 Investment and other financial assets – *continued*

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.12 Investment and other financial assets – *continued*

2.12.3 Measurement – continued

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement patterns and past experience. Management used four categories for other receivables to reflect their credit risk. Expected credit loss model was applied to determine the loss provision (Note 3.1(b)).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See Note 2.12 for further information about the Group's accounting for trade receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.15 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other financial institutions and other short-term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity instruments, for example as the result of a share repurchase, the considerations paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's shareholders as treasury stock until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) is included in equity attributable to the Company's shareholders.

2.18 Shares held for restricted share unit schemes

The consideration paid by the RSU Trustee (see Note 29(f)) for purchasing the Company's shares from the market, including any directly attributable incremental cost, is presented as 'Treasury stock' and deducted from total 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.

When the RSU Trustee transfers the Company's shares to the grantees upon vesting, the related costs of the granted shares vested are credited to 'Treasury stock', with a corresponding adjustment to 'Share premium'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities unless the payment is not due within 12 months after the reporting period. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The income tax expense is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the income tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws, enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.20 Current and deferred income tax – *continued*

(b) *Deferred income tax*

Inside Basis Differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside Basis Differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.21 Employee benefits

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organised by the relevant governmental authorities. The Group's liability in respect of these plans is limited to the contributions payable in each period. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

2.22 Share-based payments

(a) Equity-settled share-based payments transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees and consultants as consideration for equity instruments (share options and restricted share units) of the Group. The fair value of the employee services received in exchange for the grant of the share options and restricted share units is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options and restricted share units granted:

– including any market performance conditions;

– excluding the impact of any service and non-market performance vesting conditions; and

– including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options and restricted share units that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

Service conditions are included in assumptions about the number of share options and restricted share units that are expected to vest. The total expense is recognised over the vesting period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees or consultants may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.22 Share-based payments – *continued*

(a) Equity-settled share-based payments transactions – continued

Where there is modification of terms and conditions which increase the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period.

At the end of each reporting period, the Group revises its estimates of the number of share options and restricted share units that are expected to vest based on the non-market performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

When the share options are exercised and the restricted share unites are granted, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

(b) Share-based payments transactions among group entities

The grant by the Company of share options and restricted share units over its equity instruments to the employees or other service providers of the subsidiaries and the PRC Operating Entities is treated as a capital contribution. The fair value of consulting and employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries undertakings, with a corresponding credit to equity in the separate financial statements of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.23 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the Group's financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.24 Put option arrangements

Redemption liabilities arise from put option granted by the Group to the NCI, where the counterparties have the right to request the Group to purchase the equity instrument held by the counterparty for cash or other financial assets when certain contingent events occur. As the Group does not have the unconditional right to avoid delivering cash or another financial assets under the put options while significant risks and rewards of ownership of the shares remain with the NCI, the Group recognised redemption liabilities at the present value of the estimated future cash outflows of the redemption obligation with a corresponding adjustment to other reserves. Subsequently, if the Group revises its estimates of payments, the Group will adjust the carrying amount of the redemption liabilities, and the adjustments will be recognised against the "other reserves" in equity. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to "other reserves". If options are exercised, redemption liabilities are offset by the cash payment. The redemption liabilities are classified as current liabilities unless the put options can only be exercised 12 months after the end of the reporting period.

2.25 Revenue recognition

Revenues are recognised when or as the control of the services is transferred to a customer. Depending on the terms of the contract and the laws that apply to the contract, control of the services may be transferred over time or at a point in time.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract liability, depending on the relationship between the entity's performance and the customer's payment.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities were mainly resulted from live social video platforms (2020: from live social video platforms), which is recorded as customer advance and deferred revenue.

In accordance with the principal versus agent considerations prescribed by IFRS 15, the Group determines whether it acts as the principal or agent in each of its revenue streams. The principal is the entity that has promised to provide services to its customers. An agent arranges for services to be provided by the principal to its end customer. An agent normally receives a commission or fee for these activities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.25 Revenue recognition – *continued*

The Group recognises revenue when the specific criteria has been met for each of the Group's activities, as described below:

(a) Live social video platforms

The Group operates four major live social video communities (the 'Community'), namely Sina Show, 9158, Miao Broadcasting, Crazy Broadcasting and several other Communities. Each of these Communities contains thousands of real time video rooms (the 'Room') with user-created content provided by hosts and user on air, and broadcasted to the rooms' viewers. The Group is responsible for providing a technological infrastructure to allow the hosts, users on air and viewers to interact through video streams. All the Communities and Rooms are free to access.

The Group's PRC Operating Entities entered into the annual distribution agreements with independent third-party distributors. Pursuant to the distributor agreements, each distributor has the right to purchase virtual currency on a set discounted basis and is exclusively responsible for sales of virtual currency for one or several of the Group's Video Platforms through developing and engaging sale agents who directly sell the virtual currency to users. In addition, each distributor is responsible for recruiting hosts and identifying genres and room contents that could be commercially profitable. The Group is responsible for providing a technological infrastructure to allow the hosts, users on air and viewers to interact through video streams and providing the services which enable the virtual currency to be used on the Video Platforms. The Group does not determine the price of the virtual currency sold to sales agents or users. In addition, the Group does not take overall responsibility of the content of performances in the Group's Video Platforms. The Group concluded that the distributor is the principal to fulfill the obligations related to the sales of virtual currency and delivery of the contents to users and has latitude in establishing price to users. The Group performs its role to provide a platform for the distributors to organise the hosts to deliver the contents to users. Accordingly, related revenues are presented the net amount retained of proceeds received from the Group's distributors.

The Group also utilises third-party payment collection channels, which charges it the payment handling cost, for users to purchase the virtual currency directly from it. The payment handling costs are recorded as cost of sales.

The virtual currency are recorded as customer advance when they are sold to the distributors that are non-refundable. The virtual currency are transferred to deferred revenue when they are subsequently activated and charged to the respective communities accounts by the users.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.25 Revenue recognition – *continued*

(a) Live social video platforms – continued

Users use virtual currency to purchase virtual goods in the Communities. Virtual goods include:

(i) Virtual gifts, which are given by users to hosts, performers or other users as a gesture of support. When a host, user on-air, or viewer receives a virtual gift, he/she will receive an amount of virtual currency equal to a percentage of the cost of the virtual gift. This percentage varies depending on the cost and rarity of the items received from the users. The reduced portion of the cost is considered as the actual consumption of the virtual currency and is immediately recognised as revenue.

(ii) Virtual items, which are used by users to grant themselves special privileges and abilities. Consumable virtual items will be extinguished shortly after consumption. As such, the users will not continue to benefit from the virtual items and the Group does not have further obligations to the user after the virtual items are consumed. Therefore, revenue is recognised immediately when the consumable virtual items are consumed. The Group also provides durable virtual items that entitle the special privileges and abilities to paying users over an extended period of time. Revenue is recognised ratably over the beneficial period. The Group's revenue from durable virtual goods is insignificant for all the years presented.

The Group also offers membership programs to its users. Users pay the membership fee based on the period they have the privilege on the Group's Video Platforms. The revenue generated from membership programs is recognised ratably over the membership period.

(b) Advertising

The Group primarily derives its advertising revenue by delivering advertisements on its Video Platforms and Camera Application. The Group identifies the advertisers as the customer for online advertising services.

Some of the customers pay the Group for performance-based marketing, which means that a marketer pays the Group only when certain performance obligations are fulfilled. For these customers, the Group recognises revenue from the delivery of (i) per-click when the user clicks on the content, (ii) per-impression when the advertising contents are displayed to users, or (iii) per-download when the marketers' applications are downloaded.

The Group also offers display-based advertising services in the form of banners, and textual or graphical advertiser's link. Advertisers pay the Group based on the period their advertisements are displayed on the Group's Video Platforms and mobile applications. Revenue of such advertising service is recognised on a pro-rata basis over the contractual service period, starting on the date when the advertisements is first displayed on the Group's Video Platforms and mobile application.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.25 Revenue recognition – *continued*

(c) Software research and development

The Group provides research and development service to enterprises engaged in online entertainment platform and mobile games. Revenue is recognised when the services are rendered over the period or when the control of services are transferred to the customers.

(d) Rental income

Rental income is generated from the provision of rental service of investment properties and sub-leased properties for an agreed period. The Group recognises the income on a straight-line basis over the lease term.

(e) Game operation

Revenue is recognised when the Group has fulfilled the obligations stated in the contracts, and when the Group has transferred control over the relevant goods or services to the customer. As the Group takes the primary responsibilities of game development and game distribution, it considers itself as a principal in such arrangement. Accordingly, revenue is recognised on a gross basis, which is the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer.

2.26 Dividend income

Dividends are received from financial assets at FVPL. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the investment may need to be tested for impairment as a consequence.

2.27 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) of these assets under other gains/(losses).

Interest income on financial assets at amortised cost and term deposit with initial term over 3 months, calculated using the effective interest method, is recognised in the statement of profit or loss as part of other gains/(losses).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.27 Interest income – *continued*

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, such as bank deposits with term within 3 months, see Note 10.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.28 Leases

Lessee accounting

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and makes adjustments specific to the lease, eg term, country, currency and security. If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2.28 Leases – *continued*

Lessee accounting – *continued*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets, including leasehold properties, are measured at cost comprising the following: i) the amount of the initial measurement of lease liability; ii) any lease payments made at or before the commencement date less any lease incentives received; iii) any initial direct costs, and iv) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets mainly comprise IT equipment.

Lessor accounting

Lease income from operating leases, where the Group is a lessor, is recognised in income on a straight-line basis over the lease term. The Group did not make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Note 8(a) provides further information on how the Group accounts for government grants.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property and equipment are included in non-current liabilities as deferred government grants and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Most of the Company's subsidiaries' functional currencies are RMB as the majority of the revenues of these companies are derived from operations in mainland China. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets and net investments in foreign-operations as at 31 December 2021. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group's entities. The Group does not hedge against any fluctuation in foreign currency. Details of the Group's trade receivables, prepayments and other receivables, financial assets at FVPL, term deposits with initial term over 3 months, and cash and cash equivalents as at 31 December 2021, which are denominated in currencies other than RMB, are disclosed in Notes 20, 21, 22, 23 and 25 respectively.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Details of the Group's investments accounted for using the equity method, which are denominated in currencies other than RMB, are disclosed in Note 13.

For group companies outside the PRC whose functional currencies are US$ and HK$, if RMB had strengthened/weakened by 5% against US$ with all other variables held constant, the pre-tax profit for the year ended 31 December 2021 would have been RMB223 thousand lower/higher (2020: RMB238 thousand), mainly as a result of net foreign exchange gains/losses of monetary assets denominated in RMB.

For the PRC subsidiaries whose functional currencies are RMB, the foreign exchange risk from the operation is insignificant.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(a) Market risk – continued

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk mainly arises from interest-bearing assets/liabilities including loans receivables (included in other receivables), term deposits with initial term over 3 months, cash and cash equivalents and borrowings held by the Group, details of which have been disclosed in Note 21, 23, 25 and 31. Those carried at floating rates expose the Group to cash flow interest rate risk whereas those carried at fixed rates expose the Group to fair value interest rate risk.

The sensitivity analysis is determined based on the exposure to interest risk of the above interest-bearing assets at the end of each reporting period. If the interest rate of the respective instruments held by the Group had been 25 base points higher/lower, the profit before income tax would have been RMB749 thousand higher/lower for the year ended 31 December 2021 (2020: RMB3,139 thousand).

(iii) Price risk

The Group's exposure to price risk arises from investments held by the Group and classified as financial assets at FVPL (Note 22) and derivative financial instruments (Note 24). The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments made by the Group are either for the purpose of improving investment yield and maintaining high liquidity level simultaneously or for strategic purpose. Each investment is managed by senior management on a case by case basis. The sensitivity analysis is performed by management, see Note 3.3 for details.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk

The Group is exposed to credit risk arising from its cash and cash equivalents, term deposits with initial term over 3 months, trade receivables and other receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

To manage risk arising from cash and cash equivalents and term deposits with initial term over 3 months, the Group only transacts with state-owned or reputable financial institutions in mainland China and reputable international financial institutions outside of mainland China. Considering the low credit risk for cash and cash equivalents and term deposits with initial term over 3 months by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies, the expected credit loss for cash and cash equivalents and term deposits with initial term over 3 months is considered to be insignificant.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and credit quality of these customers is assessed, which takes into account their financial position, past experience and other factors. Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 90 days past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. In view of sound collection history of receivables due from customers, management believes that credit risk inherent in the Group's outstanding trade receivables due from them is not significant.

