

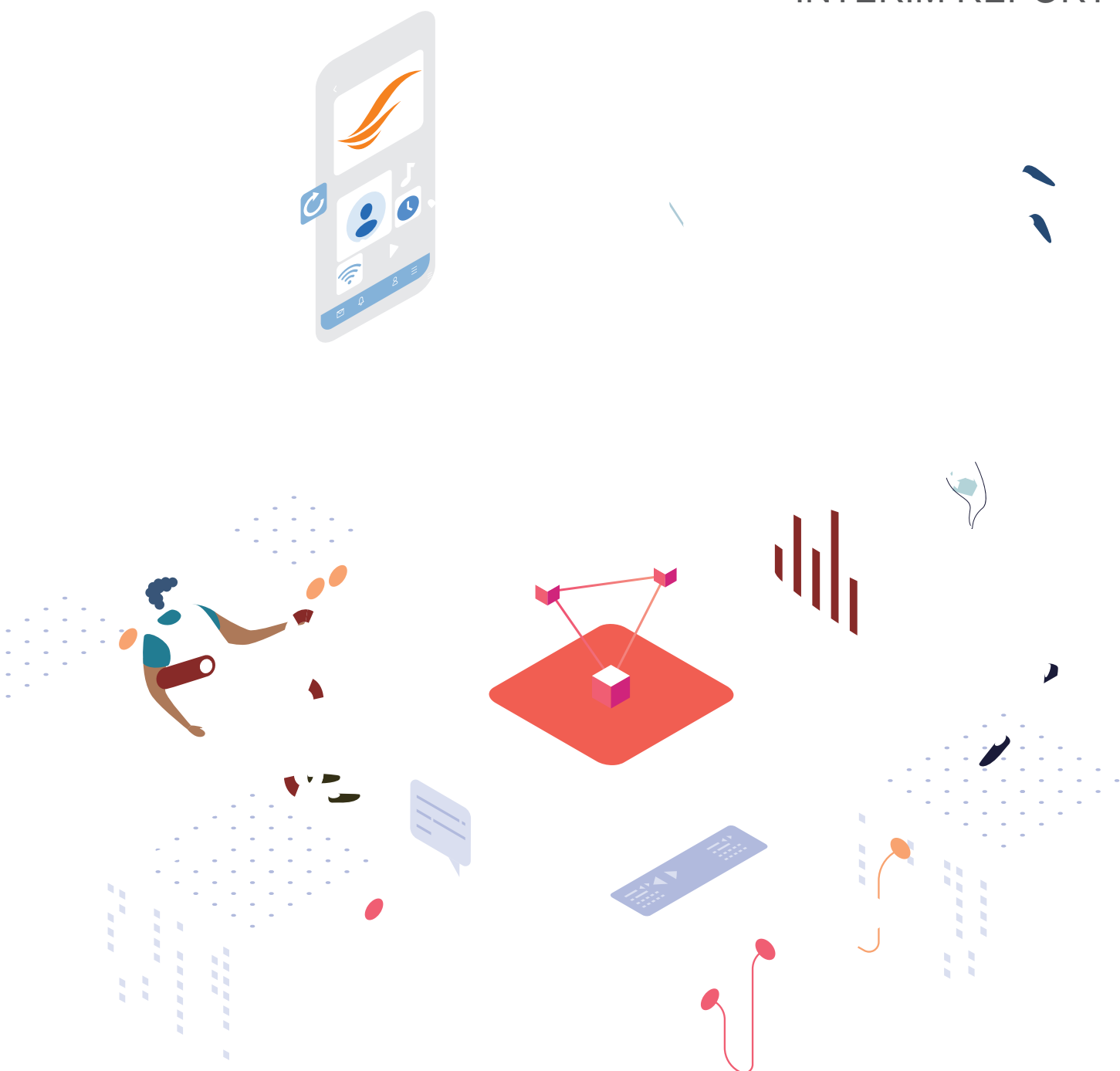


Tian Ge Interactive Holdings Limited
天鵲互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1980

2022
INTERIM REPORT



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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 industrial 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. Tse Ming Lun Alan
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. Tse Ming Lun Alan (*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. Yang Wenbin
Mr. Tse Ming Lun Alan

REGISTERED OFFICE

Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119
KY1-1205
Cayman Islands

HEADQUARTERS

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Intime City Tower E
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Hangzhou, PRC

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Causeway Bay
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Offshore Incorporations (Cayman) Limited
Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119
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Cayman Islands



CORPORATE INFORMATION

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Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

DLA Piper Hong Kong
25th Floor, Three Exchange Square
8 Connaught Place
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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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Offshore Banking Department
19/F, China Merchants Bank Tower
No. 7088 Shennan Boulevard
Shenzhen, Guangdong, PRC

China Merchants Bank
Hong Kong Branch
21/F, Bank of America Tower
12 Harcourt Road
Central, Hong Kong



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

FINANCIAL HIGHLIGHTS

(the financial information below is from continuing operations)

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

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

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

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

BUSINESS OVERVIEW AND OUTLOOK

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

Overall Financial Performance

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

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

Business Highlights

Domestic Multistreaming Platforms

As one of the pioneers of China's online live streaming industry, Tian Ge has always adhered to the development strategy of multistreaming platforms. During the Reporting Period, the Group continued the optimization and development of its live streaming platforms to improve user experience and interactivity, including the upgrade of functions such as "host PK" and "dating party", which has further enhanced the richness and interactivity of the live streaming platforms, strengthened the innovative advantages of the products and contents.

Overseas Live Streaming's Market Expansion

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



Financial Investments

Structured Notes Investments

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

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

Venture Capital and Private Equity Funds

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

Prospect and Future Outlook

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

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

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



CHAIRMAN'S STATEMENT

Changes since December 31, 2021

Save as disclosed in this report, there were no other significant changes in the Group's financial position or from the information disclosed under management discussion and analysis in the annual report of the Company for the year ended December 31, 2021.



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:

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

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

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

2. FINANCIAL INFORMATION

Revenue

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

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

Cost of Revenue and Gross Profit Margin

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

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

Selling and Marketing Expenses

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

Administrative Expenses

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

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



Research and Development Expenses

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

Other (Losses)/Gains, Net

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

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

Income Tax Expense

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

(Loss)/Profit Attributable to Owners of the Company

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

Non-IFRS Presentation

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Total Six months ended 30 June	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	84,808	116,404	-	17,641	84,808	134,045
Cost of revenue	(17,246)	(11,208)	-	(8,969)	(17,246)	(20,177)
Gross profit	67,562	105,196	-	8,672	67,562	113,868
Selling and marketing expenses	(37,202)	(55,244)	-	(1,030)	(37,202)	(56,274)
Administrative expenses	(69,038)	(46,727)	-	(1,372)	(69,038)	(48,099)
Research and development expenses	(19,249)	(37,063)	-	(935)	(19,249)	(37,998)
(Net impairment losses)/reversal of impairment losses on financial assets	(1,411)	1,024	-	-	(1,411)	1,024
Other (losses)/gains, net	(255,946)	167,316	-	1,169	(255,946)	168,485
Operating (loss)/profit	(315,284)	134,502	-	6,504	(315,284)	141,006
Finance income	1,688	1,866	-	5	1,688	1,871
Finance costs	(2,774)	(2,348)	-	(2)	(2,774)	(2,350)
Finance (costs)/income, net	(1,086)	(482)	-	3	(1,086)	(479)
Share of profit/(loss) of investments accounted for using the equity method	8,589	(409)	-	-	8,589	(409)
Gain on disposal of discontinued operations	-	-	-	78,471	-	78,471
(Loss)/profit before income tax	(307,781)	133,611	-	84,978	(307,781)	218,589
Income tax expense	(5,397)	(11,473)	-	(33,337)	(5,397)	(44,810)
(Loss)/profit for the period	(313,178)	122,138	-	51,641	(313,178)	173,779
Other comprehensive income/(loss)						
Items that may be reclassified to profit or loss						
Currency translation differences	55,734	(13,149)	-	-	55,734	(13,149)
Items that will not be reclassified to profit or loss						
Currency translation differences	43,927	(7,015)	-	-	43,927	(7,015)
Other comprehensive income/(loss) for the period, net of income tax	99,661	(20,164)	-	-	99,661	(20,164)
Total comprehensive (loss)/income for the period	(213,317)	101,974	-	51,641	(213,517)	153,615
(Loss)/profit attributable to:						
- Owners of the Company	(313,167)	123,163	-	48,764	(313,167)	171,927
- Non-controlling interests	(11)	(1,025)	-	2,877	(11)	1,852
	(313,178)	122,138	-	51,641	(313,178)	173,779



