Tian Ge Interactive Holdings Limited
天鴿互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1980)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

FINANCIAL HIGHLIGHTS

(in RMB'000)	**Unaudited Six months ended June 30, 2019**	June 30, 2018	Year-on-Year[(1)] Change
Revenue	**280,151**	389,657	-28.1%
– Online interactive entertainment service	**232,301**	358,168	-35.1%
– Advertising services	**37,911**	23,357	62.3%
– Others	**9,939**	8,132	22.2%
Gross Profit	**253,430**	357,251	-29.1%
Gross Profit Margin	**90.5%**	91.7%	
Net Profit	**47,598**	272,573	-82.5%
Net Profit Margin	**17.0%**	70.0%	
Earnings per share (expressed in RMB per share)			
– basic	**0.036**	0.216	-83.3%
– diluted	**0.036**	0.210	-82.9%
Adjusted Net Profit[(2)]	**30,978**	163,056	-81.0%
Adjusted Net Profit Margin[(2)]	**11.1%**	41.8%	
Adjusted Net Profit (excluding one-off withholding tax effect)[(3)]	**120,978**	163,056	-25.8%
Adjusted Net Profit Margin (excluding one-off withholding tax effect)[(3)]	**43.2%**	41.8%	
Adjusted EBITDA[(4)]	**165,570**	210,926	-21.5%
Adjusted EBITDA Margin	**59.1%**	54.1%	

	Unaudited Three months ended				
(in RMB'000)	**June 30, 2019**	March 31, 2019	Quarter-on-Quarter Change	June 30, 2018	Year-on-Year[(1)] Change
Revenue	**143,364**	136,787	4.8%	196,476	-27.0%
– Online interactive entertainment service	**114,815**	117,486	-2.3%	177,233	-35.2%
– Advertising services	**20,340**	17,571	15.8%	12,840	58.4%
– Others	**8,209**	1,730	374.5%	6,403	28.2%
Gross Profit	**129,925**	123,505	5.2%	179,215	-27.5%
Gross Profit Margin	**90.6%**	90.3%		91.2%	
Net Profit/(Loss)	**-31,469**	79,067	-139.8%	173,280	-118.2%
Net Profit/(Loss) Margin	**-22.0%**	57.8%		88.2%	
Earnings/(Losses) per share (expressed in RMB per share)					
– basic	**-0.026**	0.062	-141.9%	0.137	-119.0%
– diluted	**-0.026**	0.061	-142.6%	0.133	-119.5%
Adjusted Net Profit/(Loss)[(2)]	**-33,261**	64,239	-151.8%	66,115	-150.3%
Adjusted Net Profit/(Loss) Margin[(2)]	**-23.2%**	47.0%		33.7%	
Adjusted Net Profit (excluding one-off withholding tax effect)[(3)]	**56,739**	64,239	-11.7%	66,115	-14.2%
Adjusted Net Profit Margin (excluding one-off withholding tax effect)[(3)]	**39.6%**	47.0%		33.7%	
Adjusted EBITDA[(4)]	**83,107**	82,463	0.8%	96,776	-14.1%
Adjusted EBITDA Margin	**58.0%**	60.3%		49.3%	

Notes:

(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 for the period excluding the effect of non-cash share-based compensation expenses, net gains from investee companies, impairment provision, amortization of intangible assets arising from acquisitions and income tax effects.

Adjusted net profit margin is calculated by dividing adjusted net profit by revenue.

(3) Adjusted net profit (excluding one-off withholding tax effect) is adjusted net profit excludes the withholding tax expenses accrued related to earnings of previous periods to be remitted from the subsidiaries in mainland China to its holding Company.

Adjusted net profit margin (excluding one-off withholding tax effect) is calculated by dividing adjusted net profit (excluding one-off withholding tax effect) by revenue.

(4) Adjusted EBITDA represents operating profit, adjusted to exclude non-cash share-based compensation expenses, net gains from investee companies, impairment provision, amortization of intangible assets arising from acquisitions and depreciation and amortization.

INTERIM RESULTS

The board of directors (the "**Directors**") (the "**Board**") of Tian Ge Interactive Holdings Limited (the "**Company**", "**We**" or "**Tian Ge**") hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2019 (the "**Reporting Period**"). These interim results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the "**Audit Committee**").

MANAGEMENT DISCUSSION AND ANALYSIS

1. Business Overview and Outlook

During the first half of 2019, affected by the industry adjustment brought by market competition and government regulation, mobile internet industry in the PRC gradually entered into a stable development period. Facing various challenges in the market, Tian Ge continued to develop its "live streaming + camera" platform for all Internet users, adhere to its core business, optimize and upgrade its platforms, promote overseas market expansion and project implementation, enrich its product portfolio, and further enhance the company's core competitiveness.

On July 5, 2019, we announced the completion of a share transfer transaction between a wholly-owned subsidiary of the Group's PRC operating entity and an associate of Sina Corporation, and the associate of Sina Corporation has become a strategic shareholder of Shanghai Benqu Internet Technology Company Limited (上海本趣網絡科技有限公司) ("**Shanghai Benqu**"), which develops and operates Wuta Camera application (無他相機) ("**Wuta Camera**"). It is an important milestone for the Group as we believe the cooperation with Sina Corporation will accelerate the popularization and commercialization of the Group's products and continue to consolidate Tian Ge's profitability in implementing its "live streaming + camera" dual-core strategy.

Looking ahead, the Group will continue to broaden its ecosystem, deeply cultivate the development of the "Beauty Economy" industrial chain, innovate and develop new products of Wuta Camera, and promote the expansion of the Group's overseas business.

Overall Financial Performance

In the first half of 2019, revenue decreased by 28.1% year-on-year to RMB280.2 million. Revenue from online interactive entertainment was RMB232.3 million, representing a decrease of 35.1% from the corresponding period in 2018.

In the first half of 2019, profit attributable to equity holders of the Company decreased by 83.4% year-on-year to RMB45.7 million; net profit decreased by 82.5% year-on-year to RMB47.6 million; adjusted net profit decreased by 81.0% year-on-year to RMB31.0 million; and adjusted EBITDA decreased by 21.5% year-on-year to RMB165.6 million.

The decrease of profit for the first half of 2019 was primarily due to 1) the decrease of other gains, net which was due to the fact that during the second quarter of 2018, the Company recorded increase of fair value gain of RMB250.1 million due to the significant increase in the valuation of one of the unlisted equity securities held by the Company based on re-valuation result, while in the second quarter of 2019, the Company did not record similar significant increase of fair value gain; 2) in order to facilitate its overseas business expansion, the Company decided to remit the additional earnings of no higher than RMB900.0 million from the undistributed profit of previous periods retained by subsidiaries in mainland China to its holding company, which resulted in significant withholding tax expenses of RMB90.0 million accrued during the second quarter of 2019. The remaining undistributed profit of previous periods are expected to be retained by the PRC subsidiaries and no further withholding tax is expected to be provided in the foreseeable future based on the Group's current strategy plan.

Business Highlights

"Mobile + PC" Dual Live Streaming

According to China Mobile Internet 2019 Semi-annual Report (《中國移動互聯網2019半年大報告》) issued by QuestMobile, for the second quarter of 2019, the number of monthly active devices for mobile Internet in the PRC reached its peak of 1.14 billion, while the growth rate of users average daily usage time slowed down. The live streaming industry continued to experience industry reshuffling in the first half of 2019 when the dividend of mobile Internet users peaked.

During the Reporting Period, Tian Ge continued to adhere to the development strategy of "Mobile + PC" dual live streaming by concentrating on optimization and development of its core platforms, and continuously diversified live streaming content. For example, we incorporated functions such as host PK and one-to-one audio/video chat to improve user experience and interactivity, as well as enhance user stickiness.

In addition, Tian Ge actively promoted the integration of live streaming services with camera applications, short videos, social interactive products and overseas products, and brought into play the synergy between products to further tap into the development potential of the Group's live streaming platform and enhance its core competitiveness.