For other receivables (excluding prepaid expenses), management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group assesses the credit risk by considering the probability of default with supportive indicators taken into consideration.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – continued

The Group uses four categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Company's expected credit loss model ("ECL") is as follows:

Category	Definition of category	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default and does not have any past-due amounts or repayment is usually settled after due date.	12-month ECL. Where the expected lifetime of an asset is less than 12 months, expected credit losses are measured at its expected lifetime. (Stage 1)
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources, when the counterparty is past due more than 1 day on its contractual payments.	Lifetime ECL – not credit-impaired (Stage 2)
Loss	There is evidence indicating the asset is credit-impaired, when the counterparty is more than 90 days past due on its contractual payments.	Lifetime ECL – credit-impaired (Stage 3)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and the Group has no reasonable expectation of recovery.	Asset is written off

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – continued

The key judgements and assumptions adopted by the Group in addressing the requirements of the standard are disclosed below:

The Group considers other receivables to have experienced a significant increase in credit risk when backstop criteria has been met. A backstop is applied and the loan receivables considered to have experienced a significant increase in credit risk if the borrower is past due more than 1 day on its contractual payments.

The Group defines a financial instrument as in default, when the counterparty is more than 90 days past due on its contractual payments.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

– internal credit rating

– external credit rating (as far as available)

– actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

– actual or expected significant changes in the operating results of the borrower

– significant increases in credit risk on other financial instruments of the same borrower

– significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

– significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

For ECL provisions modeled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – continued

The following table explains the changes in the loss allowances for other receivables between the beginning and the end of the year due to these factors:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
Loss allowance as of 1 January 2021	149	–	26,821	26,970
Transfers:				
Transfer from Stage 1 to Stage 3	(7,533)	–	7,533	–
New financial assets originated or purchased	7,772	–	–	7,772
Reversal of allowance	–	–	(324)	(324)
Currency translation differences	–	–	(510)	(510)
Loss allowance as of 31 December 2021	388	–	33,520	33,908

	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Total RMB'000**
Loss allowance as of 1 January 2020	**40**	**137**	**24,177**	**24,354**
Transfers:				
Transfer from Stage 1 to Stage 2	**(108)**	**108**	**–**	**–**
Transfer from Stage 1 to Stage 3	**(18,228)**	**–**	**18,228**	**–**
Transfer from Stage 2 to Stage 3	**–**	**(137)**	**137**	**–**
New financial assets originated or purchased	**18,527**	**–**	**–**	**18,527**
Write-offs	**(82)**	**(108)**	**(14,626)**	**(14,816)**
Reversal of allowance	**–**	**–**	**(140)**	**(140)**
Currency translation differences	**–**	**–**	**(955)**	**(955)**
Loss allowance as of 31 December 2020	**149**	**–**	**26,821**	**26,970**

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(b) Credit risk – continued

The gross carrying amount of other receivables (excluding prepaid expenses), and thus the maximum exposure to loss, is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000
Stage 1	**170,444**	152,851
Stage 2	**–**	–
Stage 3	**33,520**	30,637
Total gross other receivables	**203,964**	183,488
Less: Receivables loss allowance	**(33,908)**	(26,970)
Carrying amount as of 31 December	**170,056**	156,518

The Group writes off other receivables, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. The Group may write-off the receivables that are still subject to enforcement activity.

The Group rarely modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximizing recovery. The Group considers the impact from such modification is not significant.

During the years ended 31 December 2021 and 2020, the following (losses)/gains were recognised in profit or loss in relation to impaired financial assets:

	Year ended 31 December 2021 RMB'000	2020 RMB'000
(Impairment losses)/reversal of impairment losses		
– movement in loss allowance for trade receivables (Note 20)	**707**	(39)
Impairment losses on other receivables (Note 21)	**(7,772)**	(18,527)
Reversal of previous impairment losses (Note 21)	**324**	140
	(6,741)	(18,426)

3 FINANCIAL RISK MANAGEMENT – *continued*

3.1 Financial risk factors – *continued*

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate cash and cash equivalents.

The table below analyses the Group and the Company's derivative and non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. The redemption liabilities as of 31 December 2020 (Note 34), which was payable contingent on events not controlled by Group, were included in the "less than 3 month" time band in below maturity analysis.

Contractual maturities of financial liabilities	Less than 3 Months RMB'000	3-6 Months RMB'000	6 Months-1 Year RMB'000	More than 1 Year RMB'000	Total RMB'000
At 31 December 2021					
Non-derivative					
Trade payables	1,580	–	–	–	1,580
Other payables and accruals (excluding accrued payroll, government grant and other tax liabilities)	15,836	12	74	344	16,266
Lease liabilities	1,909	1,889	831	182	4,811
Borrowings	287,165	–	–	–	287,165
	306,490	1,901	905	526	309,822
Derivatives					
Derivative financial instruments	4,820	–	–	–	4,820
At 31 December 2020					
Non-derivative					
Trade payables	1,374	–	–	–	1,374
Other payables and accruals (excluding accrued payroll, government grant and other tax liabilities)	33,965	1,054	1,168	1,051	37,238
Lease liabilities	2,144	2,126	4,248	5,156	13,674
Borrowings	141,353	–	–	–	141,353
Redemption liabilities	238,729	–	–	–	238,729
	417,565	3,180	5,416	6,207	432,368
Derivatives					
Derivative financial instruments	526	–	–	–	526

3 FINANCIAL RISK MANAGEMENT – *continued*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital (including share capital, share premium and other reserves on an as-if converted basis) by regularly reviewing the capital structure. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the Directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value estimation – *continued*

(a) Fair value hierarchy – continued

The following table presents the Group's financial assets and liabilities measured at FVPL as at 31 December 2021 and 2020:

Recurring fair value measurements at 31 December 2021	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	22				
– Structured notes		–	–	617,862	617,862
– Wealth management products		–	88,813	89,281	178,094
– Listed equity securities		80,738	–	–	80,738
– Convertible promissory notes		–	–	21,958	21,958
– Venture capital and private equity funds		–	–	579,440	579,440
– Unlisted equity investments		–	–	298,744	298,744
– Other financial instruments		46,053	1,260	585,363	632,676
Derivatives held for trading	24	457	–	37	494
Total financial assets		127,248	90,073	2,192,685	2,410,006
Financial Liabilities					
Derivatives held for trading	24	(3,264)	–	(1,556)	(4,820)

Recurring fair value measurements at 31 December 2020	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	22				
– Structured notes		–	–	501,670	501,670
– Wealth management products		–	49,607	83,343	132,950
– Listed equity securities		11,390	–	–	11,390
– Convertible promissory notes		–	–	7,820	7,820
– Venture capital and private equity funds		–	–	438,745	438,745
– Unlisted equity investments		–	–	260,487	260,487
– Other financial instruments		4,990	–	163,669	168,659
Derivatives held for trading	24	3,632	–	–	3,632
Total financial assets		20,012	49,607	1,455,734	1,525,353
Financial Liabilities					
Derivatives held for trading	24	(526)	–	–	(526)

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers out of level 3 measurements, see Note 3.3(c).

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value estimation – *continued*

(b) *Valuation process, techniques and inputs used to determine fair values*

The finance department of the Group includes a team that performs the valuations of non-property items required for financial reporting purposes, including level 3 fair values. This team reports directly to the executive directors and the audit committee (AC). Discussions of valuation processes and results are held among the executive directors, AC and the valuation team at least once every three months, in line with the Group's quarterly reporting periods.

Specific valuation techniques used to value financial instruments include:

– for wealth management products – the use of exercisable quoted price by the issuer or the discounted cash flow;

– for venture capital and private equity funds – the net asset value of venture capital funds and private equity funds, determined by the fair value of the investees of the funds;

– for unlisted equity investments and convertible promissory notes – the use of discounted cash flow of the investees, with reference to the latest round financing, i.e. the prior transaction price or the third-party pricing information;

– for structured notes, derivatives and other financial investments – the net asset value of the investments.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value estimation – *continued*

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 31 December 2021 and 2020:

	Year ended 31 December (level 3 items)	
	2021	2020
	RMB'000	RMB'000
Opening balance at 1 January	**1,455,734**	1,554,036
Additions	**3,738,812**	2,134,961
Disposals	**(2,700,912)**	(1,051,038)
Disposal of a subsidiary	**–**	(5,049)
Maturity of wealth management products	**(496,933)**	(1,098,996)
Classified as held for sale	**–**	(23,080)
Dividend received (Note 22(a))	**(2,500)**	(8,584)
Fair value change recognised in consolidated statement of comprehensive income under "Other gains, net"	**243,406**	10,210
Transfer to level 1 (i)	**(12,622)**	–
Currency translation differences	**(33,856)**	(56,726)
Closing balance at 31 December	**2,191,129**	1,455,734
* Net unrealised gains attributable to balances held at the period end	**153,663**	72,495

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

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Risk-adjusted discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- Sales growth rate, terminal growth rate and gross profit margin rate;
- Discount for lack of marketability ("DLOM");
- Expected return rate;
- Net asset value.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value estimation – *continued*

(c) Fair value measurements using significant unobservable inputs (level 3) – continued

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 31 December 2021 RMB'000	Fair value at 31 December 2020 RMB'000	Unobservable inputs	Range of inputs 2021	Range of inputs 2020	Relationship of unobservable inputs to fair value
Unlisted equity investments	298,744	260,487	Sales growth rate	5%~32%	2%~140%	The higher the sales growth rate, the higher the fair value.
			Gross profit margin rate	68%~99%	34%~92%	The higher the gross profit margin rate, the higher the fair value.
			Terminal growth rate	2%	3%	The higher the terminal growth rate, the higher the fair value.
			Risk-adjusted discount rate	20%	13%~20%	The higher the risk-adjusted discount rate, the lower the fair value.
			Discount for lack of Marketability ("DLOM")	20%	20%~25%	The higher the DLOM, the lower the fair value.
Convertible promissory notes	21,958	7,820	Sales growth rate	5%~32%	8%~140%	The higher the sales growth rate, the higher the fair value.
			Gross profit margin rate	68%~99%	74%~92%	The higher the gross profit margin rate, the higher the fair value.
			Terminal growth rate	2%	3%	The higher the terminal growth rate, the higher the fair value.
			Risk-adjusted discount rate	16%~17%	18%	The higher the risk-adjusted discount rate, the lower the fair value.
			Expected volatility	26%~27%	51%	The higher the expected volatility, the lower the fair value.
Venture capital and private equity funds	579,440	438,745	Net asset value, determined by the fair value of the investees of the funds mainly based on the latest round financing	N/A	N/A	The higher the net asset value, the higher the fair value.
Structured notes	617,862	501,670	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
Wealth management product	89,281	83,343	Expected return rate	3%~4%	3%~4%	The higher the expected return rate, the higher the fair value.
Other financial instruments	585,363	163,669	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
Derivatives held for trading	(1,519)	–	Net asset value	N/A	N/A	The higher the net asset value, the higher the fair value.
	2,191,129	1,455,734				

There were no significant inter-relationships between unobservable inputs that materially affect fair values.

3 FINANCIAL RISK MANAGEMENT – *continued*

3.3 Fair value estimation – *continued*

(c) Fair value measurements using significant unobservable inputs (level 3) – continued

If the fair value of the financial assets at FVPL held by the Group had been 5% higher/lower, the profit before income tax for the year ended 31 December 2021 would have been approximately RMB120,476 thousand higher/lower (2020: RMB76,086 thousand).