Non-IFRS Measures

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

Adjusted EBITDA

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

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

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

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

Adjusted Net (Loss)/Profit

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

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

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

<i>(in RMB'000)</i>	Unaudited Six months ended	
	June 30, 2022	June 30, 2021
Net (loss)/profit from continuing operations	(313,178)	122,138
Share-based compensation expense	1,659	8,139
Amortization of intangible assets arising from acquisitions	400	400
Impairment provision of goodwill	21,325	–
Income tax effects of non-IFRS adjustments	(100)	(100)
Adjusted net (loss)/profit	(289,894)	130,577

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 June 30, 2022 and December 31, 2021 amounted to RMB669.5 million and RMB593.3 million, respectively. All cash at bank balances as of these dates were demand deposits and term deposits with initial terms of less than three months. The Group had term deposits with initial term of over three months of RMB20.3 million and RMB54.6 million as at June 30, 2022 and December 31, 2021, respectively.

Financial Assets at Fair Value through Profit or Loss (“FVPL”)

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



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

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

Other Financial Instruments

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

The other financial instruments the Group invested were offered by several international financial institutions, including private investment funds, key management insurance policies, REIT access funds, ETF and others. For the Reporting Period, the Group recognised a fair value loss of RMB70.3 million (2021: a fair value gain of RMB17.6 million) on these investments.

The details are set out in note 19(e) to the condensed consolidated financial information.

Fund Investments

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Structured Notes

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

The details are set out in note 19(c) to the condensed consolidated financial information.

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

Note:

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



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

Investments in Wealth Management Products

The Group regularly utilizes its idle funds to subscribe for wealth management products from commercial banks in order to earn interest. The fair value of the wealth management products subscribed by the Group decreased by 26.2% to RMB131.4 million as at June 30, 2022 compared with RMB178.1 million as at December 31, 2021.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2.2% to 4.0% per annum and maturity period within 1 year or under revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC. The investments portfolio underlying the wealth management products differ product-by-product, but generally consist of investments in financial assets and financial instruments with high credit ratings and good liquidity in interbank and exchange markets, including but not limited to bonds, structural deposits, bank deposits, asset management schemes and other financial assets.

Convertible Promissory Notes

The fair value of convertible promissory notes invested by the Group increased by 0.5% to RMB22.1 million as at June 30, 2022 compared to RMB22.0 million as at December 31, 2021. The convertible promissory notes were issued by a banking services company. The principal and interest of the notes shall be repayable within 24 months unless the Group chooses to convert it into equity investment at the pre-determined conversion price.

Bank Loans and Other Borrowings

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions for financing its investments in certain financial assets. The total available amount under the current facilities was USD207.0 million, of which USD65.1 million had been drawn down as at June 30, 2022. The borrowings were secured by the Group's investments in financial assets at FVPL.

Gearing Ratio

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

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

Capital Expenditures

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

Major Investments and Disposals

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

Charges on Assets

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

Contingent Liabilities

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

Foreign Exchange Risk

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

4. CORPORATE INFORMATION

Staff

The Company had 322 full time employees as at June 30, 2022. Tian Ge's success depends on its ability to attract, retain and motivate qualified personnel. The Company adopts high standards in recruitment with strict procedures to ensure the quality of new hiring and use various methods for recruitment, including campus recruitment, online recruitment, internal recommendation and recruiting through hunting firms or agents, to satisfy the demand for different types of talents. Moreover, the Company provides a robust training program for new employees in order to effectively equip them with the skill sets and work ethics which are necessary to succeed at Tian Ge.

Relevant staff cost was RMB49.3 million for the Reporting Period, compared with staff cost of RMB65.7 million for the six months ended June 30, 2021. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and discretionary incentive.



The Company's employees have not formed any employee union or association. Tian Ge believes that it maintains a good working relationship with its employees and the Company did not experience any significant labor disputes or any difficulty in recruiting staff for our operations during the Reporting Period.

Share Option and RSU Schemes

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

The share-based compensation expenses for the Reporting Period were RMB1.7 million, as compared to RMB8.1 million for the corresponding period in 2021.

As at June 30, 2022, options representing a total of 7,145,195 shares were outstanding. If all such options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of the Company's shareholders (the "Shareholders") of approximately 0.56% as at June 30, 2022. However, as the options are exercisable over a 10-year period from the date of grant, any such dilutive effect on earnings per share may be staggered over several years.

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



CORPORATE GOVERNANCE/OTHER INFORMATION

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as its own code of corporate governance. Save as disclosed below, during the Reporting Period, the Company has complied with all applicable code provisions set out in the CG Code and the Listing Rules.

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set forth in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended June 30, 2022.

DIVIDEND

The Board declared an interim dividend of HKD0.28 per share for the six months ended June 30, 2022 (2021: Nil). The interim dividend will be paid on or around October 13, 2022 to Shareholders whose names appear on the register of members of the Company on September 16, 2022.



CLOSURE OF REGISTER OF MEMBERS

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

AUDIT COMMITTEE

The Board has established an Audit Committee, which currently comprises three independent non-executive Directors, namely Mr. Tse Ming Lun Alan (Chairman), Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has reviewed (i) the accounting principles and practices adopted by the Group, and (ii) the auditing, risk management, internal control and financial reporting matters, including the review of the interim results of the Group for the six months ended June 30, 2022.

CHANGES TO DIRECTORS' INFORMATION

Mr. Lam Yiu Por has resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the nomination committee of the Company on June 30, 2022. Please refer to the announcement of the Company dated June 30, 2022 regarding the resignation of independent non-executive Director for details.

Mr. Tse Ming Lun Alan has been appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the nomination committee of the Company with effect from August 18, 2022. Please refer to the announcement of the Company dated August 18, 2022 regarding the appointment of independent non-executive Director 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2022.

CORPORATE GOVERNANCE/OTHER INFORMATION

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

As of June 30, 2022, 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 (the "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 interest 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 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 June 30, 2022
Mr. Fu Zhengjun ("Mr. Fu")	Founder of a discretionary trust (Note 1)	330,695,000	26.08%
	Beneficial owner	200,000	0.02%
Mr. Mai Shi'en	Beneficial owner	4,050,000	0.32%
Mr. Zhao Weiwen	Beneficial 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.



Interests 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 June 30, 2022
Mr. Zhao Weiwen	Chief executive officer	RSUs (Note 1)	96,203	Nil	0.01%
		Options (Note 1)	100,000	0.35	0.01%
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options (Note 2)	200,000	0.35	0.02%

Notes:

- 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 RSUs 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.
- Mr. Chan Wing Yuen, Hubert is interested in 20,000 Pre-IPO options granted to him on May 22, 2014 under the Pre-IPO Share Option Scheme entitling him to receive 200,000 shares.

Save as disclosed above, as at June 30, 2022, none of the Directors or 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.