Wuta Camera

As a popular beauty camera and short video application in China, as of June 30, 2019, Wuta Camera's monthly active users were approximately 34.2 million. Since the fourth quarter of 2018, Wuta Camera has been favored by a number of first-tier advertisers, and advertisement revenue recorded stable growth in the Reporting Period. Moreover, Wuta Camera was widely welcomed by overseas users, especially in Southeast Asia, with a steady growth in the number of overseas users.

On July 5, 2019, an associate of Sina Corporation has became a strategic shareholder of Shanghai Benqu. The parties will further explore and implement cross-platform cooperation, facilitate the socialization and popularization of the Group's products, realize the optimization of platform user structure, and further increase the number of users of Wuta Camera. In addition, Wuta Camera will cooperate with the Group's live streaming business to further explore the development potential and value of various businesses. The Group believes that Wuta Camera, endowed with assistance from strategic shareholders, will help to make a breakthrough in the "live streaming + camera" development strategy of Tian Ge.

Overseas Expansion

During the first half of 2019, Tian Ge's strategic expansion into overseas market was progressing smoothly. During the Reporting Period, the Group focused on penetrating markets in Taiwan, Thailand, Vietnam and other regions of Southeast Asia, continuing to promote live streaming, Wuta Camera, short videos, social interaction products, etc. to be more in line with local culture and user habits, and cater for user needs. Increasing Internet penetration rates and economic growth of Southeast Asia are fostering a substantial growth of users in mobile business such as live streaming and beauty camera in these countries. The Group will proactively capitalize the potential of these markets, and replicate the successful domestic business model to overseas markets to boost our international market share. It is expected that the business development in overseas markets can be a new engine of growth in user base and revenue for the Group.

Moreover, the Company's expansion into the aforementioned overseas market provided access and inspiration to the Company to participate in their fast-growing real estate markets. The Company is optimistic about certain real estate markets and is currently exploring opportunities to invest in real estate development projects in certain Southeast Asia regions. However, the Company does not expect any such investment will materially change its core business focus of providing live streaming social interaction services in China and overseas.

Prospect and Future Outlook

On June 6, 2019, the Ministry of Industry and Technology of the People's Republic of China granted 5G licenses to China Telecom, China Mobile, China Unicom and China Broadcasting Network, signifying the PRC's entering of the 5G era. According to China Mobile Internet Industry Development Analysis Report for the First Half of 2019 (《2019年上半年中國移動互聯網行業發展分析報告》), issued by Trustdata, from January to May 2019, within the past 4G era, an average monthly data traffic of an individual was 6.97GB, but the amount will probably be over 100GB in the 5G era. Rapid development of 5G and other emerging technologies, especially with the issuance of licenses for commercial use, will lay a solid foundation for the promotion of ultra-high-definition video live streaming, and promote the continuous penetration of online live streaming into the public's daily lives, bringing huge room for development to the industry.

Tian Ge, as one of the pioneers in the live streaming industry, will continue to implement the "live streaming + camera" dual-core strategy by content differentiation and innovation to enhance user experience, which will attract more users throughout the Internet and transform more high-quality users with higher spending power. Following the introduction of strategic shareholder to Shanghai Benqu, Wuta Camera will actively explore social functions of its products and promote the integration with live streaming, short video and information products. Embracing new opportunities for development, the Company will continue to explore "Beauty Economy" industry chain, and promote the synergy between Wuta Camera and the Group's core businesses. Meanwhile, based on the continuous expansion of the Group's international businesses, replication of successful domestic business model will be gradually achieved in other Southeast Asia countries.

Going forward, Tian Ge will continue to adapt to the development trends in the industry and leverage on our strengths to promote the integration of live streaming, camera applications, short videos and social interaction products. We will continue to enhance the Group's core competitiveness, expand our international businesses, increase user traffic, improve our monetization capability and create higher profits and values for shareholders.

2. Operating Information

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

	Three months ended				
	June 30, 2019	March 31, 2019	Quarter-on-quarter Change	June 30, 2018	Year-on-year Change
Total Monthly Active Users *(in '000)*	**53,828**	55,921	-3.7%	60,609	-11.2%
– Monthly Active Users of Beauty Camera and Video Business *(in '000)*	**34,203**	36,290	-5.8%	33,898	0.9%
Quarterly Paying Users *(in '000)*	**559**	568	-1.6%	1,274	-56.1%
Quarterly Average Revenue Per User *(RMB)*	**205**	207	-1.0%	139	47.5%
Number of Rooms	**70,594**	71,307	-1.0%	73,490	-3.9%
Number of Hosts	**118,581**	119,779	-1.0%	132,678	-10.6%

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

- For the three months ended June 30, 2019, total number of Monthly Active Users ("**MAUs**") for Tian Ge was approximately 53.8 million, representing a decrease of approximately 3.7% from the three months ended March 31, 2019 and representing a decrease of approximately 11.2% from the three months ended June 30, 2018. The decrease was mainly due to decrease in MAUs of Wuta Camera resulted from intensifying competition in beauty camera and video markets.

- Our mobile MAUs as at June 30, 2019 represents 92.5% of our total MAUs, while the percentage as at March 31, 2019 and June 30, 2018 were 90.2% and 85.2%, respectively.

- Benefited from the Company's platform optimization and content enhance policy, our quarterly paying users ("**QPUs**") of online interactive entertainment service remained stable, as compared to our QPUs in the last quarter, and reached 559,000.

- Our mobile QPUs as at June 30, 2019 represents 71.5% of our total QPUs, while the percentage as at March 31, 2019 and June 30, 2018 were 78.4% and 81.5%, respectively.

- For the three months ended June 30, 2019, the quarterly average revenue per user ("**QARPU**") for Tian Ge's online interactive entertainment service was RMB205, representing an increase of approximately 47.5% from for the three months ended June 30, 2018, and remained stable as compared to QARPU in the last period. The increase was mainly contributed by our streaming and optimizing strategy, where we focused on improving consumption power of our core users.

- Number of virtual rooms for Tian Ge's online interactive entertainment service slightly decreased by 1.0% as compared to the three months ended March 31, 2019 and decreased by 3.9% from the three months ended June 30, 2018. Number of hosts for Tian Ge's online interactive entertainment service slightly decreased by 1.0% as compared to the three months ended March 31, 2019 and representing a decrease of 10.6% from the three months ended June 30, 2018.

- The total number of registered users* of Tian Ge as at June 30, 2019 was 420.7 million, as compared to 397.0 million as at June 30, 2018.

  * Registered users refer to accumulated number of users who have registered an account on our live social video platform, online games or beauty camera and short video app, and duplicated accounts were not excluded.

3. Financial Information

Revenue

Revenue generated from online interactive entertainment service was RMB114.8 million for the three months ended June 30, 2019, mainly including revenue from live social video platforms and online games, which remained stable from the three months ended March 31, 2019. Revenue generated from online interactive entertainment service decreased by 35.1% to RMB232.3 million for the six months ended June 30, 2019 from RMB358.2 million for the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of QPUs and partially offset by the increase of QARPU.

Revenue generated from advertising services for the three months ended June 30, 2019 increased by 15.8% from the three months ended March 31, 2019. Revenue generated from advertising services for the six months ended June 30, 2019 increased by 62.3% from the corresponding period in 2018.

Revenue generated from "Others" mainly includes the revenue from technical supporting services and other services. Revenue generated from "Others" for the three months ended June 30, 2019 increased by 374.5% from the three months ended March 31, 2019. Revenue generated from "Others" for the six months ended June 30, 2019 increased by 22.2% from the corresponding period in 2018.

Cost of Revenue and Gross Profit Margins

Cost of revenue for the three months ended June 30, 2019 remained stable from the three months ended March 31, 2019.

Cost of revenue experienced a decrease of 17.5% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decreased commission charged by game developers related to the operation of our mobile games and the decreased bandwidth and server custody fees, and partially offset by the increase of costs related to advertising service.

The gross profit margin for the three months ended June 30, 2019 was 90.6%, compared with 90.3% for the three months ended March 31, 2019. The gross margin for the six months ended June 30, 2019 was 90.5%, compared with 91.7% for the corresponding period in 2018.