The carrying amounts of the Group's other financial assets including cash and cash equivalents, term deposit with initial term over 3 months, prepayments and other receivables, trade receivables and financial liabilities including trade payables, borrowings, lease liabilities, redemption liabilities and other payables and accruals, approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value for financial instruments

The Group has financial instruments, which are not traded in an active market. The fair value of these financial instruments is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(b) Impairment of goodwill and other non-financial assets

The Group conducts an annual goodwill impairment test or when there are indications the carrying value may be impaired. For purposes of impairment testing, management allocates its goodwill to the relevant CGUs or group of CGUs, and compares the recoverable amounts of these CGUs or group of CGUs to their respective carrying amounts. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of judgments and estimates.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – *continued*

4.1 Critical accounting estimates and assumptions – *continued*

(b) Impairment of goodwill and other non-financial assets – continued

Judgement is required to determine key assumptions adopted in the valuation models for impairment review purpose. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statement of comprehensive income (Note 17).

(c) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the aging, prior experiences, existing market conditions as well as forward looking estimates at 31 December 2021. Details of the key assumptions and inputs used are disclosed in Note 3.

4.2 Critical judgments in applying the Group's accounting policies

(a) Revenue presentation and recognition

(i) Live social video platforms

The Group sells virtual currency through its third-party distributors. The Group has assessed the relationship and arrangements with the distributors as described in Note 2.25 regarding gross versus net reporting of revenue, and has concluded that reporting the net amount equivalent to the cash proceeds that the Group receives from the sale of virtual currency to distributors, because the Group does not determine the price of the virtual currency sold to sales agents or users and does not take overall responsibility of the content or performances in the Communities.

(ii) Games

For revenues relating to mobile games operated by the Group which are published on third party platforms, the Group is able to make a reasonable estimate of the gross revenue because (i) the Group is the primary obligor in the arrangements and has discretion in the selection of online application store and third party payment channels; (ii) the Group has latitude to determine the price of virtual items offered in the mobile games; (iii) as the Group's mobile games are published through a small number of platforms, the Group can obtain the data from these mobile platforms in determining the actual price of the virtual items purchased by the paying players. Accordingly, such revenue is recognised on a gross basis.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – *continued*

4.2 Critical judgments in applying the Group's accounting policies – *continued*

(b) Contractual Arrangements

The Group primarily engages in the operations of live social video platforms, mobile and online games and advertising and other services, which is considered to be value-added telecommunications services, a sector where foreign investment is subject to significant restrictions under PRC laws and regulations. Accordingly, the wholly foreign-owned enterprises within the Group cannot acquire equity interest in the PRC Operating Entities, which hold certain licenses and permits required for the operation of the Group's business.

As a result, the wholly foreign-owned enterprises, Hangzhou Tiange and Zhejiang Tiange, entered into Contractual Arrangements with the Group's PRC Operating Entities and their shareholders in order to conduct the Group's business in the PRC and to assert management control over the operations of, and enjoy all economic benefits of, each of the PRC Operating Entities. More specifically, the Contractual Arrangements are entered into between Hangzhou Tiange and each of Hantang, Jinhua9158 and Jinhua99 (the 'Hangzhou Contractual Arrangements') and between Zhejiang Tiange and Xingxiu (the 'Zhejiang Contractual Arrangements'). With respect to the Hangzhou Contractual Arrangements, Hanzhou Tiange, each of Hantang, Jinhua9158 and Jinhua99 and their respective registered shareholders (where applicable) have entered into a set of these underlying agreements: (i) Exclusive Technology Consulting and Service Agreement; (ii) Exclusive Call Option Agreement; (iii) Exclusive Intellectual Property Rights Call Option Agreement; (iv) Loan Agreement; and (v) Equity Pledge Agreement. With respect to the Zhejiang Contractual Arrangements, Zhejiang Tiange, Xingxiu, and their respective registered shareholders (where applicable) have entered into these underlying agreements: (i) Exclusive Technology Service Agreement; (ii) Exclusive Call Option Agreement; (iii) Voting Rights Proxy Agreement; (iv) Loan Agreement; and (v) Equity Pledge Agreement.

Pursuant to these agreements and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in the PRC Operating Entities, the Group considers that it has power over the financial and operating policies of the PRC Operating Entities and receives substantially all of the economic benefits from their business activities. Accordingly, the PRC Operating Entities have been treated as the Group's indirect subsidiaries for all the years presented.

5 SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2021:

Company Name	Place of establishment and nature of legal entity	Particulars of issued/ paid-in capital	Principal Activities and Place of Operation	Ownership interest held by the Group 2021	Ownership interest held by the Group 2020
Directly held by the Company					
Week8 Holdings (HK) Limited ('Week8 HK')	Established in Hong Kong, limited liability company	Hong Kong Dollar ('HK$')	Investment holding, Hong Kong	**100%**	100%
Indirectly held by the Company					
Tiange Technology (Hangzhou) Co., Ltd. ('Hangzhou Tiange')	Established in the PRC, wholly foreign owned enterprise	US$18,000,000	Software and internet development and consulting service, the PRC	**100%**	100%
Zhejiang Tiange Information and Technology Co., Ltd. ('Zhejiang Tiange')	Established in the PRC, wholly foreign owned enterprise	US$9,476,043/ US$18,000,000	Software and internet development and consulting service, the PRC	**100%**	100%
Star Power Culture Media(Beijing) Co., Ltd. ('Star Power')	Established in the PRC, wholly foreign owned enterprise	US$16,866,600	Software and internet development and consulting service, the PRC	**100%**	100%
Hangzhou Han Tang Cultural Communication Co., Ltd. ('Hantang') (Note a)	Established in the PRC, limited liability company	RMB10,000,000	Online entertainment service and advertising, the PRC	**100%**	100%
Jinhua9158 Network Science and Technology Co., Ltd. ('Jinhua9158') (Note a)	Established in the PRC, limited liability company	RMB10,000,000	Online entertainment service and mobile games, the PRC	**100%**	100%
Jinhua99 Information Technology Co., Ltd. ('Jinhua99') (Note a)	Established in the PRC, limited liability company	RMB10,000,000	Online entertainment service, the PRC	**100%**	100%

5 SUBSIDIARIES – *continued*

Company Name	Place of establishment and nature of legal entity	Particulars of issued/ paid-in capital	Principal Activities and Place of Operation	Ownership interest held by the Group 2021	2020
Jinhua Xingxiu Cultural Communication Co., Ltd. ('Xingxiu') (Note a)	Established in the PRC, limited liability company	RMB10,000,000	Online entertainment service and mobile games, the PRC	100%	100%
Jinhua Tianhu Network Technology Co., Ltd. ('Tianhu') (Note a)	Established in the PRC, limited liability company	RMB10,000,000	Online entertainment service, the PRC	100%	51%
Zhejiang Tian Yue Information Technology Co., Ltd. ('Tianyue')	Established in the PRC, wholly foreign owned enterprise	US$4,890,000/ US$16,000,000	Software and internet development and consulting service, the PRC	100%	100%
HuaGe Group Limited ('HuaGe')	Established in the British Virgin Islands, limited liability company	US$50,000	Financial instruments investment, Hong Kong	100%	100%

(a) As described in note 4.2(b), the Company does not have legal ownership in equity of these structured entities or their subsidiaries. Nevertheless, under certain contractual agreements entered into with the registered owners of these structured entities, the Company and its other legally owned subsidiaries control these companies by way of controlling the voting rights, governing their financial and operating policies, appointing or removing the majority of the members for their controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of these companies to the Company and/or its other legally owned subsidiaries. As a result, they are presented as controlled structured entities of the Company.

(b) Significant restrictions

As at 31 December 2021, cash and cash equivalents and term deposits of the Group, amounting to RMB135,178 thousand are held in Mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on payment of dividends, share repurchase and offshore investments, etc.

5 SUBSIDIARIES – *continued*

(c) NCI

Set out below is summarised financial information for the subsidiary, Shanghai Benqu Internet Technology Company Limited ("Shanghai Benqu"), which had NCI that was material to the Group as at 31 December 2020. Shanghai Benqu was disposed in 2021 and was disclosed as discontinued operation (Note 26). The amounts disclosed below for the subsidiary are before inter-company eliminations.

Summarised balance sheet	**Shanghai Benqu 31 December 2020 RMB'000**
Current assets	60,995
Current liabilities	(6,832)
Current net assets	54,163
Non-current assets	234,703
Non-current liabilities	(581)
Non-current net assets	234,122
Net assets	288,285
Accumulated NCI	113,773
Summarised statement of comprehensive income	
Revenue	50,660
Profit for the period	16,486
Total comprehensive income	16,486
Cash flows from operating activities	17,060
Cash flows from investing activities	(22,308)
Cash flows from financing activities	609
Net decrease in cash and cash equivalents	(4,639)

Management considered that the other non-wholly owned subsidiaries with NCI were not significant to the Group, therefore, no summarised financial information of these non-wholly owned subsidiaries is presented separately.

5 SUBSIDIARIES – *continued*

(d) Aggregated financial information on disposal of subsidiaries (details refer to (e) below)

	Year ended 31 December 2020 RMB'000
Cash consideration received or receivable	
– Cash consideration received	3,820
– Cash consideration receivable	3,044
– Currency translation differences	(173)
Fair value of the remaining equity interests	2,229
Total disposal consideration	8,920
Total assets disposed	(14,126)
– Cash and cash equivalents disposed	(3,671)
– Financial asset at FVPL disposed	(6,711)
– Goodwill disposed	–
– Other assets disposed	(3,744)
Total liabilities disposed	6,165
Derecognition of NCI of the subsidiaries	245
Gain on disposal (Note 26(c), 8)	1,204

(i) There were no disposals of subsidiaries during the year ended 31 December 2021.

5 SUBSIDIARIES – *continued*

(e) Details of the disposal of subsidiaries

(i) Disposals of insignificant subsidiaries during the year ended 31 December 2020 included:

In June 2020, the Group sold all of its equity interest in Jinhua Huanchang Network Science and Technology CO., Ltd. ("Huanchang"), a company engaged in online entertainment service in mainland China at a consideration of RMB950 thousand. The revenue and net loss relating to Huanchang for the six months ended 30 June 2020 were nil and RMB715 thousand, respectively.

In June 2020, the Group sold its 99% equity interest in Zhejiang Genfan Investment Management Co., Ltd ("Genfan"), a company engaged in investment management in mainland China at a consideration of RMB2,899 thousand. The revenue and net loss relating to Genfan for the six months ended 30 June 2020 were nil and RMB143 thousand, respectively. The remaining 1% equity interest in Genfan was recognized as financial assets at FVPL.

In July 2020, the Group sold its 100% equity interest in Datimes Private Limited ("Datimes") and Antfinance Private Limited ("Antfinance"), companies engaged in financial services overseas, at a consideration of RMB3,119 thousand. The revenue and net loss relating to Datimes and Antfinance for the six months ended 30 June 2020 were nil.

In September 2020, one of the Group's subsidiary HuaGe Credit Limited ("HuaGe Credit"), who was engaged in investment management in mainland China, received capital injection from a third party. As a result, the equity interest held by the Group was diluted to 19%, and accordingly, the Group ceased to consolidate HuaGe Credit thereafter. The revenue and net loss relating to HuaGe Credit for the nine months ended 30 September 2020 were RMB320 thousand and RMB2,761 thousand, respectively.

6 SEGMENT INFORMATION

(a) Description of segments and principal activities

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

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

– Online interactive entertainment service;

– Others.

