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Tian Ge Interactive Holdings Limited
天鵲互動控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1980)

INSIDE INFORMATION
RELATING TO THE DOMESTIC LIVE STREAMING BUSINESS

This announcement is made by Tian Ge Interactive Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Listing Rules.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders and potential investors of the Company that the Company has decided to suspend its domestic online live streaming operations amid the challenging domestic market and heightened regulatory scrutiny which is presenting uncertainties to the sustainable development of the Group’s business. Such decision, upon implementation, is expected to be effective by the end of 2023. During the suspension period, the Company will continue to promote and put greater emphasis on its overseas live streaming platforms which will become the core revenue driver to the Group going forward. The Company is also considering its options regarding handling the contractual arrangements underlying its domestic live streaming business, including whether to wind up the underlying variable interest entities and terminate contractual arrangements entirely or to utilise them for new business ventures which may require similar legal structures. The Company will issue further announcement(s) and keep shareholders informed of its decision as appropriate.

REASONS FOR THE SUSPENSION OF ITS DOMESTIC LIVE STREAMING BUSINESS

The Board is of the view that the challenging domestic market has adversely impacted the domestic live streaming business. Moreover, relevant PRC authorities have promulgated numerous regulations relating to domestic live streaming businesses in recent years. These regulations seek to enhance regulatory oversight over content generation, user identification and authentication, use of virtual gifts, etc. Some of these regulations have a lasting impact on platform user experience, resulting in the withdrawal of users from the live streaming platforms. The above presents a threat to the sustainable development of the Group’s domestic operations, and as a result, revenue generated from the Company’s domestic live

streaming business has experienced a downward cycle since 2020. By way of illustration, the total number of monthly active users (“MAU”) experienced a significant drop from approximately 51,443,000 in 2019 to approximately 1,552,000 in 2022, and the total number of quarterly paying users also decreased from approximately 526,000 in 2019 to approximately 145,000 in 2022. Under these circumstances, the Company has decided to suspend its domestic live streaming operations until there is a fundamental shift in the domestic live streaming market environment.

FINANCIAL AND OPERATIONAL EFFECTS TO THE GROUP

For the six months ended 30 June 2023, the Group reported a total revenue of approximately RMB40.9 million, a substantial majority of which was attributable to the domestic live streaming business. However, the Company notes that its revenue has experienced a downward cycle since 2020, while its fixed costs remained stable. Net losses from operating its domestic live streaming business are expected to increase. Hence it is vital for the Company to limit its losses by suspending such operations. Upon the Board’s decision to suspend its domestic live streaming business, the Company does not anticipate generating any revenue from its domestic live streaming business as of the commencement of 2024. Although this is expected to cause a drop in the Company’s short-term revenue, the Company is confident that through reallocation of resources and putting greater emphasis on its overseas live streaming platforms, such businesses will eventually become the core revenue driver to the Group and bring stable returns to the shareholders of the Company.

From an operational perspective, the Company’s plans to reallocate its resources will result in far fewer employees in the PRC. The reduced administrative expenses will be partially offset by the expected increase in labor forces to support its overseas operations. Moreover, when the domestic live streaming business ceases to operate, the Company may consider terminating the underlying variable interest entities and contractual arrangements in the PRC whose core purpose was to operate and hold the requisite licenses for the domestic live streaming business. The Company will issue further announcement(s) and keep shareholders informed of its decision as appropriate.

FUTURE DEVELOPMENTS AND OUTLOOK

The Group has been keeping abreast of the development trends and has invested strategically in overseas markets and emerging industries in recent years. Moreover, the Group’s overseas live streaming platforms are gaining popularity. For example, the overseas version of Tian Ge’s flagship product of the live streaming platform “Miao Broadcasting”, “Mlive” continues to be appreciated by users in the Southeast Asian market. The Group’s revenue also consists of the provision of technical support services to “Boomlive” in Indonesia. The overseas live streaming business and the provision of technical support services will become the principal business activities of the Group.

As part of its overseas expansion plan, the Company will leverage emerging AI algorithms, AIGC technology represented by ChatGPT, and Web3.0 technology to empower its overseas live streaming applications to promote user engagement and interactivity and ultimately, increase its MAU. The Company will actively explore technological advancements, research new social networking tools and investment opportunities, and increase its global footprint in order to expand its revenue source. The Company's management team believes these strides towards optimising the Company's business lines and operational structures will improve the Company's long-term competitiveness and sustainability of its business, creating more excellent value for its shareholders.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Tian Ge Interactive Holdings Limited
Fu Zhengjun
Chairman

Hong Kong, 13 October 2023

As of the date of this announcement, the executive Directors are Mr. Fu Zhengjun and Mr. Mai Shi'en; the non-executive Directors are Mr. Xiong Xiangdong and Ms. Cao Fei; and the independent non-executive Directors are Mr. Tse Ming Lun Alan, Mr. Wang Mingchun and Mr. Chan Wing Yuen Hubert.