Selling and Marketing Expenses

Selling and marketing expenses experienced an increase of 13.2% for the three months ended June 30, 2019 from the three months ended March 31, 2019. The quarter-on-quarter increase was primarily due to the increase of promotion expenses.

Selling and marketing expenses experienced a decrease of 42.6% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of promotion expenses and employee costs.

Administrative Expenses

Administrative expenses experienced an increase of 42.2% for the three months ended June 30, 2019 from the three months ended March 31, 2019. The quarter-on-quarter increase was primarily due to the increase of employee costs, professional consultancy fees and the amortization of land use right.

Administrative expenses experienced a decrease of 40.8% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of impairment loss and employee costs.

Research and Development Expenses

Research and development expenses experienced an increase of 6.4% for the three months ended June 30, 2019 from the three months ended March 31, 2019. The quarter-on-quarter increase was primarily due to the increase of employee costs.

Research and development expenses experienced a decrease of 26.6% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of employee costs and there was a one-time expense of the research cost related to a game which failed to be launched during the corresponding period in 2018.

Other Gains, Net

Other gains, net experienced a decrease of 22.2% for the three months ended June 30, 2019 from the three months ended March 31, 2019. The quarter-on-quarter decrease was primarily due to the increase of expenses in relation to equity transaction of an investee company.

Other gains, net experienced a decrease of 80.3% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of net fair value gain of financial assets at fair value through profit or loss.

Income Tax Expenses

Income tax expenses experienced an increase of 719.5% for the three months ended June 30, 2019 from the three months ended March 31, 2019 and experienced an increase of 31.2% for the six months ended June 30, 2019 from the corresponding period in 2018. The significant increase was primarily due to that in order to facilitate its overseas business expansion, the Company decided to remit the earnings from the undistributed profit of previous years retained by subsidiaries in mainland China to its holding company, which resulted in significant withholding tax expenses accrued during the second quarter of 2019 including RMB90.0 million related to earnings of previous periods.

Profit/(Loss) attributable to shareholders of the Company

Loss attributable to shareholders of the Company was RMB32.1 million for the three months ended June 30, 2019 compared with profit attributable to shareholders of the Company of RMB77.8 million for the three months ended March 31, 2019. The quarter-on-quarter decrease was primarily due to the increase of operating expenses, income tax expenses and partially offset by the reversal of impairment losses for financial assets, net.

Profit attributable to shareholders of the Company experienced a decrease of 83.4% for the six months ended June 30, 2019 from the corresponding period in 2018. The year-on-year decrease was primarily due to the decrease of gross profit and other gains, net and partially offset by the saving of operating expenses.

Non-IFRS Measures

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

Adjusted EBITDA

Adjusted EBITDA for the three months ended June 30, 2019 remained stable from the three months ended March 31, 2019 and decreased by 21.5% year-on-year for the six months ended June 30, 2019 from the corresponding period in 2018. Adjusted EBITDA margin was 58.0% for the three months ended June 30, 2019, compared to 60.3% for the three months ended March 31, 2019. Adjusted EBITDA margin was 59.1% for the six months ended June 30, 2019, compared to 54.1% for the corresponding period in 2018.

Adjusted EBITDA represents operating profit adjusted to exclude non-cash share-based compensation expenses, net gains from investee companies, impairment provision, 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:

	Unaudited		**Unaudited**		
	Six months ended		**Three months ended**		
(in RMB'000)	**June 30, 2019**	June 30, 2018	**June 30, 2019**	March 31, 2019	June 30, 2018
Operating Profit	**212,157**	420,554	**120,830**	91,327	296,977
Share-based compensation expense	**3,341**	11,936	**3,341**	–	4,766
Net gains from investee companies[a]	**(65,613)**	(254,094)	**(49,489)**	(16,124)	(231,609)
Impairment provision[b]	**–**	19,447	**–**	–	19,447
Amortization of intangible assets arising from acquisitions	**3,972**	3,489	**1,986**	1,986	2,306
Depreciation and amortization expense	**11,713**	9,594	**6,439**	5,274	4,889
Adjusted EBITDA	**165,570**	210,926	**83,107**	82,463	96,776

Adjusted Net Profit/(Loss)

Adjusted net loss was RMB33.3 million for the three months ended June 30, 2019 compared with adjusted net profit of RMB64.2 million for the three months ended March 31, 2019. Adjusted net profit decreased by 81.0% year-on-year for the six months ended June 30, 2019 from the corresponding period in 2018.

The adjusted net loss was mainly caused by the one-off withholding tax of RMB90.0 million accrued for the undistributed profit of previous periods retained by subsidiaries in mainland China to its holding company. In order to facilitate the investors and others to better understand the Company's operation performance, we exclude such extraordinary item from adjusted net loss. After the adjustment, adjusted net profit (excluding one-off withholding tax effect) decreased by 11.7% quarter-on-quarter for the three months ended June 30, 2019 from the three months ended March 31, 2019 and decreased by 25.8% year-on-year for the six months ended June 30, 2019 from the corresponding period in 2018.

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

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

	Unaudited Six months ended		**Unaudited Three months ended**		
(in RMB'000)	**June 30, 2019**	June 30, 2018	**June 30, 2019**	March 31, 2019	June 30, 2018
Net Profit/(Loss)	**47,598**	272,573	**(31,469)**	79,067	173,280
Share-based compensation expense	**3,341**	11,936	**3,341**	—	4,766
Net gains from investee companies[(a)]	**(65,613)**	(254,094)	**(49,489)**	(16,124)	(231,609)
Impairment provision[(b)]	**23,251**	62,678	**23,251**	–	62,678
Amortization of intangible assets arising from acquisitions	**3,972**	3,489	**1,986**	1,986	2,306
Income tax effects[(c)]	**18,429**	66,474	**19,119**	(690)	54,694
Adjusted Net Profit/(Loss)	**30,978**	163,056	**(33,261)**	64,239	66,115

Notes:

(a) Including net gains on deemed disposals/disposals of investee companies, fair value changes arising from investee companies, other expenses in relation to equity transactions of investee companies and provisions for receivables in relation to investee companies.

(b) Including impairment provisions for associates, joint ventures and intangible assets arising from acquisitions.

(c) Income tax effects of non-IFRS adjustments.

4. Liquidity and Financial Resources

Cash and Cash Equivalent, and Term Deposits

Cash and cash equivalents consist of cash at bank and cash on hand, and as at June 30, 2019 and December 31, 2018 amounted to RMB549.4 million and RMB432.6 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 RMB0 million and RMB112.3 million as at June 30, 2019 and December 31, 2018, respectively.

Financial Assets at Fair Value through Profit and Loss

The Group's financial assets at fair value through profit and loss consist of five main categories, namely (arranged in descending order based on their respective fair value amount) (i) purchase of wealth management products, (ii) equity investments in private unlisted companies ("**Private Investments**"), (iii) investments in venture capital funds ("**Fund Investments**"), (iv) contingent consideration, and (v) investments in structured notes.

Financial assets at fair value through profit and loss increased by 11.8% to RMB1,953.2 million as at June 30, 2019 compared to RMB1,746.4 million as at December 31, 2018. Such increase was mainly attributable to an increase of RMB135.9 million in purchase of wealth management products, an increase of RMB44.1 million in Fund Investments, an increase of RMB25.1 million in Private Investments, an increase of RMB1.3 million in contingent consideration and an increase of RMB0.4 million in structured notes. The following is a breakdown of the five main categories as at the periods specified:

		As at December 31, 2018 *(RMB'000)*	**As at June 30, 2019** ***(RMB'000)***	Percentage increase
(i)	Purchase of wealth management products	871,871	**1,007,768**	15.6%
(ii)	Private Investments	471,844	**496,931**	5.3%
(iii)	Fund Investments	356,352	**400,448**	12.4%
(iv)	Contingent consideration	36,404	**37,741**	3.7%
(v)	Investments in structured notes	9,941	**10,337**	4.0%
Total:		1,746,412	**1,953,225**	11.8%

(i) Purchase of 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 15.6% to RMB1,007.8 million as at June 30, 2019 compared to RMB871.9 million as at December 31, 2018.