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

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

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

6 SEGMENT INFORMATION – *continued*

(b) Segment revenue and gross profit

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

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

6 SEGMENT INFORMATION – *continued*

(b) Segment revenue and gross profit – *continued*

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

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

6 SEGMENT INFORMATION – *continued*

(b) Segment revenue and gross profit – *continued*

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

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

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

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

	Year ended 31 December 2020		
	PRC (excluding Hong Kong)	Other regions	Total
	RMB'000	RMB'000	RMB'000
Continuing operations	309,499	20,140	329,639

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

Risk of Concentration

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

6 SEGMENT INFORMATION – *continued*

(c) Revenue from contracts with customers

(i) Disaggregation of revenue from contracts with customers

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

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

6 SEGMENT INFORMATION – *continued*

(c) Revenue from contracts with customers – *continued*

(ii) Revenue recognised in relation to contract liability

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

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

(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	
	2021	2020
	RMB'000	RMB'000
Continuing operations		
PRC (excluding Hong Kong)	**255,196**	212,150
Other regions	**92,185**	122,155
	347,381	334,305

7 EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses (including share-based compensation expenses) (Note 9)	**123,449**	124,861
Promotion and advertising expenses (a)	**55,136**	77,323
Bandwidth and server custody fees	**13,885**	20,428
Travelling and entertainment expenses	**27,130**	14,146
Depreciation and impairment charges of property and equipment (Note 14)	**9,907**	10,780
Amortisation and impairment charges of intangible assets (Note 17)	**30,918**	4,342
Utilities and office expenses	**7,483**	9,705
Professional and consultancy fees	**8,462**	11,132
Auditors' remuneration	**3,880**	4,050
– Audit services	**3,860**	4,030
– Non-audit services	**20**	20
Short-term operating lease (Note 15)	**2,687**	1,300
Game development costs	**6,193**	2,931
Depreciation of right-of-use assets (Note 15)	**7,512**	6,150
Others (b)	**9,920**	8,665
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	**306,562**	295,813

(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.

8 OTHER GAINS, NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Net fair value gains/(losses) on financial assets at FVPL		
– Venture capital and private equity funds (Note 22(b))	**144,639**	60,134
– Wealth management products (Note 22(e))	**5,861**	9,297
– Unlisted equity investments (Note 22(a))	**(1,007)**	(92,097)
– Structured notes (Note 22(d))	**66,459**	28,769
– Convertible promissory notes	**1,572**	1,309
– Listed equity securities	**(37,655)**	3,556
– Other financial instruments (Note 22(c))	**(976)**	4,225
Net fair value loss on derivatives held for trading (Note 24)	**(15,245)**	(6,242)
Interest income on term deposits with initial term over 3 months	**1,232**	6,745
Government grants (a)		
– Technology award	**2,750**	4,157
– Tax related subsidies	**6,597**	2,013
– Scientific project fund	**527**	3,049
– Others	**815**	1,505
Gains on disposal of subsidiaries (Note 5(d))	**–**	1,204
Fair value adjustment to investment properties (Note 16)	**(5,569)**	(6,926)
Interest income on loans to third parties, related parties and employees	**3,844**	5,192
Foreign exchange gains on non-financing activities	**4,036**	5,780
Gains/(losses) on disposal of investments accounted for using the equity method	**274**	(15)
Losses on disposal of property and equipment	**(5)**	(332)
Others	**5,299**	5,637
	183,448	36,960

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

– Technology award, amounting to RMB2,750 thousand (2020: RMB4,157 thousand) was granted by the local government authorities in Hangzhou and Jinhua to reward the Group's achievement and support the Group's development in information service industries;

– Tax related subsidies, amounting to RMB6,597 thousand (2020: RMB2,013 thousand) were granted by local government authorities in Hangzhou and Jinhua to incentivise the Group's business development;

– Scientific project fund, amounting to RMB527 thousand (2020: RMB3,049 thousand) was granted by local government authorities in Hangzhou and Jinhua to fund the Group's qualified technology research projects.

9 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	91,871	92,434
Defined contribution plans (a)	5,556	2,696
Other social security costs, housing benefits and other employee benefits	9,095	11,420
Share-based compensation expenses (Note 29(c))	16,927	18,311
	123,449	124,861

(a) Defined contribution plans

Employees of the Group companies in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage (16%, 16% and 14% for Beijing, Shanghai and Zhejiang Province respectively; 15% and 16% for Shenzhen) of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees and the Group has no further obligations for the actual payment of pensions or post-retirements benefits beyond these contributions.

9 EMPLOYEE BENEFIT EXPENSES – *continued*

(b) Senior management's emoluments

Senior management includes directors, CEO and other senior executives. The aggregate emoluments paid and payable to senior management for employee services excluding the directors whose emoluments have been reflected in Note 40 is as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries and allowances	**755**	947
Discretionary bonus	**279**	497
Defined contribution plans	**52**	59
Other social security costs, housing benefits and other employee benefits	**58**	505
Share-based compensation expenses	**–**	9,155
	1,144	11,163

The emoluments of the senior management, excluding the directors whose emoluments have been reflected in Note 40, fell within the following bands:

	Year ended 31 December	
	2021	2020
Emoluments band:		
Nil to HKD1,000,000	**2**	2
HKD 9,500,001 to HKD10,000,000	**–**	1

9 EMPLOYEE BENEFIT EXPENSES – *continued*

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year does not include any director (2020: include one director) whose emoluments are reflected in the Note 40. The emoluments paid and payable to the five (2020: four) individuals during the year are as follows:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Salaries and allowances	**3,224**	3,279
Discretionary bonus	**785**	1,039
Defined contribution plans	**140**	95
Other social security costs, housing benefits and other employee benefits	**670**	641
Share-based compensation expenses	**16,255**	18,311
	21,074	23,365

The emoluments paid and payable to these individuals for the years ended 31 December 2021 and 2020 fell within the following bands:

	Year ended 31 December	
	2021	2020
Emoluments band:		
HKD1,000,001 to HKD1,500,000	**–**	1
HKD 2,500,001 to HKD3,000,000	**1**	1
HKD 5,000,001 to HKD5,500,000	**1**	–
HKD 5,500,001 to HKD6,000,000	**3**	–
HKD 10,500,001 to HKD11,000,000	**–**	1
HKD11,000,001 to HKD11,500,000	**–**	1

10 FINANCE (COSTS)/INCOME NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Finance income:		
– Interest income on cash and cash equivalents	3,907	7,910
– Exchange gain on financing activities	1	1
	3,908	7,911
Finance costs:		
– Interest charges for lease liabilities (Note 15)	(430)	(383)
– Interest expenses on borrowings	(3,817)	(1,175)
	(4,247)	(1,558)
Finance (costs)/income, net	(339)	6,353

11 TAX EXPENSE

11.1 Income tax expense/(credit)

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax:		
– Enterprise income tax	**43,760**	43,607
– PRC withholding tax	**9,250**	18,500
	53,010	62,107
Deferred income tax：		
– (Increase)/Decrease in deferred tax assets (Note 35(a))	**(172)**	1,632
– Decrease in deferred tax liabilities (Note 35(b))	**(10,116)**	(74,886)
	(10,288)	(73,254)
Income tax expense/(credit)	**42,722**	(11,147)
Income tax expense/(credit) is attributable to:		
Profit from continuing operations	**9,385**	(8,777)
Profit from discontinued operations	**33,337**	(2,370)
	42,722	(11,147)

(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%.

11 TAX EXPENSE – *continued*

11.1 Income tax expense/(credit) – *continued*

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

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

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

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

Name	Applicable EIT rate in 2015
Hangzhou Tiange	15%
Zhejiang Tiange	15%
Star Power	25%
Hantang	25%
Jinhua9158	25%
Jinhua99	25%
Xingxiu	25%
Tianhu	25%
Tianyue	25%

11 TAX EXPENSE – *continued*

11.1 Income tax expense/(credit) – *continued*

(c) PRC enterprise income tax ('EIT') – continued

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

(d) PRC withholding tax ('WHT')

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

11 TAX EXPENSE – *continued*

11.1 Income tax expense/(credit) – *continued*

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

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

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

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

11 TAX EXPENSE – *continued*

11.2 Tax losses

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

The unused tax losses were incurred by subsidiaries that are not likely to generate taxable income in the foreseeable future. The losses can be carried forward and will expire from 2022 to 2026. See Note 35 for information about recognised tax losses.

11.3 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

12 EARNINGS PER SHARE

(a) Basic earnings per share

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

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

12 EARNINGS PER SHARE – *continued*

(b) Diluted earnings per share

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

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

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

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

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

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – *continued*

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

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

(a) Interests in associates

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

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

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

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

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

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – *continued*

(a) Interests in associates – *continued*

(iv) No impairment provision was provided during the year ended 31 December 2021 and 2020 for the investments in associates as no impairment indicator was noted.

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

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Aggregate carrying amounts of associates	**34,184**	22,302
Aggregate amounts of the Group's share of:		
Profit for the year	**9,718**	992

(b) Interests in joint ventures

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

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – *continued*

(b) Interests in joint ventures – *continued*

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

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

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

14 PROPERTY AND EQUIPMENT

	Building RMB'000	Decorations RMB'000	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles and yacht RMB'000	Leasehold improvement RMB'000	CIP RMB'000	Total RMB'000
Year ended 31 December 2021								
Net book value								
Opening net book amount	147,810	492	639	4,368	1,474	18	36	154,837
Additions	257	595	136	8,272	37	1,795	8,916	20,008
Transferred from/(to) construction in progress	–	–	–	–	8,916	–	(8,916)	–
Reclassified as an investment property on transfer date (Note 16)	(40,900)	–	–	–	–	–	–	(40,900)
Disposals	–	–	(18)	(233)	(17)	–	–	(268)
Impairment	–	–	–	–	–	–	(36)	(36)
Depreciation charge	(4,585)	(432)	(207)	(2,270)	(2,278)	(99)	–	(9,871)
Currency translation difference	(298)	(5)	(3)	(26)	(103)	(1)	–	(436)
Closing net book amount	102,284	650	547	10,111	8,029	1,713	–	123,334
As at 31 December 2021								
Cost	129,165	15,429	3,797	30,379	14,381	9,785	36	202,972
Accumulated depreciation	(26,881)	(14,779)	(3,247)	(20,262)	(6,352)	(8,072)	–	(79,593)
Accumulated impairment	–	–	(3)	(6)	–	–	(36)	(45)
Net book amount	102,284	650	547	10,111	8,029	1,713	–	123,334

14 PROPERTY AND EQUIPMENT – *continued*

	Building RMB'000	Decorations RMB'000	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	CIP RMB'000	Total RMB'000
Year ended 31 December 2020								
Net book value								
Opening net book amount	153,477	1,013	1,749	5,453	2,596	1,310	–	165,598
Additions	–	169	940	2,357	–	–	38	3,504
Acquisition of a subsidiary	–	–	–	13	–	–	–	13
Assets classified as held for sale (Note 26)	–	–	(1,097)	–	–	–	–	(1,097)
Disposals	–	–	(98)	(418)	(40)	–	–	(556)
Disposal of subsidiaries	–	–	(51)	(12)	–	(358)	–	(421)
Impairment	–	–	–	–	–	(601)	–	(601)
Depreciation charge	(4,744)	(629)	(793)	(3,018)	(1,071)	(366)	–	(10,621)
Currency translation difference	(923)	(61)	(11)	(7)	(11)	33	(2)	(982)
Closing net book amount	147,810	492	639	4,368	1,474	18	36	154,837
As at 31 December 2020								
Cost	175,455	14,861	4,019	28,030	5,904	7,991	36	236,296
Accumulated depreciation	(27,645)	(14,369)	(3,377)	(22,797)	(4,430)	(7,973)	–	(80,591)
Accumulated impairment	–	–	(3)	(865)	–	–	–	(868)
Net book amount	147,810	492	639	4,368	1,474	18	36	154,837

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

	Year ended 31 December	
	2021 RMB'000	2020 RMB'000
Cost of revenue	**789**	1,207
Selling and marketing expenses	**493**	929
Administrative expenses	**4,605**	3,553
Research and development expenses	**4,020**	5,091
	9,907	10,780
Discontinued operations	**–**	442
Charged to the profit or loss	**9,907**	11,222

15 LEASE

(a) Amount recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Right-of-use assets		
Properties	**6,435**	14,371
Lease liabilities		
Current	**4,629**	7,908
Non-current	**182**	5,077
	4,811	12,985

The total additions to the right-of-use assets during the year ended 31 December 2021 were RMB1,222 thousand (2020: RMB16,616 thousand). Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's weighted average incremental borrowing rate of 4.75% (2020: 4.75%).

(b) Amount recognised in the consolidated statement of comprehensive income

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Depreciation charge of right-of-use assets (Note 7)		
Properties	**7,512**	6,150
Interest expense (Note 10)	**430**	383
Expense relating to short-term leases not included in lease liabilities (included in cost of revenue and expenses) (Note 7)	**2,687**	1,300
	3,117	1,683

The total cash outflow for leases during the year ended 31 December 2021 was RMB12,935 thousand (2020: RMB9,050 thousand).