CORPORATE GOVERNANCE/OTHER INFORMATION

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

As at June 30, 2022, 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 or 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 June 30, 2022
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)	86,038,985	6.79%
TCT (BVI) Limited	Other (Note 3)	84,648,985	6.68%
Xinshow Limited	Nominee for another person (other than a bare trustee) (Note 3)	73,821,985	5.82%

**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 June 30, 2022, 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 DEBENTURES

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 report and in note 29 to the condensed 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. 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 Pre-IPO RSU Scheme, Post-IPO RSU Scheme and the Post-IPO Share Option Scheme are summarized in the section headed “Statutory and General Information – D. Share Incentive Schemes” in Appendix IV to the Company’s prospectus dated June 25, 2014 (the “Prospectus”) and the announcement of the Company dated March 30, 2021.

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 June 30, 2022, options representing a total of 4,318,195 shares (taking into account the 31,712,126 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, representing approximately 0.34% of the issued shares of the Company.

No other share options have been granted by us after the Listing pursuant to the Pre-IPO Share Option Scheme.

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 Options 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 schemes 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 Reporting Period, no option was lapsed, exercised, granted or cancelled under the Post-IPO Share Option Scheme. As a result, as at June 30, 2022, options representing a total of 2,827,000 shares were outstanding, representing approximately 0.22% of the issued shares of the Company.

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.

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 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 10,078,000 shares have been exercised by grantees under the Pre-IPO RSU Scheme and no RSUs have been granted, cancelled and lapsed. As a result, as at June 30, 2022, 1,322,000 shares have been issued and allotted to Tangguo Limited.

CORPORATE GOVERNANCE/OTHER INFORMATION

Post-IPO RSU Scheme

As at June 30, 2022, 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 was 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 was 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 was 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.

The Company appointed The Core Trust Company Limited (匯聚信託有限公司) 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 32,176,779 shares have been exercised by grantees under the Post-IPO RSU Scheme and no RSUs have been lapsed and cancelled. As a result, as at June 30, 2022, 9,543,462 shares have been allotted and issued to Xinshow Limited.



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

The following table shows the details of the options and/or the Pre-IPO RSUs granted and outstanding under the Pre-IPO Share Option Scheme and the Pre-IPO RSU Scheme to, on an individual basis, the Directors, senior management members and other connected person of the Group as at June 30, 2022.

Name of Grantee	Position Held within Our Group	Nature	Number of		Outstanding as at January 1, 2022	Exercise Price (US\$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022
			Shares Represented by Option or RSUs	Date of Grant						
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	0	May 22, 2014	4,050,000	Nil	4,050,000	0	0	0
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Two Directors and a chief executive officer		Options			300,000					
		RSUs			<u>96,203</u>					
		Sub-total			<u>396,203</u>					

CORPORATE GOVERNANCE/OTHER INFORMATION

The following is a summary table showing further details of the options and/or the RSUs granted and outstanding under the Schemes to individuals who are neither a Director, chief executive member nor a connected person of the Group as at June 30, 2022.

Rank/Position Held With Our Group	Nature	Number of Shares Represented by Options or RSUs	Date of Grant	Outstanding as at January 1, 2022	Exercise Price (US\$/HK\$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022
74 other employees, 42 other consultants and 9 ex- employees (Note 1)	Options	842,795	October 14, 2012	842,795	US\$0.15	0	0	0	842,795
		248,000	September 14, 2013	248,000	US\$0.2	0	0	0	248,000
		2,927,400	May 22, 2014	2,930,100	US\$0.35	0	0	2,700	2,927,400
		<u>2,827,000</u>	September 22, 2015	<u>2,827,000</u>	HK\$3.50	0	0	0	<u>2,827,000</u>
	Options total	<u>6,845,195</u>		<u>6,847,895</u>	-	0	0	2,700	<u>6,845,195</u>
	RSUs	1,322,000	May 22, 2014	7,350,000	Nil	6,028,000	0	0	1,322,000
		335,311	April 20, 2015	350,415	Nil	15,104	0	0	335,311
		16,746	September 15, 2015	16,746	Nil	0	0	0	16,746
		226,023	April 1, 2016	250,245	Nil	24,222	0	0	226,023
		1,865,600	April 5, 2017	3,272,700	Nil	1,407,100	0	0	1,865,600
		365,096	April 18, 2017	415,096	Nil	50,000	0	0	365,096
		337,770	June 4, 2019	617,836	Nil	280,066	0	0	337,770
		0	April 28, 2020	11,975,000	Nil	11,975,000	0	0	0
	<u>6,300,713</u>	March 31, 2021	<u>24,726,000</u>	Nil	<u>18,425,287</u>	0	0	<u>6,300,713</u>	
	RSUs total	<u>10,769,259</u>		<u>48,974,038</u>		<u>38,204,779</u>	0	0	<u>10,769,259</u>
	Sub-total	<u><u>17,614,454</u></u>							



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. Included 200,000 options granted to Ms. Yu Bin, a former independent non-executive Director who resigned with effect from January 11, 2021.
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 HKD0.88.



GLOSSARY

This glossary contains explanations of certain terms used in this interim 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



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF TIAN GE INTERACTIVE HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 34 to 84, which comprises the interim condensed consolidated balance sheet of Tian Ge Interactive Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 30 August 2022

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022

	Note	Unaudited Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Continuing operations			
Revenue	6	84,808	116,404
Cost of revenue	7	(17,246)	(11,208)
Gross profit		67,562	105,196
Selling and marketing expenses	7	(37,202)	(55,244)
Administrative expenses	7	(69,038)	(46,727)
Research and development expenses	7	(19,249)	(37,063)
(Net impairment losses)/reversal of impairment losses on financial assets	17, 18(h)	(1,411)	1,024
Other (losses)/gains, net	8	(255,946)	167,316
Operating (loss)/profit		(315,284)	134,502
Finance income	9	1,688	1,866
Finance costs	9	(2,774)	(2,348)
Finance costs, net		(1,086)	(482)
Share of profit/(loss) of investments accounted for using the equity method	16	8,589	(409)
(Loss)/profit before income tax		(307,781)	133,611
Income tax expense	10	(5,397)	(11,473)
(Loss)/profit from continuing operations		(313,178)	122,138
Discontinued operations			
Profit from discontinued operations	26	–	51,641
(Loss)/profit for the period		(313,178)	173,779
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Currency translation differences		55,734	(13,149)
Items that will not be reclassified to profit or loss			
Currency translation differences		43,927	(7,015)
Other comprehensive income/(loss) for the period, net of income tax		99,661	(20,164)
Total comprehensive (loss)/income for the period		(213,517)	153,615

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS)/INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2022



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

The notes on pages 42 to 84 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2022

	Note	Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Assets			
Non-current assets			
Property and equipment	12	121,113	123,334
Right-of-use assets	13	14,139	6,435
Investment properties	14	59,890	59,890
Intangible assets	15	21,559	43,086
Investments accounted for using the equity method	16	45,189	34,184
Prepayments and other receivables	18	77,219	80,452
Financial assets at fair value through profit or loss	5, 19	1,505,781	1,385,503
Deferred income tax assets	30	16,323	16,260
		<u>1,861,213</u>	<u>1,749,144</u>
Current assets			
Trade receivables	17	10,346	5,309
Prepayments and other receivables	18	85,831	100,055
Financial assets at fair value through profit or loss	5, 19	806,150	1,024,009
Derivative financial instruments	5, 20	11,991	494
Term deposits with initial term over 3 months	21	20,274	54,560
Cash and cash equivalents	22	669,452	593,319
		<u>1,604,044</u>	<u>1,777,746</u>
Total assets		<u><u>3,465,257</u></u>	<u><u>3,526,890</u></u>
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	30	27,199	27,607
Lease liabilities	13	1,984	182
Other non-current liabilities		1,806	1,091
		<u>30,989</u>	<u>28,880</u>
Current liabilities			
Borrowings	23	436,638	287,165
Trade payables	24	977	1,580
Other payables and accruals	25	61,728	45,734
Current income tax liabilities		80,278	78,570
Customer advance and deferred revenue		11,465	11,816
Lease liabilities	13	4,005	4,629
Derivative financial instruments	5, 20	8,616	4,820
		<u>603,707</u>	<u>434,314</u>
Total liabilities		<u><u>634,696</u></u>	<u><u>463,194</u></u>
Net assets		<u><u>2,830,561</u></u>	<u><u>3,063,696</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2022



		Unaudited 30 June 2022 RMB'000	Audited 31 December 2021 RMB'000
Equity			
Equity attributable to owners of the Company			
Share capital	27	779	779
Treasury stock	27	(53,740)	(32,471)
Share premium	27	1,721,234	1,721,242
Other reserves	28	662,852	561,582
Retained earnings		498,721	811,888
		<hr/>	<hr/>
		2,829,846	3,063,020
Non-controlling interests		715	676
		<hr/>	<hr/>
Total equity		2,830,561	3,063,696

The notes on pages 42 to 84 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Unaudited							
		Attributable to owners of the Company					Non-		
		Share	Treasury	Share	Other	Retained	Total	controlling	Total
		capital	stock	premium	reserves	earnings		interests	equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2022	779	(32,471)	1,721,242	561,582	811,888	3,063,020	676	3,063,696
	Comprehensive loss/(income)								
	Loss for the six months ended								
	30 June 2022	-	-	-	-	(313,167)	(313,167)	(11)	(313,178)
	Other comprehensive income								
	Currency translation differences	28	-	-	99,611	-	99,611	50	99,661
	Total comprehensive loss/(income)				99,611	(313,167)	(213,556)	39	(213,517)
	Transactions with shareholders in their capacity as owners								
	Employees restricted share unit ("RSU") scheme:								
	- value of employee service	28	-	-	1,659	-	1,659	-	1,659
	- shares vested and transferred	27	-	8	(8)	-	-	-	-
	Repurchase of ordinary shares	27	-	(21,277)	-	-	(21,277)	-	(21,277)
	Total transactions with shareholders in their capacity as owners				1,659		(19,618)		(19,618)
	Balance at 30 June 2022	<u>779</u>	<u>(53,740)</u>	<u>1,721,234</u>	<u>662,852</u>	<u>498,721</u>	<u>2,829,846</u>	<u>715</u>	<u>2,830,561</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2022



		Unaudited							
		Attributable to owners of the company							
		Share capital	Treasury stock	Share premium	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Balance at 1 January 2021	795	-	1,762,930	352,094	682,414	2,798,233	114,605	2,912,838
	Comprehensive income								
	Profit for the six months ended 30 June 2021	-	-	-	-	171,927	171,927	1,852	173,779
	Other comprehensive loss								
	Currency translation differences	28	-	-	(20,164)	-	(20,164)	-	(20,164)
	Total comprehensive income								
		-	-	-	(20,164)	171,927	151,763	1,852	153,615
	Transactions with shareholders in their capacity as owners								
	Employees share option scheme:								
	- proceeds from shares issued	27	-	168	-	-	168	-	168
	Employees restricted share units ("RSU") scheme:								
	- value of employee services	28	-	-	8,139	-	8,139	-	8,139
	- shares issued for RSU scheme	27	16	(16)	-	-	-	-	-
	Repurchase and cancellation of ordinary shares	27	(24)	-	(42,235)	-	(42,259)	-	(42,259)
	Derecognition of redemption liabilities		-	-	238,729	-	238,729	-	238,729
	Disposal of discontinued operations		-	-	(2,498)	2,498	-	(116,652)	(116,652)
	Total transactions with shareholders in their capacity as owners								
		(8)	(16)	(42,067)	244,370	2,498	204,777	(116,652)	88,125
	Balance at 30 June 2021	787	(16)	1,720,863	576,300	856,839	3,154,773	(195)	3,154,578

The notes on pages 42 to 84 form an integral part of these condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Unaudited	
		Six months ended 30 June	
	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash used in operations		(21,188)	(23,843)
Income tax paid		(4,161)	(63,575)
		<hr/>	<hr/>
Net cash used in operating activities		(25,349)	(87,418)
Cash flows from investing activities			
Proceeds from disposal of discontinued operations, net of cash and cash equivalents	26	–	251,810
Proceeds from disposal of investments accounted for using the equity method		–	422
Payment for acquisition of investments accounted for using the equity method	16	(2,504)	(3,000)
Purchase of and prepayment for property and equipment, intangible assets and other non-current assets		(34,971)	(15,945)
Proceeds from disposal of property and equipment and intangible assets		20,387	6,103
Payment for term deposits with initial term over 3 months		(20,000)	(41,659)
Proceeds from disposal of term deposits with initial term over 3 months		54,844	262,248
Payment for financial assets at fair value through profit or loss		(829,322)	(2,636,013)
Proceeds from disposal of financial assets at fair value through profit or loss		802,905	1,905,804
Payment for derivative financial instruments		(36,701)	(44,432)
Proceeds from disposal of derivative financial instruments		26,508	33,108
Cash paid for refundable prepayment of investments		(7,000)	(700)
Loans granted to third parties, related parties and employees		(10,135)	(26,283)
Repayment of loans granted to third parties, related parties and employees		20,158	36,880
Proceeds from disposal of an investment property	14	–	7,755
Interest received		3,992	4,959
		<hr/>	<hr/>
Net cash used in investing activities		(11,839)	(258,943)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2022



		Unaudited	
		Six months ended 30 June	
	Note	2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
Proceeds from exercise of share options		–	168
Payments for repurchase of ordinary shares	18(f), 27(c)	(15,000)	(58,901)
Proceeds from bank borrowings		124,709	259,187
Payment for acquiring equity interests of subsidiaries from non-controlling interests		(192)	–
Interest paid		(2,733)	(1,958)
Lease payments		(11,898)	(4,052)
Net cash generated from financing activities		94,886	194,444
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the period	22	593,319	973,253
Cash and cash equivalents included in assets classified as held for sale at the beginning of the period		–	1,023
Exchange gains/(losses) on cash and cash equivalents		18,435	(7,638)
Cash and cash equivalents at the end of the period	22	669,452	814,721
Cash flows of discontinued operations	26(b)	–	3,167

The notes on pages 42 to 84 form an integral part of these condensed consolidated financial information.

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

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

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2021, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings (Note 10) and the adoption of new and amended standards (Note 3.1) as set out below.

3.1 New and amended standards adopted by the Group

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

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

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



4 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and it should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2021.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

(i) 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.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – CONTINUED

5.3 Fair value estimation – continued

(i) Fair value hierarchy – continued

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.

The following tables present the Group’s assets/(liabilities) at fair value through profit or loss (“FVPL”) as at 30 June 2022 and 31 December 2021.

Recurring fair value measurements at 30 June 2022		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
	Notes				
Financial assets					
Financial assets at FVPL					
– Structured notes	19(c)	–	–	340,460	340,460
– Wealth management products	19(d)	–	73,859	57,492	131,351
– Listed equity securities	19(g)	75,981	–	–	75,981
– Convertible promissory notes	19(f)	–	–	22,065	22,065
– Venture capital and private equity funds	19(b)	–	–	615,513	615,513
– Unlisted equity investments	19(a)	–	–	304,535	304,535
– Other financial instruments	19(e)	166,017	838	655,171	822,026
Derivatives held for trading	20	11,991	–	–	11,991
Total financial assets		253,989	74,697	1,995,236	2,323,922
Financial liabilities					
Derivatives held for trading	20	(8,490)	–	(126)	(8,616)



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – CONTINUED

5.3 Fair value estimation – continued

(i) Fair value hierarchy – continued

 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 at FVPL					
– Structured notes	19(c)	–	–	617,862	617,862
– Wealth management products	19(d)	–	88,813	89,281	178,094
– Listed equity securities	19(g)	80,738	–	–	80,738
– Convertible promissory notes	19(f)	–	–	21,958	21,958
– Venture capital and private equity funds	19(b)	–	–	579,440	579,440
– Unlisted equity investments	19(a)	–	–	298,744	298,744
– Other financial instruments	19(e)	46,053	1,260	585,363	632,676
Derivatives held for trading	20	457	–	37	494
Total financial assets		<u>127,248</u>	<u>90,073</u>	<u>2,192,685</u>	<u>2,410,006</u>
Financial Liabilities					
Derivatives held for trading	20	<u>(3,264)</u>	<u>–</u>	<u>(1,556)</u>	<u>(4,820)</u>

There were no transfers between levels 1 and 2 for recurring fair value measurements during the six months ended 30 June 2022. For transfers out of level 3 measurements, see Note 5.4.

(ii) Valuation techniques 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 an executive director and the audit committee (AC). Discussions of valuation processes and results are held among the executive director, AC and the valuation team at least once every three months, in line with the Group's quarterly reporting periods.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – CONTINUED

5.3 Fair value estimation – continued

(ii) Valuation techniques used to determine fair values – continued

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 fund investments – the net asset value of the investments.

5.4 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2022 and 2021.

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Opening balance at 1 January	2,191,129	1,455,734
Additions	376,508	2,275,851
Disposals	(521,696)	(1,653,338)
Fair value change recognised in consolidated statements of comprehensive income under “other (losses)/gains, net”	(123,261)	166,147
Transfer to level 1 (i) (Note 19(b))	(3,214)	–
Currency translation differences	75,644	(11,695)
Closing balance at 30 June	<u>1,995,110</u>	<u>2,232,699</u>
Net unrealised (losses)/gains attributable to balances held at the period end	<u>(127,678)</u>	<u>111,623</u>

- (i) In May 2022, the Group transferred one investment from level 3 to level 1 as the equity interests of the investee became listed on US market.



5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – CONTINUED

5.5 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amounts :

- Trade receivables
- Other receivables (excluding prepaid expenses)
- Term deposits with initial terms over 3 months
- Cash and cash equivalents
- Borrowings
- Trade payables
- Other payables and accruals (excluding accrued payroll, government grants and other tax liabilities)
- Lease liabilities

6 SEGMENT INFORMATION

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

The Group's continuing operation has following reportable segments for the six months ended 30 June 2022 and 2021:

- Online interactive entertainment service;
- Others.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 SEGMENT INFORMATION – CONTINUED

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

There were no material inter-segment sales during the six months ended 30 June 2022 and 2021. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the condensed consolidated statement of comprehensive (loss)/income.

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION



6 SEGMENT INFORMATION – CONTINUED

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Continuing operations		
Live social video platforms	74,186	110,918
Game operation	7,852	2,491
Software research and development	1,536	2,995
Others	1,234	–
	<u>84,808</u>	<u>116,404</u>

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
Six months ended 30 June 2022					
Timing of revenue recognition					
At a point in time	74,027	7,852	–	–	81,879
Over time	159	–	1,536	1,234	2,929
	<u>74,186</u>	<u>7,852</u>	<u>1,536</u>	<u>1,234</u>	<u>84,808</u>
Six months ended 30 June 2021					
Timing of revenue recognition					
At a point in time	110,623	2,491	–	–	113,114
Over time	295	–	2,995	–	3,290
	<u>110,918</u>	<u>2,491</u>	<u>2,995</u>	<u>–</u>	<u>116,404</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Employee benefit expenses (including share-based compensation expenses)	49,312	65,745
Impairment of goodwill (Note 15)	21,325	–
Promotion and advertising expenses	20,131	32,179
Bandwidth and server custody fees	6,792	6,678
Commission charges by platforms	5,113	746
Game and software development costs	2,824	5,323
Travelling and entertainment expenses	6,476	12,974
Amortisation charges of intangible assets (Note 15)	935	2,184
Depreciation and impairment charges of property and equipment (Note 12)	6,178	4,608
Utilities and office expenses	3,424	3,554
Professional and consultancy fees	4,917	6,549
Depreciation of right-of-use assets (Note 13)	5,795	3,954
Auditors' remuneration	2,040	1,940
Short-term operating lease	1,569	902
Others	5,904	2,906
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	142,735	150,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION



8 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest income on term deposits with initial term over 3 months	558	459
Net fair value (losses)/gains on financial assets at FVPL		
– Unlisted equity investments (Note 19(a))	(4,927)	(6,247)
– Venture capital and private equity funds (Note 19(b))	(3,378)	110,122
– Wealth management products (Note 19(d))	2,689	2,697
– Structured notes (Note 19(c))	(108,124)	46,987
– Other financial instruments (Note 19(e))	(70,308)	17,588
– Listed equity securities (Note 19(g))	(47,653)	2,582
– Convertible promissory notes (Note 19(f))	(1,033)	169
Net fair value loss on derivatives held for trading (Note 20)	(5,486)	(12,066)
Government grants	1,134	5,704
Interest income on loans to third parties, related parties and employees	2,290	2,556
Net losses from fair value adjustment of investment properties (Note 14)	–	(5,569)
Foreign exchange (losses)/gains on non-financing activities	(12,082)	1,310
Others	(9,626)	1,024
	<u>(255,946)</u>	<u>167,316</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 FINANCE COSTS, NET

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

10 INCOME TAX EXPENSE

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

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



10 INCOME TAX EXPENSE – CONTINUED

(i) Enterprise income tax expense

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

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

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

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

(ii) Withholding tax ("WHT")

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

No WHT was recognised for the six months ended 30 June 2022 since the WFOEs were loss-making.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 (LOSSES)/EARNINGS PER SHARE

(a) Basic

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

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



11 (LOSSES)/EARNINGS PER SHARE – CONTINUED

(b) Diluted

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

For the six months ended 30 June 2021, share options granted to employees under Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and RSUs granted to employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme (Note 29) are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The share options and RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 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	Construction in progress RMB'000	Total RMB'000
Six months ended 30 June 2022								
Net book value								
Opening amount as at 1 January 2022	102,284	650	547	10,111	8,029	1,713	-	123,334
Additions	-	-	57	515	465	-	1,529	2,566
Transferred from/(to) construction in progress	-	-	-	-	983	571	(1,554)	-
Disposals	-	-	(13)	(12)	-	-	-	(25)
Depreciation charges (Note 7)	(1,961)	(179)	(75)	(1,994)	(1,274)	(695)	-	(6,178)
Currency translation difference	648	11	3	361	360	8	25	1,416
Closing amount as at 30 June 2022	<u>100,971</u>	<u>482</u>	<u>519</u>	<u>8,981</u>	<u>8,563</u>	<u>1,597</u>	<u>-</u>	<u>121,113</u>
At 30 June 2022								
Cost	129,919	15,502	3,809	31,251	16,329	10,210	-	207,020
Accumulated depreciation and impairment	<u>(28,948)</u>	<u>(15,020)</u>	<u>(3,290)</u>	<u>(22,270)</u>	<u>(7,766)</u>	<u>(8,613)</u>	<u>-</u>	<u>(85,907)</u>
Net book amount	<u>100,971</u>	<u>482</u>	<u>519</u>	<u>8,981</u>	<u>8,563</u>	<u>1,597</u>	<u>-</u>	<u>121,113</u>



12 PROPERTY AND EQUIPMENT – CONTINUED

	Building	Decorations	Furniture and office equipment	Server and other equipment	Motor vehicles and yacht	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2021								
Net book value								
Opening amount as at 1 January 2021	147,810	492	639	4,369	1,474	17	36	154,837
Additions	257	102	13	190	20	-	8,916	9,498
Transferred from/(to) construction in progress	-	-	-	-	8,916	-	(8,916)	-
Disposals	-	-	-	(7)	-	-	-	(7)
Depreciation charges (Note 7)	(2,360)	(208)	(116)	(1,076)	(808)	(4)	-	(4,572)
Impairment	-	-	-	-	-	-	(36)	(36)
Currency translation difference	(131)	(3)	(2)	11	1	-	-	(124)
Closing amount as at 30 June 2021	<u>145,576</u>	<u>383</u>	<u>534</u>	<u>3,487</u>	<u>9,603</u>	<u>13</u>	<u>-</u>	<u>159,596</u>
At 30 June 2021								
Cost	175,567	14,951	4,030	28,175	14,836	7,990	36	245,585
Accumulated depreciation and impairment	<u>(29,991)</u>	<u>(14,568)</u>	<u>(3,496)</u>	<u>(24,688)</u>	<u>(5,233)</u>	<u>(7,977)</u>	<u>(36)</u>	<u>(85,989)</u>
Net book amount	<u>145,576</u>	<u>383</u>	<u>534</u>	<u>3,487</u>	<u>9,603</u>	<u>13</u>	<u>-</u>	<u>159,596</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 LEASE

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Right-of-use assets		
Properties	<u>14,139</u>	<u>6,435</u>
Lease liabilities		
Current	4,005	4,629
Non-current	<u>1,984</u>	<u>182</u>
	<u>5,989</u>	<u>4,811</u>

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Movement of right-of-use assets		
Opening balance as at 1 January	6,435	14,371
Additions of leases	13,466	1,222
Depreciation charges (Note 7)	(5,795)	(3,954)
Early termination of leases	(400)	(1,023)
Currency translation difference	433	(126)
	<u>14,139</u>	<u>10,490</u>

14 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
At fair value		
Opening amount as at 1 January	59,890	28,126
Net loss from fair value adjustment (Note 8)	–	(5,569)
Disposal	–	(7,755)
Currency translation difference	–	(52)
	<u>59,890</u>	<u>14,750</u>



15 INTANGIBLE ASSETS

	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform, game and license RMB'000	Total RMB'000
Six months ended 30 June 2022					
Net book value					
Opening amount as at 1 January 2022	29,715	9,450	54	3,867	43,086
Additions	-	554	75	-	629
Amortisation charge (Note 7)	-	(475)	(60)	(400)	(935)
Impairment provision (i) (Note 7)	(21,325)	-	-	-	(21,325)
Currency translation difference	104	-	-	-	104
	<u>8,494</u>	<u>9,529</u>	<u>69</u>	<u>3,467</u>	<u>21,559</u>
Closing amount as at 30 June 2022	<u>8,494</u>	<u>9,529</u>	<u>69</u>	<u>3,467</u>	<u>21,559</u>
At 30 June 2022					
Cost	51,804	30,115	11,077	49,328	142,324
Accumulated amortisation and impairment	(43,310)	(20,586)	(11,008)	(45,861)	(120,765)
	<u>8,494</u>	<u>9,529</u>	<u>69</u>	<u>3,467</u>	<u>21,559</u>
Net book amount	<u>8,494</u>	<u>9,529</u>	<u>69</u>	<u>3,467</u>	<u>21,559</u>
	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform, game and license RMB'000	Total RMB'000
Six months ended 30 June 2021					
Net book value					
Opening amount as at 1 January 2021	29,761	10,339	163	33,610	73,873
Amortisation charge (Note 7)	-	(593)	(78)	(1,513)	(2,184)
Currency translation difference	(20)	-	-	-	(20)
	<u>29,741</u>	<u>9,746</u>	<u>85</u>	<u>32,097</u>	<u>71,669</u>
Closing amount as at 30 June 2021	<u>29,741</u>	<u>9,746</u>	<u>85</u>	<u>32,097</u>	<u>71,669</u>
At 30 June 2021					
Cost	51,726	29,399	10,264	49,328	140,717
Accumulated amortisation and impairment	(21,985)	(19,653)	(10,179)	(17,231)	(69,048)
	<u>29,741</u>	<u>9,746</u>	<u>85</u>	<u>32,097</u>	<u>71,669</u>
Net book amount	<u>29,741</u>	<u>9,746</u>	<u>85</u>	<u>32,097</u>	<u>71,669</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 INTANGIBLE ASSETS – CONTINUED

(i) Impairment test for goodwill

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

Accordingly, an impairment review on the goodwill relating to Jinhua Platform has been conducted by the management as of 30 June 2022 according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amount of goodwill is determined based on the higher amount of the fair value less cost of disposal (“FVLCD”) and value-in-use calculations. Based on the result of the impairment review, the Group recognised an impairment provision of approximately RMB21,325 thousand (Note 7) against the entire carrying amount of goodwill of Jinhua Platform as of 30 June 2022.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2022 RMB’000	As at 31 December 2021 RMB’000
Associates (a)	<u>45,189</u>	<u>34,184</u>

(a) Investment in associates

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

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



16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – CONTINUED

(b) Investment in joint ventures

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

17 TRADE RECEIVABLES

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Included in non-current assets		
Prepayments for purchase of investments (a)	65,260	68,498
Loans to employees	6,959	6,954
Deposit for purchase of property (b)	5,000	5,000
Prepayments for purchase of land use right (c)	5,939	5,642
	<u>83,158</u>	<u>86,094</u>
Less: provision for impairment (h)	(5,939)	(5,642)
	<u>77,219</u>	<u>80,452</u>
Included in current assets		
Loans to third parties (e)	28,690	36,778
Loans to related parties (d) (Note 31(c))	17,155	16,314
Prepayments for share repurchase (f)	2,072	8,736
Loans to employees	11,802	13,105
Receivable from disposal of investments accounted for using the equity method	950	950
Receivables from disposal of financial assets at FVPL (g)	22,992	17,884
Prepaid promotion expenses	2,887	3,812
Advance to suppliers	215	640
Deposit	4,708	4,520
Insurance fees	594	188
Individual income tax of RSUs	11,426	10,443
Refundable withholding tax	1,500	1,500
Prepaid rental and property management fee	1,974	2,222
VAT recoverable	1,949	3,868
Others	7,149	7,361
	<u>116,063</u>	<u>128,321</u>
Less: provision for impairment (h)	(30,232)	(28,266)
	<u>85,831</u>	<u>100,055</u>
	<u>163,050</u>	<u>180,507</u>



18 PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (a) The balance as at 30 June 2022 represents the Group's prepayments for purchase of investments, including investments in unlisted companies (Note 19(a)) and in insurance policies (Note 19(e)).
- (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 property. As at 30 June 2022, the property was still under construction.
- (c) The balance represents the payment made by the Group for purchase of land use rights overseas, which had been provided full impairment provision as of 30 June 2022 and 31 December 2021 due to the impact of Covid-19 on the economics.
- (d) The balance represents the loans lent by the Group to related parties, which had been provided full impairment provision as of 30 June 2022 and 31 December 2021.
- (e) The balance represents the loans lent by the Group to third-party companies and interest rates not higher than 13% 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 six months ended 30 June 2022, the Group had paid RMB6,000 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 30 June 2022, the Group recorded the outstanding amount of RMB16,758 thousand (31 December 2021: RMB19,563 thousand) paid for the purchase of the cell phones as loan to a third party. The loan was unsecured and will be due within one year after 30 June 2022.

Other than the loans to Lease Company, the remaining balance of the loans to third-party companies as of 30 June 2022 were secured by collateral and will be due within one year after 30 June 2022.

- (f) 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 PREPAYMENTS AND OTHER RECEIVABLES – CONTINUED

- (g) The balance as of 30 June 2022 represents receivables mainly for the disposal of Exchange Traded Fund (“ETF”) and listed equity securities. All of the receivables have been collected subsequently.
- (h) Provision for impairment mainly includes the impairment on loans granted to third parties and related parties. Set out below are the movements of loss allowance for prepayments and other receivables during the six months ended 30 June 2022:

	Loans to related parties and third parties RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2022			
Opening loss allowance	23,144	10,764	33,908
Increase in the allowance recognised in profit or loss during the period	–	997	997
Reversal of the allowance	–	(130)	(130)
Currency translation difference	943	453	1,396
	<u>24,087</u>	<u>12,084</u>	<u>36,171</u>
Closing loss allowance	<u>24,087</u>	<u>12,084</u>	<u>36,171</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION



19 FINANCIAL ASSETS AT FVPL

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

- (a) This represents the Group's investments in unlisted equity interests. Set out below are the movements of the Group's unlisted equity investments for the six months ended 30 June 2022 and 2021:

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

19 FINANCIAL ASSETS AT FVPL – CONTINUED

(a) – continued

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

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

	Six months ended 30 June	
	2022 RMB’000	2021 RMB’000
Investments in venture capital and private equity funds		
Opening balance as at 1 January	579,440	438,745
Additions (i)	23,345	54,012
Repayment of investments (ii)	(1,874)	(23,314)
Fair value change recognised in consolidated statement of comprehensive income (Note 8)	(3,378)	110,122
Transfer to listed equity securities (Note 5.4)	(3,214)	–
Currency translation difference	21,194	(2,637)
Closing balance as at 30 June	<u>615,513</u>	<u>576,928</u>

(i) During the six months ended 30 June 2022, the Group paid RMB23,345 thousand to subscribe for interests in certain venture capital and private equity funds (six months ended 30 June 2021: RMB54,012 thousand) as a limited partner.

As the Group didn’t have control or significant influence on these funds, the investments were classified as financial assets at FVPL. These funds were established to invest in unlisted companies and to obtain capital appreciation and investment income.

(ii) During the six months ended 30 June 2022, the Group received a cash payment of RMB1,874 thousand (six months ended 30 June 2021: RMB23,314 thousand) from certain venture capital funds for the return of investment principal.



19 FINANCIAL ASSETS AT FVPL – CONTINUED

- (c) This represents the Group’s investments in structured notes. These instruments provide a potential return determined at the pre-determined interest rate or linked to the price of certain listed equity securities at the pre-determined valuation day in future. Set out below are the movements of the Group’s investments in structured notes for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022 RMB’000	2021 RMB’000
Structured notes		
Opening balance as at 1 January	617,862	501,670
Additions	80,404	1,558,954
Disposals	(273,521)	(1,359,433)
Fair value change recognised in consolidated statement of comprehensive income (Note 8)	(108,124)	46,987
Currency translation difference	23,839	(5,476)
	<hr/>	<hr/>
Closing balance as at 30 June	<u>340,460</u>	<u>742,702</u>

- (d) This represents RMB-denominated wealth management products with interest rates ranging from 2.20% to 4.00% per annum and maturity period within 1 year or revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 FINANCIAL ASSETS AT FVPL – CONTINUED

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

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

- (i) The balance represents the Group's investments in ETF mainly in the U.S. stock market. During the six months ended 30 June 2022, the Group recognised a fair value loss of RMB61,123 thousand on the ETF investment (six months ended 30 June 2021: fair value gain of RMB3,119 thousand).
- (ii) The balance represents the Group's private investment fund offered by several internationally reputable financial institutions which mainly invested in the secondary market securities. During the six months ended 30 June 2022, the fair value loss of the investments was RMB11,847 thousand (six months ended 30 June 2021: fair value gain of RMB5,088 thousand).



19 FINANCIAL ASSETS AT FVPL – CONTINUED

(e) – continued

- (iii) The balance represents the Group’s insurance policies offered by certain insurance companies. The policies combined investment arrangements with insurance of the life of the key management and the beneficiary of the insurance policies is the Group. During the six months ended 30 June 2022, a fair value loss of RMB3,963 thousand (six months ended 30 June 2021: fair value gain of RMB4,300 thousand) was recognised in “other (losses)/gains, net”.
- (iv) The Group’s investment in REIT access fund was offered by an internationally reputable financial institution for investors to indirectly invest in the world’s largest real estate income trust. During the six months ended 30 June 2022, the fair value gain of the investment was RMB8,294 thousand (six months ended 30 June 2021: RMB4,338 thousand).
- (v) The balance represents the Group’s investment in a Blackstone private credit access fund, which mainly invested in debt instruments. During the six months ended 30 June 2022, the fair value gain of the investment was RMB896 thousand (six months ended 30 June 2021: RMB339 thousand).
- (f) The balance represents the Group’s investment in two convertible promissory notes issued by a banking services company in April 2020 and January 2021, respectively. The principal and interest of the notes shall be repayable within 24 months unless the Group choose to convert it into equity investment at the pre-determined conversion price. The management designated the notes as financial asset at FVPL. In April 2022, the Group entered into an extension agreement with the banking services company to extend the repayment of one convertible promissory note’s principal for 6 months.
- (g) The balance represents the Group’s investments in listed equity securities, which were mainly in the U.S. stock market. During the six months ended 30 June 2022, the fair value loss of the investment was RMB47,653 thousand (six months ended 30 June 2021: fair value gain of RMB2,582 thousand).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Current assets	11,991	494
Current liabilities	(8,616)	(4,820)

- (a) As at 30 June 2022, the Group's derivative financial instruments are mainly options, and 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 RMB5,486 thousand (Note 8) was recognised in profit or loss for the six months ended 30 June 2022 (six months ended 30 June 2021: fair value loss of RMB12,066 thousand).

21 TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
US\$ term deposits	–	54,560
RMB term deposits	20,274	–
	<u>20,274</u>	<u>54,560</u>



22 CASH AND CASH EQUIVALENTS

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Cash at bank and on hand	597,548	487,266
Short-term bank deposits	56,000	96,544
Cash at other financial institutions	15,904	9,509
	<u>669,452</u>	<u>593,319</u>
Total cash and cash equivalents	<u>669,452</u>	<u>593,319</u>
Maximum exposure to credit risk	<u>669,452</u>	<u>593,319</u>

23 BORROWINGS

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

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions to finance its certain investments in financial assets. The total available amount under the current facilities is USD207,013 thousand, of which USD65,059 thousand, have been drawn down as at 30 June 2022. The borrowings were secured by the Group's investments in financial assets at FVPL (Note 19(c)&(e)).

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 TRADE PAYABLES

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

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

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



25 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Payable for purchase of financial instruments (i)	23,730	3,468
Staff costs and welfare accruals	7,989	12,409
Marketing and administrative expense accruals	3,804	3,563
Audit expenses payable	2,040	2,482
VAT & Other tax liabilities	3,843	2,959
Professional and consultancy fee	285	519
Human resource outsourcing service fee payable	656	2,166
Amount due to related parties (Note 31(c))	37	37
Individual income tax of RSUs	11,426	10,443
Capital contribution payable	–	1,913
Others	7,918	5,775
	<u>61,728</u>	<u>45,734</u>

- (i) This balance mainly represents payables for purchase of ETF and listed equity securities, for which the purchase orders were placed by the Group while the payment had not been made as of 30 June 2022 and 31 December 2021.
- (ii) The carrying amounts of other payables are considered to approximate their fair values due to their short-term nature.

26 DISCONTINUED OPERATIONS

(a) Description

In December 2020, the Group entered into an agreement to sell the remaining 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 Internet Technology Company Limited ("Shanghai Benqu"), for a total consideration of RMB256,000 thousand. The transaction was completed in April 2021. The subsidiaries were reported as discontinued operations in the condensed consolidated financial information for the six months ended 30 June 2021. Financial information relating to the discontinued operations is set out below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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.

	Four months ended 30 April 2021 RMB'000
Discontinued operations	
Revenue	17,641
Cost of revenue	(8,969)
	<hr/>
Gross profit from discontinued operations	8,672
Selling and marketing expenses	(1,030)
Administrative expenses	(1,372)
Research and development expenses	(935)
Other gains, net	1,169
	<hr/>
Operating profit	6,504
Finance income, net	3
	<hr/>
Profit before income tax	6,507
Income tax	(613)
	<hr/>
Profit after income tax of discontinued operation	5,894
Gain on disposal of discontinued operations after income tax (see (c) below)	45,747
	<hr/>
Profit from discontinued operations	<u>51,641</u>
Net cash inflow from operating activities	(116)
Net cash outflow used in investing activities	3,283
Net cash inflow from financing activities	–
	<hr/>
Net decrease in cash generated by the subsidiaries	<u>3,167</u>



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
	<hr/>
Total disposal consideration	256,000
	<hr/>
Carrying amount of net assets sold	(294,181)
Derecognition of non-controlling interest of the subsidiaries	116,652
	<hr/>
Gain on disposal before income tax	78,471
Income tax expense on disposal	(32,724)
	<hr/>
Gain on disposal after income tax	45,747
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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
	<hr/>
Total assets	300,546
	<hr/> <hr/>
Non-current liabilities	
Deferred income tax liabilities	581
Current liabilities	
Trade payables	913
Other payables and accruals	4,796
Lease liabilities	75
	<hr/>
Total liabilities	6,365
	<hr/> <hr/>
Net assets of the discontinued operations	294,181
	<hr/> <hr/>



27 SHARE CAPITAL, SHARE PREMIUM AND TREASURY STOCK

	Number of Shares	Share capital		Share premium RMB'000	Treasury stock RMB'000
		US\$'000	RMB'000		
At 1 January 2022	1,267,914,162	126.78	779	1,721,242	(32,471)
Employees RSU scheme:					
– shares vested and transferred (b)	–	–	–	(8)	8
Repurchase of ordinary shares (c)	–	–	–	–	(21,277)
At 30 June 2022	1,267,914,162	126.78	779	1,721,234	(53,740)
At 1 January 2021	1,281,076,162	128.09	795	1,762,930	–
Employees share option scheme:					
– proceeds from share issued (a)	363,000	0.04	–	168	–
Employees RSU scheme:					
– shares issued for RSU Scheme (b)	25,200,000	2.52	16	–	(16)
Cancellation of ordinary shares	(39,725,000)	(3.97)	(24)	(42,235)	–
At 30 June 2021	1,266,914,162	126.68	787	1,720,863	(16)

- (a) Employees share options scheme: options exercised during the six months ended 30 June 2021 resulted in 363,000 ordinary shares being issued with exercise proceeds of approximately RMB168 thousand. The related weighted average price at the time of exercise was HK\$1.2193 per share.
- (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% were vested in March 2022. The shares held for Post-IPO RSU Scheme were deducted from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

All of these shares were vested and transferred to the grantees as of 30 June 2022.

- (c) During the six months ended 30 June 2022, the Company repurchased 28,773,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited with total cash consideration of HK\$26,161 thousand (approximately RMB21,277 thousand). As at 30 June 2022, all of these ordinary shares were recorded as treasury stock.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

28 OTHER RESERVES

	Statutory Reserves	Share-based Compensation Reserve	Translation Differences	Change in the fair value of owner-occupied property	Changes in ownership interests in subsidiaries without change of control	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance at 1 January 2022	155,690	294,358	(44,532)	4,759	149,494	1,813	561,582
Employees RSU scheme:							
– value of employee services	-	1,659	-	-	-	-	1,659
Currency translation differences	-	-	99,611	-	-	-	99,611
Closing balance at 30 June 2022	155,690	296,017	55,079	4,759	149,494	1,813	662,852
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	-	8,139	-	-	-	-	8,139
Disposal of discontinued operations	(2,498)	-	-	-	-	-	(2,498)
Derecognition of redemption liabilities	-	-	-	-	238,729	-	238,729
Currency translation differences	-	-	(20,164)	-	-	-	(20,164)
Closing balance at 30 June 2021	153,838	285,570	(17,906)	1,579	151,406	1,813	576,300



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 2022		4,320,895		2,827,000	7,147,895
Lapsed	US\$0.3500	(2,700)		-	(2,700)
At 30 June 2022		<u>4,318,195</u>		<u>2,827,000</u>	<u>7,145,195</u>
At 1 January 2021		6,622,720		2,852,000	9,474,720
Exercised	US\$0.0721	(363,000)	N/A	-	(363,000)
Lapsed	US\$0.3382	(151,700)	N/A	-	(151,700)
At 30 June 2021		<u>6,108,020</u>		<u>2,852,000</u>	<u>8,960,020</u>

As at 30 June 2022, 7,145,195 share options were outstanding and exercisable (30 June 2021: 8,960,020).

During the six months ended 30 June 2022 and 2021, no share options were granted to any directors of the Company.

As a result of the options exercised during the six months ended 30 June 2021, 363,000 ordinary shares were issued by the Company (Note 27). The weighted average price of the shares at the time these options were exercised was HK\$1.2193 per share.

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.

On 31 March 2021, the Company issued 25,200,000 ordinary shares to a third party agent for the purpose of granting Post-IPO RSUs to certain employees under the Post-IPO RSU Scheme. Pursuant to the vesting schedule, 50% of these newly issued shares were vested in September 2021, and the remaining 50% were vested in March 2022. The fair value of Post-IPO RSUs granted was HK\$0.89 per share (equivalent to approximately RMB0.74 per share).

Movements of the number of outstanding RSUs during the six months ended 30 June 2022 and 2021 are as follows:

	Number of Post-IPO RSUs
At 1 January 2022	12,600,000
Vest and transfer	<u>(12,600,000)</u>
At 30 June 2022	<u>–</u>
At 1 January 2021	–
Granted	<u>25,200,000</u>
At 30 June 2021	<u>25,200,000</u>



29 SHARE-BASED PAYMENTS – CONTINUED

(c) Fair value of share options and RSUs

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

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

Fair value of share options

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

The 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.

Other than the exercise price mentioned above, significant estimates on parameters, such as risk-free rate, dividend yield and expected volatility, made by the directors in applying the Binominal Model, are also taken into consideration.

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.

(d) Shares held for RSU Scheme

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 DEFERRED INCOME TAX

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

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

As at 30 June 2022, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB414,923 thousand (31 December 2021: RMB425,316 thousand). Such earnings are expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

31 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 periods presented.

Company	Relationship	Period of related party relationship
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



31 RELATED PARTY TRANSACTIONS – CONTINUED

(b) Significant transactions with related parties

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(i) Other revenue generated from related parties: Hangzhou Xihe Information Technology Co., Ltd	<u>198</u>	<u>209</u>

(c) Balances with related parties

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
	(i) Receivables from related parties	
Prepayments and other receivables		
Tghy Trustrock Private Ltd.	14,290	13,575
Engge Technology Holdings Limited	<u>2,865</u>	<u>2,739</u>
	17,155	16,314
Less: allowance for impairment	<u>(17,155)</u>	<u>(16,314)</u>
	<u>–</u>	<u>–</u>
(ii) Payables to related parties		
Other payables		
Hangzhou Xihe Information Technology Co., Ltd	<u>37</u>	<u>37</u>
Customer advance		
Hangzhou Xihe Information Technology Co., Ltd	<u>125</u>	<u>–</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

32 CONTINGENCIES

The Group had no material contingent liabilities outstanding as at 30 June 2022.

33 COMMITMENT

(a) Capital commitments

The Group had no significant capital expenditure contracted for but not recognised as liabilities as at 30 June 2022 and 31 December 2021.

(b) Non-cancellable operating lease

The Group leases office buildings and servers under non-cancellable operating leases. As at 30 June 2022 and 31 December 2021, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Within 1 year	<u>590</u>	<u>952</u>

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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