The wealth management products represent RMB-denominated wealth management products with interest rates ranging from 2.60% to 4.85% 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.

A substantial portion of such wealth management products have been purchased through products offered by one of our principle banks, China Merchants Bank. For further details, please refer to the announcements issued by the Company on January 7, 2019, January 25, 2019, February 21, 2019, April 4, 2019, and July 10, 2019.

(ii) 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, 2019** ***(RMB'000)***	Fair value of investments as of December 31, 2018 *(RMB'000)*	Percentage increase/ (decrease)
(i)	2 other entertainment and social live streaming companies[2]	100,300	1.82% – 19.87%	**100,000**	100,300	-0.3%
(ii)	6 online/mobile gaming companies, including:	124,562	3.7966% – 27%	**351,984**	313,932	12.1%
	– Jinhua Yibo Network Technology Co., Ltd. ("**Yibo**")[1]	18,750	22.5%	**247,921**	245,147	1.1%
(iii)	1 financial technology companies	11,956	8%	**11,956**	17,663	-32.3%
(iv)	4 corporate/IT services companies	51,991	19% – 20%	**32,991**	39,949	-17.4%

(1) In May 2018, the Group entered into an agreement to dispose 4.5% out of 27% of its equity interest in Yibo. The transaction was completed in July 2018. As a result, a significant fair value gain was recognized from the aforementioned latest round of financing during year ended December 31, 2018.

(2) Including 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. Save for its investment in Yibo, there is no single Private Investment whose carrying amount is over 5% of the Group's total assets as of June 30, 2019.

(iii) Fund Investments

As of June 30, 2019, the Group has investment interests in nine venture capital 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)), Yun Qi Partners I GP, Ltd. and Suzhou Yunzhou Venture Capital Investment Center (Limited Partnership) (蘇州雲周創業投資中心(有限合夥)) ("**Yunqi Investments**") constitute connected transactions to the Company. The principal investment objectives of these three 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, Internet financing, intelligent hardware, 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 nine venture capital funds was RMB267.7 million as at June 30, 2019. The fair value of these Fund Investments increased by 12.4% to RMB400.4 million as at June 30, 2019 compared to RMB356.4 million as at December 31, 2018.

Save for the Yunqi Investments, the general partners of the underlying Fund Investments are independent from each other. There is no single Fund Investment whose carrying amount is over 5% of the Company's total assets as of June 30, 2019.

(iv) Contingent consideration

In May 2018, the Group entered into an agreement to dispose 4.5% out of 27% of its equity interest in Yibo at a cash consideration of RMB40.5 million and an additional cash consideration of up to RMB253.6 million may be received from 2019 to 2021 in the event that certain pre-determined net profit of 2018, 2019 and 2020 is achieved by Yibo. The settlement date of the additional consideration from 2019 to 2021 is no later than May 15 each year. The Group received the aforementioned cash consideration of RMB40.5 million and recognised a fair value gain of RMB36.8 million upon completion of the disposal. As of December 31, 2018, the fair value of the potential undiscounted amount of all future cash collection was recognised as contingent consideration at the estimated amount to be RMB36.4 million by calculating the present value of future expected cash flows based on a discount rate of 8.8% and the probability of exercising the put option by the third party.

As the pre-determined net profit of 2018 was not achieved by the unlisted company, in May 2019, the Group entered into an amendment to the original agreement with the other selling shareholders and the buyer that the second settlement date of the additional consideration will be postponed to December 2019. The fair value of the contingent consideration was increased by RMB1.3 million for the six months ended June 30, 2019.

(v) Structured Notes

The fair value of the structured notes invested by the Company increased by 4.0% to RMB10.3 million as at June 30, 2019 compared to RMB9.9 million as at December 31, 2018. The structured notes are issued by a commercial bank in Hong Kong, which provide a potential return linked to the price of certain listed equity security at the predetermined valuation day in future.

Bank Loans and Other Borrowings

As at June 30, 2019 and December 31, 2018, the Company had no bank loans and other borrowings outstanding.

Gearing Ratio

The gearing ratio as at June 30, 2019 and December 31, 2018 were 0%.

Capital Expenditures

For the six months ended June 30, 2019, the Group's capital expenditures were approximately RMB8.7 million, mainly including approximately RMB5.2 million related to purchase of land use right and approximately RMB2.3 million related to purchase of fixed assets and construction in progress.

Major Investments and Disposals

In January 2019, the Group entered into an agreement to sell 36% of the equity interests in Jinhua Ruian Investments Management Company Limited, a company holding 80% equity interest in Shanghai Benqu as of the date of this announcement, to Beijing Weimeng Chuangke Investment Management Company Limited, an associate of Sina Corporation, for a consideration of approximately RMB292.6 million. The transaction has been completed on July 5, 2019.

Charges on Assets

As at June 30, 2019, the Group did not have any asset charges.

Contingent Liabilities

As at June 30, 2019, the Group did not have any significant contingent liabilities.

Foreign Exchange Risk

Most of our subsidiaries' functional currencies are RMB, as the majority of the revenues of these companies are derived from our operations in mainland China. We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to foreign currency denominated financial assets as at June 30, 2019. We do not hedge against any fluctuation in foreign currency.

5. Corporate Information

Staff

The Company had 553 full time employees as at June 30, 2019. 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 RMB65.2 million for the six months ended June 30, 2019, while our staff cost was RMB81.6 million for the six months ended June 30, 2018. The Group's remuneration policies are formulated according to the duty, experience, ability and performance of individual employees and are reviewed annually. In addition to basic salary, employees are entitled to other benefits including social insurance contribution, employee provident fund schemes and discretionary incentive.

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

Share Option 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, 2019 were RMB3.3 million, as compared to RMB11.9 million for the corresponding period in 2018.

As at June 30, 2019, options representing a total of 20,578,875 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 1.61% as at June 30, 2019. However, as the options are exercisable over a 10-year period from the date of grant, any such dilutive effect on earnings per share may be staggered over several years.

As of June 30, 2019, the total number of shares underlying the Pre-IPO RSU Scheme and Post-IPO RSU Scheme represented approximately 1.89% of the total ordinary shares of the Company.

On June 3, 2019, the Company granted restricted share units in respect of a total of 10,000,000 ordinary shares of the Company of US $0.0001 each to the grantees under the Post-IPO RSU Scheme, which represented approximately 0.80% of the total ordinary shares of the Company as at June 30, 2019.

CONDENSED CONSOLIDATED BALANCE SHEET

(AS AT JUNE 30, 2019)

	Note	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Assets			
Non-current assets			
Land use right		**56,450**	–
Property and equipment		**181,977**	186,582
Right-of-use assets		**4,686**	–
Investment properties		**46,590**	46,512
Intangible assets		**290,978**	296,399
Investments accounted for using the equity method	*5*	**38,478**	55,305
Financial assets at fair value through profit or loss	*7*	**945,457**	874,541
Prepayments and other receivables		**23,139**	74,829
Deferred income tax assets	*10*	**20,220**	38,375
		1,607,975	1,572,543
Current assets			
Trade receivables	*6*	**34,902**	64,298
Prepayments and other receivables		**96,583**	102,922
Financial assets at fair value through profit or loss	*7*	**1,007,768**	871,871
Term deposits with initial term over 3 months		**–**	112,318
Cash and cash equivalents		**549,432**	432,588
		1,688,685	1,583,997
Assets classified as held for sale		**6,111**	–
Total assets		**3,302,771**	3,156,540
Equity			
Equity attributable to shareholders of the Company			
Share capital		**777**	789
Share premium		**1,774,151**	1,828,683
Treasury stock		**(4,080)**	(25,469)
Other reserves		**516,264**	510,665
Retained earnings		**562,443**	516,740
		2,849,555	2,831,408
Non-controlling interests		**14,619**	12,762
Total equity		**2,864,174**	2,844,170