16 INVESTMENT PROPERTIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
At fair value		
Opening amount	**28,126**	56,591
Transfer from owner-occupied property (i)(Note 14)	**45,140**	–
Disposals (ii)	**(7,807)**	(20,057)
Net loss from fair value adjustment (ii) (Note 8)	**(5,569)**	(6,926)
Currency translation difference	**–**	(1,482)
Closing amount	**59,890**	28,126

(i) In November 2021, the Group entered into rental agreements to lease its self-owned property located in Beijing to third parties. Due to the change in use of the property, the Group reclassified the property from "property and equipment" to "investment properties" with the difference of RMB4,240 thousand between the carrying amount of RMB40,900 thousand and its fair value of RMB45,140 thousand on the transfer date recognised in OCI. The valuation of the investment property was performed by an independent and qualified valuer (see note (v) below). Deferred income tax liabilities of RMB1,060 thousand has been provided in relation to the reclassification (Note 35).

(ii) In September 2020, the Group disposed one property in America at a cash consideration of US$2,952 thousand (approximately RMB20,057 thousand), net off the direct expenses and tax incurred for the disposal of RMB1,368 thousand. Therefore, a fair value loss of RMB4,604 thousand was recognised at the difference of the net cash received from the disposal and the property's carrying amount of RMB24,661 thousand.

In April 2021, the Group disposed one property in America at a cash consideration of US$1,188 thousand (approximately RMB7,807 thousand), net off the direct expenses and tax incurred for the disposal of RMB2,039 thousand. Therefore, a fair value loss of RMB5,569 thousand was recognised at the difference of the net cash received from the disposal and the property's carrying amount of RMB13,376 thousand.

Other than the fair value loss from the disposed investment properties, the fair value loss of the remaining investment properties recognised for the years ended 31 December 2021 and 2020 was nil and RMB2,322 thousand, respectively.

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Lease income	**1,471**	2,016
Direct operating expenses related to properties that generated rental income	**(126)**	(324)
	1,345	1,692

As at 31 December 2021 and 2020, the Group had no unprovided contractual obligations for future repairs, maintenance or enhancements, and no properties were pledged as security by the Group.

16 INVESTMENT PROPERTIES – *continued*

(iv) The Group obtained valuation performed by independent and qualified valuers to determine the fair value of the investment properties as at 31 December 2021 and 2020. The revaluation loss is included in 'Other gains, net' in the consolidated statement of comprehensive income (Note 8). To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3.

	Fair value measurement at 31 December 2021 using			
Description	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	Total RMB'000
Recurring fair value measurements				
Beijing, China	–	–	45,140	45,140
Shanghai, China	–	–	14,750	14,750
	–	–	59,890	59,890

	Fair value measurement at 31 December 2020 using			
Description	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	Total RMB'000
Recurring fair value measurements				
San Francisco, California	–	13,376	–	13,376
Shanghai, China	–	–	14,750	14,750
	–	13,376	14,750	28,126

16 INVESTMENT PROPERTIES – *continued*

(v) Valuation techniques used to determine level 2 and 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 sale comparison approach or the income capitalisation approach. Under the sale comparison approach, sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size, quality of construction and gross living area, etc. The most significant input into this valuation approach is price per square foot. Under the income capitalisation approach, 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.

16 INVESTMENT PROPERTIES – *continued*

(vi) Fair value measurement using significant unobservable inputs (level 3)

The following table presents the changes in level 3 item for the years ended 31 December 2021 and 2020 for recurring fair value measurements:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Opening balance as at 1 January	**14,750**	39,081
Transfer from owner-occupied property (Note 14)	**45,140**	–
Disposal	**–**	(23,141)
Fair value change recognised in consolidated statement of comprehensive income under 'other gains, net' *	**–**	(641)
Currency translation difference	**–**	(549)
Closing balance as at 31 December	**59,890**	14,750
* includes unrealised gains/(losses) recognised in profit or loss attributable to balances held at 31 December	**–**	330

(vii) 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 31 December 2021 RMB'000	Fair value at 31 December 2020 RMB'000	Unobservable inputs	Range of inputs (probability-weighted average) 2021	Range of inputs (probability-weighted average) 2020	Relationship of unobservable inputs to fair value
Shanghai, China	**14,750**	14,750	Rental growth rate	**3.0%**	3.0%	The higher the rental growth rate, the higher the fair value; The higher the discount rate, the lower the fair value
			Discount rate	**5.6%**	5.6%	
Beijing, China	**45,140**	–	Rental growth rate	**-5.1%~4.7%**	N/A	
			Discount rate	**5.0%~5.5%**	N/A	
	59,890	14,750				

17 INTANGIBLE ASSETS

	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform license and game license RMB'000	Total RMB'000
Year ended 31 December 2021					
Opening net book amount	29,761	10,339	163	33,610	73,873
Additions	–	162	15	–	177
Amortisation charge (Note 7)	–	(1,051)	(124)	(3,026)	(4,201)
Impairment charge	–	–	–	(26,717)	(26,717)
Currency translation difference	(46)	–	–	–	(46)
Closing net book amount	29,715	9,450	54	3,867	43,086
At 31 December 2021					
Cost	51,700	29,561	10,279	49,329	140,869
Accumulated amortisation	–	(20,111)	(10,225)	(18,745)	(49,081)
Accumulated impairment	(21,985)	–	–	(26,717)	(48,702)
Net book amount	29,715	9,450	54	3,867	43,086

	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Customer resource RMB'000	Platform license and game license RMB'000	Total RMB'000
Year ended 31 December 2020						
Opening net book amount	233,646	13,051	305	7,654	31,170	285,826
Additions	–	2,203	195	–	–	2,398
Acquisition of a subsidiary (Note 18)	6,420	–	–	–	4,800	11,220
Amortisation charge (Note 7)	–	(3,700)	(338)	(5,740)	(2,360)	(12,138)
Classified as held for sale	(210,166)	(1,215)	–	(1,914)	–	(213,295)
Currency translation difference	(139)	–	1	–	–	(138)
Closing net book amount	29,761	10,339	163	–	33,610	73,873
At 31 December 2020						
Cost	51,746	29,399	10,345	–	49,328	140,818
Accumulated amortisation	–	(19,060)	(10,182)	–	(15,718)	(44,960)
Accumulated impairment	(21,985)	–	–	–	–	(21,985)
Net book amount	29,761	10,339	163	–	33,610	73,873

17 INTANGIBLE ASSETS – *continued*

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

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

(a) Impairment tests for goodwill

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

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

	Opening RMB'000	Acquisition of a subsidiary RMB'000	Classified as held for sale RMB'000	Cumulative translation adjustments RMB'000	Closing RMB'000
2021					
Sina Show Platform	**558**	**–**	**–**	**(13)**	**545**
9158 Platform	**1,458**	**–**	**–**	**(33)**	**1,425**
Jinhua Platform	**21,325**	**–**	**–**	**–**	**21,325**
Megaptera	**6,420**	**–**	**–**	**–**	**6,420**
	29,761	**–**	**–**	**(46)**	**29,715**
2020					
Sina Show Platform	597	–	–	(39)	558
9158 Platform	1,558	–	–	(100)	1,458
Jinhua Platform	21,325	–	–	–	21,325
Wuta Application	210,166	–	(210,166)	–	–
Megaptera	–	6,420	–	–	6,420
	233,646	6,420	(210,166)	(139)	29,761

17 INTANGIBLE ASSETS – *continued*

(a) Impairment tests for goodwill – *continued*

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

For each of the CGUs with significant amount of goodwill, the key assumptions used for the value-in-use calculations during the years ended 31 December 2021 and 2020 and the recoverable amounts as at 31 December 2021 and 2020 are disclosed as below:

	Year ended 31 December 2021		Year ended 31 December 2020
	Jinhua Platform	**Megaptera**	Jinhua Platform
Sales growth rate	**– 25%~10%**	**2%~109%**	– 5%~3%
Gross profit margin	**61%~67%**	**58%~65%**	26%
Terminal growth rate	**2.5%**	**2.5%**	3%
Pre-tax discount rate	**21%**	**26%**	24%
Recoverable amount of CGU (RMB'000)	**30,719**	**11,600**	31,294

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

As of 31 December 2021, since the recoverable amounts of the CGUs were higher than their carrying amounts, no impairment loss was recognised in 2021 (2020: nil).

17 INTANGIBLE ASSETS – *continued*

(a) Impairment tests for goodwill – *continued*

The headroom of each of the CGUs with significant amount of goodwill are shown as below:

	Year ended 31 December 2021		Year ended 31 December 2020
	Jinhua Platform	Megaptera	Jinhua Platform
Headroom (RMB'000)	3,098	1,538	7,849

The Company performs the sensitivity analysis based on the assumption that revenue amount or terminal value or the pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would be decreased to as below:

If the sales growth rate used in the value-in-use calculation for the Jinhua Platform and Megaptera had been 2% lower than management's estimates at 31 December 2021, the recoverable amount would have been RMB2,768 thousand and RMB688 thousand lower, and no impairment would have been recognised against the amount of goodwill.

If the gross profit margin used in the value-in-use calculation for the Jinhua Platform and Megaptera had been 2% lower than management's estimates at 31 December 2021, the recoverable amount would have been RMB2,127 thousand and RMB1,452 thousand lower, but no impairment would have been recognised against the amount of goodwill.

If the pre-tax discount rate applied to the cash flow projections of the Jinhua Platform and Megaptera had been 1% higher than management's estimates as at 31 December 2021, the recoverable amount would have been RMB1,744 thousand and RMB425 thousand lower, but no impairment would have been recognised against the amount of goodwill.

(b) Impairment tests for platform license

Due to the changes that have taken place in the technological environment, impairment review on the platform license which the Group purchased in 2014 has been conducted by the management as of 31 December 2021 according to IAS 36 "Impairment of assets". As of 31 December 2021, the recoverable amount of the platform license is determined based on the value-in-use calculations. As of 31 December 2021, the Group made a full impairment provision of approximately RMB26,717 thousand (2020: nil) against the carrying amount of the platform license.

18 BUSINESS COMBINATION

In October 2020, the Group acquired 80.0% of the equity interest in Shenzhen Megapetra Networking Technology Co., Ltd. and Megaptera Game Co., Limited., (collectively 'Megaptera Group'), which was principally engaged in developing and operating online games overseas, from a third party at a cash consideration of RMB11,250 thousand. The goodwill of RMB6,420 thousand arose from several factors including expected synergies through cooperation with the Group's other investee company overseas, growth potential, unrecognised assets such as workforce in game development, etc. The goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for acquisition of Megaptera Group, and the amounts of the assets and liabilities acquired at the acquisition date.

	1 October 2020 RMB'000
Consideration	
– Total cash consideration	11,250
Total consideration	11,250

Recognised amounts of identifiable assets acquired and liabilities assumed

Fair value

	1 October 2020 RMB'000
Cash and cash equivalents	2,165
Trade receivables	356
Prepayment and other receivables	450
Property and equipment	13
Intangible assets (i)	
– Game license	4,800
Deferred income tax asset	710
Trade payables	(384)
Other payables and accruals	(870)
Deferred income tax liabilities	(1,200)
Total identifiable net assets	6,040
NCI (ii)	(1,210)
Goodwill	6,420
Total purchase consideration	11,250

18 BUSINESS COMBINATION – *continued*

Recognised amounts of identifiable assets acquired and liabilities assumed – *continued*

Fair value – continued

The acquisition-related costs included in administrative expenses in the consolidated statement comprehensive income for the year ended 31 December 2020 is nil.

	1 October 2020 RMB'000
Outflow of cash to acquire business, net of cash acquired	
– Cash consideration	11,250
– Cash and cash equivalents in subsidiary acquired	(2,165)
Net cash outflow on acquisition	9,085

(i) Fair value of acquired identifiable intangible assets

The fair value of the acquired game license, amounting to RMB4,800 thousand is recognised upon the acquisition based on valuations for these assets. Deferred income tax liabilities of RMB1,200 thousand has been provided in relation to these fair value adjustments.

