



Tian Ge Interactive Holdings Limited  
天鵝互動控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock Code : 1980

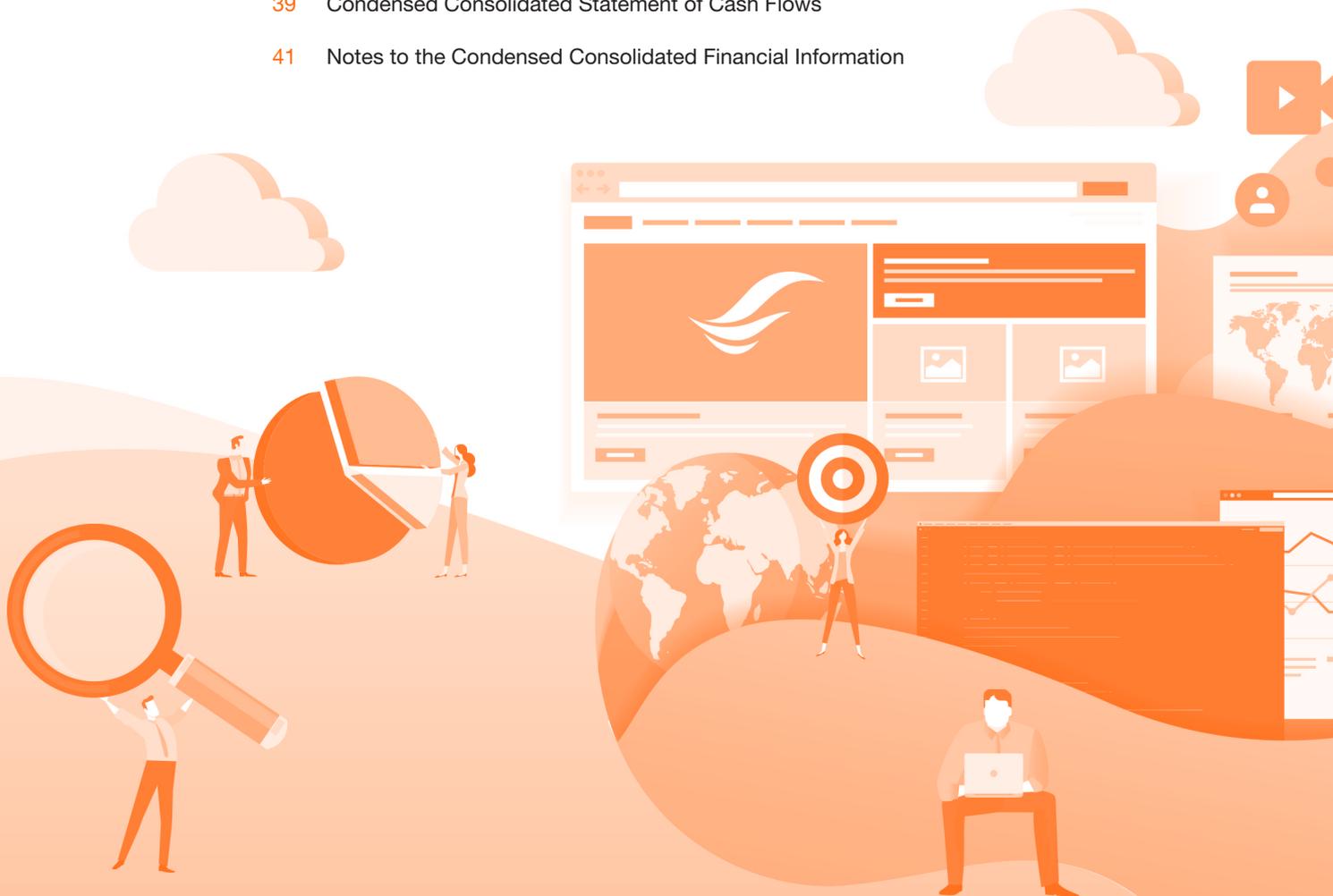


**2021**  
**INTERIM REPORT**

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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 Vietnam, etc. The wide acceptance of live streaming mobile applications allows Tian Ge to fully capture the opportunities arising from the rapidly growing demand for mobile entertainment in China, Asia and the rest of the world, which also creates synergistic effects with Tian Ge’s live social video businesses.

**BOARD OF DIRECTORS****Executive Directors**

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

**Non-executive Directors**

Mr. Xiong Xiangdong  
Ms. Cao Fei

**Independent Non-executive Directors**

Mr. Lam Yiu Por  
Mr. Yang Wenbin  
Mr. Chan Wing Yuen Hubert

**CHIEF EXECUTIVE OFFICER**

Mr. Zhao Weiwen

**JOINT COMPANY SECRETARIES**

Mr. Chen Shi  
Ms. Ng Sau Mei

**AUTHORISED REPRESENTATIVES**

Mr. Fu Zhengjun  
Ms. Ng Sau Mei

**AUDIT COMMITTEE**

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

**REMUNERATION COMMITTEE**

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

**NOMINATION COMMITTEE**

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

**REGISTERED OFFICE**

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

**HEADQUARTERS**

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No. 17-1 Chuxin Road  
Gongshu District  
Hangzhou, PRC

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

31/F, Tower Two, Times Square  
1 Matheson Street  
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  
KY1-1205  
Cayman Islands



## CORPORATE INFORMATION

### HONG KONG SHARE REGISTRAR

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

### LEGAL ADVISERS

As to Hong Kong laws:  
DLA Piper Hong Kong  
25th Floor, Three Exchange Square  
8 Connaught Place  
Central  
Hong Kong

### AUDITOR

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

### STOCK CODE

1980

### COMPANY'S WEBSITE

[www.tiange.com](http://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, 2021 (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 below financial information are from continuing operations)

	Unaudited		
	Six months ended		
<i>(in RMB'000)</i>	June 30, 2021	June 30, 2020	Year-on-Year <sup>(1)</sup> Change
Revenue	116,404	185,146	-37.1%
– Online interactive entertainment service	113,409	184,020	-38.4%
– Others	2,995	1,126	166.0%
Gross Profit	105,196	171,088	-38.5%
Gross Profit Margin	90.4%	92.4%	
Net Profit	122,138	31,394	289.0%
Net Profit Margin	104.9%	17.0%	
Earnings per share (expressed in RMB per share)			
– basic	0.097	0.026	273.1%
– diluted	0.096	0.026	269.2%
Adjusted Net Profit <sup>(2)</sup>	34,461	48,524	-29.0%
Adjusted Net Profit Margin <sup>(3)</sup>	29.6%	26.2%	
Adjusted EBITDA <sup>(4)</sup>	49,292	63,521	-22.4%
Adjusted EBITDA Margin	42.3%	34.3%	

(1) Year-on-Year change represents a comparison between the current reporting period and the corresponding period of last year.

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

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

(4) Adjusted EBITDA was derived from the unaudited operating profit from continuing operations for the period, excluding the effect of non-cash share-based compensation expenses, net gains or losses from investee companies, amortization of intangible assets arising from acquisitions and depreciation and amortization.

### BUSINESS OVERVIEW AND OUTLOOK

During the first half of 2021, due to the continuous influence of the novel coronavirus (“COVID-19”) all over the world, the macro-economy and various industries have been impacted with varying degrees of severity. Meanwhile, with the intensified roll-out of regulatory measures and policies for the standardisation and healthy development of the mobile Internet industry in the PRC, the fierce competition and strict supervision in the mobile Internet industry continued, and the development of live streaming business tended to slow down. In the face of the industry development trend and the competition in the market, Tian Ge adhered to its core business, optimised its platform with innovative contents and strove to expand into overseas markets to promote the sustainable development of the business of the Group.

#### *Overall Financial Performance*

In the first half of 2021, the Company and its subsidiaries (excluding the disposal entities) engaged in online interactive entertainment and others (the “Continuing Group”) recorded a revenue which decreased by 37.1% year-on-year to RMB116.4 million from the corresponding period of 2020. Revenue derived from online interactive entertainment decreased by 38.4% year-on-year to RMB113.4 million from the corresponding period of 2020.

In the first half of 2021, profit attributable to owners of the Company from continuing operations increased by 272.5% year-on-year to RMB123.2 million; net profit from continuing operations increased by 289.0% year-on-year to RMB122.1 million; adjusted net profit decreased by 29.0% year-on-year to RMB34.5 million, and adjusted EBITDA decreased by 22.4% year-on-year to RMB49.3 million.

#### *Business Highlights*

##### *“Mobile + PC” Dual Live Streaming*

As one of the pioneers in the live streaming industry of the PRC, Tian Ge has continued to adhere to the development strategy of “Mobile + PC” dual live streaming. During the first half of 2021, the Group continued the optimization and development of its core platforms to improve user experience and interactivity, including the upgrade of functions such as “host PK” and “one-on-one audio/video chat”, which has further enhanced the richness and interactivity of the live streaming platforms, strengthened the innovative advantages of the products and contents, driven the growth of platform users.

##### *Overseas Expansion*

Overseas expansion is one of the Group’s important development strategies. During the Reporting Period, Tian Ge has pushed ahead with its overseas development despite the severe epidemic situation overseas. The Group continued to maintain a clear overseas market expansion strategy by replicating and promoting the successful domestic business models to overseas markets. During the Reporting Period, the Group’s overseas business and various products had been developing well. Among the products, “Mlive”, the overseas version of Tian Ge’s flagship product – “Miao Broadcasting”, and “Bunny Live”, a new live streaming platform mainly targeting the Vietnamese market, continued to be well received by users in the Southeast Asian market.

### *Financial Investments*

#### Structured Notes Investments

During the first half of 2021, Tian Ge further used the idle capital of the Group to make overseas financial investments to maintain stable asset appreciation. The Group is optimistic about the rate of return on international structured notes investment. The Group continues to monitor the market trends and seek potential investment opportunities. The structured notes investment has achieved good investment gain of RMB47 million in the first half of 2021.

#### Venture Capital and Private Equity Funds

The Group also closely tracks the development of intelligent hardware, self-driving car, industrial internet, intelligent wearable devices, SQL database, multi-channel Network and actively invests in venture capital and private equity funds which invest in these industries, which resulted in significant investment gain with amount of RMB110 million in the first half of 2021.

### *Prospect and Future Outlook*

According to the China Internet Development Report (2021), by the end of 2021, the number of Internet users in the PRC will be 989 million, the Internet penetration rate will reach 70.4% and the total number of mobile Internet users will exceed 1.6 billion; the number of 5G network users will exceed 160 million, accounting for approximately 89% of the total number of 5G users worldwide. With the accelerated development of 5G and the gradual improvement of the technology platform ecology such as VR, the technology of high-speed and low-latency empowers the live streaming industry with more room for development and imagination.

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

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

The Group will spare no effort in optimising its structure, continuously grasp new opportunities, solidify the leading position and core strengths of the Group, maximise the core strengths and revenues of the Group, and continuously seek new investment opportunities to create sustainable profits for shareholders.

### *Changes since December 31, 2020*

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, 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. OPERATING INFORMATION

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

	Three months ended				
	June 30, 2021	March 31, 2021	Quarter- on-quarter change	June 30, 2020	Year-on- year change
Total Monthly Active Users ( <i>in '000</i> )*	4,790	8,604	-44.3%	14,809	-67.7%
Quarterly Paying Users ( <i>in '000</i> )	217	263	-17.5%	407	-46.7%
Quarterly Average Revenue Per User ( <i>RMB</i> )	247	223	10.8%	214	15.4%
Number of Rooms	35,177	39,042	-9.9%	46,472	-24.3%
Number of Hosts	63,729	83,381	-23.6%	106,006	-39.9%

\* Since Wuta Camera has been announced for sale, the amount of monthly active users reflects the number of live streaming users, which excludes the number of beauty camera and video users.

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

- For the three months ended June 30, 2021, the total number of monthly active users ("MAUs") for Tian Ge was approximately 4.8 million, representing a decrease of approximately 44.3% from the three months ended March 31, 2021 and representing a decrease of approximately 67.7% from the three months ended June 30, 2020. The decrease was mainly due to the streamlining of the live-streaming platforms and the reduction of promotional activities on the live-streaming websites.
- Our mobile MAUs as at June 30, 2021 represented 96.1% of our total MAUs, while the percentage as at March 31, 2021 and June 30, 2020 were 97.7% and 97.0% respectively.
- The number of quarterly paying users ("QPUs") for Tian Ge's online interactive entertainment service for the three months ended June 30, 2021 was approximately 217,000, representing a decrease of approximately 17.5% from the three months ended March 31, 2021 and representing a decrease of approximately 46.7% from the three months ended June 30, 2020. This was primarily due to the increased industry competition which led to a decrease in the number of platform paying users.
- Our mobile QPUs as at June 30, 2021 represented 83.1% of our total QPUs, while the percentage as at March 31, 2021 and June 30, 2020 were 81.6% and 80.5%, respectively.
- The quarterly average revenue per user ("QARPU") for Tian Ge's online interactive entertainment service for the three months ended June 30, 2021 was RMB247, representing an increase of approximately 10.8% from the three months ended March 31, 2021 and represented an increase of approximately 15.4% from the three months ended June 30, 2020.

- Number of virtual rooms for Tian Ge’s online interactive entertainment service decreased by 9.9% as compared to the three months ended March 31, 2021 and decreased by 24.3% from the three months ended June 30, 2020. The decrease was primarily due to the cleanup of rooms without consumption and anchors. Number of hosts for Tian Ge’s online interactive entertainment service decreased by 23.6% as compared to the three months ended March 31, 2021 and representing a decrease of 39.9% from the three months ended June 30, 2020.
- The total number of registered users\* of Tian Ge as at June 30, 2021 was 466 million, as compared to 459 million as at June 30, 2020.

\* Registered users refer to the cumulative number of users who have registered accounts on our live social video platform, and do not exclude repeated registered users.

## 2. FINANCIAL INFORMATION

### Revenue

The Continuing Group’s revenue generated from online interactive entertainment service decreased by 38.4% to RMB113.4 million for the six months ended June 30, 2021 from RMB184.0 million for the corresponding period in 2020. The year-on-year decrease was primarily due to the intensified industry competition which led to a decrease in the number of platform paying users.

The Continuing Group’s revenue generated from “Others” mainly includes the revenue from technical supporting services and other services. Revenue generated from “Others” for the six months ended June 30, 2021 increased by 166.0% to RMB3.0 million from the corresponding period in 2020 which was primarily due to the increased revenue from technical supporting services related to overseas live streaming business.

### Cost of Revenue and Gross Profit Margins

The Continuing Group’s cost of revenue experienced a decrease of 20.3% for the six months ended June 30, 2021 from the corresponding period in 2020. The year-on-year decrease was primarily due to the reduction of bandwidth and server custody fees.

The Continuing Group’s gross margin for the six months ended June 30, 2021 was 90.4%, compared with 92.4% for the corresponding period in 2020.

### Selling and Marketing Expenses

The Continuing Group’s selling and marketing expenses for the six months ended June 30, 2021 remained stable as compared with the corresponding period in 2020.

### Administrative Expenses

The Continuing Group’s administrative expenses for the six months ended June 30, 2021 remained stable as compared with the corresponding period in 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Research and Development Expenses

The Continuing Group's research and development expenses for the six months ended June 30, 2021 remained stable as compared with the corresponding period in 2020.

### Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

The Continuing Group's reversal of impairment losses on financial assets, net for the six months ended June 30, 2021 was RMB1.0 million which was primarily due to the reversal of previous impairment losses on receivables and loans.

The Continuing Group's net impairment losses on financial assets, net for the six months ended June 30, 2020 was RMB5.6 million which was primarily due to the impairment loss on other receivables and loans.

### Other Gains, Net

The Continuing Group's other gains, net experienced an increase of 2,065.1% for the six months ended June 30, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the substantial growth of fair value gains on venture capital and private equity funds and structured notes.

### Income Tax Expense

The Continuing Group's income tax expense experienced a decrease of 13.2% for the six months ended June 30, 2021 from the corresponding period in 2020. The year-on-year decrease was primarily due to the decrease of enterprise income tax as a result of the decline of profit before tax from PRC subsidiaries.

### Profit attributable to owners of the Company

The Continuing Group's profit attributable to owners of the Company experienced an increase of 272.5% for the six months ended June 30, 2021 from the corresponding period in 2020. The year-on-year increase was primarily due to the significant growth of net fair value gains on financial assets while be partially offset by the decrease of gross profit.

### Non-IFRS Presentation

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

**ADJUSTED CONDENSED CONSOLIDATED STATEMENT OF PROFIT**

(FOR THE SIX MONTHS ENDED JUNE 30, 2021)

	Continuing operations		Discontinued operations		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	116,404	185,146	17,641	23,886	134,045	209,032
Cost of revenue	(11,208)	(14,058)	(8,969)	(10,201)	(20,177)	(24,259)
<b>Gross profit</b>	<b>105,196</b>	<b>171,088</b>	<b>8,672</b>	<b>13,685</b>	<b>113,868</b>	<b>184,773</b>
Selling and marketing expenses	(55,244)	(55,354)	(1,030)	(4,033)	(56,274)	(59,387)
Administrative expenses	(46,727)	(46,213)	(1,372)	(1,699)	(48,099)	(47,912)
Research and development expenses	(37,063)	(35,533)	(935)	(2,181)	(37,998)	(37,714)
Reversal of impairment losses/ (impairment losses) on financial assets, net	1,024	(5,601)	-	-	1,024	(5,601)
Other gains, net	167,316	7,728	1,169	967	168,485	8,695
<b>Operating profit</b>	<b>134,502</b>	<b>36,115</b>	<b>6,504</b>	<b>6,739</b>	<b>141,006</b>	<b>42,854</b>
Finance income	1,866	6,421	5	10	1,871	6,431
Finance costs	(2,348)	(483)	(2)	-	(2,350)	(483)
Finance income/(costs), net	(482)	5,938	3	10	(479)	5,948
Share of profit/(losses) of investments accounted for using the equity method	(409)	2,566	-	-	(409)	2,566
<b>Profit before income tax</b>	<b>133,611</b>	<b>44,619</b>	<b>6,507</b>	<b>6,749</b>	<b>140,118</b>	<b>51,368</b>
Income tax expense	(11,473)	(13,225)	(613)	(1,186)	(12,086)	(14,411)
<b>Profit after income tax</b>	<b>122,138</b>	<b>31,394</b>	<b>5,894</b>	<b>5,563</b>	<b>128,032</b>	<b>36,957</b>
Gain on disposal of subsidiary after income tax	-	-	45,747	-	45,747	-
<b>Profit for the period</b>	<b>122,138</b>	<b>31,394</b>	<b>51,641</b>	<b>5,563</b>	<b>173,779</b>	<b>36,957</b>
<b>Other comprehensive income</b>						
Items that may be reclassified to profit or loss						
Currency translation differences	(20,164)	18,997	-	-	(20,164)	18,997
<b>Total comprehensive income for the year</b>	<b>101,974</b>	<b>50,391</b>	<b>51,641</b>	<b>5,563</b>	<b>153,615</b>	<b>55,954</b>
<b>Profit attributable to:</b>						
- Owners of the Company	123,163	33,066	48,764	2,848	171,927	35,914
- Non-controlling interests	(1,025)	(1,672)	2,877	2,715	1,852	1,043
	<b>122,138</b>	<b>31,394</b>	<b>51,641</b>	<b>5,563</b>	<b>173,779</b>	<b>36,957</b>

### Non-IFRS Measures

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

### Adjusted EBITDA

Adjusted EBITDA decreased by 22.4% year-on-year for the six months ended June 30, 2021 from the corresponding period in 2020. Adjusted EBITDA margin was 42.3% for the six months ended June 30, 2021, compared to 34.3% for the corresponding period in 2020.

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

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

<i>(in RMB'000)</i>	Unaudited	
	Six months ended	
	June 30, 2021	June 30, 2020
Operating Profit	134,502	36,115
Share-based compensation expense	8,139	15,320
Net (gains)/losses from investee companies <sup>(a)</sup>	(104,059)	2,643
Amortization of intangible assets arising from acquisitions	400	100
Depreciation and amortization expense	10,310	9,343
<b>Adjusted EBITDA</b>	<b>49,292</b>	<b>63,521</b>

Note:

- (a) Represents net gains or losses from disposal of the investments accounted for using equity method and fair value change of certain financial assets measured at fair value through profit or loss, including investments in venture capital and private equity funds, unlisted equity investments and convertible promissory notes.

### Adjusted Net Profit

Adjusted net profit decreased by 29.0% year-on-year for the six months ended June 30, 2021 from the corresponding period in 2020.

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

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

<i>(in RMB'000)</i>	Unaudited	
	Six months ended	
	June 30, 2021	June 30, 2020
<b>Net Profit from continuing operations</b>	122,138	31,394
Share-based compensation expense	8,139	15,320
Net (gains)/losses from investee companies <sup>(a)</sup>	(104,059)	2,643
Amortization of intangible assets arising from acquisitions	400	100
Income tax effects of the non – IFRS adjustments	7,843	(933)
<b>Adjusted Net Profit</b>	<b>34,461</b>	<b>48,524</b>

Note:

- (a) Represents net gains or losses from disposal of the investments accounted for using equity method and fair value change of certain financial assets measured at fair value through profit or loss, including investments in venture capital and private equity funds, unlisted equity investments and convertible promissory notes.

### 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, 2021 and December 31, 2020 amounted to RMB814.7 million and RMB973.3 million, respectively. All cash at bank balances as of these dates were demand deposits and term deposits with initial terms of less than three months. The Group had term deposits with initial terms of over three months of RMB42.0 million and RMB263.6 million as at June 30, 2021 and December 31, 2020, respectively.

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

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

Financial assets at FVPL increased by 56.8% to RMB2,386.7 million as at June 30, 2021 compared to RMB1,521.7 million as at December 31, 2020. Such increase was mainly attributable to an increase of RMB414.3 million in investments in other financial instruments, an increase of RMB241.0 million in investments in structured notes, an increase of RMB138.2 million in Fund Investments, an increase of RMB29.9 million in Private Investments, an increase of RMB23.8 million in purchase of wealth management products, an increase of RMB13.0 million in convertible promissory notes and an increase of RMB4.8 million in listed equity securities. The following is a breakdown of the seven main categories as at the periods specified:

	As at June 30, 2021 (RMB'000)	As at December 31, 2020 (RMB'000)	Percentage increase/ (decrease)
(i) Structured notes	742,702	501,670	48.0%
(ii) Other financial instruments	582,925	168,659	245.6%
(iii) Fund Investments	576,928	438,745	31.5%
(iv) Private Investments	290,411	260,487	11.5%
(v) Investments in wealth management products	156,789	132,950	17.9%
(vi) Convertible promissory notes	20,830	7,820	166.4%
(vii) Listed equity securities	16,151	11,390	41.8%
<b>Total</b>	<b>2,386,736</b>	<b>1,521,721</b>	<b>56.8%</b>



### Structured notes

The fair value of the structured notes invested by the Group increased by 48.0% to RMB742.7 million as at June 30, 2021 compared to RMB501.7 million as at December 31, 2020, which was primarily due to the Group's new acquisition of structured notes, and net fair value gain of RMB47.0 million during the Reporting Period. The structured notes are issued by several world-class commercial banks, which provide a potential return determined at pre-determined interest rate or linked with the price of certain listed equity securities at predetermined valuation day in future. The structured notes were purchased via an asset management company which provides discretionary investment services to the Company. Please refer to the Company's announcements dated March 2, 2020 and September 3, 2020, and the Company's circular dated October 29, 2020 for details in relation to the discretionary account agreements.

Further details are set out in note 19 to the condensed consolidated financial information.

### Other financial instruments

The fair value of other financial instruments invested by the Group increased by 245.6% to RMB582.9 million as at June 30, 2021 compared to RMB168.7 million as at December 31, 2020.

The other financial instruments the Group invested were offered by several international financial institutions. For the six months ended June 30, 2021, the Group recognised a fair value gain of RMB17.6 million (2020: a fair value loss of RMB1.1 million) on these investments.

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

### Fund Investments

As of June 30, 2021, the Group had investment interests in fourteen venture capital and private equity funds, of which its investments in Shanghai Yunqi Wangchuang Asset Management Center (Limited Partnership) (上海雲奇網創資產管理中心(有限合夥)) and Nanjing Yunzhou Venture Capital Investment Center (Limited Partnership) (南京雲周創業投資中心(有限合夥)) ("Yunqi Investments") constitute connected transactions to the Company. The principal investment objectives of these two funds include generating capital returns primarily through equity and equity-related investments in companies that operate TMT-related businesses in the PRC, including but not limited to intelligent hardware, SQL database, industrial Internet and big data. For further details, please refer to the announcements issued by the Company on January 28, 2016, January 7, 2019 and January 22, 2019.

The historical aggregate investment amount in these fourteen venture capital and private equity funds was RMB301.9 million as at June 30, 2021. The fair value of these Fund Investments increased by 31.5% to RMB576.9 million as at June 30, 2021 compared to RMB438.7 million as at December 31, 2020, which was mainly due to the Group's new acquisition of RMB54.0 million and net fair value gain of RMB110.1 million during the Reporting Period.

Save for the Yunqi Investments, 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, 2021.

## Private Investments

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

Investment Category	Historical transaction amount (RMB'000)	Percentage of equity interest	Fair value of investments as of June 30, 2021	Fair value of investments as of December 31, 2020	Percentage increase/ (decrease)
			(RMB'000)	(RMB'000)	
(i) 1 social live streaming company <sup>(1)</sup>	100,000	1.704%	100,000	100,000	-
(ii) 2 online/mobile gaming companies	41,627	3.5%-3.8%	94,852	94,852	-
(iii) 1 real-estate and office building rental company	18,039	10%	18,039	18,220	(1.0%)
(iv) 1 commercial bank company	7,106	19.3%	13,636	11,000	24.0%
(v) 2 financial technology companies	17,179	6%-19%	17,179	17,200	(0.1%)
(vi) 1 advertising company	8,325	0.5%	8,325	-	-
(vii) 1 e-commerce company	19,000	1.67%	19,000	-	-
(viii) 1 medicine development company	19,380	0.46%	19,380	-	-

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, 2021.

## Investments in wealth management products

The Group regularly utilizes its idle funds to subscribe for wealth management products through Internet banking from commercial banks in order to earn interest. The fair value of the wealth management products subscribed by the Group increased by 17.9% to RMB156.8 million as at June 30, 2021 compared to RMB133.0 million as at December 31, 2020.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2.14% to 3.70% per annum and maturity period within 1 year or revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC. The underlying investments under 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, asset-backed securities, capital borrowing, reverse repurchase, bank deposits, and investment trust schemes, asset management schemes and other financial assets.



### Convertible promissory notes

The fair value of convertible promissory notes invested by the Group increased by 166.4% to RMB20.8 million as at June 30, 2021 compared to RMB7.8 million as at December 31, 2020 mainly due to the additional investment of RMB13.0 million. The convertible promissory notes were issued by a banking services company. The principal and interest of the notes shall be repayable within 24 months unless the Group chooses to convert it into equity investment at the pre-determined conversion price.

### Redemption Liabilities

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

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

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

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

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

The details are set out in note 26 to the condensed consolidated financial information.

### Bank Loans and Other Borrowings

Since 2020, the Group has entered into a few loan facilities with certain internationally reputable financial institutions for financing its investments in certain financial assets. The total available amount under the current facilities is USD143.3 million, of which USD61.5 million, HKD0.3 million and RMB0.1 million have been drawn down as at June 30, 2021. The borrowings were secured by the Group's investments in financial assets at FVPL.

The details of interest rate of the borrowings are set out in note 23 to the condensed consolidated financial information.

### Gearing Ratio

The gearing ratio as at June 30, 2021 was 12.6% compared with 4.9% as at December 31, 2020.

The Group's borrowings increased to RMB397.6 million as at June 30, 2021 compared to RMB141.4 million as at December 31, 2020, which resulted in the increase in gearing ratio. The purpose of the borrowing is for financing the Group's investments in certain financial assets.

### Capital Expenditures

For the six months ended June 30, 2021, the Group's capital expenditures were approximately RMB15.9 million which were related to the purchase of and prepayment for property and equipment, intangible assets and other non-current assets.

### Major Investments and Disposals

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

### Charges on Assets

As at June 30, 2021, the Group did not have any asset charges.

### Contingencies

In July 2019, the Group entered into agreements with some lessors to lease certain land overseas. In August 2019, a lawsuit was lodged by a third party against one of the lessors and the Group, alleging that it has the right to lease the land based on the option agreement entered into with the lessor. As at June 30, 2021, the matter was still being considered by the court. Legal advice indicated that it is not probable that a significant liability will arise and therefore the Group did not recognise a provision in relation to this lawsuit as at June 30, 2021.

### Foreign Exchange Risk

Most of our subsidiaries' functional currencies are RMB, as the majority of the revenues of these companies are derived from our operations in the PRC. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets as at June 30, 2021. We do not hedge against any fluctuation in foreign currency.



## 4. CORPORATE INFORMATION

### Staff

The Company had 373 full time employees as at June 30, 2021. Tian Ge's success depends on its ability to attract, retain and motivate qualified personnel. The Company adopts high standards in recruitment with strict procedures to ensure the quality of new hiring and use various methods for recruitment, including campus recruitment, online recruitment, internal recommendation and recruiting through hunting firms or agents, to satisfy the demand for different types of talents. Moreover, the Company provides a robust training program for new employees in order to effectively equip them with the skill sets and work ethics which are necessary to succeed at Tian Ge.

Relevant staff cost was RMB65.7 million for the six months ended June 30, 2021, compared with staff cost of RMB66.1 million for the six months ended June 30, 2020. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and discretionary incentive.

The Company's employees 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 six months ended June 30, 2021.

### 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 six months ended June 30, 2021 were RMB8.1 million, as compared to RMB15.3 million for the corresponding period in 2020.

As at June 30, 2021, options representing a total of 8,960,020 shares were outstanding. If all such options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our shareholders of approximately 0.70% as at June 30, 2021. However, as the options are exercisable over a 10-year period from the date of grant, any such dilutive effect on earnings per share may be staggered over several years.

On March 31, 2021, the Company granted restricted share units in respect of a total of 25,200,000 ordinary shares of the Company of US \$0.0001 each to the grantees under the Post-IPO RSU Scheme, which represented approximately 1.99% of the total ordinary shares of the Company as at June 30, 2021.

As of June 30, 2021, the total number of shares underlying the Pre-IPO RSU Scheme and Post-IPO RSU Scheme represented approximately 4.45% of the total ordinary shares of the Company.

### 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. During the six months ended June 30, 2021, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

### 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. In the previous financial year, Mr. Fu Zhengjun was in breach of Rules A.3 and B.8 of the Model Code for one transaction involving 1,000,000 shares of the Company due to an inadvertent mistake involving miscommunication with his financial intermediary. 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, 2021.

### DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2021.

### AUDIT COMMITTEE

The Board has established an Audit Committee, which comprises three independent non-executive Directors, namely Mr. Lam Yiu Por (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, 2021.

### CHANGES TO DIRECTORS’ INFORMATION

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

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

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

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

During the six months ended June 30, 2021, the Company has repurchased a total of 39,725,000 shares on the Stock Exchange with an aggregate amount of HK\$51,256,840. As at the date of this report, all shares repurchased during the six months ended June 30, 2021 were cancelled. Details of shares repurchased during the six months ended June 30, 2021 are set out as follows:

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

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2021.

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

As of June 30, 2021, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including 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, 2021
Mr. Fu Zhengjun ("Mr. Fu")	Founder of a discretionary trust (Note 1)	330,695,000	26.10%
	Beneficial owner	200,000	0.02%
Mr. Zhao Weiwen	Beneficial owner	1,009,000	0.08%

Note:

- 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.

## CORPORATE GOVERNANCE/OTHER INFORMATION

### 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, 2021
Mr. Zhao Weiwen	Chief executive officer	RSUs (Note 1)	96,203	Nil	0.01%
		Options (Note 1)	100,000	0.35	0.01%
Mr. Mai Shi'en	Executive Director	RSUs (Note 2)	4,050,000	Nil	0.32%
Ms. Yu Bin	Independent non-executive Director (Note 4)	Options (Note 3)	200,000	0.35	0.02%
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options (Note 3)	200,000	0.35	0.02%

#### Notes:

- Mr. Zhao Weiwen is interested in 96,203 Post-IPO RSUs granted to him on April 20, 2015 and April 1, 2016 respectively under Post-IPO RSU Scheme entitling him to receive 96,203 shares. Mr. Zhao is also interested in 100,000 Pre-IPO options granted to him on May 22, 2014 under the Pre-IPO Share Option Scheme entitling him to receive 100,000 shares.
- Mr. Mai Shi'en is interested in 405,000 Pre-IPO RSUs granted to him on May 22, 2014 under the Pre-IPO RSU Scheme entitling him to receive 4,050,000 shares.
- Ms. Yu Bin and Mr. Chan Wing Yuen, Hubert are each interested in 20,000 Pre-IPO options granted to each of them on May 22, 2014 under the Pre-IPO Share Option Scheme entitling each of them to receive 200,000 shares.
- Ms. Yu Bin resigned as an independent non-executive Director with effect from January 11, 2021.

Save as disclosed above, as at June 30, 2021, 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.

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

As at June 30, 2021, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares 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, 2021
UBS Trustees (B.V.I) Limited	Trustee (Note 1)	330,695,000	26.10%
Three-Body Holdings Ltd	Interest in Controlled Corporation (Note 1)	330,695,000	26.10%
Blueberry Worldwide Holdings Limited	Beneficial Owner (Note 1)	330,695,000	26.10%
Sina Hong Kong Limited	Beneficial Owner	300,000,000	23.68%
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	72,479,339	5.72%

### 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.

Save as disclosed above, as at June 30, 2021, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR 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 30 to the condensed consolidated financial information, 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 periods 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 of the Group through these dates.

As at June 30, 2021, options representing a total of 6,133,020 shares (taking into account the 30,897,301 options which have lapsed or cancelled and options in respect of an aggregate of 76,649,679 shares which have been exercised in accordance with the terms of the Pre-IPO Share Option Scheme) were outstanding, representing approximately 0.48% 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, 25,000 options were lapsed, and no option was exercised, granted or cancelled under the Post-IPO Share Option Scheme. As a result, as at June 30, 2021, 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 and 11 other employees of the Group. 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 5.75% of the total number of shares of the Company.

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

During the Reporting Period, RSUs in respect of an aggregate of 310,000 shares have been exercised by grantees under the Pre-IPO RSU Scheme and no RSUs have been granted, cancelled and lapsed. As a result, as at June 30, 2021, 11,400,000 shares have been issued and allotted to Tangguo Limited.

#### *Post-IPO RSU Scheme*

As at June 30, 2021, RSUs in respect of a total of 71,093,488 shares pursuant to the Company's Post-IPO RSU Scheme have been granted on April 20, 2015, September 15, 2015, April 1, 2016, April 5, 2017, April 18, 2017, June 3, 2019, April 28, 2020 and March 31, 2021.

The RSUs granted on April 20, 2015 were vested on August 16, 2015 and August 16, 2016 respectively and the number of RSUs granted for the respective vesting date 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 will be 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 6,143,955 shares have been exercised by grantees under the Post-IPO RSU Scheme and no RSUs have been lapsed and cancelled, as a result, as the date of this report, 44,964,557 shares have been allotted and issued to Xinshow Limited.

## CORPORATE GOVERNANCE/OTHER INFORMATION

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

The following table shows the details of the options and/or the RSUs granted and outstanding under the Schemes to, on an individual basis, the Directors, chief executive member and other connected person of the Group as at June 30, 2021.

Name of Grantee	Position Held within Our Group	Nature	Number of Shares Represented		Outstanding as at January 1, 2021	Exercise Price (US\$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2021
			by Options 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	4,050,000	May 22, 2014	4,050,000	Nil	0	0	0	4,050,000
Ms. Yu Bin (Note 1)	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Three Directors and a chief executive officer		Options				500,000				
		RSUs				4,146,203				
		Sub-total				4,646,203				

#### Note:

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

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, 2021.

Rank/Position Held With Our Group	Nature	Number of Shares Represented by Options or RSUs		Outstanding	Exercise	Exercised	Cancelled	Lapsed	Outstanding	
		Date of Grant	as at January 1, 2021	Price (US\$/HK\$)	during the Reporting Period	during the Reporting Period	during the Reporting Period	as at June 30, 2021		
101 other employees, 42 other consultants and 7 ex-employees (Note 1)	Options	1,000,000	December 26, 2011	1,300,000	US\$0.06	300,000	0	0	1,000,000	
		20,000	December 26, 2011	20,000	US\$0.1	0	0	0	20,000	
		523,110	December 26, 2011	566,110	US\$0.12	43,000	0	0	523,110	
		942,795	October 14, 2012	962,795	US\$0.15	20,000	0	0	942,795	
		248,000	September 14, 2013	258,000	US\$0.2	0	0	10,000	248,000	
	2,899,115	May 22, 2014	3,015,815	US\$0.35	0	0	116,700	2,899,115		
			(Note 2, 3)							
	2,827,000	September 22, 2015	2,852,000	HK\$3.50	0	0	25,000	2,827,000		
	<b>Options total</b>	<b>8,460,020</b>			<b>8,974,720</b>	<b>-</b>	<b>363,000</b>	<b>0</b>	<b>151,700</b>	<b>8,460,020</b>
	RSUs	7,350,000	May 22, 2014	7,660,000	Nil	310,000	0	0	7,350,000	
350,415		April 20, 2015	350,415	Nil	0	0	0	350,415		
16,746		September 15, 2015	49,874	Nil	33,128	0	0	16,746		
250,602		April 1, 2016	395,952	Nil	145,350	0	0	250,602		
3,331,002		April 5, 2017	4,466,326	Nil	1,135,324	0	0	3,331,002		
476,252		April 18, 2017	1,779,492	Nil	1,303,240	0	0	476,252		
668,337		June 4, 2019	3,770,250	Nil	3,101,913	0	0	668,337		
14,575,000		April 28, 2020	15,000,000	Nil	425,000	0	0	14,575,000		
25,200,000	March 31, 2021	N/A	Nil	0	0	0	25,200,000			
<b>RSUs total</b>	<b>52,218,354</b>		<b>33,472,309</b>		<b>6,453,955</b>	<b>0</b>	<b>0</b>	<b>52,218,354</b>		
<b>Sub-total</b>	<b>60,678,374</b>									



## CORPORATE GOVERNANCE/OTHER INFORMATION

### 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 4,295,500 options have been granted to 42 consultants.
2. Included 180,000 options granted to Mr. Herman Yu, a former non-executive Director who resigned with effect from January 11, 2018.
3. Included 200,000 options granted to Mr. Mao Chengyu, a former non-executive Director who resigned with effect from September 1, 2020.
4. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was approximately HKD1.25.
5. The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Reporting Period was approximately HKD1.30.

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



## INDEPENDENT AUDITOR'S REPORT

### 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 33 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 2021 and the interim condensed consolidated statement of comprehensive income, 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 a summary of significant accounting policies and other explanatory notes. 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 2021

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Unaudited	
		Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
<b>Continuing operations</b>			
Revenue	6	116,404	185,146
Cost of revenue	7	(11,208)	(14,058)
<b>Gross profit</b>		<b>105,196</b>	<b>171,088</b>
Selling and marketing expenses	7	(55,244)	(55,354)
Administrative expenses	7	(46,727)	(46,213)
Research and development expenses	7	(37,063)	(35,533)
Reversal of impairment losses/(impairment losses) on financial assets, net	17, 18(h)	1,024	(5,601)
Other gains, net	8	167,316	7,728
<b>Operating profit</b>		<b>134,502</b>	<b>36,115</b>
Finance income	9	1,866	6,421
Finance costs	9	(2,348)	(483)
Finance (costs)/income, net		(482)	5,938
Share of (loss)/profit of investments accounted for using the equity method	16	(409)	2,566
<b>Profit before income tax</b>		<b>133,611</b>	<b>44,619</b>
Income tax expense	10	(11,473)	(13,225)
<b>Profit from continuing operations</b>		<b>122,138</b>	<b>31,394</b>
<b>Discontinued operations</b>			
Profit from discontinued operations	27	51,641	5,563
<b>Profit for the period</b>		<b>173,779</b>	<b>36,957</b>
<b>Other comprehensive income</b>			
Items that may be reclassified to profit or loss			
Currency translation differences		(20,164)	18,997
<b>Total comprehensive income for the period</b>		<b>153,615</b>	<b>55,954</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

		Unaudited	
		Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
<b>Profit attributable to:</b>			
– Owners of the Company		171,927	35,914
– Non-controlling interests		1,852	1,043
		<u>173,779</u>	<u>36,957</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		151,763	54,911
– Non-controlling interests		1,852	1,043
		<u>153,615</u>	<u>55,954</u>
<b>Total comprehensive income for the period attributable to owners of the Company arises from:</b>			
– Continuing operations		102,999	52,063
– Discontinued operations		48,764	2,848
		<u>151,763</u>	<u>54,911</u>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (expressed in RMB per share):</b>			
– Basic earnings per share	11	0.097	0.026
– Diluted earnings per share	11	0.096	0.026
<b>Earnings per share for profit attributable to the ordinary equity holders of the Company (expressed in RMB per share):</b>			
– Basic earnings per share	11	0.135	0.028
– Diluted earnings per share	11	0.134	0.028

The notes on pages 41 to 84 form an integral part of these condensed consolidated financial information.

# CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	12	159,596	154,837
Right-of-use assets	13	10,490	14,371
Investment properties	14	14,750	28,126
Intangible assets	15	71,669	73,873
Investments accounted for using the equity method	16	26,041	23,999
Prepayments and other receivables	18	96,327	39,099
Financial assets at fair value through profit or loss	5, 19	1,286,499	824,427
Deferred income tax assets	31	17,886	14,358
		<u>1,683,258</u>	<u>1,173,090</u>
<b>Current assets</b>			
Trade receivables	17	5,833	6,013
Prepayments and other receivables	18	151,740	133,351
Financial assets at fair value through profit or loss	5, 19	1,100,237	697,294
Derivative financial instruments	5, 20	3,329	3,632
Term deposits with initial term over 3 months	21	42,017	263,637
Cash and cash equivalents	22	814,721	973,253
		<u>2,117,877</u>	<u>2,077,180</u>
Assets classified as held for sale	27	–	295,698
		<u>2,117,877</u>	<u>2,372,878</u>
<b>Total assets</b>		<u><u>3,801,135</u></u>	<u><u>3,545,968</u></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	31	30,215	34,933
Lease liabilities	13	1,302	5,077
Other non-current liabilities		1,112	1,133
		<u>32,629</u>	<u>41,143</u>

## CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AS AT JUNE 30, 2021

	Note	Unaudited 30 June 2021 RMB'000	Audited 31 December 2020 RMB'000
<b>Current liabilities</b>			
Borrowings	23	397,643	141,353
Trade payables	24	1,267	1,374
Other payables, accruals and other current liabilities	25	91,875	73,860
Current income tax liabilities		101,961	103,135
Customer advance and deferred revenue		12,205	17,689
Lease liabilities	13	7,986	7,908
Derivative financial instruments	5, 20	991	526
Redemption liabilities	26	–	238,729
		<u>613,928</u>	<u>584,574</u>
Liabilities directly associated with assets classified as held for sale	27	–	7,413
		<u>613,928</u>	<u>591,987</u>
<b>Total liabilities</b>		<u><u>646,557</u></u>	<u><u>633,130</u></u>
<b>Net assets</b>		<u><u>3,154,578</u></u>	<u><u>2,912,838</u></u>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	28	787	795
Shares held for restricted share unit schemes	28	(16)	–
Share premium	28	1,720,863	1,762,930
Other reserves	29	576,300	352,094
Retained earnings		856,839	682,414
		<u>3,154,773</u>	<u>2,798,233</u>
Non-controlling interests		<u>(195)</u>	<u>114,605</u>
<b>Total equity</b>		<u><u>3,154,578</u></u>	<u><u>2,912,838</u></u>

The notes on pages 41 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, 2021

		Unaudited							
		Attributable to owners of the Company							
		Share held				Non-		Total equity	
		Share capital	for RSU scheme	Share premium	Other reserves	Retained earnings	Total		controlling interests
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 income								
	Currency translation differences	29	-	-	(20,164)	-	(20,164)	-	(20,164)
	<b>Total comprehensive income</b>								
		-	-	-	(20,164)	171,927	151,763	1,852	153,615
	Transactions with shareholders of the Company, recognised directly in equity								
	Employees share option scheme:								
	- proceeds from shares issued	28	-	168	-	-	168	-	168
	Employees restricted share unit ("RSU") scheme:								
	- value of employee service	29	-	-	8,139	-	8,139	-	8,139
	- shares issued for RSU scheme	28	16	(16)	-	-	-	-	-
	Repurchase and cancellation of ordinary shares	28	(24)	-	(42,235)	-	(42,259)	-	(42,259)
	Derecognition of redemption liabilities	26	-	-	238,729	-	238,729	-	238,729
	Disposal of subsidiaries	29	-	-	(2,498)	2,498	-	(116,652)	(116,652)
	<b>Total transactions with shareholders of the Company, recognised directly in equity</b>								
		(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

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Unaudited								
	Attributable to owners of the company								
	Note	Share capital RMB'000	Share held for RSU scheme RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020		780	-	1,760,719	393,817	599,641	2,754,957	109,786	2,864,743
<b>Comprehensive income</b>									
Profit for the six months ended									
30 June 2020		-	-	-	-	35,914	35,914	1,043	36,957
<b>Other comprehensive income</b>									
Currency translation differences	29	-	-	-	18,997	-	18,997	-	18,997
<b>Total comprehensive income</b>		-	-	-	18,997	35,914	54,911	1,043	55,954
<b>Transactions with shareholders of the Company, recognised directly in equity</b>									
Employees share option scheme:									
- proceeds from shares issued	28	1	-	471	-	-	472	-	472
Employees RSU scheme:									
- value of employee service	29	-	-	-	15,320	-	15,320	-	15,320
- shares issued for RSU scheme	28	10	(10)	-	-	-	-	-	-
- shares vested and transferred	28	-	5	(5)	-	-	-	-	-
Derecognition of redemption liabilities	26	-	-	-	34,189	-	34,189	-	34,189
Disposal of subsidiaries		-	-	-	(3,268)	3,268	-	(246)	(246)
<b>Total transactions with shareholders of the Company, recognised directly in equity</b>		11	(5)	466	46,241	3,268	49,981	(246)	49,735
<b>Balance at 30 June 2020</b>		<u>791</u>	<u>(5)</u>	<u>1,761,185</u>	<u>459,055</u>	<u>638,823</u>	<u>2,859,849</u>	<u>110,583</u>	<u>2,970,432</u>

The notes on pages 41 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, 2021

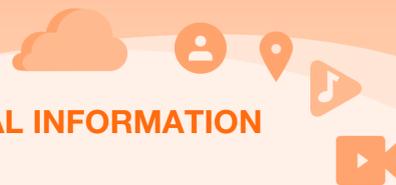
		Unaudited	
		Six months ended 30 June	
	Note	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operations		(24,435)	61,728
Income tax paid		(62,867)	(93,113)
Receipt of refunded withholding tax in relation to dividend distribution	10	–	27,500
<b>Net cash used in operating activities</b>		<b>(87,302)</b>	<b>(3,885)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of subsidiaries, net of cash disposed	27	256,000	4,648
Proceeds from disposal of investments accounted for using the equity method		422	5,158
Payment for acquisition of investments accounted for using the equity method	16	(3,000)	–
Purchase of and prepayment for property and equipment, intangible assets and other non-current assets		(15,945)	(2,663)
Proceeds on disposal of property and equipment and intangible assets		6,103	165
Payment for term deposits with initial term over 3 months		(41,659)	(476,678)
Proceeds from disposal of term deposits with initial term over 3 months		262,248	106,964
Payment for financial assets at fair value through profit or loss		(2,615,822)	(1,134,781)
Proceeds from disposal of financial assets at fair value through profit or loss		1,882,330	1,299,834
Payment for derivative financial instruments		(44,432)	–
Proceeds from disposal of derivative financial instruments		33,108	–
Cash paid for refundable prepayment of investments		(700)	–
Receipt of refundable prepayment for potential investments		–	3,800
Loans granted to third parties, related parties and employees		(26,283)	(90,330)
Repayment of loans granted to third parties, related parties and employees		36,880	35,879
Repayment of loans granted to individual customers		–	547
Dividend received from investments accounted for using the equity method and financial assets at fair value through profit or loss	5.4, 16(a)	–	8,584
Proceeds from disposal of an investment property		7,755	–
Interest received		4,959	9,970
<b>Net cash used in investing activities</b>		<b>(258,036)</b>	<b>(228,903)</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE SIX MONTHS ENDED JUNE 30, 2021

	Note	Unaudited	
		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options		168	472
Prepayments for repurchase of ordinary shares	18(f)	(16,642)	–
Payments for repurchase of ordinary shares	28(c)	(42,259)	–
Proceeds from bank borrowings		259,187	113,595
Interest paid		(1,958)	–
Lease payments		(4,052)	(2,066)
<b>Net cash generated from financing activities</b>		<b>194,444</b>	<b>112,001</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at the beginning of the period	22	973,253	1,033,006
Exchange gain on cash and cash equivalents		(7,638)	7,223
<b>Cash and cash equivalents at the end of the period</b>	22	<b>814,721</b>	<b>919,442</b>
Net increase/(decrease) in cash generated by/(used in) the subsidiaries of discontinued operations	27(b)	3,167	(1,399)

The notes on pages 41 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, advertising 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 2021.

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 2021 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 2020, which have been prepared in accordance with IFRS as set out in the 2020 annual report of the Company dated 30 March 2021.

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, 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 2021 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 2020.

### 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 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2020.

#### 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 2021 and 31 December 2020.

Recurring fair value measurements		Level 1	Level 2	Level 3	Total
at 30 June 2021:		RMB'000	RMB'000	RMB'000	RMB'000
	Notes				
<b>Financial assets</b>					
Financial assets at FVPL					
– Structured notes	19(c)	–	–	742,702	742,702
– Wealth management products	19(d)	–	64,545	92,244	156,789
– Listed equity securities	19	16,151	–	–	16,151
– Convertible promissory notes	19(f)	–	–	20,830	20,830
– Venture capital and private equity funds	19(b)	–	–	576,928	576,928
– Unlisted equity investments	19(a)	–	–	290,411	290,411
– Other financial instruments	19(e)	43,646	28,907	510,372	582,925
Derivatives held for trading	20	3,126	–	203	3,329
<b>Total financial assets</b>		<b>62,923</b>	<b>93,452</b>	<b>2,233,690</b>	<b>2,390,065</b>
<b>Financial liabilities</b>					
Derivatives held for trading	20	–	–	(991)	(991)

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – *continued*

5.3 Fair value estimation – *continued*

(i) *Fair value hierarchy – continued*

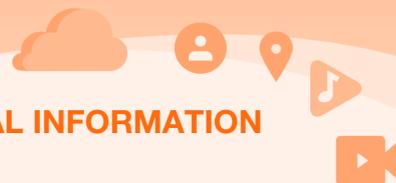
Recurring fair value measurements  
at 31 December 2020

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVPL					
– Structured notes	19(c)	–	–	501,670	501,670
– Wealth management products	19(d)	–	49,607	83,343	132,950
– Listed equity securities	19	11,390	–	–	11,390
– Convertible promissory notes	19(f)	–	–	7,820	7,820
– Venture capital funds	19(b)	–	–	438,745	438,745
– Unlisted equity investments	19(a)	–	–	260,487	260,487
– Other financial instruments	19(e)	4,990	–	163,669	168,659
Derivatives held for trading	20	3,632	–	–	3,632
<b>Total financial assets</b>		<u>20,012</u>	<u>49,607</u>	<u>1,455,734</u>	<u>1,525,353</u>
Financial Liabilities					
Derivatives held for trading	20	<u>(526)</u>	–	–	<u>(526)</u>

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the reporting period.

(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 2021 and 2020.

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Opening balance at 1 January	1,455,734	1,554,036
Additions	2,275,851	895,838
Disposals	(1,653,338)	(948,266)
Dividend received	–	(8,584)
Net fair value gain/(loss) recognised in consolidated statements of comprehensive income under 'other gains, net'	166,147	(2,211)
Currency translation difference	(11,695)	6,489
	<u>2,232,699</u>	<u>1,497,302</u>
Closing balance at 30 June		
	<u>2,232,699</u>	<u>1,497,302</u>
Net unrealised gain/(loss) for the period included in profit or loss for assets held at the period end	<u>111,623</u>	<u>(12,565)</u>

### 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 2021 and 2020:

- 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 2020: live social video platform). "Others" segment of the Group mainly comprises of the provision of software research and development and other services.

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

6 SEGMENT INFORMATION – *continued*

There were no material inter-segment sales during the six months ended 30 June 2021 and 2020. 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 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 2021 and 2020 is as follows:

	Continuing operations					
	Six months ended 30 June 2021			Six months ended 30 June 2020		
	Online interactive entertainment RMB'000	Others RMB'000	Total RMB'000	Online interactive entertainment RMB'000	Others RMB'000	Total RMB'000
Revenue	113,409	2,995	116,404	184,020	1,126	185,146
Gross profit	103,826	1,370	105,196	170,048	1,040	171,088
- Depreciation, amortisation and impairment charges included in segment cost	1,801	-	1,801	1,886	-	1,886
Operating profit			134,502			36,115
Finance income			1,866			6,421
Finance costs			(2,348)			(483)
Shares of (loss)/profit of investments accounted for using the equity method			(409)			2,566
Profit before income tax			133,611			44,619

## 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	
	2021 RMB'000	2020 RMB'000
<b>Continuing operations</b>		
Live social video platforms	110,918	184,020
Game operation	2,491	–
Software research and development	2,995	599
Others	–	527
	<u>116,404</u>	<u>185,146</u>

### 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Employee benefit expenses (including share-based compensation expenses)	65,745	66,106
Promotion and advertising expenses	32,179	41,002
Bandwidth and server custody fees	6,678	11,009
Game and software development costs	5,323	1,412
Travelling and entertainment expenses	12,974	5,886
Amortisation of intangible assets (Note 15)	2,184	1,873
Depreciation and impairment of property and equipment (Note 12)	4,608	5,384
Utilities and office expenses	3,554	4,760
Professional and consultancy fee	6,549	4,878
Depreciation of right-of-use assets (Note 13)	3,954	2,100
Auditors' remuneration	1,940	2,025
Payment handling costs	467	1,387
Short-term operating leases	902	547
Others	3,185	2,789
	<u>3,185</u>	<u>2,789</u>
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<u>150,242</u>	<u>151,158</u>

8 OTHER GAINS, NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Interest on term deposits with initial term over 3 months	459	3,828
Fair value (losses)/gains on financial assets at FVPL		
– Unlisted equity investments (Note 19(a))	(6,247)	1,061
– Venture capital and private equity funds (Note 19(b))	110,122	(4,928)
– Wealth management products (Note 19(d))	2,697	8,165
– Structured notes (Note 19(c))	46,987	(3,706)
– Other financial instruments (Note 19(e))	17,588	(1,062)
– Listed equity securities	2,582	–
– Convertible promissory notes (Note 19(f))	169	(71)
Net fair value loss on derivatives held for trading	(12,066)	(2,877)
Government grants	5,704	2,096
Interest income on loans to third parties, related parties and employees	2,556	2,573
Gains on disposal of subsidiaries	–	1,282
Net losses from fair value adjustment of investment properties (Note 14)	(5,569)	(971)
Foreign exchange gains on non-financing activities	1,310	172
Others	1,024	2,166
	<u>167,316</u>	<u>7,728</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

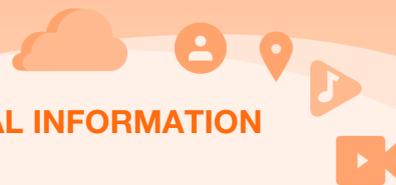
### 9 FINANCE (COSTS)/INCOME, NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Finance income:		
– Interest income on cash and cash equivalents	1,865	6,377
– Exchange gain on financing activities, net	1	44
	<u>1,866</u>	<u>6,421</u>
Finance costs:		
– Interest expenses on borrowings	(2,087)	(256)
– Interest expenses on lease liabilities	(261)	(111)
– Exchange loss on financing activities, net	–	(79)
– Other interest expenses	–	(37)
	<u>(2,348)</u>	<u>(483)</u>
Finance (costs)/income, net	<u>(482)</u>	<u>5,938</u>

### 10 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current income tax	19,719	24,007
Deferred income tax (Note 31)	(8,246)	(10,782)
	<u>11,473</u>	<u>13,225</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% (2020: 25%), and certain Group's subsidiaries established in the PRC and PRC Operating Entities are entitled to preferential EIT rate of 15% (2020: 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 2021 are 17.02% and 16.50%, respectively (the year ended 31 December 2020: 16.91% and 16.50%, respectively).

### (ii) Withholding tax

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 the first half of 2020, the Company revised its estimation and decided to remit 100% of the earnings of its Wholly Foreign-Owned Enterprises ("WFOEs") to Week8 (HK). Accordingly, a 5% withholding tax of RMB27,206 thousand was recognised during the six months ended 30 June 2020 for the WFOEs' remaining retained earnings of RMB506,920 thousand as of 31 December 2019 with no withholding tax provided before and all the WFOEs' profit of RMB37,210 thousand generated for the six months ended 30 June 2020.

In April 2021, Week8 (HK) submitted a request for renewing its resident of the Hong Kong Special Administration. As the management believe that it is highly probable that the request can be approved, the Group continues to accrue for the withholding tax at the rate of 5% for all the WFOEs' profit of RMB12,872 thousand generated for the six months ended 30 June 2021.

**10 INCOME TAX EXPENSE – continued**
**(ii) Withholding tax – continued**

During the six months ended 30 June 2020, the Group received a refunded withholding tax of RMB27,500 thousand related to the dividends paid in 2018 and 2019, and recorded it as a reversal of income tax expense.

**11 EARNINGS PER SHARE**
**(a) Basic**

Basic earnings per share is calculated by dividing the 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	
	2021	2020
<b>Total profit attributable to owners of the Company (RMB'000) from:</b>		
Continuing operations	123,163	33,066
Discontinued operation	48,764	2,848
	<u>171,927</u>	<u>35,914</u>
Weighted average number of ordinary shares in issue (thousand shares)	<u>1,273,022</u>	<u>1,261,064</u>
<b>Basic earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>		
Continuing operations	0.097	0.026
Discontinued operation	0.038	0.002
	<u>0.135</u>	<u>0.028</u>

11 EARNINGS PER SHARE – *continued*

## (b) Diluted

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

The Company has two categories of dilutive potential ordinary shares, share options granted to employees under Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme and RSUs granted to employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme (Note 30). The share options and RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

	Six months ended 30 June	
	2021	2020
<b>Total profit attributable to owners of the Company</b>		
(RMB'000) from:		
Continuing operations	123,163	33,066
Discontinued operation	48,764	2,848
	<u>171,927</u>	<u>35,914</u>
Weighted average number of ordinary shares in issue (thousand shares)	1,273,022	1,261,064
Adjustments for share based compensation – share options (thousand shares)	747	7,984
Adjustments for share based compensation – RSUs (thousand shares)	6,254	3,056
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	<u>1,280,023</u>	<u>1,272,104</u>
<b>Diluted earnings per share (in RMB/share) attributable to the ordinary equity holders of the Company arises from:</b>		
Continuing operations	0.096	0.026
Discontinued operation	0.038	0.002
	<u>0.134</u>	<u>0.028</u>

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 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	145,576	383	534	3,487	9,603	13	-	159,596
At 30 June 2021								
Cost	175,567	14,951	4,030	28,175	14,836	7,990	36	245,585
Accumulated depreciation and impairment	(29,991)	(14,568)	(3,496)	(24,688)	(5,233)	(7,977)	(36)	(85,989)
Net book amount	145,576	383	534	3,487	9,603	13	-	159,596

## 12 PROPERTY AND EQUIPMENT – continued

	Building RMB'000	Decorations RMB'000	Furniture and office equipment RMB'000	Server and other equipment RMB'000	Motor vehicles RMB'000	Leasehold improvement RMB'000	Total RMB'000
<b>Six months ended 30 June 2020</b>							
<b>Net book value</b>							
Opening amount as at 1 January 2020	153,477	1,013	1,749	5,453	2,596	1,310	165,598
Additions	–	169	388	957	–	–	1,514
Disposals	–	–	(21)	(135)	(40)	–	(196)
Depreciation charges	(2,380)	(182)	(357)	(1,648)	(599)	(401)	(5,567)
Currency translation difference	219	–	3	1	5	37	265
Closing amount as at 30 June 2020	151,316	1,000	1,762	4,628	1,962	946	161,614
<b>At 30 June 2020</b>							
Cost	176,700	14,745	7,037	37,885	5,954	9,672	251,993
Accumulated depreciation and impairment	(25,384)	(13,745)	(5,275)	(33,257)	(3,992)	(8,726)	(90,379)
Net book amount	151,316	1,000	1,762	4,628	1,962	946	161,614

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 13 LEASE

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Right-of-use assets</b>		
Properties	10,490	14,371
<b>Lease liabilities</b>		
Current	7,986	7,908
Non-current	1,302	5,077
	<u>9,288</u>	<u>12,985</u>

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Movement of right-of-use assets</b>		
Opening balance as at 1 January	14,371	7,373
Additions of leases	1,222	1,003
Depreciation charges (Note 7)	(3,954)	(2,100)
Early termination of leases	(1,023)	–
Currency translation difference	(126)	105
	<u>10,490</u>	<u>6,381</u>

### 14 INVESTMENT PROPERTIES

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>At fair value</b>		
Opening amount as at 1 January	28,126	56,591
Net losses from fair value adjustment (Note 8)	(5,569)	(971)
Disposal	(7,755)	–
Currency translation differences	(52)	626
	<u>14,750</u>	<u>56,246</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
<b>Six months ended 30 June 2021</b>					
<b>Net book value</b>					
Opening amount as at 1 January 2021	29,761	10,339	163	33,610	73,873
Amortisation charges (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>
<b>At 30 June 2021</b>					
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>

	Goodwill RMB'000	Computer software RMB'000	Domain name and technology RMB'000	Platform, game and license RMB'000	Customer resource RMB'000	Total RMB'000
<b>Six months ended 30 June 2020</b>						
<b>Net book value</b>						
Opening amount as at 1 January 2020	233,646	13,051	305	31,170	7,654	285,826
Additions	-	1,115	34	-	-	1,149
Amortisation charges	-	(1,698)	(210)	(1,114)	(2,870)	(5,892)
Currency translation difference	32	-	1	-	-	33
	<u>233,678</u>	<u>12,468</u>	<u>130</u>	<u>30,056</u>	<u>4,784</u>	<u>281,116</u>
Closing amount as at 30 June 2020	<u>233,678</u>	<u>12,468</u>	<u>130</u>	<u>30,056</u>	<u>4,784</u>	<u>281,116</u>
<b>At 30 June 2020</b>						
Cost	255,663	33,534	10,541	44,528	17,221	361,487
Accumulated amortisation and impairment	(21,985)	(21,066)	(10,411)	(14,472)	(12,437)	(80,371)
	<u>233,678</u>	<u>12,468</u>	<u>130</u>	<u>30,056</u>	<u>4,784</u>	<u>281,116</u>
Net book amount	<u>233,678</u>	<u>12,468</u>	<u>130</u>	<u>30,056</u>	<u>4,784</u>	<u>281,116</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Associates (a)	25,269	22,302
Joint ventures (b)	772	1,697
	<u>26,041</u>	<u>23,999</u>

#### (a) Investment in associates

	Six months ended	
	30 June 2021 RMB'000	30 June 2020 RMB'000
Opening balance as at 1 January	22,302	22,777
Additions (i)	3,000	–
Disposal (ii)	(148)	(965)
Share of profits	517	3,167
Currency translation differences	(402)	(50)
Closing balance as at 30 June	<u>25,269</u>	<u>24,929</u>

(i) During the six months ended 30 June 2021, the Group made a capital injection of RMB3,000 thousand to an associate engaged in real estate intermediary services.

(ii) During the six months ended 30 June 2021, the Group disposed of the entire equity interest in an associate, which was engaged in the operation of online casual game in mainland China, for a total cash consideration of RMB422 thousand, resulting in a gain of RMB274 thousand.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – *continued*

(b) Investment in joint ventures

	Six months ended	
	30 June 2021 RMB'000	30 June 2020 RMB'000
Opening balance as at 1 January	1,697	3,797
Disposal	–	(1,601)
Share of losses	(926)	(601)
Currency translation differences	1	2
	<hr/>	<hr/>
Closing balance as at 30 June	<u>772</u>	<u>1,597</u>

17 TRADE RECEIVABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Amount due from third parties	5,872	6,852
Less: allowance for impairment of trade receivables	(39)	(839)
	<hr/>	<hr/>
	<u>5,833</u>	<u>6,013</u>

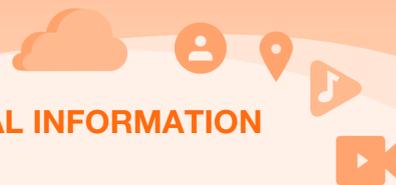
At 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables based on recognition date of the gross trade receivables at the respective balance sheet dates were as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
0-90 days	5,852	5,680
91-180 days	1	346
181-365 days	7	17
Over 1 year	12	809
	<hr/>	<hr/>
	<u>5,872</u>	<u>6,852</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18 PREPAYMENTS AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Included in non-current assets</b>		
Prepayments for purchase of investments (a)	75,126	20,295
Loans to employees	8,822	9,953
Deposit for purchase of property (b)	5,000	5,000
Prepayments for purchase of land use right (c)	5,717	5,774
Loans to a third party (e)	3,600	–
Others	–	34
	<u>98,265</u>	<u>41,056</u>
Less: provision for impairment (h)	(1,938)	(1,957)
	<u>96,327</u>	<u>39,099</u>
<b>Included in current assets</b>		
Loans to third parties (e)	46,354	58,687
Loans to related parties (d) (Note 32(c))	16,543	16,712
Prepayments for share repurchase (f)	16,642	–
Loans to employees	18,404	19,600
Receivable from disposal of subsidiaries	3,014	3,044
Receivable from disposal of investments accounted for using the equity method	950	950
Receivables from disposal of financial assets at FVPL (g)	27,470	19,559
Prepaid promotion expenses	5,827	12,776
Advance to suppliers	1,674	430
Deposits	4,229	4,242
Insurance fees	1,737	620
Individual income tax of RSUs	9,335	9,335
Refundable withholding tax	9,250	–
Prepaid rental and property management fee	1,166	196
VAT recoverable	2,248	4,385
Others	11,394	7,828
	<u>176,237</u>	<u>158,364</u>
Less: provision for impairment (h)	(24,497)	(25,013)
	<u>151,740</u>	<u>133,351</u>
	<u>248,067</u>	<u>172,450</u>



## 18 PREPAYMENTS AND OTHER RECEIVABLES – *continued*

- (a) The balance as at 30 June 2021 represents the Group's prepayments for purchase of investments, including investments in unlisted companies 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 2021, the property was still under construction.
- (c) During the year ended 31 December 2019, the Group entered into agreements with some lessors to lease certain land overseas at a total consideration of USD5,899 thousand and paid the first installment of USD885 thousand (approximately RMB6,173 thousand) in 2019.

In August 2019, a lawsuit was lodged by a third party against one of the lessors and the Group alleging that it has the right to lease the lands based on the option agreement entered into with one lessor. As of 30 June 2021, as it is still not practical to estimate the potential effect of this lawsuit, the Group recorded the consideration paid of USD885 thousand as prepayments for purchase of land use right.

- (d) The balance represents the loans lent by the Group to related parties, which had been provided full impairment provision as of 30 June 2020.
- (e) The balance represents the loans lent by the Group to third-party companies and interest rates not higher than 14% per annum.

Since October 2019, the Group has entered into business cooperation agreements with a third party online cell phone lease company (the "Lease Company"). During the six months ended 30 June 2021, the Group had paid RMB16,006 thousand to the supplier under the Lease Company's instruction, and in return, the Group is entitled to a fixed interest rate on the amount paid from Lease Company under any circumstances. As of 30 June 2021, the group recorded the outstanding amount of RMB21,008 thousand (31 December 2020: RMB19,610 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 2021.

Other than the loans to Lease Company, the remaining balance of the loans to third-party companies as of 30 June 2021 were secured by collateral and will be due within one year after 30 June 2021.

- (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 28).

**18 PREPAYMENTS AND OTHER RECEIVABLES – *continued***

- (g) The balance as of 30 June 2021 represents receivables for the disposal of structure notes, private security investment funds and unlisted equity investments. 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 2021:

	Loans to related parties and third parties RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2021</b>			
Opening loss allowances	23,914	3,056	26,970
Reversal of the allowance	(324)	–	(324)
Currency translation difference	(192)	(19)	(211)
	<u>23,398</u>	<u>3,037</u>	<u>26,435</u>
Closing loss allowance	<u>23,398</u>	<u>3,037</u>	<u>26,435</u>

## 19 FINANCIAL ASSETS AT FVPL

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Included in non-current assets</b>		
Unlisted equity investments (a)	290,411	260,487
Investments in venture capital and private equity funds (b)	576,928	438,745
Other financial instruments (e)	398,330	117,375
Convertible promissory notes (f)	20,830	7,820
	1,286,499	824,427
<b>Included in current assets</b>		
Structured notes (c)	742,702	501,670
Investments in wealth management products (d)	156,789	132,950
Other financial instruments (e)	184,595	51,284
Listed equity securities	16,151	11,390
	1,100,237	697,294
	2,386,736	1,521,721

- (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 2021 and 2020:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Unlisted equity investments</b>		
Opening balance as at 1 January	260,487	491,122
Additions (i)	46,768	7,656
Disposals	(10,037)	(10,537)
Dividend received	–	(8,584)
Fair value loss recognised in consolidated statement of comprehensive income (Note 8)	(6,247)	1,061
Currency translation differences	(560)	664
	290,411	481,382
Closing balance as at 30 June	290,411	481,382

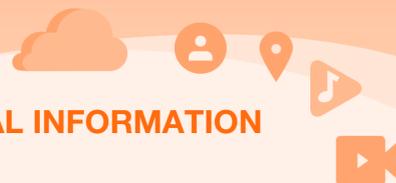
19 FINANCIAL ASSETS AT FVPL – *continued*

(a) – *continued*

- (i) During the first half of 2021, the Group paid RMB46,768 thousand to purchase certain equity interests of three unlisted companies engaged in the e-commerce overseas, advertising and medicine development. As the Group has preferential rights over these unlisted companies, they are accounted for as financial assets at FVPL.
- (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 2021 and 2020:

	Six months ended 30 June	
	2021 RMB’000	2020 RMB’000
<b>Investments in venture capital and private equity funds</b>		
Opening balance as at 1 January	438,745	394,243
Additions (i)	54,012	19,720
Repayment of investments (ii)	(23,314)	(3,355)
Fair value gain/(loss) recognised in consolidated statement of comprehensive income (Note 8)	110,122	(4,928)
Currency translation difference	(2,637)	3,166
Closing balance as at 30 June	<u>576,928</u>	<u>408,846</u>

- (i) During the six months ended 30 June 2021, the Group paid approximately RMB54,012 thousand to subscribe for interests in certain venture capital and private equity funds (six months ended 30 June 2020: RMB19,720 thousand) as a limited partner. As the Group didn’t have control or significant influence on these funds, the investments were classified as financial assets at FVPL. These funds were established to invest in unlisted companies and to obtain capital appreciation and investment income.
- (ii) During the six months ended 30 June 2021, the Group received a cash payment of RMB23,314 thousand (six months ended 30 June 2020: RMB3,355 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 2021 and 2020:

	Six months ended 30 June	
	2021 RMB’000	2020 RMB’000
<b>Structured notes</b>		
Opening balance as at 1 January	501,670	16,525
Additions	1,558,954	412,156
Disposals	(1,359,433)	(133,880)
Fair value gain/(loss) recognised in consolidated statement of comprehensive income (Note 8)	46,987	(3,706)
Currency translation difference	(5,476)	1,881
	<hr/>	<hr/>
Closing balance as at 30 June	<u>742,702</u>	<u>292,976</u>

- (d) This represents RMB-denominated wealth management products with interest rates ranging from 2.14% to 3.70% per annum and maturity period within 1 year or revolving terms. These wealth management products are offered by large state-owned or reputable financial institutions in the PRC.
- (e) This represents the Group’s investments in other financial instruments, which were offered by several international financial institutions. During the six months ended 30 June 2021, the Group recognised a fair value gain of RMB17,588 thousand (six months ended 30 June 2020: fair value loss of RMB1,062 thousand) on these investments.

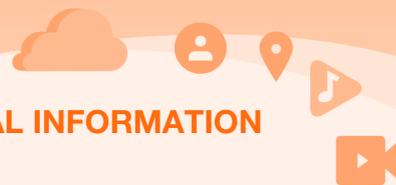
## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 19 FINANCIAL ASSETS AT FVPL – *continued*

(e) – *continued*

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Included in current assets</b>		
Exchange Traded Fund (i)	43,645	4,990
Private investment fund (ii)	134,993	40,320
Other fund investments	5,957	5,974
	184,595	51,284
<b>Included in non-current assets</b>		
Insurance policies (iii)	103,034	63,641
REIT access fund (iv)	61,910	39,619
Private investment fund (ii)	218,821	7,590
Blackstone private credit access fund (v)	13,127	6,525
Other fund investments	1,438	–
	398,330	117,375
	582,925	168,659

- (i) The balance represents the Group's investments in Exchange Traded Fund ("ETF") in the U.S. stock market. During the six months ended 30 June 2021, the Group recognised a fair value gain of RMB3,119 thousand on the ETF investment.
- (ii) The balance represents the Group's Private investment fund offered by several internationally reputable financial institutions which mainly invested in securities in the secondary market. During the six months ended 30 June 2021, the fair value gain of the investments was RMB5,088 thousand (six months ended 30 June 2020: RMB877 thousand).



## 19 FINANCIAL ASSETS AT FVPL – *continued*

(e) – *continued*

- (iii) In October 2020, the Group entered into key management insurance policies with a insurance company for a total cash consideration of USD9,650 thousand (approximately RMB64,444 thousand). The policies combined investment arrangements with insurance of the life of the key management and the beneficiary of the insurance policies is the Group. As the policies do not contain significant insurance risk, the investments in the insurance policies were designated as financial assets at FVPL as a whole.

During the six months ended 30 June 2021, the Group entered into key management insurance policies with certain insurance companies for a total cash consideration of USD13,450 thousand (approximately RMB87,441 thousand). The Group has recognised USD5,530 thousand (approximately RMB36,276 thousand) as financial assets at FVPL and prepayment for future installment fee of USD7,920 thousand (approximately RMB51,165 thousand) as prepayments for purchase of investments (Note 18(a)).

During the six months ended 30 June 2021, a fair value gain of RMB4,300 thousand (six months ended 30 June 2020: nil) was recognised in “other gains”.

- (iv) The Group’s investment in REIT access fund was offered by an internationally reputable financial institution for investors to indirectly invest in the world’s largest real estate income trust. During the six months ended 30 June 2021, the fair value gain of the investment was RMB4,338 thousand (six months ended 30 June 2020: fair value loss of RMB2,197 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 2021, the fair value change of the investment was RMB339 thousand.
- (f) The balance represents the Group’s investment in the convertible promissory notes issued by a banking services company. 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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 20 DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Current assets	3,329	3,632
Current liabilities	(991)	(526)

As at 31 June 2021, 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 RMB12,066 thousand (Note 8) was recognised in profit or loss for the six months ended 30 June 2021.

### 21 TERM DEPOSITS WITH INITIAL TERM OVER 3 MONTHS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
USD term deposits	–	261,953
RMB term deposits	40,353	–
HKD term deposits	1,664	1,684
	<u>42,017</u>	<u>263,637</u>

### 22 CASH AND CASH EQUIVALENTS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Cash at bank and on hand	536,001	897,802
Short-term bank deposits	270,449	65,257
Cash at other financial institutions	8,271	10,194
	<u>814,721</u>	<u>973,253</u>
Total cash and cash equivalents	<u>814,721</u>	<u>973,253</u>
Maximum exposure to credit risk	<u>814,721</u>	<u>973,253</u>

23 BORROWINGS

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
<b>Included in current liabilities</b>		
USD bank borrowings, secured	397,249	137,969
HKD bank borrowings, secured	283	3,384
RMB bank borrowings, secured	111	–
	<u>397,643</u>	<u>141,353</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 USD143,326 thousand, of which USD61,493 thousand, HKD340 thousand and RMB111 thousand have been drawn down as at 30 June 2021. 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 2021 are as follows:

	As at 30 June 2021	
	Amount (thousand)	Interest rate (per annum)
USD bank borrowings, secured	USD61,493	LIBOR + 50~80 bps
HKD bank borrowings, secured	HKD340	HIBOR + 50~65 bps
RMB bank borrowings, secured	RMB111	6.30%

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 24 TRADE PAYABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Third parties	<u>1,267</u>	<u>1,374</u>

As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade payables based on recognition date was as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
0-90 days	443	648
181-365 days	98	–
Over 1 year	<u>726</u>	<u>726</u>
	<u>1,267</u>	<u>1,374</u>

### 25 OTHER PAYABLES, ACCRUALS AND OTHER CURRENT LIABILITIES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Payable for purchase of financial instruments (i)	52,582	26,100
Staff costs and welfare accruals	9,080	15,417
Marketing and administrative expense accruals	5,834	6,019
Audit expenses payable	1,930	2,000
VAT & Other tax liabilities	3,677	5,842
Professional and consultancy fee	5,254	3,146
Human resource outsourcing service fee payable	946	1,364
Amount due to related parties (Note 32(c))	37	37
Individual income tax of RSUs	9,335	9,335
Others	<u>3,200</u>	<u>4,600</u>
	<u>91,875</u>	<u>73,860</u>

- (i) This balance mainly represents payables for purchase of structured notes, for which the purchase orders were placed by the Group while the payment had not been made as of 30 June 2021 and 31 December 2020.

26 REDEMPTION LIABILITIES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Liabilities in relation to put options granted to non-controlling interest ("NCI") of subsidiaries	—	238,729

In January 2019, the Group, Jinhua Rui'an Investment Management Company Limited ("Jinhua Rui'an"), a subsidiary of the Group held 80% equity interest of Shanghai Benqu, and the other shareholders of Shanghai Benqu (the "Other Selling Shareholder") entered into a Share Transfer Agreement with a related party, Beijing Weimeng Chuangke Investment Management Co., Ltd (the "Purchaser"). Pursuant to the agreement, the Group transferred its 36% equity interests in Jinhua Rui'an to the Purchaser at a cash consideration of approximately RMB292,608 thousand and the Other Selling Shareholder transferred its 6% equity interest in Shanghai Benqu to the Purchaser at a consideration of RMB60,960 thousand. As of 31 December 2019, the Group received all the purchase consideration of RMB292,608 thousand and repaid the deposit of RMB8,500 thousand to the Purchaser.

Upon completion of the transaction, the Group retained its control over Shanghai Benqu. Therefore, the Group accounted for this transaction as equity transaction and recognised the addition of NCI at the NCI's proportionate share of the net assets of Jinhua Rui'an of RMB90,733 thousand. The excess of RMB201,875 thousand between the consideration of RMB292,608 thousand received and the addition of NCI of RMB90,733 thousand was recognised in other reserves. Income tax of RMB50,469 thousand in relation to the transaction with NCI was recognised in its equity while the other income tax effect of RMB7,348 thousand was recognised in profit or loss.

Pursuant to the Share Transfer Agreement, the Purchaser was entitled to put option rights to request the Group and the Other Selling Shareholders to repurchase its sold shares in Shanghai Benqu. The put options are contingent on the event of the resignation of the founder of Shanghai Benqu or any significant breach of shareholders' statement and shareholders' duty within 3 years (the "Redemption Events") upon the closing of the transaction on 5 July 2019. The put options have different exercise price depending on the occurrence of different Redemption Events. The redemption amount that the Group would be obliged to pay the Purchaser at each period end during the contract period was determined based on the evaluation of the maximum amount that the Group is obliged to pay under different Redemption Events according to the redemption clauses stipulated in the Share Transfer Agreement. Therefore, redemption liabilities of RMB335,677 thousand were recognised at the redemption amount the Group would be obliged to pay to the Purchaser if the options were exercised immediately after the transaction, with a corresponding charge directly to other reserves. Subsequently, in the event that the options expire unexercised or the Group revises its estimation of payments, the Group adjusts the carrying amount of the redemption liabilities against other reserves. If options are exercised, related redemption liabilities are offset by the cash payment. During the year ended 31 December 2020, redemption liabilities of RMB72,722 were derecognised against other reserves as related options lapsed unexercised and the estimated amount was revised.

### 26 REDEMPTION LIABILITIES – *continued*

During the four months ended 30 April 2021, redemption liabilities of RMB48,534 thousand were derecognised as related options lapsed unexercised. On 30 April 2021, the Group sold the remaining 64% equity interests in Jinhua Rui'an to the Purchaser (Note 27) with the put option rights terminated. Accordingly, the total redemption liabilities of RMB190,195 thousand were derecognised against other reserves.

### 27 DISCONTINUED OPERATIONS

#### (a) Description

In December 2020, the Group entered into an agreement to sell the remaining 64% equity interests in Jinhua Rui'an, a subsidiary of the Group who held 80% equity interests in Shanghai Benqu, for a total consideration of RMB256,000 thousand. The 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 and 2020. As this transaction was not completed on 31 December 2020, the associated assets and liabilities were presented as held for sale as of 31 December 2020. Financial information relating to the discontinued operations is set out below.

## 27 DISCONTINUED OPERATIONS – continued

## (b) Financial performance and cash flow information

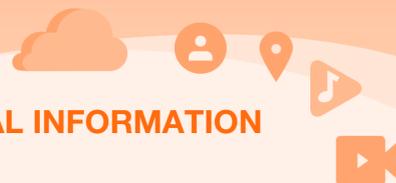
The financial performance and cash flow information presented are for the four months ended 30 April 2021 and six months ended 30 June 2020.

	Four months ended 30 April 2021 RMB'000	Six months ended 30 June 2020 RMB'000
<b>Discontinued operations</b>		
Revenue	17,641	23,886
Cost of revenue	(8,969)	(10,201)
<b>Gross profit from discontinued operations</b>	<b>8,672</b>	<b>13,685</b>
Selling and marketing expenses	(1,030)	(4,033)
Administrative expenses	(1,372)	(1,699)
Research and development expenses	(935)	(2,181)
Other gains, net	1,169	967
<b>Operating profit</b>	<b>6,504</b>	<b>6,739</b>
Finance income, net	3	10
<b>Profit before income tax</b>	<b>6,507</b>	<b>6,749</b>
Income tax	(613)	(1,186)
<b>Profit after income tax of discontinued operation</b>	<b>5,894</b>	<b>5,563</b>
Gain on disposal of subsidiary after income tax (see (c) below)	45,747	–
<b>Profit from discontinued operations</b>	<b>51,641</b>	<b>5,563</b>
Net cash inflow (used in)/from operating activities	(116)	10,446
Net cash outflow from/(used in) investing activities	3,283	(12,454)
Net cash inflow from financing activities	–	609
<b>Net increase/(decrease) in cash generated by the subsidiaries</b>	<b>3,167</b>	<b>(1,399)</b>

27 DISCONTINUED OPERATIONS – *continued*

(c) Details of the disposal of the subsidiaries

	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/>



27 DISCONTINUED OPERATIONS – *continued*

(c) Details of the disposal of the subsidiaries – *continued*

The carrying amounts of the assets and liabilities of the subsidiaries as at the date of disposal were as follows:

	As at 30 April 2021 RMB'000
<b>Non-current assets</b>	
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
<b>Current assets</b>	
Trade receivables	21,914
Prepayments and other receivables	6,144
Financial assets at FVPL	33,380
Cash and cash equivalents	4,190
	<hr/>
<b>Total assets</b>	<b>300,546</b>
	<hr/> <hr/>
<b>Non-current liabilities</b>	
Deferred income tax liabilities	581
<b>Current liabilities</b>	
Trade payables	913
Other payables and accruals	4,796
Lease liabilities	75
	<hr/>
<b>Total liabilities</b>	<b>6,365</b>
	<hr/> <hr/>
<b>Net assets of the discontinued operations</b>	<b>294,181</b>
	<hr/> <hr/>

**27 DISCONTINUED OPERATIONS – *continued***
**(d) Assets and liabilities of disposal group classified held for sale**

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 December 2020:

	As at 31 December 2020 RMB'000
<b>Non-current assets</b>	
Property, plant and equipment	1,097
Intangible assets (including goodwill)	213,295
Prepayments and other receivables	150
Term deposits over 3-months	20,014
Right-of-use assets	147
<b>Current assets</b>	
Trade receivables	19,264
Prepayments and other receivables	4,651
Financial assets at FVPL	36,057
Cash and cash equivalents	1,023
	<hr/>
<b>Total assets of disposal group held for sale</b>	<b>295,698</b>
	<hr/> <hr/>
<b>Liabilities directly associated with assets classified as held for sale</b>	
<b>Non-current liabilities</b>	
Deferred income tax liabilities	581
<b>Current liabilities</b>	
Trade payables	641
Other payables and accruals	6,043
Lease liabilities	148
	<hr/>
<b>Total liabilities of disposal group held for sale</b>	<b>7,413</b>
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## 28 SHARE CAPITAL, SHARE PREMIUM, SHARES HELD FOR RSU SCHEME AND TREASURY STOCK

	Number of Shares	Share capital		Share premium RMB'000	Shares held for RSU Scheme RMB'000
		US\$'000	RMB'000		
At 1 January 2021	1,281,076,162	128.09	795	1,762,930	-
Employees share option scheme:					
- proceeds from share issued (a)	363,000	0.04	-	168	-
Employees RSU scheme:					
- shares issued for RSU Scheme (b)	25,200,000	2.52	16	-	(16)
Repurchase and cancellation of ordinary shares (c)	(39,725,000)	(3.97)	(24)	(42,235)	-
<b>At 30 June 2021</b>	<b>1,266,914,162</b>	<b>126.68</b>	<b>787</b>	<b>1,720,863</b>	<b>(16)</b>
At 1 January 2020	1,259,110,162	125.89	780	1,760,719	-
Employees share option scheme:					
- proceeds from share issued (a)	1,127,000	0.11	1	471	-
Employees RSU scheme:					
- shares issued for RSU Scheme (b)	15,000,000	1.50	10	-	(10)
- shares vested and transferred (b)	-	-	-	(5)	5
<b>At 30 June 2020</b>	<b>1,275,237,162</b>	<b>127.50</b>	<b>791</b>	<b>1,761,185</b>	<b>(5)</b>

(a) Employees share options scheme: options exercised during the six months ended 30 June 2021 resulted in 363,000 ordinary shares being issued (six months ended 30 June 2020: 1,127,000), with exercise proceeds of approximately RMB168 thousand (six months ended 30 June 2020: RMB472 thousand). The related weighted average price at the time of exercise was HK\$1.2193 per share (six months ended 30 June 2020: HK\$1.6943 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 30). Pursuant to the vesting schedule, 50% of these newly issued shares shall vest in September 2021, and the remaining 50% shall vest in March 2022. The shares held for Post-IPO RSU Scheme were deducted from shareholders' equity as the directors are of the view that such shares are within the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance.

As none of these shares were vested and transferred to the grantees, the remaining 25,200,000 shares were recorded as shares held for RSU scheme as of 30 June 2021.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 28 SHARE CAPITAL, SHARE PREMIUM, SHARES HELD FOR RSU SCHEME AND TREASURY STOCK – *continued*

- (c) During the six months ended 30 June 2021, the Company repurchased 39,725,000 ordinary shares of the Company on the Stock Exchange of Hong Kong Limited with total cash consideration of HK\$51,257 thousand (approximately RMB42,259 thousand). As at 30 June 2021, all of these ordinary shares repurchased have been cancelled.

### 29 OTHER RESERVES

	Statutory reserves	Share-based compensation reserve	Currency translation differences	Change in the 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 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 subsidiaries	(2,498)	-	-	-	-	-	(2,498)
Derecognition of redemption liabilities (Note 26)	-	-	-	-	238,729	-	238,729
Currency translation difference	-	-	(20,164)	-	-	-	(20,164)
<b>Closing balance at 30 June 2021</b>	<b>153,838</b>	<b>285,570</b>	<b>(17,906)</b>	<b>1,579</b>	<b>151,406</b>	<b>1,813</b>	<b>576,300</b>
Opening balance at 1 January 2020	158,492	259,120	132,858	1,579	(160,045)	1,813	393,817
Employees RSU scheme:							
– value of employee services	-	15,320	-	-	-	-	15,320
Disposal of subsidiaries	(3,268)	-	-	-	-	-	(3,268)
Derecognition of redemption liabilities (Note 26)	-	-	-	-	34,189	-	34,189
Currency translation difference	-	-	18,997	-	-	-	18,997
<b>Closing balance at 30 June 2020</b>	<b>155,224</b>	<b>274,440</b>	<b>151,855</b>	<b>1,579</b>	<b>(125,856)</b>	<b>1,813</b>	<b>459,055</b>

## 30 SHARE-BASED PAYMENTS

## (a) Share Options

The Company adopted two share option schemes, namely, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, under which the directors of the Company may, at their discretion, grant options to any qualifying participants to subscribe for shares in the Company, subject to the terms and conditions stipulated therein.

Movements in the number of outstanding share options are as follows:

	Average exercise price in US\$ per share option	Number of Pre-IPO Share Options	Average exercise price in HK\$ per share option	Number of Post-IPO Share Options	Total number of share options
At 1 January 2021		6,622,720		2,852,000	9,474,720
Exercised	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>
At 1 January 2020		15,939,335		2,852,000	18,791,335
Exercised	US\$0.0600	(1,127,000)	N/A	–	(1,127,000)
Lapsed	US\$0.2182	(108,575)	N/A	–	(108,575)
At 30 June 2020		<u>14,703,760</u>		<u>2,852,000</u>	<u>17,555,760</u>

As at 30 June 2021, 8,960,020 share options were outstanding and exercisable (30 June 2020: 17,555,760).

During the six months ended 30 June 2021 and 2020, 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 (six months ended 30 June 2020: 1,127,000 ordinary shares) were issued by the Company (Note 28). The weighted average price of the shares at the time these options were exercised was HK\$1.2193 per share (six months ended 30 June 2020: HK\$1.6943 per share).

30 SHARE-BASED PAYMENTS – *continued*

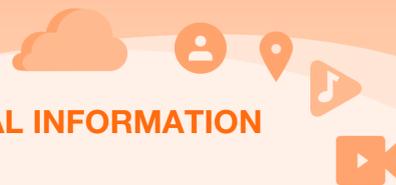
(b) Restricted share units

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 shall vest in September 2021, and the remaining 50% shall vest 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 2021 and 2020 are as follows:

	Number of Post-IPO RSUs
At 1 January 2021	–
Granted	25,200,000
	<hr/>
At 30 June 2021	25,200,000
	<hr/>
At 1 January 2020	–
Granted	15,000,000
Vest and transfer	(7,500,000)
	<hr/>
At 30 June 2020	7,500,000
	<hr/> <hr/>



### 30 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.

### 31 DEFERRED INCOME TAX

The movements of deferred income tax assets/(liabilities), net are as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Opening balance as at 1 January	(20,575)	(94,532)
Recognised in the consolidated statements of comprehensive income (Note 10)	8,246	11,535
Disposal of a subsidiary	–	462
Closing balance as at 30 June	<u>(12,329)</u>	<u>(82,535)</u>

As at 30 June 2021, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB357,414 thousand (31 December 2020: RMB336,332 thousand). Such earnings are expected to be retained by the PRC subsidiaries and not to be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

### 32 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
Beijing Weimeng Chuangke Investment Management Co., Ltd	Subsidiary of the non-controlling shareholder who has significant influence of the Group	Since 19 August 2013
Engge Technology Holdings Limited	Associate	Since 2 January 2018
Tghy Trustrock Private Ltd.	Joint venture	Since 20 September 2019
Hangzhou Xihe Information Technology Co., Ltd	Associate	Since 12 February 2015
Jinhua Xinglu Network Technology Co., Ltd	Joint venture	From 2 August 2016 to 15 June 2020

32 RELATED PARTY TRANSACTIONS – *continued*

## (b) Significant transactions with related parties

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
(i) Other revenue generated from related parties:		
Hangzhou Xihe Information Technology Co., Ltd	209	209
(ii) Loans granted to related parties:		
Tghy Trustrock Private Ltd.	–	10,172

## (c) Balances with related parties

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
	(i) Receivables from related parties	
<b>Prepayments and other receivables</b>		
Tghy Trustrock Private Ltd.	13,755	13,893
Engge Technology Holdings Limited	2,788	2,819
	16,543	16,712
Less: allowance for impairment	(16,543)	(16,712)
	–	–
(ii) Payables to related parties		
<b>Other payables</b>		
Hangzhou Xihe Information Technology Co., Ltd	37	37
<b>Redemption liabilities</b>		
Beijing Weimeng Chuangke Investment Management Co., Ltd (Note 26)	–	238,729

### 33 CONTINGENCIES

In July 2019, the Group entered into agreements with some lessors to lease certain land overseas (Note 18). In August 2019, a lawsuit was lodged by a third party against one of the lessors and the Group, alleging that it has the right to lease the lands based on the option agreement entered into with the lessor. As at 30 June 2021, the matter is still being considered by the court. Legal advice indicates that it is not probable that a significant liability will arise and therefore the Group didn't recognise a provision in relation to this lawsuit as at 30 June 2021.

### 34 COMMITMENT

#### (a) Capital commitments

The Group had no significant capital expenditure contracted for but not recognised as liabilities as at 30 June 2021 and 31 December 2020.

#### (b) Non-cancellable operating lease

The Group leases office buildings and servers under non-cancellable operating leases. As at 30 June 2021 and 31 December 2020, lease commitments for the Group for leases not yet commenced or short-term leases are as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Within 1 year	<u>405</u>	<u>195</u>