	Note	**Unaudited 30 June 2019** *RMB'000*	Audited 31 December 2018 *RMB'000*
Liabilities			
Non-current liabilities			
Lease liabilities		**1,056**	–
Deferred income tax liabilities	*10*	**186,805**	109,966
Other non-current liabilities		**4,244**	2,633
		192,105	112,599
Current liabilities			
Trade payables	*9*	**3,173**	5,049
Other payables and accruals		**124,162**	71,192
Income tax liabilities		**77,366**	90,560
Lease liabilities		**990**	–
Customer advance and deferred revenue		**35,690**	32,970
		241,381	199,771
Liabilities directly associated with assets classified as held for sale		**5,111**	–
Total liabilities		**438,597**	312,370
Total equity and liabilities		**3,302,771**	3,156,540

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019)

		Unaudited Three months ended 30 June		Unaudited Six months ended 30 June	
	Note	**2019**	2018	**2019**	2018
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Revenue	*4*	**143,364**	196,476	**280,151**	389,657
Cost of revenue	*11*	**(13,439)**	(17,261)	**(26,721)**	(32,406)
Gross profit		**129,925**	179,215	**253,430**	357,251
Selling and marketing expenses	*11*	**(29,740)**	(50,754)	**(56,009)**	(97,652)
Administrative expenses	*11*	**(23,309)**	(46,804)	**(39,701)**	(67,039)
Research and development expenses	*11*	**(18,986)**	(28,937)	**(36,826)**	(50,155)
Reversal of impairment losses for financial assets, net		**38,916**	–	**36,351**	–
Other gains, net	*12*	**24,024**	244,257	**54,912**	278,149
Operating profit		**120,830**	296,977	**212,157**	420,554
Finance income	*13*	**1,206**	1,045	**4,999**	9,402
Finance costs	*13*	**(1,942)**	(2,669)	**(2,142)**	(5,712)
Finance income/(costs), net	*13*	**(736)**	(1,624)	**2,857**	3,690
Share of profit/(loss) of investment accounted for using the equity method	*5*	**(1,166)**	(1,220)	**(1,504)**	255
Impairment of investments accounted for using the equity method	*5*	**(23,251)**	(43,231)	**(23,251)**	(43,231)
Profit before income tax		**95,677**	250,902	**190,259**	381,268
Income tax expense	*14*	**(127,146)**	(77,622)	**(142,661)**	(108,695)
Profit/(loss) for the period		**(31,469)**	173,280	**47,598**	272,573
Other comprehensive income					
Items that may be reclassified to profit or loss					
Currency translation differences		**20,745**	38,464	**2,258**	7,489
Total comprehensive income/(loss) for the period		**(10,724)**	211,744	**49,856**	280,062

	Note	Unaudited Three months ended 30 June 2019 RMB'000	Unaudited Three months ended 30 June 2018 RMB'000	Unaudited Six months ended 30 June 2019 RMB'000	Unaudited Six months ended 30 June 2018 RMB'000
Profit/(loss) attributable to:					
– Shareholders of the Company		**(32,075)**	175,546	**45,703**	274,900
– Non-controlling interests		**606**	(2,266)	**1,895**	(2,327)
		(31,469)	173,280	**47,598**	272,573
Total comprehensive income/ (loss) attributable to:					
– Shareholders of the Company		**(11,330)**	213,995	**47,961**	282,350
– Non-controlling interests		**606**	(2,251)	**1,895**	(2,288)
		(10,724)	211,744	**49,856**	280,062
Earnings/(loss) per share attributable to owners of the Company (expressed in RMB per share)					
Basic earnings/(loss) per share	*15*	**(0.026)**	0.137	**0.036**	0.216
Diluted earnings/(loss) per share	*15*	**(0.026)**	0.133	**0.036**	0.210

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
(FOR THE SIX MONTHS ENDED JUNE 30, 2019)

		Unaudited							
		Equity attributable to shareholders of the company							
	Note	Share capital *RMB'000*	Share premium *RMB'000*	Treasury stock *RMB'000*	Other reserves *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2019		789	1,828,683	(25,469)	510,665	516,740	2,831,408	12,762	2,844,170
Comprehensive income									
Profit for the six months ended 30 June 2019		–	–	–	–	45,703	45,703	1,895	47,598
Other comprehensive income									
Currency translation differences		–	–	–	2,258	–	2,258	–	2,258
Total comprehensive income		–	–	–	2,258	45,703	47,961	1,895	49,856
Transactions with shareholders of the Company, recognised directly in equity									
Employees share option scheme:									
– value of employee service		–	–	–	3,341	–	3,341	–	3,341
– proceeds from shares issued		1	542	–	–	–	543	–	543
Repurchase of ordinary shares		–	–	(33,698)	–	–	(33,698)	–	(33,698)
Cancellation of ordinary shares		(13)	(55,074)	55,087	–	–	–	–	–
Disposal of a subsidiary		–	–	–	–	–	–	(38)	(38)
Total transactions with shareholders of the Company, recognised directly in equity		(12)	(54,532)	21,389	3,341	–	(29,814)	(38)	(29,852)
Balance at 30 June 2019		777	1,774,151	(4,080)	516,264	562,443	2,849,555	14,619	2,864,174

	Note	Share capital RMB'000	Shares held for RSU Scheme RMB'000	Treasury stock 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
		Unaudited								
		Equity attributable to shareholders of the company								
Balance at 31 December 2017 as originally presented		787	(6)	–	1,952,499	569,960	193,935	2,717,175	11,582	2,728,757
Change in accounting policy		–	–	–	–	(124,892)	124,892	–	–	–
Restated total equity at 1 January 2018		787	(6)	–	1,952,499	445,068	318,827	2,717,175	11,582	2,728,757
Comprehensive income/(loss)										
Profit/(loss) for the six months ended 30 June 2018		–	–	–	–	–	274,900	274,900	(2,327)	272,573
Other comprehensive income/ (loss)										
Currency translation differences		–	–	–	–	7,450	–	7,450	39	7,489
Total comprehensive income/ (loss)		–	–	–	–	7,450	274,900	282,350	(2,288)	280,062
Transactions with shareholders of the Company, recognised directly in equity										
Employees share option scheme and restricted share units ('**RSU**') schemes:										
– vest and transfer of RSUs		–	6	–	(6)	–	–	–	–	–
– value of employee service		–	–	–	–	11,936	–	11,936	–	11,936
– proceeds from shares issued		3	–	–	4,071	–	–	4,074	–	4,074
Dividends relating to 2017 paid in June 2018	*16*	–	–	–	(74,537)	–	–	(74,537)	–	(74,537)
Appropriation of dividend to non-controlling interests		–	–	–	–	–	–	–	(886)	(886)
Repurchase of ordinary shares		–	–	(30,168)	–	–	–	(30,168)	–	(30,168)
Cancellation of ordinary shares		–	–	1,153	(1,153)	–	–	–	–	–
Step-acquisition of a subsidiary		8	–	–	70,755	–	–	70,763	7,152	77,915
Total transactions with shareholders of the Company, recognised Company, recognised directly in equity		11	6	(29,015)	(870)	11,936	–	(17,932)	6,266	(11,666)
Balance at 30 June 2018		798	(0)	(29,015)	1,951,629	464,454	593,727	2,981,593	15,560	2,997,153

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOW
(FOR THE SIX MONTHS ENDED JUNE 30, 2019)

	Unaudited Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Net cash generated from operating activities	**115,090**	122,372
Net cash used in investing activities	**(22,826)**	(51,735)
Net cash generated from/(used in) financing activities	**22,002**	(101,665)
Net increase/(decrease) in cash and cash equivalents	**114,266**	(31,028)
Cash and cash equivalents at beginning of year	**432,588**	273,652
Exchange gain on cash and cash equivalents	**2,578**	2,188
Cash and cash equivalents at end of year	**549,432**	244,812

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
(FOR THE SIX MONTHS ENDED JUNE 30, 2019)

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 29 August 2019.