(ii) NCI

The Group has chosen to recognise the NCI at proportionate share of net assets for this acquisition.

(iii) Revenue and profit contribution

The acquired business contributed revenues of RMB860 thousand and net loss of RMB810 thousand to the Group for the period from the acquisition date to 31 December 2020.

(iv) The fair value of the identifiable intangible assets acquired was estimated by applying the income approach. The key assumptions used in the valuation are set out as follow:

Discount rate	19%
Remaining useful life	6 years
Attrition rate	16%
Contributory asset charge rate	3%~20%
Sales growth rate	6%-214%
Gross profit margin	76%-84%

19 FINANCIAL ASSETS AND LIABILITIES BY CATEGORIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Assets as per balance sheet		
Financial assets at amortised cost:		
– Trade receivables	5,309	6,013
– Other receivables (excluding prepaid expenses)	159,040	146,401
– Cash and cash equivalents	593,319	973,253
– Term deposits with initial term over 3 months	54,560	263,637
Financial assets at fair value:		
– Financial assets at FVPL	2,409,512	1,521,721
– Derivative financial instruments	494	3,632
	3,222,234	2,914,657
Liabilities as per balance sheet		
Financial liabilities at amortised cost:		
– Trade payables	1,580	1,374
– Other payables and accruals (excluding accrued payroll, government grant and other tax liabilities)	16,266	37,238
– Borrowing	287,165	141,353
– Lease liabilities	4,811	12,985
– Derivative financial instruments	4,820	526
– Redemption liabilities	–	238,729
	314,642	432,205

20 TRADE RECEIVABLES

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

(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	
	2021	2020
	RMB'000	RMB'000
0-90 days	**5,325**	5,680
91-180 days	**7**	346
181-365 days	**–**	17
Over 1 year	**9**	809
	5,341	6,852

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**1,951**	3,254
US$	**3,260**	3,526
HK$	**130**	72
	5,341	6,852

20 TRADE RECEIVABLES – *continued*

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

	2021 **RMB'000**	2020 RMB'000
As at 1 January	**839**	932
(Reversal of provision)/provision for receivables impairment (Note 3.1(b))	**(707)**	39
Receivables written off during the year as uncollectible	**(100)**	(132)
As at 31 December	**32**	839

(d) Fair value of trade receivables

As at 31 December 2021 and 2020, 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 2021 and 2020, loss allowance made against the gross amounts of trade receivables were insignificant, and provision matrix is not presented.

Information about the impairment of trade receivables and the Group's exposure to credit risk and interest rate risk can be found in Note 3.

21 PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Included in non-current assets		
Prepayments for purchase of investments (a)	68,498	20,295
Loans to employees (f)	6,954	9,953
Deposit for purchase of property (b)	5,000	5,000
Prepayments for purchase of land use right (c)	5,642	5,774
Others	–	34
	86,094	41,056
Less: provision for impairment (g)	(5,642)	(1,957)
	80,452	39,099
Included in current assets		
Loans to third parties (e)	36,778	58,687
Loan to related parties (d) (Note 38(c))	16,314	16,712
Loan to employees (f)	13,105	19,600
Prepayments for share repurchase (g)	8,736	–
Receivable from disposal of investments accounted for using the equity method	950	950
Receivables from disposal of financial assets at FVPL (h)	17,884	19,559
Prepaid promotion expenses	3,812	12,776
Advance to suppliers	640	430
Deposit	4,520	4,242
Insurance fees	188	620
Individual income tax of RSUs	10,443	9,335
Prepaid rental and property management fee	2,222	196
VAT recoverable	3,868	4,385
Refundable withholding tax	1,500	–
Others	7,361	10,872
	128,321	158,364
Less: provision for impairment	(28,266)	(25,013)
	100,055	133,351
	180,507	172,450

21 PREPAYMENTS AND OTHER RECEIVABLES – *continued*

(a) The Group entered into a series of prospective investment agreements with refundable terms if investments agreements failed to be reached. If the investment agreements are more likely than not to be reached based on management's intention and estimates, the prepayments are classified as non-current assets.

The balance as at 31 December 2021 represents the Group's prepayments for purchase of investments, including investments in unlisted companies and in insurance policies (Note 22(c)(iii)).

(b) The balance represents the refundable deposit of RMB5,000 thousand paid by the Group in December 2019 to a third party for the purpose of purchasing certain commercial building. As at 31 December 2021, the building was still under construction.

(c) The balance represents the payment made by the Group for purchase of land use rights overseas. Due to the impact of Covid-19 on the economics, impairments of RMB3,740 thousand and RMB1,986 thousand were recognised during the years ended 31 December 2021 and 2020, respectively (Note 21(h)).

(d) The balance represents the loans lent by the Group to related parties, which had been provided full impairment provision as of 31 December 2021.

(e) The balance represents the loans lent by the Group to third-party companies and interest rates not higher than 14% per annum.

Since October 2019, the Group has entered into business cooperation agreements with a third party online cell phone lease company (the "Lease Company"). During the year ended 31 December 2021, the Group had paid RMB21,006 thousand to the supplier under the Lease Company's instruction, and in return, the Group is entitled to a fixed interest rate on the amount paid from Lease Company under any circumstances. As of 31 December 2021, the Group recorded the outstanding amount of RMB19,563 thousand (31 December 2020: RMB19,610 thousand) paid for the purchase of the cell phones as loan to a third party. The loan was secured and will be due within one year after 31 December 2021.

Other than the loans to Lease Company, the remaining balance of the loans to third-party companies as of 31 December 2021 were secured by collateral and will be due within one year after 31 December 2021.

(f) The balance represents the loans lent by the Group to employees with interest rates not higher than 6% per annum. These loans were secured with the employees' assets.

(g) The balance represents the Company's prepayments to a third party agent for repurchase of the Company's ordinary shares on behalf of the Company on the open market (Note 27).

(h) The balance as of 31 December 2021 represents receivables for the disposal of structure notes and other fund investments. All of the receivables have been collected subsequently.

21 PREPAYMENTS AND OTHER RECEIVABLES – *continued*

(i) Impairment and risk exposure

The movement of loss allowance for prepayments and other receivables are set out as below:

	Impairment on prepayments and other receivables							
	Refundable prepayments for purchase of investments RMB'000	Loans to related parties, third parties and customers RMB'000	Prepayments for purchase of land use right RMB'000	Receivable from disposal of investments accounted for using the equity method RMB'000	Others RMB'000	Total impairment on other receivables RMB'000	Impairment on prepaid expenses RMB'000	Total RMB'000
Opening loss allowances as at 1 January 2021	–	23,914	1,957	950	–	26,821	149	26,970
Increase in the allowance	–	–	3,740	–	3,793	7,533	239	7,772
Reversal of allowance	–	(324)	–	–	–	(324)	–	(324)
Write off	–		–	–	–	–	–	–
Currency translation Difference	–	(446)	(55)	–	(9)	(510)	–	(510)
Closing loss allowance as at 31 December 2021	–	23,144	5,642	950	3,784	33,520	388	33,908
Opening loss allowances as at 1 January 2020	12,957	11,397	–	–	–	24,354	–	24,354
Increase in the allowance	–	15,442	1,986	950	–	18,378	149	18,527
Reversal of allowance	–	(140)	–	–	–	(140)	–	(140)
Write off	(12,957)	(1,859)	–	–	–	(14,816)	–	(14,816)
Currency translation difference	–	(926)	(29)	–	–	(955)	–	(955)
Closing loss allowance as at 31 December 2020	–	23,914	1,957	950	–	26,821	149	26,970

For other receivables (excluding prepaid expenses), management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables. Note 3.1 sets out information about the impairment of financial assets and the Group's exposure to the risk.

21 PREPAYMENTS AND OTHER RECEIVABLES – *continued*

(j) The carrying amount of the Group's net financial other receivables are denominated in the following currencies:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**70,765**	112,769
US$	**74,289**	15,354
MYR	**–**	340
SGD	**162**	–
HK$	**13,824**	17,938
	159,040	146,401

22 FINANCIAL ASSETS AT FVPL

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

22 FINANCIAL ASSETS AT FVPL – *continued*

(a) Unlisted equity investments

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Opening balance as at 1 January	**260,487**	491,122
Additions (i)	**65,769**	34,953
Disposals (ii)	**(10,037)**	(162,412)
Dividend received	**(2,500)**	(8,584)
Fair value change recognised in profit or loss (ii) (Note 8)	**(1,007)**	(92,097)
Transfer to listed equity securities (Note 3.3(c))	**(12,622)**	–
Currency translation difference	**(1,346)**	(2,495)
Closing balance as at 31 December	**298,744**	260,487

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

(ii) Disposal of Yibo

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

Disposal of other unlisted equity investments

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

22 FINANCIAL ASSETS AT FVPL – *continued*

(b) Investment in venture capital and private equity funds

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

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

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

(i) During the year ended 31 December 2021, the Group paid approximately RMB55,925 thousand to subscribe for interests in certain venture capital and private equity funds (2020: RMB19,720 thousand) as a limited partner. As the Group didn't have control or significant influence on these funds, the investments were classified as financial assets at FVPL. These funds were established to invest in unlisted companies and to obtain capital appreciation and investment income.

(ii) During the year ended 31 December 2021, the Group received a cash payment of RMB51,832 thousand (2020: RMB20,652 thousand) from certain venture capital and private equity funds for the return of investment principal.

22 FINANCIAL ASSETS AT FVPL – *continued*

(c) Other financial instruments

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

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

(i) The balance represents the Group's investments in Exchange Traded Fund ("ETF") in the U.S. stock market. During the year ended 31 December 2021, the Group recognised a fair value loss of RMB31,422 thousand (2020: RMB624 thousand) on the ETF investment.

(ii) The balance represents the Group's private investment fund offered by several internationally reputable financial institutions which mainly invested in securities in the secondary market. During the year ended 31 December 2021, the fair value gain of the investments was RMB9,285 thousand (2020: RMB1,410 thousand).

22 FINANCIAL ASSETS AT FVPL – *continued*

(c) Other financial instruments – *continued*

(iii) In October 2020, the Group entered into key management insurance policies with a insurance company for a total cash consideration of USD9,650 thousand (approximately RMB64,444 thousand). The policies combined investment arrangements with insurance of the life of the key management and the beneficiary of the insurance policies is the Group. As the policies do not contain significant insurance risk, the investments in the insurance policies were designated as financial assets at FVPL as a whole.

In April 2021, the Group entered into key management insurance policies with certain insurance companies for a total cash consideration of USD13,450 thousand (approximately RMB87,441 thousand). The Group has recognised USD5,530 thousand (approximately RMB35,853 thousand) as financials assets at FVPL and prepayment for future installment fee of USD7,920 thousand (approximately RMB50,497 thousand) as prepayments for purchase of investments (Note 21(a)).

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

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

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

22 FINANCIAL ASSETS AT FVPL – *continued*

(d) Structured notes

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

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Structured notes		
Opening balance as at 1 January	**501,670**	16,525
Additions	**2,651,263**	1,326,643
Disposals	**(2,586,424)**	(836,663)
Fair value change recognised in profit or loss (Note 8)	**66,459**	28,769
Currency translation difference	**(15,106)**	(33,604)
Closing balance as at 31 December	**617,862**	501,670

(e) Investments in wealth management products

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

As at 31 December 2021, the Group held 26 (2020: 14) wealth management products, representing about 5% (2020:4%) of the Group's total assets. The Group's investment costs in these wealth management products were RMB175,885 thousand (2020: RMB132,000 thousand).

For the year ended 31 December 2021, the Group recorded an aggregate gain of approximately RMB5,861 thousand (2020: RMB10,754 thousand) on these products, which included realised and unrealised gain.

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

22 FINANCIAL ASSETS AT FVPL – *continued*

(f) Convertible promissory notes

The balance represents the Group's investment in the convertible promissory notes issued by a banking services company. In April 2020, the Group entered into an agreement to purchase the convertible promissory notes issued by the banking services company at a cash consideration of USD1,000 thousand (approximately RMB7,041 thousand). In January 2021, the Group entered into an agreement to purchase the convertible promissory notes of the banking services company at a cash consideration of USD2,000 thousand (approximately RMB13,050 thousand). The principal and interest of the notes shall be repayable within 24 months unless the Group choose to convert it into equity investment at the pre-determined conversion price. The management designated the notes as financial asset at FVPL.

(g) Listed equity securities

The balance represents the Group's investment in equity securities listed in the U.S., Hong Kong and Chinese A-share stock markets. During the year ended 31 December 2021, the fair value loss of the investment was RMB37,655 thousand (2020: fair value gain of RMB3,556 thousand).

(h) Fair value and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**783,735**	550,139
HK$	**16,983**	40,141
US$	**1,606,282**	931,441
JPY	**2,512**	–
	2,409,512	1,521,721

23 TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

An analysis of the Group's and Company's term deposits denominated in RMB, HK$ and US$ with initial term over 3 months as at 31 December 2021 and 2020 is listed as below:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current		
US$ term deposits	**54,560**	261,953
HK$ term deposits	**–**	1,684
	54,560	263,637

The interest rate for the term deposits of the Group with initial term over 3 months as at 31 December 2021 ranges from 2.80% to 3.00% per annum (2020: from 0.35% to 0.80%).

Management considered that the carrying amount of the term deposits with initial term over 3 months approximated their fair value as at 31 December 2021 and 2020.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current assets	**494**	3,632
Current liabilities	**(4,820)**	(526)

(a) As at 31 December 2021, the Group's derivative financial instruments were the options in active market, the price of derivative financial instruments were linked to the price of their underlying securities, including individual stock or stock market index. These derivatives were accounted for at FVPL, as they didn't qualify as hedges, they were classified as 'held for trading'. A net loss on derivatives of RMB15,245 thousand (Note 8) was recognised in profit or loss for the year ended 31 December 2021 (2020: RMB6,242 thousand).

25 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current		
Cash at bank and on hand	**487,266**	897,802
Short-term bank deposits (a)	**96,544**	65,257
Cash at other financial institutions (b)	**9,509**	10,194
	593,319	973,253
Total cash and cash equivalents	**593,319**	973,253
Maximum exposure to credit risk	**593,319**	973,253

(a) The short-term bank deposits represent the term deposit with original maturity within 3 months that are denominated in RMB. The interest rate of these deposits for the year ended 31 December 2021 was from 0.01% to 3.33% per annum (2020: from 0.12% to 2.63% per annum).

(b) As at 31 December 2021, RMB9,509 thousand (2020: RMB10,194 thousand) was held in a depositary bank account.

(c) Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
US$	**239,199**	511,550
RMB	**312,802**	332,172
HK$	**40,991**	115,994
JPY	**–**	3,466
CHF	**327**	10,071
	593,319	973,253

26 DISCONTINUED OPERATIONS

(a) Description

In December 2020, the Group entered into an agreement to sell its entire 64% equity interests in Jinhua Rui'an Investment Management Company Limited ("Jinhua Rui'an"), a subsidiary of the Group who held 80% equity interests in Shanghai Benqu, for a total consideration of RMB256,000 thousand. The subsidiaries were reported as discontinued operations in the consolidated financial statements for the years ended 31 December 2021 and 2020. As this transaction was not completed until April 2021, the associated assets and liabilities were presented as held for sale as of 31 December 2020. Financial information relating to the discontinued operations is set out below.

26 DISCONTINUED OPERATIONS – *continued*

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the four months ended 30 April 2021 and the year ended 31 December 2021.

	Four months ended 30 April 2021 RMB'000	Year ended 31 December 2020 RMB'000
Discontinued operations		
Revenue	17,641	50,660
Cost of revenue	(8,969)	(22,461)
Gross profit from discontinued operations	8,672	28,199
Selling and marketing expenses	(1,030)	(7,801)
Administrative expenses	(1,372)	(3,942)
Research and development expenses	(935)	(5,032)
Other gains, net	1,169	2,815
Net impairment losses on financial assets	–	(130)
Operating profit	6,504	14,109
Finance income, net	3	7
Profit before income tax	6,507	14,116
Income tax	(613)	2,370
Profit for the year	5,894	16,486
Gain on disposal of discontinued operations after income tax (see (c) below)	45,747	–
Profit from discontinued operations	51,641	16,486
Net cash inflow from operating activities	(116)	17,060
Net cash outflow used in investing activities	3,283	(22,308)
Net cash inflow from financing activities	–	609
Net decrease in cash generated by the subsidiaries	3,167	(4,639)

26 DISCONTINUED OPERATIONS – *continued*

(c) Details of the disposal of discontinued operations

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

26 DISCONTINUED OPERATIONS – *continued*

(c) Details of the disposal of discontinued operations – *continued*

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

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

26 DISCONTINUED OPERATIONS – *continued*

(c) Details of the disposal of discontinued operations – *continued*

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

	As at 31 December 2020 RMB'000
Non-current assets	
Property, plant and equipment	1,097
Intangible assets (including goodwill) (Note 17)	213,295
Prepayments and other receivables	150
Term deposits over 3-months	20,014
Right-of-use assets	147
Current assets	
Trade receivables	19,264
Prepayments and other receivables	4,651
Financial assets at FVPL	36,057
Cash and cash equivalents	1,023
Total assets of disposal group held for sale	295,698
Liabilities directly associated with assets classified as held for sale	
Non-current liabilities	
Deferred income tax liabilities	581
Current liabilities	
Trade payables	641
Other payables and accruals	6,043
Lease liabilities	148
Total liabilities of disposal group held for sale	7,413

27 SHARE CAPITAL, SHARE PREMIUM AND TREASURY STOCK

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

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

(b) In March 2021, the Company issued 25,200,000 ordinary shares to a third party agent for the purpose of granting Post-IPO RSUs to certain employees under the Post-IPO RSU Scheme (Note 29). Pursuant to the vesting schedule, 50% of these newly issued shares were vested in September 2021, and the remaining 50% shall be vested in March 2022. The shares held for Post-IPO RSU Scheme were deducted from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

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

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

28 OTHER RESERVES

	Statutory Reserves RMB'000	Share-based Compensation Reserve RMB'000	Translation Differences RMB'000	Change in the fair value of owner-occupied property RMB'000	Changes in ownership interests in subsidiaries without change of control RMB'000	Others RMB'000	Total RMB'000
Opening balance at 1 January 2021	156,336	277,431	2,258	1,579	(87,323)	1,813	352,094
Employees RSU scheme:							
– value of employee services (Note 9) (Note 29(c))	–	16,927	–	–	–	–	16,927
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	(1,912)	–	(1,912)
Change in fair value of owner-occupied property (Note 16) (Note 35)	–	–	–	3,180	–	–	3,180
Derecognition of redemption liabilities (Note 34)	–	–	–	–	238,729	–	238,729
Disposal of discontinued operations	(2,498)	–	–	–	–	–	(2,498)
Profit appropriations to statutory reserves (a)	1,852	–	–	–	–	–	1,852
Currency translation differences	–	–	(46,790)	–	–	–	(46,790)
At 31 December 2021	155,690	294,358	(44,532)	4,759	149,494	1,813	561,582

	Statutory Reserves RMB'000	Share-based Compensation Reserve RMB'000	Translation Differences RMB'000	Change in the fair value of owner-occupied property RMB'000	Changes in ownership interests in subsidiaries without change of control RMB'000	Others RMB'000	Total RMB'000
Opening balance at 1 January 2020	158,492	259,120	132,858	1,579	(160,045)	1,813	393,817
Employees RSU scheme:							
– value of employee services (Note 9) (Note 29(c))	–	18,311	–	–	–	–	18,311
Derecognition of redemption liabilities (Note 34)	–	–	–	–	72,722	–	72,722
Disposal of a subsidiary	(3,268)	–	–	–	–	–	(3,268)
Profit appropriations to statutory reserves (a)	1,112	–	–	–	–	–	1,112
Currency translation differences	–	–	(130,600)	–	–	–	(130,600)
At 31 December 2020	156,336	277,431	2,258	1,579	(87,323)	1,813	352,094

28 OTHER RESERVES – *continued*

(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.

29 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 2021		**6,622,720**		**2,852,000**	**9,474,720**
Exercised (Note 27)	**US$0.0632**	**(1,363,000)**	**N/A**	**–**	**(1,363,000)**
Lapsed	**US$0.1936**	**(938,825)**	**US$3.5000**	**(25,000)**	**(963,825)**
At 31 December 2021		**4,320,895**		**2,827,000**	**7,147,895**
At 1 January 2020		15,939,335		2,852,000	18,791,335
Exercised (Note 27)	US$0.0475	(6,966,000)	N/A	–	(6,966,000)
Lapsed	US$0.0496	(2,350,615)	N/A	–	(2,350,615)
At 31 December 2020		6,622,720		2,852,000	9,474,720

29 SHARE-BASED PAYMENTS – *continued*

(a) Share options – *continued*

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

As at 31 December 2021, 7,147,895 share options (2020: 9,474,720) were outstanding and exercisable. As a result of the options exercised during the year ended 31 December 2021, 1,363,000 ordinary shares (2020: 6,966,000 shares) were issued by the Company (Note 27). The weighted average price of the shares at the time these options were exercised was HK$0.9336 (2020: HK$1.0088) per share.

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

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

29 SHARE-BASED PAYMENTS – *continued*

(b) Restricted share units

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

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

	Number of shares held for Post-IPO RSU Scheme
At 1 January 2021	**–**
Granted (i)	**25,200,000**
Vested and transferred	**(12,600,000)**
At 31 December 2021	**12,600,000**
At 1 January 2020	–
Granted (i)	15,000,000
Vested and transferred	(15,000,000)
At 31 December 2020	–

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

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

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

29 SHARE-BASED PAYMENTS – *continued*

(c) Expenses arising from share-based payment transactions

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

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

(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 Binomial 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.

29 SHARE-BASED PAYMENTS – *continued*

(e) Expected retention rate of grantees

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

(f) Shares held for RSU Scheme

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

30 RETAINED EARNINGS

	RMB'000
Balance at 1 January 2020	599,641
Profit for the year	80,617
Disposal of subsidiaries	3,268
Appropriations to statutory reserves (Note 28)	(1,112)
Balance at 31 December 2020	682,414
Balance at 1 January 2021	**682,414**
Profit for the year	**128,828**
Disposal of discontinued operations	**2,498**
Appropriations to statutory reserves (Note 28)	**(1,852)**
Balance at 31 December 2021	**811,888**

31 BORROWINGS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Included in current liabilities		
USD bank borrowings, secured	**287,165**	137,969
HKD bank borrowings, secured	**–**	3,384
	287,165	141,353

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions to finance its certain investments in financial assets. The total available amount under the current facilities is USD224,274 thousand, of which USD45,040 thousand has been drawn down as at 31 December 2021. The borrowings were secured by the Group's investments in financial assets at FVPL (Note 22(c)&(d)&(g)).

The aggregate principal amounts of bank borrowings and applicable interest rates as at 31 December 2021 and 2020 are as follows:

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

32 TRADE PAYABLES

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Third parties	**1,580**	1,374

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

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

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
RMB	**1,293**	1,321
US$	**287**	–
HK$	**–**	53
	1,580	1,374

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

33 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Payable for purchase of financial instruments (i)	3,468	26,100
Staff costs and welfare accruals	12,409	15,417
Marketing and administrative expense accruals	3,563	6,019
Audit expenses payable	2,482	2,000
VAT & Other tax liabilities	2,959	5,842
Professional and consultancy fee	519	3,146
Human resource outsourcing service fee payable	2,166	1,364
Amount due to related parties (Note 38(c))	37	37
Individual income tax of RSUs	10,443	9,335
Capital contribution payable	1,913	–
Others	5,775	4,600
	45,734	73,860

(i) This balance represents payables for purchase of structured notes and other financial instruments, for which the purchase orders were placed by the Group while the payment had not been made as of 31 December 2021 and 2020. These payables were settled after year end.

(ii) The carrying amounts of other payables are considered to approximate their fair values due to their short-term nature.

34 REDEMPTION LIABILITIES

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

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

34 REDEMPTION LIABILITIES – *continued*

As related options lapsed unexercised, redemption liabilities of RMB48,534 thousand and RMB72,722 thousand were derecognised against other reserves in 2021 and 2020, respectively. Upon the completion of the disposal of discontinued operations on 30 April 2021 (Note 26), the put option rights were terminated. Consequently, the carrying value of the redemption liabilities of RMB190,195 thousand were derecognised against other reserves.

35 DEFERRED INCOME TAX

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

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

	Year ended 31 December	
	2021	2020
Movements	**RMB'000**	RMB'000
At beginning of the year	**(20,575)**	(94,532)
Acquisition of a subsidiary	**–**	(340)
Disposal of a subsidiary	**–**	462
Recognised in the consolidated statement of comprehensive income (Note 11.1)	**10,288**	73,254
Recognised in changes of equity (Note 16)	**(1,060)**	–
Classified as held for sale (Note 26)	**–**	581
At end of the year	**(11,347)**	(20,575)

35 DEFERRED INCOME TAX – *continued*

(a) Deferred tax assets

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

	Customer advance and deferred revenue RMB'000	Advertising expenses RMB'000	Deductible losses from previous years RMB'000	Impairment losses RMB'000	Provisions of liabilities and others RMB'000	Total RMB'000
At 31 December 2019	7,325	14,183	1,544	1,120	–	24,172
Recognised in the consolidated statement of comprehensive income	(2,809)	(834)	1,886	50	75	(1,632)
Acquisition of a subsidiary	–	–	710	–	–	710
At 31 December 2020	4,516	13,349	4,140	1,170	75	23,250
Recognised in the consolidated statement of comprehensive income	**(1,797)**	**1,045**	**922**	**2**	**–**	**172**
At 31 December 2021	**2,719**	**14,394**	**5,062**	**1,172**	**75**	**23,422**

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 2021, the Group did not recognise deferred income tax assets of RMB18,700 thousand (31 December 2020: RMB18,049 thousand) in respect of tax losses amounting to RMB74,800 thousand (31 December 2020: RMB72,198 thousand). These tax losses will expire from 2022 to 2026.

35 DEFERRED INCOME TAX – *continued*

(b) Deferred tax liabilities

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

	Assets Appreciation RMB'000	Unrealised investment income RMB'000	Deferred commission charges and others RMB'000	Withholding tax of dividend RMB'000	Total RMB'000
At 31 December 2019	2,520	83,344	95	32,745	118,704
Acquisition of a subsidiary	1,050	–	–	–	1,050
Disposal of a subsidiary	–	(462)	–	–	(462)
Recognised in the consolidated statement of comprehensive income	(2,742)	(55,264)	(95)	(16,785)	(74,886)
Classified as held for sale	(581)	–	–	–	(581)
At 31 December 2020	247	27,618	–	15,960	43,825
Recognised in the consolidated statement of comprehensive income	**833**	**(1,520)**	**–**	**(9,429)**	**(10,116)**
Recognised in changes of equity *(Note 16)*	**1,060**	**–**	**–**	**–**	**1,060**
At 31 December 2021	**2,140**	**26,098**	**–**	**6,531**	**34,769**

As at 31 December 2021, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately 425,316 thousand (2020: RMB336,332 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.

36 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit before income tax from:		
Continuing operations	88,357	59,208
Discontinued operations	84,978	14,116
	173,335	73,324
Adjustments for:		
– Depreciation and impairment charges of property and equipment and right-of-use assets (Note 14) (Note 15)	17,419	17,461
– Amortisation and impairment charges of intangible assets (Note 17)	30,918	12,138
– Amortisation of long-term prepaid expenses	2,974	5,283
– Losses on disposal of property and equipment and other non-current assets (b)(Note 8)	349	332
– Fair value adjustment to investment property (Note 8) (Note 16)	5,569	6,926
– Share of gain of investments accounted for using the equity method (Note 13)	(8,021)	(495)
– Impairment losses on financial assets (Note 3)	7,448	18,556
– (Gains)/losses on disposal of investments accounted for using the equity method (Note 8)	(274)	15
– Share-based compensation expenses (Note 9) (Note 29)	16,927	18,311
– Investment interest on term deposits with initial term over 3 months (Note 8)	(1,453)	(6,745)
– Gain on disposal of subsidiaries (Note 8)	–	(1,204)
– Gain on disposal of discontinued operations (Note 26)	(78,471)	–
– Net fair value loss on derivatives (Note 8)	15,245	6,242
– Net fair value gain on financial assets at FVPL (Note 8)	(179,231)	(16,650)
– Interest income	(7,751)	(13,114)
– Interest expenses	4,247	1,563
– Foreign exchange gains	(4,037)	(5,781)
– Others	1,887	(2,641)

36 CASH FLOW INFORMATION – *continued*

(a) Cash generated from operations – *continued*

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Changes in working capital:		
– (Increase)/decrease in trade receivables	**(1,946)**	1,994
– Decrease/(increase) in prepayments and other receivables	**6,139**	(15,309)
– Increase/(decrease) in trade payables	**479**	(846)
– (Decrease)/increase in other payables and accruals	**(10,317)**	7,935
– Decrease in customer advance and deferred revenue	**(5,873)**	(8,887)
Cash generated from operations	**(14,438)**	98,408

(b) Reconciliation of liabilities generated from financing activities

	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
Opening balance as at 1 January 2020	–	5,925	5,925
Cash inflows/(outflows)	153,035	(6,680)	146,355
Acquisition of lease (Note 15(a))	–	16,616	16,616
Exchange impacts	(11,682)	(675)	(12,357)
Modification of lease term	–	(2,240)	(2,240)
Reclassified as liabilities directly associated with assets classified as held for sale	–	(149)	(149)
Disposal of subsidiaries	–	(200)	(200)
Interest expense	–	388	388
Closing balance as at 31 December 2020	141,353	12,985	154,338
Opening balance as at 1 January 2021	**141,353**	**12,985**	**154,338**
Cash inflows/(outflows)	**153,589**	**(8,222)**	**145,367**
Acquisition of lease (Note 15(a))		**1,222**	**1,222**
Exchange impacts	**(7,777)**	**(159)**	**(7,936)**
Early termination of leases	**–**	**(1,445)**	**(1,445)**
Interest expense	**–**	**430**	**430**
Closing balance as at 31 December 2021	**287,165**	**4,811**	**291,976**

37 COMMITMENTS

(a) Capital commitments

The Group had no significant capital expenditure contracted for but not recognised as liabilities as at 31 December 2021 and 2020.

(b) Non-cancellable operating lease

The Group leases office buildings and servers under non-cancellable operating leases. As at 31 December 2021 and 2020, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	**952**	195

38 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group for all the years presented.

Company	Relationship	Period of related party Relationship
Beijing Weimeng Chuangke Investment Management Co., Ltd	Subsidiary of a shareholder who has significant influence over the Group	Since 19 August 2013
Engge Technology Holdings Limited	Associate	Since 2 January 2018
Tghy Trustrock Private Ltd.	Joint venture	Since 20 September 2019
Hangzhou Xihe Information Technology Co., Ltd	Associate	Since 12 February 2015

38 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(b) Significant transactions with related parties

Related party transactions	Year ended 31 December 2021 RMB'000	Year ended 31 December 2020 RMB'000
(i) Other revenue generated from related parties:		
Hangzhou Xihe Information Technology Co., Ltd	**417**	417
	417	417
(ii) Loans granted to related parties:		
Tghy Trustrock Private Ltd.	**–**	10,172
	–	10,172

(c) Year end balances arising from sales and purchase of services

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Prepayments and other receivables		
Tghy Trustrock Private Ltd.	**13,575**	13,893
Engge Technology Holdings Limited	**2,739**	2,819
	16,314	16,712
Less: provision for impairment	**(16,314)**	(16,712)
	–	–

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Other payables		
Hangzhou Xihe Information Technology Co., Ltd	**37**	37

38 SIGNIFICANT RELATED PARTY TRANSACTIONS – *continued*

(c) Year end balances arising from sales and purchase of services – *continued*

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Redemption liabilities		
Beijing Weimeng Chuangke Investment Management Co., Ltd	**–**	238,729

(d) Key management personnel compensations

The compensations paid or payable to key management personnel for employee services are shown below:

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Wages, salaries and bonuses	**3,890**	3,748
Pension costs – defined contribution plans	**119**	86
Other social security costs, housing benefits and other employee benefits	**122**	719
Share-based compensation expenses	**–**	9,155
	4,131	13,708

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Assets		
Non-current assets		
Intangible assets	**1,970**	2,016
Investment in subsidiaries	**294,358**	348,194
Financial assets at FVPL	**326,402**	236,572
	622,730	586,782
Current assets		
Amounts due from subsidiaries	**488,011**	566,874
Prepayments and other receivables	**214**	140
Cash and cash equivalents	**47,961**	32,625
	536,186	599,639
Total assets	**1,158,916**	1,186,421
Liabilities		
Current liabilities		
Trade payables	**13**	53
Amounts due to subsidiaries	**7,903**	4,647
Other payables and accruals	**68**	70
	7,984	4,770
Total liabilities	**7,984**	4,770
Net Assets	**1,150,932**	1,181,651

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY – *continued*

		As at 31 December	
		2021	2020
	Note	**RMB'000**	RMB'000
Equity			
Equity attributable to owners of the Company and non-controlling interests			
Share capital		**779**	795
Treasury stock		**(32,471)**	–
Share premium		**1,721,242**	1,762,930
Other reserves	(a)	**387,441**	388,840
Accumulated deficits	(a)	**(926,059)**	(970,914)
Total equity		**1,150,932**	1,181,651

The balance sheet of the Company was approved for issue by the Board of Directors on 30 March 2022 and was signed on its behalf.

Director	Director
Fu Zhengjun	**Mai Shi'en**

39 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY – *continued*

(a) Reserve movement of the Company

	Accumulated deficits RMB'000	Other reserves RMB'000
At 1 January 2021	**(970,914)**	**388,840**
Profit for the year	**44,855**	**–**
Share-based payments reserve (Note 28)	**–**	**16,927**
Currency translation difference	**–**	**(18,326)**
At 31 December 2021	**(926,059)**	**387,441**
At 1 January 2020	(1,007,838)	426,107
Profit for the year	36,924	–
Share-based payments reserve (Note 28)	–	18,311
Currency translation difference	–	(55,578)
At 31 December 2020	(970,914)	388,840

40 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2021:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Name	Fees	Salary	Discretionary bonuses	Other social security costs, housing benefits and other employee benefits	Employer's contribution to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors						
Mr. Fu Zhengjun	–	687	953	23	37	1,700
Mr. Mai Shi'en	–	505	320	24	59	908
Non-executive Directors						
Ms. Cao Fei	166	–	–	–	–	166
Mr. Xiong Xiangdong	166	–	–	–	–	166
Independent Non-executive Directors						
Ms. Yu Bin (resigned as an independent non-executive director with effect from 11 January 2021)	4	–	–	–	–	4
Mr. Yang Wenbin	166	–	–	–	–	166
Mr. Chan, Wing Yuen Hubert	166	–	–	–	–	166
Mr. Lam Yiu Por (appointed as independent non-executive director with effect from 11 January 2021)	162	–	–	–	–	162

40 BENEFITS AND INTERESTS OF DIRECTORS – *continued*

(a) Directors' and chief executive's emoluments – *continued*

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2020:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:						
Name	Fees	Salary	Discretionary bonuses	Other social security costs, housing benefits and other employee benefits	Employer's contribution to a retirement benefit scheme	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors							
Mr. Fu Zhengjun	–	687	953	24	23	180	1,867
Mr. Mai Shi'en	–	505	320	31	24	221	1,101
Non-executive Directors							
Mr. Mao Chengyu	154	–	–	8	–	–	162
Ms. Cao Fei	178	–	–	–	–	–	178
Mr. Xiong Xiangdong (appointed as non-executive director with effect from 1 September 2020)	59	–	–	–	–	–	59
Independent Non-executive Directors							
Ms. Yu Bin	178	–	–	–	–	–	178
Mr. Yang Wenbin	178	–	–	–	–	–	178
Mr. Chan, Wing Yuen Hubert	178	–	–	–	–	–	178