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

2. BASIS OF PREPARATION

This condensed consolidated financial information for the three and six months ended 30 June 2019 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 2018, which have been prepared in accordance with IFRS as set out in the 2018 annual report of the Company dated 27 March 2019.

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements, except as described below:

(a) The estimation of income tax using the tax rate that would be applicable to expected total annual earnings.

(b) Non-current assets (or disposal groups) held for sale

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

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

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

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

(c) Land use right

Land use right are up-front payments to acquire long-term interest in land. These payments are stated at cost and charged to the consolidated income statement on a straight-line basis over the remaining period of the lease.

(d) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases.

4. SEGMENT INFORMATION

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

The Group has following reportable segments of continuing operation for the six months ended 30 June 2019 and 2018:

– Online interactive entertainment service;

– Advertising;

– Others.

Online interactive entertainment service of the Group mainly comprise of the provision of live social video platform and provision of online games. Other segments of the Group mainly comprise 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.

There were no material inter-segment sales during the six months ended 30 June 2019 and 2018. 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 these 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 three months ended 30 June 2019 and 2018 is as follows:

	Three months ended 30 June 2019				Three months ended 30 June 2018			
	Online interactive entertainment	**Advertising**	**Others**	**Total**	Online interactive entertainment	Advertising	Others	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**114,815**	**20,340**	**8,209**	**143,364**	177,233	12,840	6,403	196,476
Gross profit	**105,168**	**17,179**	**7,578**	**129,925**	160,622	12,261	6,332	179,215
– Depreciation, amortization and impairment charges included in segment cost	**1,405**	**250**	**–**	**1,655**	1,326	–	3	1,329
Operating profit				**120,830**				296,977
Finance income				**1,206**				1,045
Finance costs				**(1,942)**				(2,669)
Shares of losses of investments accounted for using the equity method				**(1,166)**				(1,220)
Impairment on investment accounted for using the equity method				**(23,251)**				(43,231)
Profit before income tax				**95,677**				250,902

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2019 and 2018 is as follows:

	Six months ended 30 June 2019				Six months ended 30 June 2018			
	Online interactive entertainment *RMB'000*	**Advertising** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*	Online interactive entertainment *RMB'000*	Advertising *RMB'000*	Others *RMB'000*	Total *RMB'000*
Revenue	**232,301**	**37,911**	**9,939**	**280,151**	358,168	23,357	8,132	389,657
Gross profit	**213,650**	**30,552**	**9,228**	**253,430**	326,471	22,778	8,002	357,251
– Depreciation, amortization and impairment charges included in segment cost	**2,804**	**500**	**–**	**3,304**	2,626	–	6	2,632
Operating profit				**212,157**				420,554
Finance income				**4,999**				9,402
Finance costs				**(2,142)**				(5,712)
Shares of profit/(losses) of investments accounted for using the equity method				**(1,504)**				255
Impairment on investment accounted for using the equity method				**(23,251)**				(43,231)
Profit before income tax				**190,259**				381,268

5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Associates	**31,523**	53,307
Joint venture	**6,955**	1,998
	38,478	55,305

(a) **Investment in associates**

	Six months ended 30 June 2019 RMB'000	30 June 2018 RMB'000
Beginning of the period	**53,307**	118,948
Additions (i)	**3,276**	1,272
Share of loss of investments accounted for using the equity method	**(1,394)**	(6,620)
Dividend received	**(670)**	(484)
Impairment (i)(ii)	**(23,251)**	(43,231)
Disposal (iii)	**–**	(31,499)
Currency translation differences	**255**	33
End of the period	**31,523**	38,419

(i) During the six months ended 30 June 2019, the Group made a capital injection of MYR2,000 thousand (approximately RMB3,276 thousand) to an associate engaged in small loan lending overseas. As at 30 June 2019, the Group made an impairment provision of RMB1,683 thousand against the carrying amount of the associate based on the value in use calculation as the financial/business outlook of the associate was not optimistic after revision.

(ii) During the six months ended 30 June 2019, the Group carried out an impairment assessment on certain associates, which were engaged in business promotion and trading via online female network community in mainland China, and online health information service in mainland China, based on value in use calculation, as the financial/business outlook of the associates were not optimistic after revision. The Group made an impairment provision of RMB21,568 thousand against the carrying amount of the associates.

During the six months ended 30 June 2018, the Group made an impairment provision of RMB43,231 thousand against the carrying amount of certain associates which were principally engaged in the operation of an online peer-to-peer ('**P2P**') lending platform in mainland China.

(iii) During the six months ended 30 June 2018, the Group disposed several associates, which were engaged in the operation of small loan lending in mainland China. The disposals resulted in an aggregate gain of approximately RMB401 thousand.

(b) **Investment in joint venture**

	Six months ended 30 June 2019 RMB'000	30 June 2018 RMB'000
Beginning of the period	**1,998**	12,812
Additions (i)	**5,067**	105,384
Share of profit/(loss) of investment accounted for using the equity method	**(110)**	6,875
Currency translation differences	**–**	151
End of the period	**6,955**	125,222

(i) During the six months ended 30 June 2019, the Group entered into an investment agreement with two third party companies to establish a joint venture in Singapore, which would engage in provision of online entertainment business in Vitamin. The Group subscribed for 49% of its equity interest in the joint venture at a consideration of USD1,470 thousand. As at 30 June 2019, USD735 thousand (approximately RMB5,067 thousand) was paid by the Group.

6. TRADE RECEIVABLES

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
Third parties	**35,702**	64,956
Amount due from related parties	**–**	142
	35,702	65,098
Less: provision for impairment	**(800)**	(800)
	34,902	64,298

At 30 June 2019 and 31 December 2018, the ageing analysis of the trade receivables (including amounts due from related parties of trading in nature) based on recognition date of the gross trade receivables at the respective balance sheet dates were as follows:

	As at 30 June 2019 *RMB'000*	As at 31 December 2018 *RMB'000*
0-90 days	**28,242**	62,617
91-180 days	**6,024**	1,269
181-365 days	**424**	230
Over 1 year	**1,012**	982
	35,702	65,098

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Included in non-current assets		
Investments in venture capital funds (a)	**400,448**	356,352
Unlisted equity investments (c)	**496,931**	471,844
Contingent consideration (e)	**37,741**	36,404
Structured notes (d)	**10,337**	9,941
	945,457	874,541
Included in current assets		
Investment in wealth management products (b)	**1,007,768**	871,871
	1,007,768	871,871
	1,953,225	1,746,412

(a) This represents the Group's investments in certain venture funds as a limited partner. Set out below are the movements of the Group's investments in such venture capital funds as at 30 June 2019 and 2018:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Investments in venture capital funds		
Opening balance as at 1 January	**356,352**	298,958
Additions (i)	**8,750**	26,869
Disposals (ii)	**(6,676)**	(7,022)
Dividend received (ii)	**(429)**	–
Dividend income	**429**	–
Fair value gain recognised in consolidated statement of comprehensive income	**41,087**	22,342
Currency translation difference	**935**	2,199
Closing balance as at 30 June	**400,448**	343,346

(i) During the six months ended 30 June 2019, the Group entered into an agreement to subscribe interests in a certain venture capital fund at a cash consideration of RMB25,000 thousand as a limited partner. The Group didn't have control or significant influence on the fund, and classified the investment as financial assets at fair value through profit or loss. The fund was established to invest in start-up companies and to obtain capital appreciation and investment income. As at 30 June 2019, the Group had paid RMB 8,750 thousand to the fund.

(ii) During the six months ended 30 June 2019, the Group received a cash payment of RMB7,105 thousand from certain venture capital funds, including the return of investment principal of RMB6,676 thousand and a dividend income of RMB429 thousand.

(b) This represents RMB-denominated wealth management products with interest rates ranging from 2.60% to 4.85% 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.

(c) This represents the Group's investments in unlisted equity interests. Set out below are the movements of the Group's unlisted equity investments as at 30 June 2019 and 2018:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Unlisted equity investments		
Opening balance as at 1 January	**471,844**	332,862
Additions (i)	**38,842**	19,000
Disposals	**(1,722)**	(18,145)
Reclassified as assets held for sale	**(5,727)**	–
Dividend received	**(2,445)**	(2,059)
Dividend income	**2,445**	2,059
Fair value gain/(loss) recognised in consolidated statement of comprehensive income	**(6,368)**	216,066
Other change	**–**	18,228
Currency translation differences	**62**	(336)
Closing balance as at 30 June	**496,931**	567,675

(i) During the year ended 31 December 2014, the Group paid RMB70,000 thousand to subscribe 5% equity interest of potential investment in certain unlisted company which was principally engaged in online games. The amount was recorded as refundable prepayments for purchase of investments in prepayments and other receivables. As of 31 December 2018, management performed impairment assessment on the refundable prepayments of investment, including the aging of the refundable prepayment, as well as probability of collection of the prepayment of the investments in the future. As a result, an impairment of RMB70,000 thousand against the refundable prepayment for investment due to the inherent uncertainty of the future collection was recognised.

In June 2019, with the support from the selling shareholder and the invested company, the Group completed the shareholder registration of this investment and legally became the shareholder of 5% equity interest in the unlisted company. Therefore, the impairment of the refundable prepayment of the investment was reversed to the recoverable amount of RMB38,842 thousand and the prepayment was classified as financial asset at fair value through profit or loss at the fair value of RMB38,842 thousand.

(d) This represented the Group's investments in structured notes. The product provides a potential return linked to the price of certain listed equity security at the predetermined valuation day in future. Set out below are the movements of the Group's investments in structured notes as at 30 June 2019 and 2018:

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Investments in structured notes		
Opening balance as at 1 January	**9,941**	15,518
Additions	**–**	12,076
Disposals	**–**	(3,751)
Fair value gain/(loss) recognised in consolidated statement of comprehensive income	**373**	(588)
Currency translation difference	**23**	615
Closing balance as at 30 June	**10,337**	23,870

(e) In May 2018, the Group entered into an agreement with a third party to dispose 4.5% out of 27% of its equity interest in an unlisted company, which was principally engaged in operation of mobile casual games. The disposal was executed at a cash consideration of RMB40,500 thousand and an additional cash consideration of up to RMB253,575 thousand which may be received from 2019 to 2021 in the event that certain pre-determined net profit of 2018, 2019 and 2020 is achieved by the unlisted company. The settlement date of the additional consideration from 2019 to 2021 is no later than 15 May each year. The Group received the aforementioned cash consideration of RMB40,500 thousand and recognised a fair value gain of RMB36,750 thousand upon completion of the disposal. As of 31 December 2018, the fair value of the potential undiscounted amount of all future cash collection was recognised as contingent consideration at the estimated amount to be RMB36,404 thousand by calculating the present value of future expected cash flows based on a discount rate of 8.8% and the probability of exercising the put option by the third party.

As the pre-determined net profit of 2018 was not achieved by the unlisted company, in May 2019, the Group entered into an amendment to the original agreement with the other selling shareholders and the buyer that the second settlement date of the additional consideration will be postponed to December 2019. The fair value of the contingent consideration was increased by RMB1,337 thousand for the six months ended 30 June 2019.

8. SHARE-BASED PAYMENTS

(a) Share Options

The Company adopted two share option schemes, namely, the Pre-IPO 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 2019		**19,191,614**		**2,852,000**	**22,043,614**
Exercised	**US$0.0340**	**(1,437,500)**		**–**	**(1,437,500)**
Lapsed	**US$0.3500**	**(27,239)**		**–**	**(27,239)**
At 30 June 2019		**17,726,875**		**2,852,000**	**20,578,875**
At 1 January 2018		33,465,137		3,152,000	36,617,137
Exercised	US$0.1564	(4,295,932)	HK$3.5000	(192,000)	(4,487,932)
Lapsed	US$0.3500	(2,206)		–	(2,206)
Forfeited	US$0.1619	(16,088)		–	(16,088)
At 30 June 2018		29,150,911		2,960,000	32,110,911

As at 30 June 2019, 20,578,875 share options were outstanding and exercisable (30 June 2018: 29,084,282).

During the six months ended 30 June 2019 and 2018, no share options were granted to any directors of the Company.

As a result of options exercised during the six months ended 30 June 2019, 1,437,500 ordinary shares (six months ended 30 June 2018: 4,487,932 ordinary shares) were issued by the Company. The weighted average price of the shares at the time these options were exercised was HK$2.3454 per share (30 June 2018: HK$6.8652 per share).

(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 3 June 2019, the Company granted 10,000,000 Post-IPO RSUs to its directors and employees with below vesting schedule, 50% shares shall vest on 30 September 2019 and 50% shall vest on 31 December 2019. The fair value of Post-IPO RSUs granted during the six months ended 30 June 2019 was HK$1.95 per share (equivalent to approximately RMB1.70 per share).

Movements in the number of outstanding RSUs during the six months ended 30 June 2019 and 2018 are as follows:

	Number of Pre-IPO RSUs	Number of Post-IPO RSUs	Total
At 1 January 2019	–	–	–
Granted	–	10,000,000	10,000,000
At 30 June 2019	–	10,000,000	10,000,000
Shares vested but not transferred to the grantees as at 30 June 2019			–

	Number of Pre-IPO RSUs	Number of Post-IPO RSUs	Total
At 1 January 2018	3,305,205	6,781,294	10,086,499
Vested and transferred	(3,305,205)	(6,349,700)	(9,654,905)
Forfeited	–	(18,700)	(18,700)
At 30 June 2018	–	412,894	412,894
Shares vested but not transferred to the grantees as at 30 June 2018			–

During the six months ended 30 June 2019, totally 359,391 of the above granted RSUs were exercised (six months ended 30 June 2018: 3,505,437).

(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.

9. TRADE PAYABLES

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Third parties	**3,173**	5,049

As at 30 June 2019 and 2018, the aging analysis of the trade payables (including amounts due to related parties of trading in nature) based on billing date were as follows:

	As at 30 June 2019	As at 31 December 2018
	RMB'000	*RMB'000*
0-90 days	**1,910**	3,150
91-180 days	**255**	1,661
181-365 days	**965**	203
Over 1 year	**43**	35
	3,173	5,049

10. DEFERRED INCOME TAX

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Opening balance as at 1 January	**(71,591)**	30,838
Recognized in the consolidated statements of comprehensive income	**(95,935)**	(72,865)
Reclassified to 'liabilities associated with assets held for sale'	**932**	-
Step acquisition of a subsidiary	**–**	(5,056)
Other change	**–**	(18,228)
Currency translation difference	**9**	(5)
Closing balance as at 30 June	**(166,585)**	(65,316)

As at 31 December 2018, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB1,465,270 thousand as such earnings was 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.

Management anticipated to remit the earnings of RMB 72,956 thousand from the profit for the six months ended of 30 June 2019 of several PRC subsidiaries to Week8 Holdings (HK), which was subjected to a 10% withholding tax at a total amount of RMB 7,296 thousand. In addition, due to the expansion of overseas business, management changed their estimation of overseas funding requirement and anticipated to remit an additional earnings of RMB 900,000 thousand from the retained earnings of certain PRC subsidiaries to Week8 Holdings (HK) Limited, which was subject to a 10% withholding tax at the amount of RMB 90,000 thousand.

As at 30 June 2019, no deferred income tax liability had been provided for the PRC withholding tax that would be payable on the undistributed profits of approximately RMB614,919 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.

11. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Employee benefit expenses (including share-based compensation expenses)	**35,170**	41,292	**65,210**	81,603
Promotion and advertising expenses	**20,185**	35,690	**38,555**	67,380
Impairment of intangible assets	**–**	19,447	**–**	19,447
Bandwidth and server custody fees	**5,972**	7,928	**12,466**	16,002
Commission charged by platforms and game developers	**1,101**	5,713	**2,043**	9,034
Game development costs	**1,231**	6,495	**1,883**	8,034
Travelling and entertainment expenses	**3,202**	3,506	**6,270**	7,321
Depreciation of property and equipment	**3,351**	3,498	**6,814**	6,788
Amortization of intangible assets	**3,001**	3,697	**6,029**	6,295
Utilities and office expenses	**2,135**	2,003	**4,095**	4,415
Auditors' remuneration	**1,200**	1,407	**2,400**	2,484
Operating lease rentals	**654**	1,077	**1,261**	2,172
Payment handling costs	**332**	578	**624**	1,376
Depreciation of right-of-use assets	**921**	–	**1,690**	–
Amortization of land use right	**1,152**	–	**1,152**	–
Others	**5,867**	11,425	**8,765**	14,901
Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses	**85,474**	143,756	**159,257**	247,252

12. OTHER GAINS, NET

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Investment interest on term deposits with initial term over 3 months	**26**	1,393	**713**	2,406
Net fair value gains/(losses) on financial assets at fair value through profit or loss:				
– Structured notes	**128**	(43)	**373**	(588)
– Unlisted equity investments	**(6,353)**	208,544	**(6,368)**	216,066
– Venture capital funds	**21,527**	20,561	**41,087**	22,342
– Wealth management products	**10,491**	9,493	**20,472**	19,337
– Redeemable preferred shares	**–**	44	**–**	11,906
– Contingent consideration	**2,193**	–	**1,337**	–
Dividend income	**2,874**	2,059	**2,874**	2,059
Government grants				
– Technology award	**980**	1,034	**1,980**	1,145
– Others	**400**	–	**548**	–
Gains on disposal of potential investments	**–**	401	**–**	1,721
Losses on remeasurement of assets classified as held for sale	**(1,684)**	–	**(1,684)**	–
Interest income on loans to third parties and related parties	**833**	946	**957**	2,152
Foreign exchange losses on non-financing activity	**(235)**	(7)	**(226)**	(491)
Others	**(7,156)**	(168)	**(7,151)**	94
	24,024	244,257	**54,912**	278,149

13. FINANCE INCOME/(COSTS), NET

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Finance income:				
– Exchange gain on financing activities, net	**233**	289	**3,145**	7,709
– Interest income on cash and cash equivalents	**973**	756	**1,854**	1,693
	1,206	1,045	**4,999**	9,402
Finance costs:				
– Interest expenses on lease liability	**(24)**	–	**(35)**	–
– Other interest expenses	**(37)**	–	**(73)**	–
– Exchange loss on financing activities, net	**(1,881)**	(2,669)	**(2,034)**	(5,712)
	(1,942)	(2,669)	**(2,142)**	(5,712)
Finance income/(costs), net	**(736)**	(1,624)	**2,857**	3,690

14. INCOME TAX EXPENSE

The Group is not subject to taxation in the Cayman Islands. Hong Kong profits tax has been provided for at a rate of 16.5% (2018:16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. The companies established and operated in the PRC are subject to PRC Enterprise Income Tax ('**EIT**') at a rate of 25% (2018: 25%), and certain Group's subsidiaries established in the PRC and PRC Operating Entities are entitled to preferential EIT rate of 15% (2018: 15%).

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current income tax	**16,024**	23,660	**46,726**	35,830
Deferred income tax	**111,122**	53,962	**95,935**	72,865
	127,146	77,622	**142,661**	108,695

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected 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 2019 is 16.2% and 16.5%, respectively (the average annual tax rate used for companies established and operated in the PRC and Hong Kong for the year ended 31 December 2018 was 19.41% and 16.5%, respectively).

15. 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.

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
Profit/(loss) attributable to shareholders of the Company (RMB'000)	**(32,075)**	175,546	**45,703**	274,900
Weighted average number of ordinary shares in issue (thousand shares)	**1,257,026**	1,281,710	**1,260,710**	1,273,773
Basic earnings/(loss) per share (in RMB/share)	**(0.026)**	0.137	**0.036**	0.216

(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. The share options and RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings. As the Group incurred loss for the three-month period ended 30 June 2019, the share options and the RSUs are anti-dilutive and, consequently, not included in the computation of diluted loss per share for the three month period ended 30 June 2019.

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
Profit/(loss) attributable to shareholders of the Company (RMB'000)	**(32,075)**	175,546	**45,703**	274,900
Weighted average number of ordinary shares in issue (thousand shares)	**1,257,026**	1,281,710	**1,260,710**	1,273,773
Adjustments for share based compensation – share options (thousand shares)	**–**	28,431	**12,663**	29,278
Adjustments for share based compensation – RSUs (thousand shares)	**–**	4,832	**658**	6,839
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	**1,257,026**	1,314,973	**1,274,031**	1,309,890
Diluted earnings/(loss) per share (in RMB/share)	**(0.026)**	0.133	**0.036**	0.210

16. DIVIDENDS

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Dividends paid by the Company	**–**	74,537	**–**	74,537

Pursuant to the resolution of the board meeting held in March 2018 and approval of the annual general meeting held in June 2018, the Company declared a final dividend for the year ended 31 December 2017 of HK$90,361 thousand (approximately RMB74,537 thousand) in total or HK$0.07 per ordinary share out of the Company's share premium account, which were fully paid in June 2018.

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 and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. During the six months ended June 30, 2019, the Company has complied with all the code provisions of the CG Code and adopted most of the best practices set out therein, except for the code provision A.2.1 of the CG Code.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Fu Zhengjun (傅政軍) is our Chairman and chief executive officer and has been a Director of our Board since July 28, 2008. He was designated to our Board as an executive Director on March 11, 2014. Mr. Fu is the founder of our Group and has served as the chief executive officer of all our wholly foreign-owned enterprises and PRC operating entities since their respective incorporations. With extensive experience in the internet industry, Mr. Fu is responsible for the overall strategic planning, management and operation of our Group and is instrumental to our growth and business expansion since our establishment in 2008. Our Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of our Group. The balance of power and authority is ensured by the operation of the senior management and our Board, which comprises experienced and high-calibre individuals. Our Board currently comprises two executive Directors (including Mr. Fu), two non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended June 30, 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended June 30, 2019, the Company has repurchased a total of 14,070,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with an aggregate amount of HK$39,134,860. As at the date of this announcement, all shares repurchased during the six months ended 30 June 2019 were cancelled. Details of shares repurchased during the six months ended June 30, 2019 are set out as follows:

Month of repurchases	Number of Shares purchased on the Stock Exchange	Price paid per Share Highest *(HKD)*	Price paid per Share Lowest *(HKD)*	Aggregate consideration paid *(HKD)*
January 2019	2,517,000	3.16	2.85	7,603,620.00
March 2019	1,836,000	3.18	2.97	5,619,970.00
April 2019	7,188,000	3.39	2.78	21,271,150.00
June 2019	2,529,000	1.91	1.75	4,640,120.00

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, 2019.

DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2019.

REVIEW OF THE INTERIM RESULTS

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 for the six months ended June 30, 2019.

The Company's external auditor, PricewaterhouseCoopers, has performed a review of the Group's interim financial information for the six months ended June 30, 2019 in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Based on their review, PricewaterhouseCoopers confirmed that nothing has come to their attention that causes them to believe that the interim financial information has not been prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PUBLICATION OF INTERIM REPORT

Pursuant to the requirements of the Listing Rules regarding the Reporting Period, the 2019 interim report of the Company will set out all information disclosed in the interim results announcement for the first half of 2019 and will be despatched to the shareholders of the Company and uploaded on the websites of the Company (http://www.tiange.com) and the Stock Exchange (http://www.hkexnews.hk) in due course.

By order of the Board
Tian Ge Interactive Holdings Limited
Fu Zhengjun
Chairman and Chief Executive Officer

Hong Kong, August 29, 2019

As of the date of this announcement, the executive Directors are Mr. Fu Zhengjun and Mr. Mai Shi'en; the non-executive Directors are Mr. Mao Chengyu and Ms. Cao Fei; and the independent non-executive Directors are Ms. Yu Bin, Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert.