



天鸽互动控股有限公司

Tian Ge Interactive Holdings Limited

**Stock Code: 1980.HK**

## **Corporate Presentation**

**June 2017**

# Contents

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**1**

**Company Overview**

**2**

**Investment Highlights**

**3**

**Successful Business Model**

**4**

**Development Strategies**

**5**

**Financial Review**

# 1. Company Overview



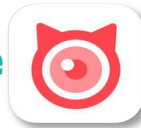
# 1.1 Leading “Mobile + PC” Live Streaming Platform Operator in China

## 1 Great Potential of Live Streaming Industry

- Bright prospects of Pan-Entertainment live streaming industry
- The total number of registered users of Tian Ge exceeded 345 million (as of March 31<sup>st</sup>, 2017)
- Provide users in tier 2 to 4 cities “Interaction + Companion”-oriented experience

## 3 “Short Video + Social” Create synergy with live streaming platform

- Develop independent short video sharing platform **Meow Camera** with its advanced **technology and resources**
- Integrate short video and live streaming to optimize the live streaming ecosystem



## 2 Mobile + PC

- Extensive resources in interworking of PC and mobile Live Streaming Platform
- **Core Platforms:**

PC



Mobile



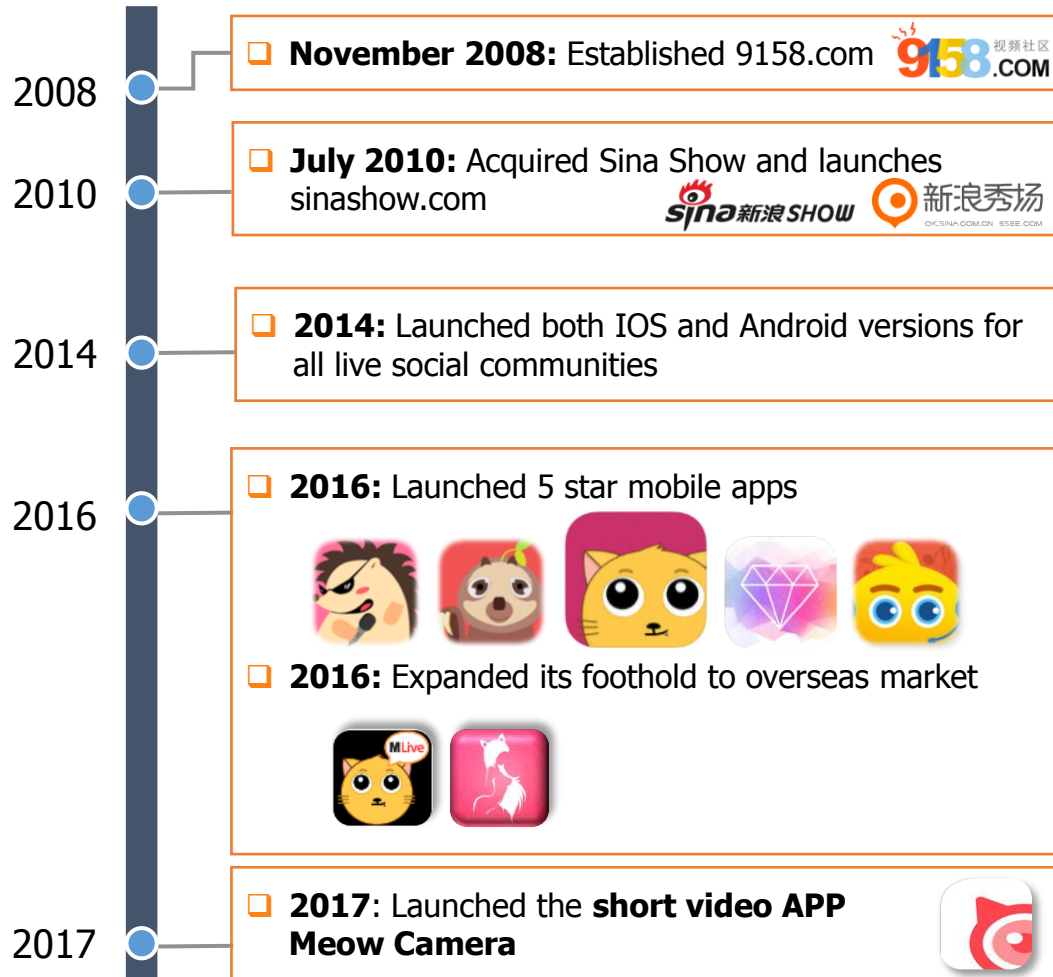
- Internet Finance, Mobile Games and other products



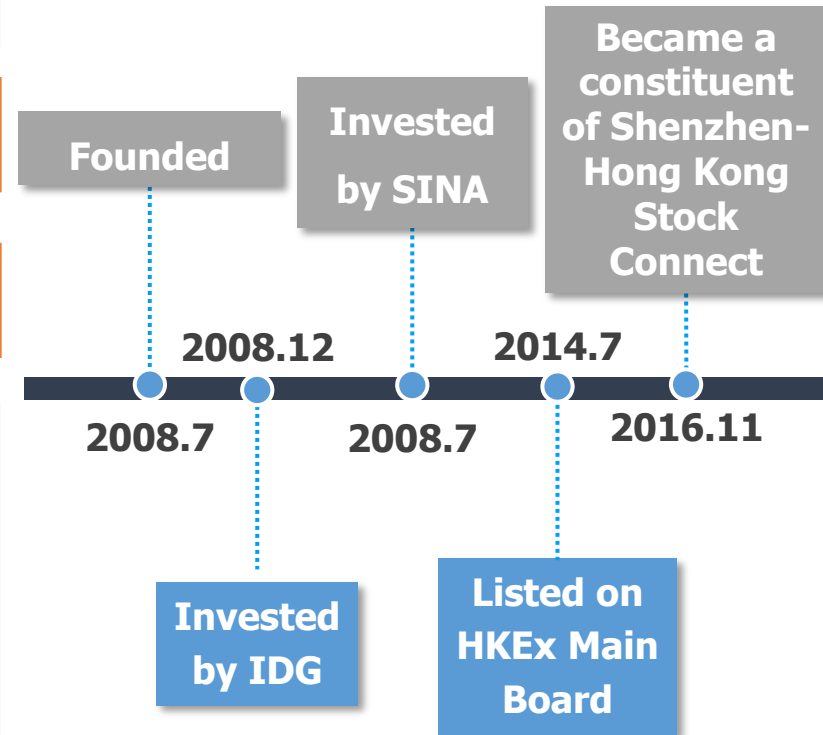


## 1.2 Tian Ge - Milestones

### Key Platform Development



### Key Corporate Development



## 1.3 Tian Ge Interactive Ecosystem



## 2. Investment Highlights



# Investment Highlights

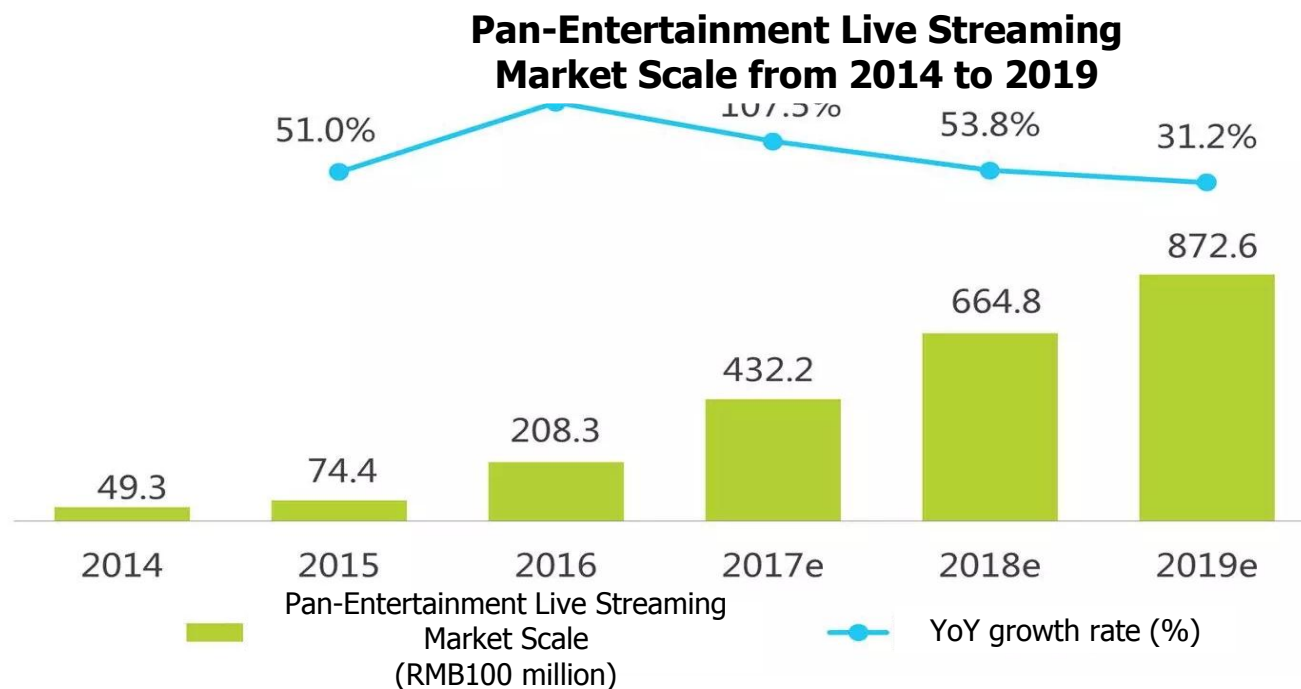
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## 2.1 Bright Prospects for the Industry

- Participation of mobile users and magnates drives growth in market scale
- The market scale of pan-entertainment live streaming industry is expected to reach RMB43.2 billion in 2017

**The market scale is expected to exceed RMB87.3 billion by 2019**



Source: Analysis by iResearch, based on corporate financial reports & expert interview, for reference only.

## 2.2 "Mobile + PC" Dual Live Streaming Consolidates Tian Ge's Strength

**MAUs & QPUs grow rapidly**

**Registering growth for five quarters in a row**

QPUs reached **1.31 million**,

among which **66.8%** are mobile QPUs

MAUs reached **24.9 million**,

among which **56%** are mobile MAUs

Mobile device revenue accounts for **62.5%** of total revenue

Registered users increased to **345 million**

Around **110 thousand** Hosts

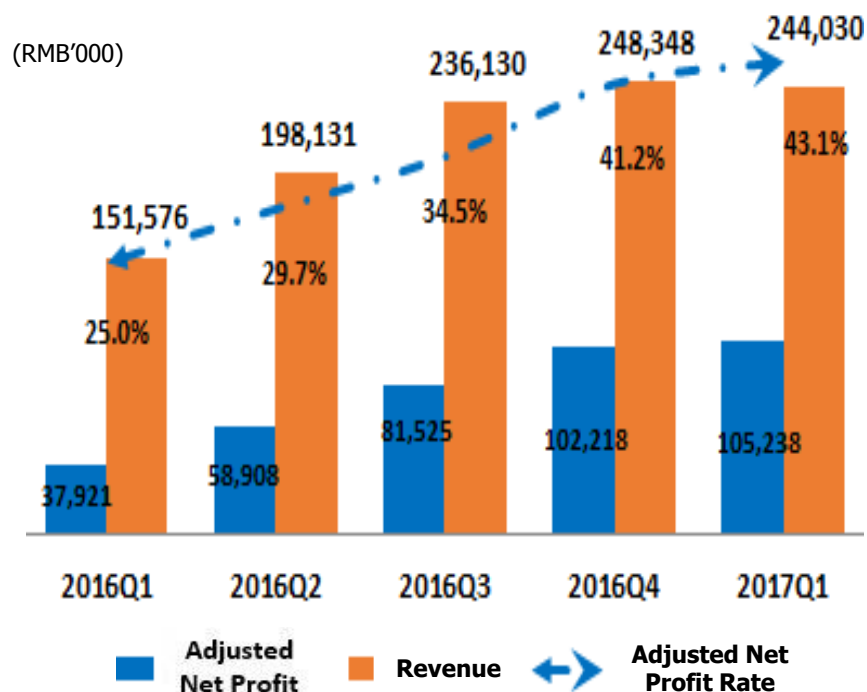
Numbers of mobile users continued to surge



Source: Tian Ge Interactive 2017 First Quarter Results

## 2.3 Operation & Financial Highlights

### ① Steady Growth in Financial Performance



### ② Great Start of 2017 driven by "mobile + PC" Strategy

#### FY2016

Revenue reached **RMB 834m**

Gross Profit reached **RMB 646m**

#### 2017Q1

Revenue  
YoY increased **61.0%**

to **RMB240m**

Adjusted net profit  
YoY increased **177.5%**

to **RMB110m**

Adjusted net profit  
rate reached **43.1%**

### ③ Solid Financial Condition, Sufficient Cash Flow, Debt Free



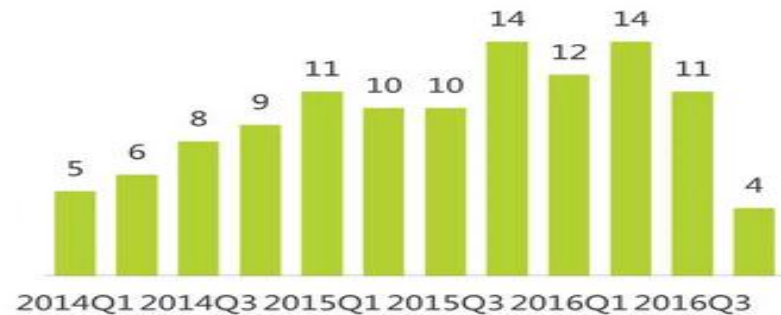
## 2.4 Sustainable Development of Industry

**Government continues to strengthen the regulatory mechanism and eradicates unscrupulous practices**

2017年针对网络直播相关政策限制梳理				
下发文件名称	平台要求	限制内容范围	表演者要求	用户
《网络表演经营活动管理办法》	持有《网络文化经营许可证》	网络表演活动	真实身份信息	
	突发事件应急能力 自审信息季度上报 建立举报系统； 日志信息保留60日及以上 与表演者签订协议；	游戏技法展示	外籍，港澳台需向文化部提出申请	违法信息停止服务
《互联网直播服务管理规定》	建立直播内容审核平台	新闻	真实信息认证	—
	日志信息保留60日 即时阻断互联网直播的技术能力， 监管弹幕、评论活动 与表演者签订协议；	线下活动 网络表演 网络视听节目		
《关于加强网络视听节目直播服务管理有关问题的通知》	持有《信息网络传播视听节目许可证》 平台不得使用“电视台”、“广播电台”、“电台”、“TV”	新闻 线下活动	—	—

**Most platforms are undercapitalized at initial stage**

2014-2016年泛娱乐直播平台季度获投资事件统计



**Small and non-qualified platforms will be eliminated**

**“Game of Strong Players”**

Limited platforms could survive

**License for publication of audio-visual programs**



**Self-developed Smart Identification System for around-the-clock monitoring**



## 2.5 Join force with Huajiao Live Streaming to achieve synergistic effects

**Mutual Complimentarity in technology, channels and agency resources to provide users with quality contents and promote sustainable development of the industry**



**天鸽 tianGe**

**"Interaction + Companion"-oriented  
Huge base of loyal users in  
tier 2 to 4 cities**



**花椒直播**

美颜直播 疯狂卖萌

**Focus on tier 1 cities with  
strong exposure**

**Entered into strategic cooperation agreement with  
Huajiao Live Streaming to form the highest-level exclusive  
partnership to develop live streaming business**

**Products R&D**

**Operations**

**Marketing and more**

## A cluster of colorful speech bubbles containing various icons representing different aspects of digital marketing and technology. The icons include a Wi-Fi symbol, a shopping bag, a group of people, a person with a speech bubble, a smartphone, a dollar sign, a shopping cart, a musical note, a lightbulb, a pen, and a person with a speech bubble. The bubbles are in shades of red, orange, yellow, green, and blue.

## 3.1 Mobile + PC Dual Live Streaming



Successful evolution of core business towards mobile devices

5 Mobile platforms integrated into PC



PC Platforms



Enhance purchasing power on PC Platform

PC Live Streaming

Enhance Overall Profitability

Mobile Live Streaming



Mobile Platforms

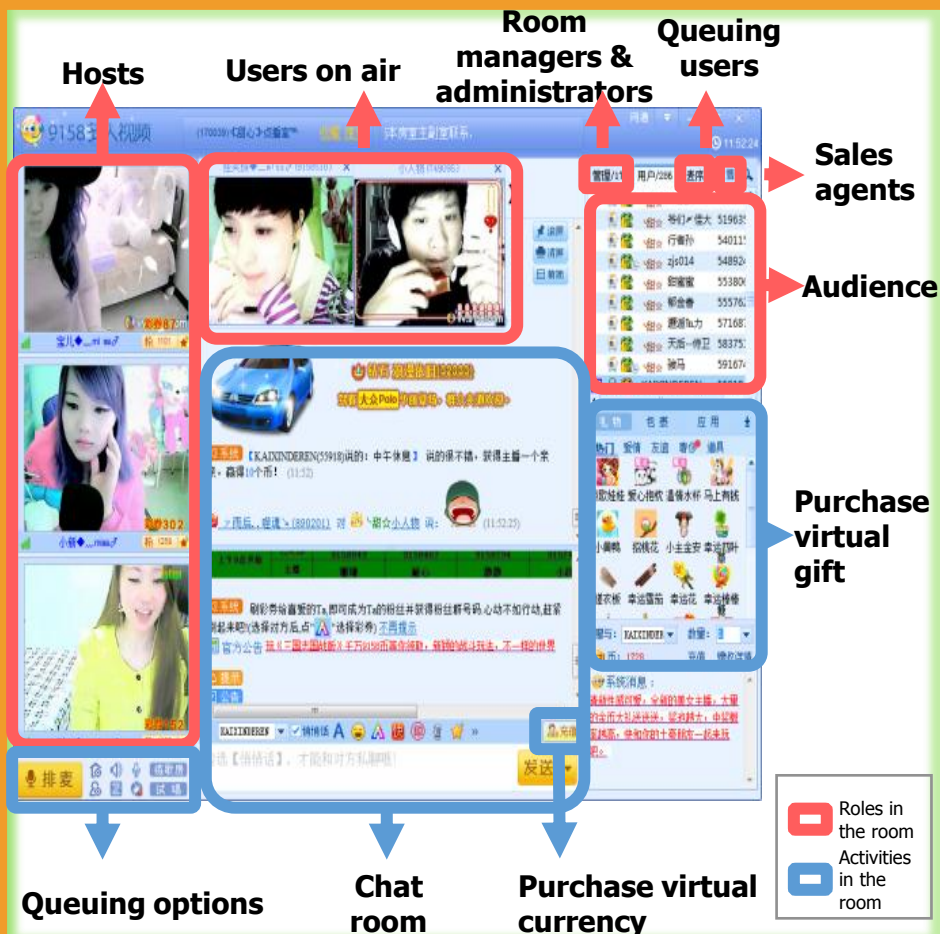


Heavy users directed to PC platform

## 3.2 "Mobile + PC" Dual Live Streaming



"Many to Many" Model on PC



### 3.3 “Mobile + PC” Live Streaming Business

Host

Follow the hosts

Audience

Other hosts in the Family

Pop-up Messages

Give virtual gifts

Live chat room

“Many to Many” model on mobile devices



Established Host Family System

Interactions Between Users And Host On Air

Real-Time Retouch

Login on Mobile Devices

Built-in Background Music

Customized Cover Photo



## 3.2 “Companion Economy” to Maintain High Interactivity

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**Highly interactive  
platform with  
loyal users**

**Average online  
time of users:  
1.5 to 2.5 hours**

**“Interaction +  
Companion”**

**Increase users’  
engagement and  
consumption**

**“Down-to-Earth”  
Hosts**

Two-way communication  
among users and hosts  
encourages interactions

**Provide series of value-added services to VIP users to  
Enhance users’ satisfaction**

### 3.3 Core Platform “Miao Broadcasting” Enters Overseas Markets



#### “Miao Broadcasting”

One of the Top 10 Live Streaming APPs in China  
A prototype of the Group’s foreign edition APPs

**Adopt Successful  
Parentage System**

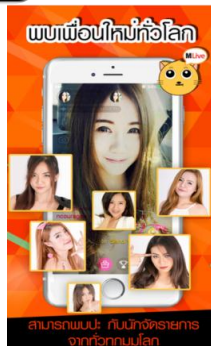
**High popularity**

**Introduce successful business model to overseas markets**

#### Thai “MLive”



Listed on the top  
charts of local  
Google Play store



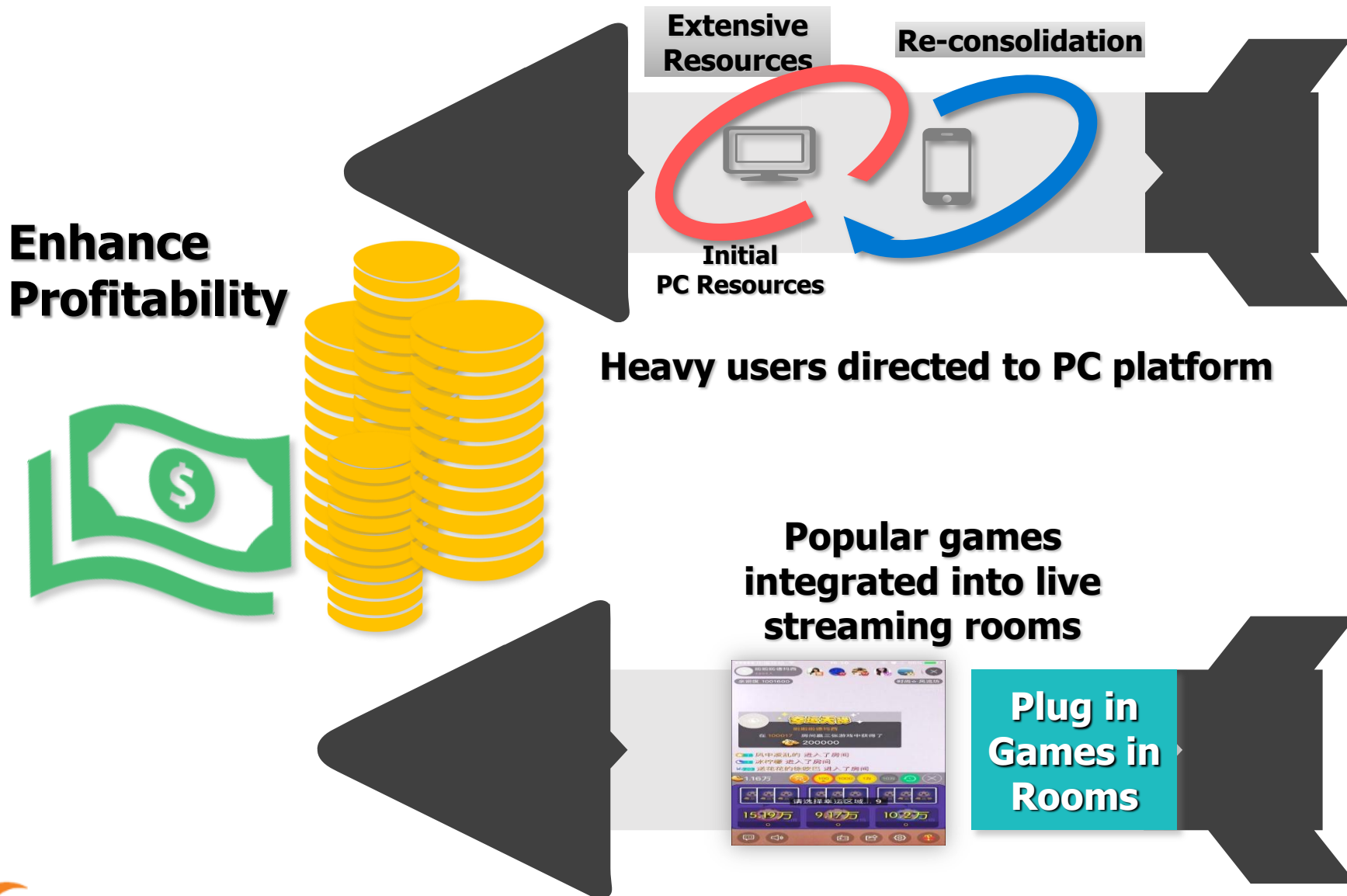
#### Traditional Chinese Version



To tap into Taiwan  
and Hong Kong  
markets



## 3.4 Strengthen Integrations with Games





## 3.5 Deepened Corporations with Weibo



### Hot Topics and Top Search Kit



### Landing Page Ad



### Exclusive HTML5 Page



### Brand Sponsored Feed Video



### Brand Sponsored Feed Posts



## 3.6 Strong Research & Development

### Content filtering system

- The self-monitoring function: allows the ecosystem to instantly respond to user agreements
- Intelligent recognition system: takes screenshots every 1 to 3 minutes
- Over 75 content monitoring teams conduct random checking on a 24/7 basis
- Submits surveillance reports to relevant government departments on a weekly basis. Authorizes designated administration managers



### Mobile terminal

- The number of Active Mobile Users in 2016 is doubled from 2015
- Grasp opportunities in the growing mobile market with the Group's established brand recognition, strong consumer base and advanced technology
- Continually develop and explore new apps; tap into new vertical segment and test new business trends
- Test self-developed mobile live broadcasting apps



### High-quality, multicast video streaming and media processing

- Best-in-class video quality that adopts the latest industrial standard
- High quality audio effects comparable to off-line KTV hardwares
- Synchronous multi-video stream supports up to 10 audio feeds into the same video stream
- Latency-reducing technology to lower bandwidth costs, decreases user lag and load times and optimizes performance



### Scalable infrastructure and cloud services

- 100,000 concurrent users per room
- 50,000 concurrent live video streams
- Over 20 Internet-based remote-access servers across China
- Live performance recording, cloud storage and "cloud rating" technology to drive service experience and quality



### Beauty enhancing function

- "Image editing" has become mainstream, and thus Tian Ge is developing and introducing more beauty enhancing related apps
- Instant "Edit and Share" function has never been any easier



## 4. Development Strategies



# Development Strategies



Source: Tian Ge 2016 Annual Results

# 4.1 Development Strategies

## 4.1.1 Establish Independent Short Video Platform



### Short Video APP: Meow Camera

#### Strengths

1

#### Technological advantages for cost saving

Leveraging on existing advanced bandwidth, coding speed, and video compression, Tian Ge does not rely on third party iCloud service

2

#### Low Content Cost

The best channel of content output  
Platform enriched by user-generated content

3

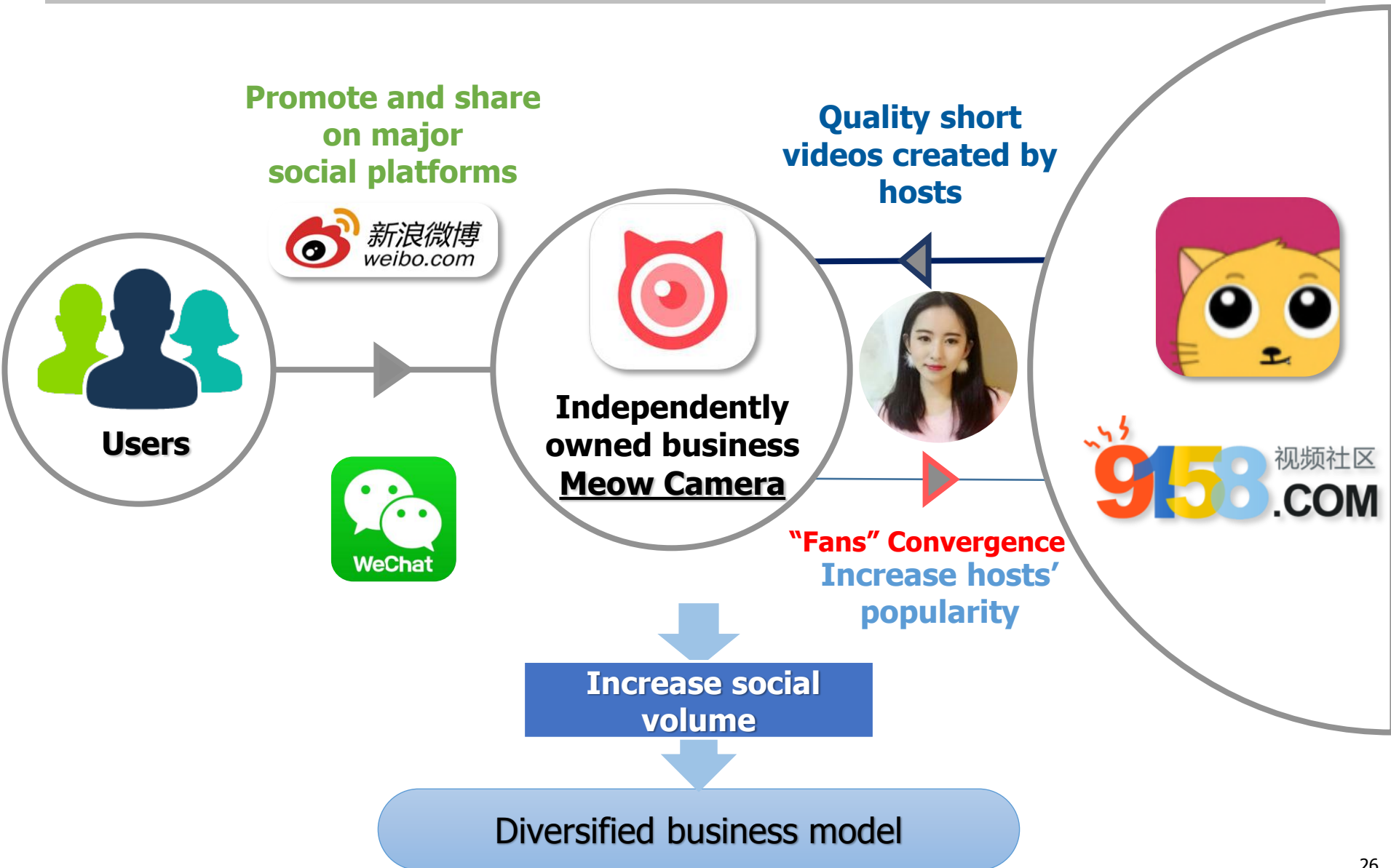
#### "Live Streaming + Short Video"

Enhance user engagement and loyalty





# Broader social-ecological systems with Meow Camera



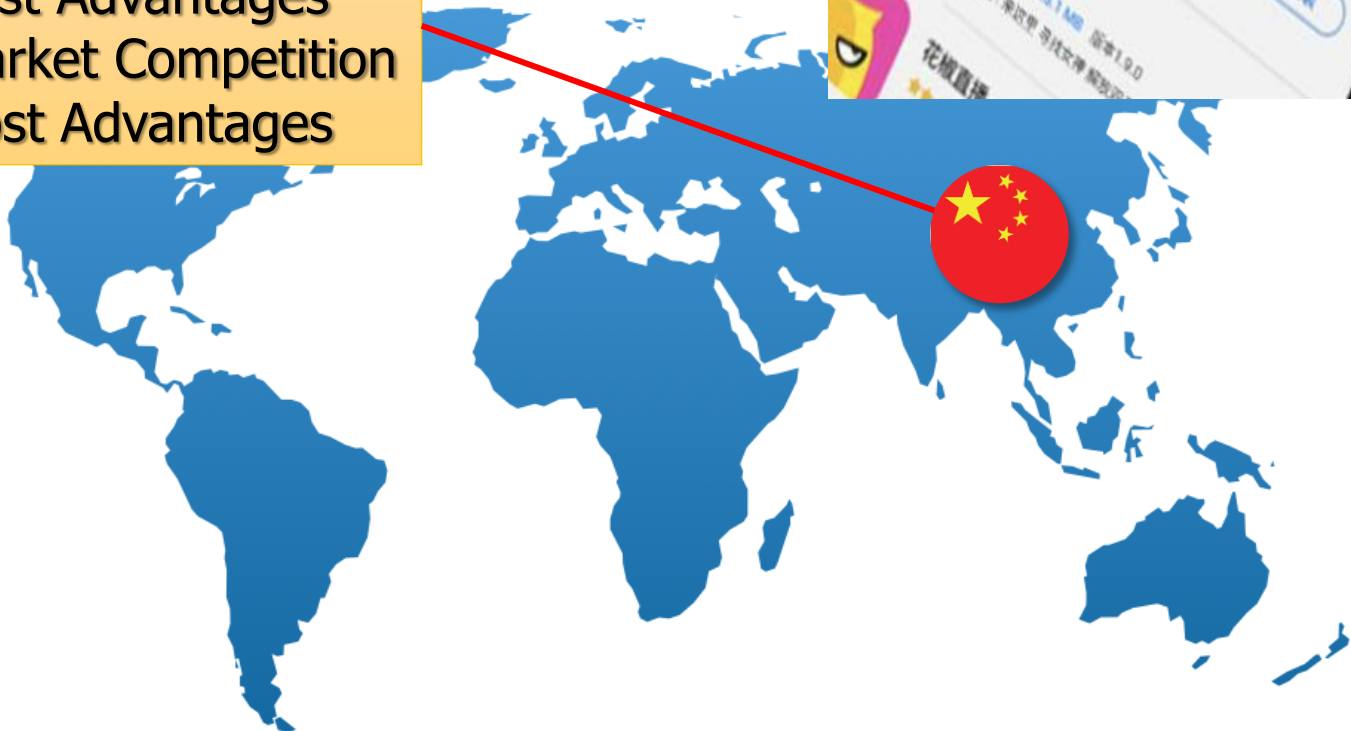
## 4. 2 Broad Directions Unchanged

### 4.2.1 Focus on Tier 2 to 4 Cities

The PRC Market:

Tier 2 to 4 Cities:

- Cost Advantages
- Market Competition
- Host Advantages



## 4.2.2 Active Expansion into Overseas Markets

Overseas Market:

### Thai Version - MLive



Listed on the top charts of Thailand's Google Play store

Launched in August 2016

### Traditional Chinese Version – Miao Broadcasting



Launched in Taiwan and Hong Kong in November 2016

Promotion activities with EasyCard in Taiwan



**Successfully tapped into the Indonesian market in March 2017**

Indonesia

Targeting market:



**Philippines & other Southeast Asian regions**



## 4. 3 Pursuit of New Growth Drivers

### 4.3.1 Expand market share via mergers and acquisitions

Invested RMB100 million in parent company of **Huajiao Live Streaming**, Beijing Mijing Hefeng Technology Company Limited in May 2017 to form a strong partnership

- Entered the live streaming industry in 2008
- 345 million registered users
- Focus on tier 2 to 4 cities



- **Business Model**
- **Operation**
- **Marketing**
- **Supporting System**
- **Cloud Computing & Storage**

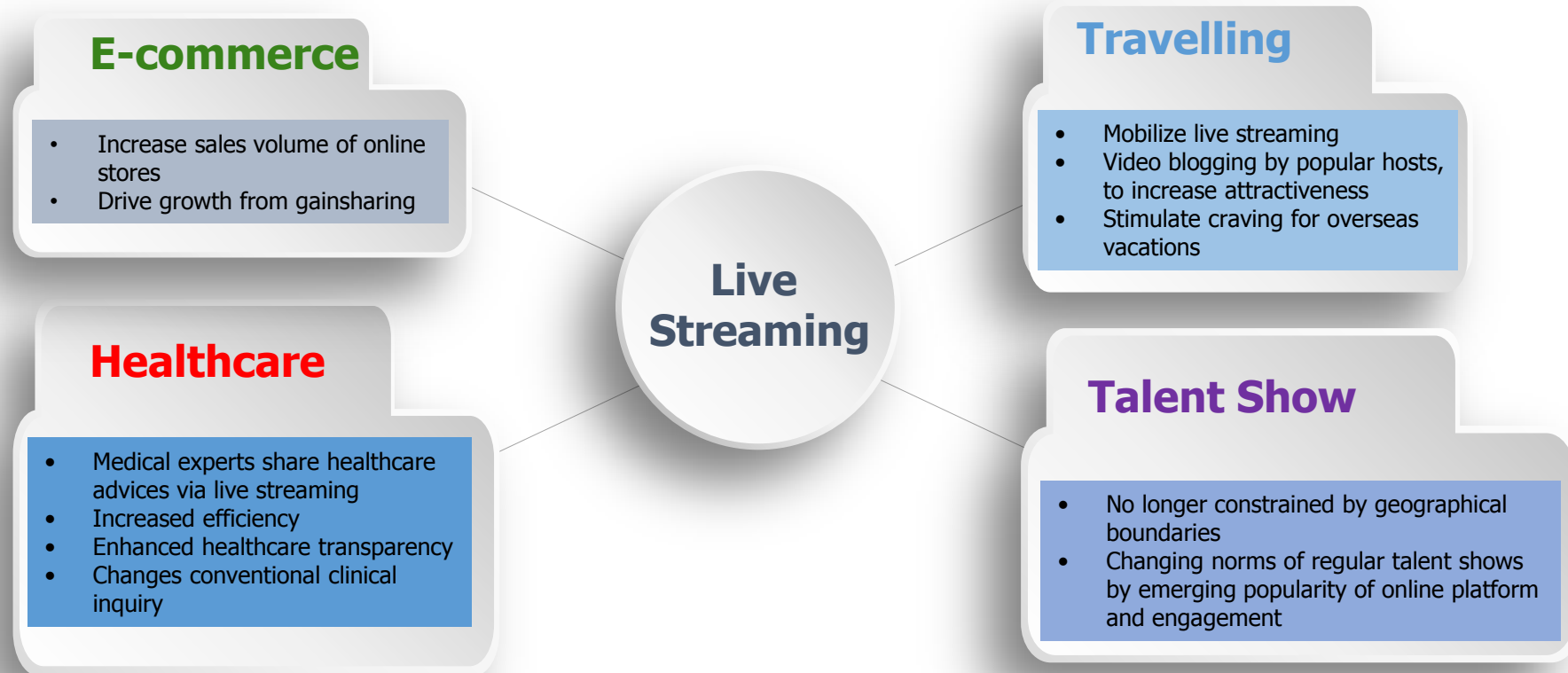


**花椒直播**

- Launched in June 2015
- Mobile live streaming app developed by 360
- Ranks 4<sup>th</sup> in terms of monthly unique devices
- Targets tier 1 cities

## 4.3.2 Exploration in “Live+”

As “Live+” is a key trend, the Company is proactively exploring live featuring and collaboration with other industries, for the creation of synergy.



Collaboration with experts and pioneers from different sectors to accelerate growth and integrativeness of live broadcasting and industry chains.

## 4.3.3 Explore “Live + Game” Business

Acquire and establish self-developed mobile social games

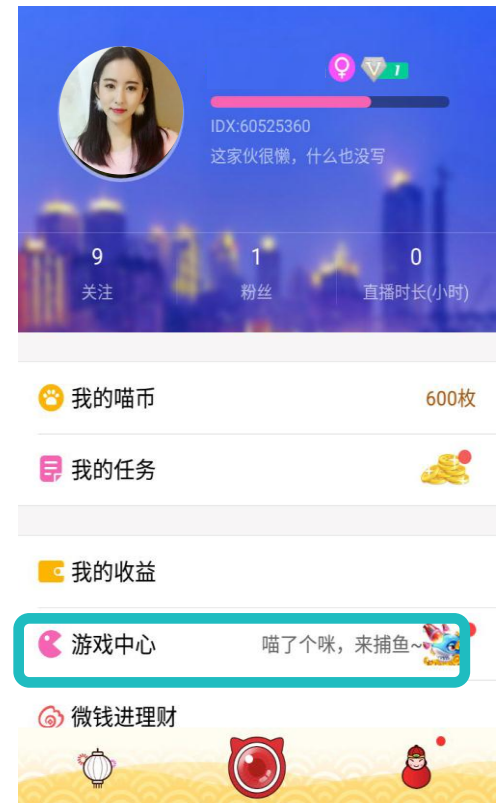


Incorporate into the Group's mobile live streaming platform

Games plug-in live streaming room



Incorporating games into the mobile live streaming APP





## 4.3.3 Strengthen Game Business

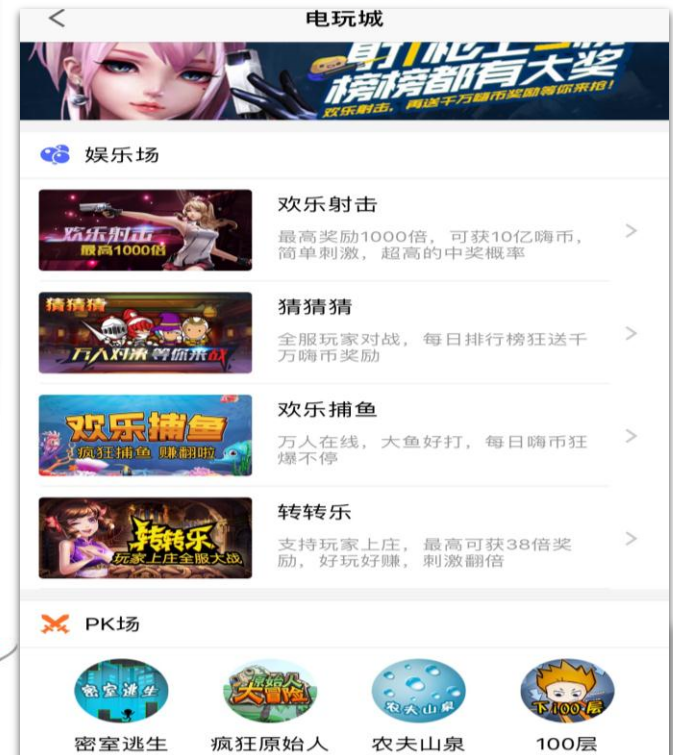
Enrich users' leisure time



Social entertainment platform for users in the same city



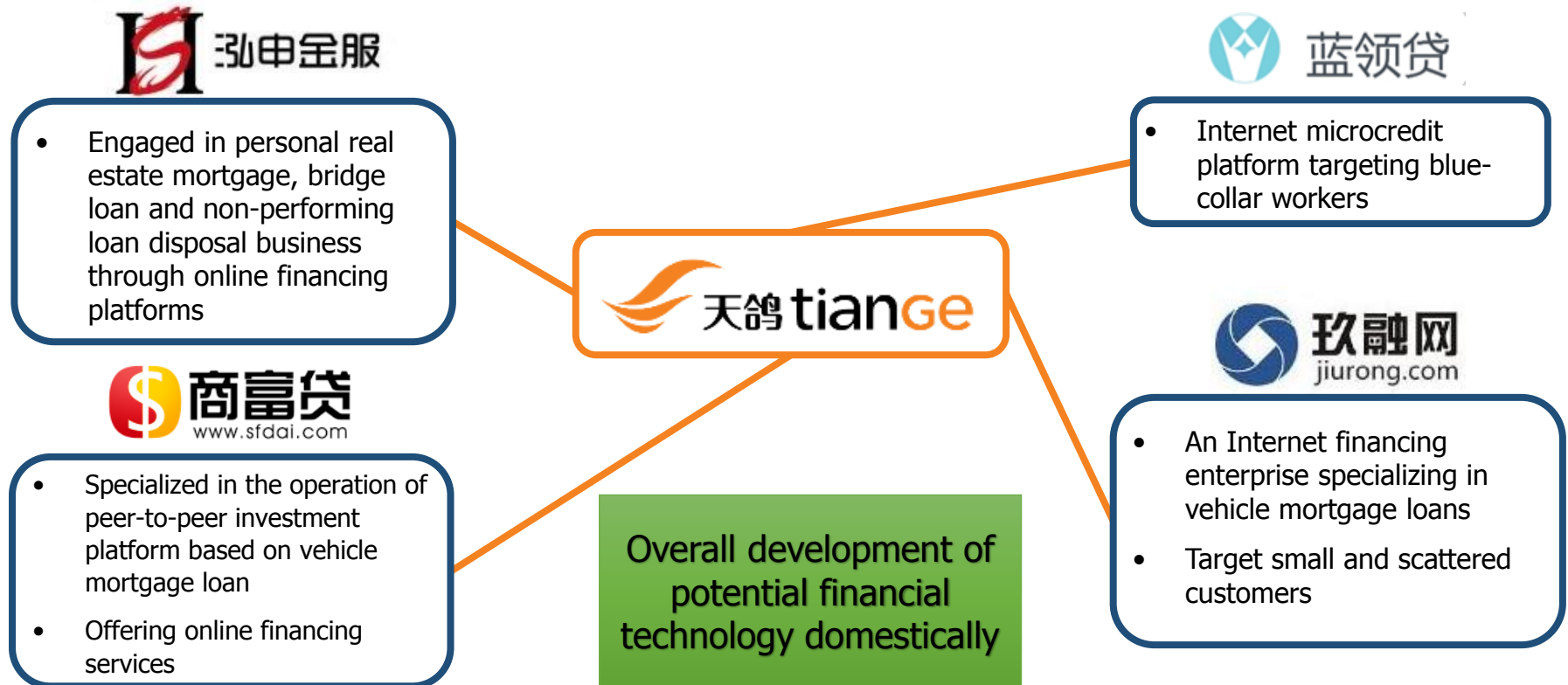
Unique model: "take the red packets!"



## 4.3.4 Financial Technology (FINTECH)

**To meet users' diverse needs via live streaming platforms**

**Total investment in Internet Finance in the first half of 2016 amounted to RMB61 billion, representing a YoY increase of over 337%**



# Enhance Consumer Financing with Artificial Intelligence & Big Data

With the extensive experience in developing **Artificial Intelligence (AI) & Big Data**, Tian Ge built a comprehensive and unique big data-based risk management system.

## Chat Room

Automatically filters out invaluable content, e.g. advertisement

## Live Streaming

Intelligence monitoring system

Real-time beautification – virtual reality

Predicting users' preferences



## AI Risk Management System

Established a consolidated risk management systems of Fintech companies to built a powerful big data based system

Risk assessment model

Credit assessment engine

Anti-fraud engine

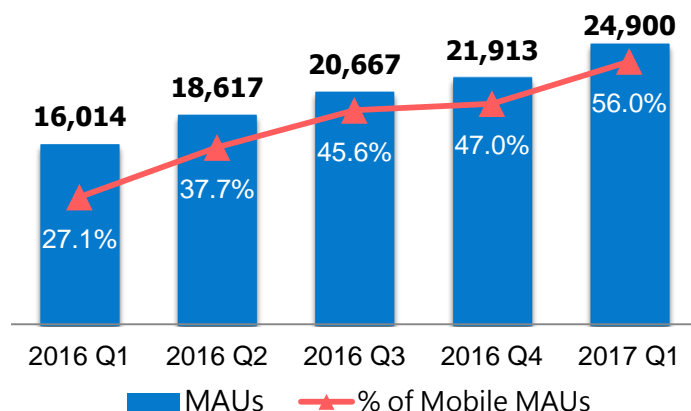
# **5. Financial & Operational Data Review**



## 5.1 Key Operating Metrics

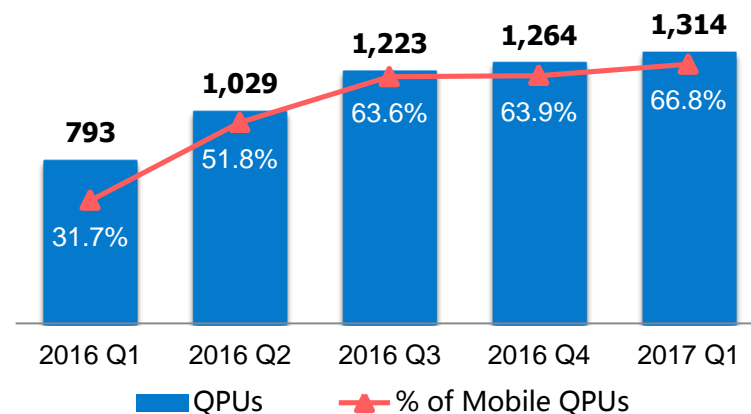
**Average MAUs<sup>1</sup> &  
% of Mobile MAUs in Total MAUs**

(^000 people)



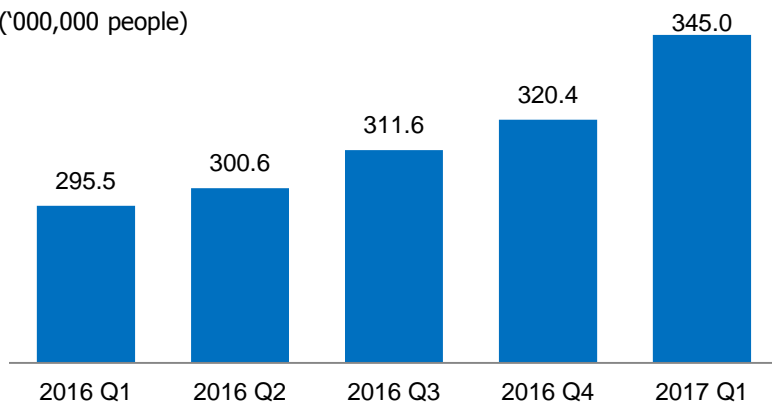
**Average QPUs<sup>2</sup> &  
% of Mobile QPUs in Total QPUs**

(^000 people)



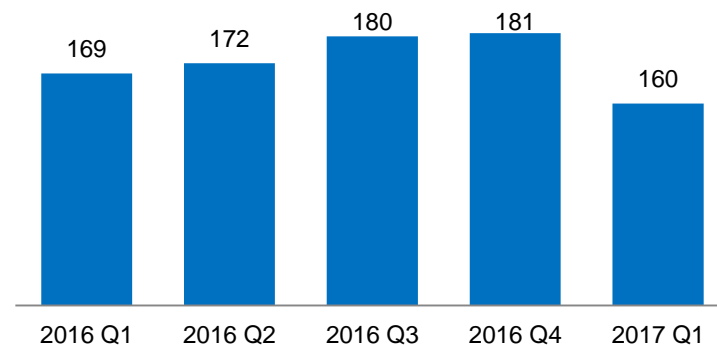
**Total Registered Users**

(^000,000 people)



**Quarterly Average Revenue Per User**

(RMB)



Source: Tian Ge

Note 1: Monthly active users, or MAUs, is defined as the number of registered users that accessed our products or services at least once during the relevant month

Note 2: Quarterly paying users, or QPUs, is defined as the number of registered users that paid our products or services during the quarter



## 5.2 FY2016 & 2017 Q1 Results Financial Highlights

( RMB'000 )	Three Months ended March 31st			Year ended Dec. 31st		
	2017	2016	YoY Changes	2016	2015	YoY Changes
Revenue	<b>244,030</b>	151,576	+61.0%	<b>834,185</b>	677,543	+23.1%
Gross Profit	<b>206,620</b>	110,086	+87.7%	<b>646,087</b>	526,208	+22.8%
Profit Attributable to Equity Holders of the Company	<b>98,071</b>	27,650	+254.7%	<b>233,213</b>	151,792	+53.6%
Adjusted Net Profit <sup>1</sup>	<b>105,238</b>	37,921	+177.5%	<b>280,572</b>	222,969	+25.8%
Adjusted Net Profit Margin	<b>43.1%</b>	25.0%	+18.1%	<b>33.6%</b>	32.9%	+0.7%
Adjusted EBITDA <sup>2</sup>	<b>127,369</b>	50,678	+151.3%	<b>359,555</b>	280,300	28.3%
Adjusted EPS (RMB per share) <sup>3</sup>	<b>0.081</b>	0.031	+161.3%	<b>0.222</b>	0.183	+21.3%
Annual Dividend per share	-	-	-	<b>HKD0.07</b>	HKD0.06	+16.7%

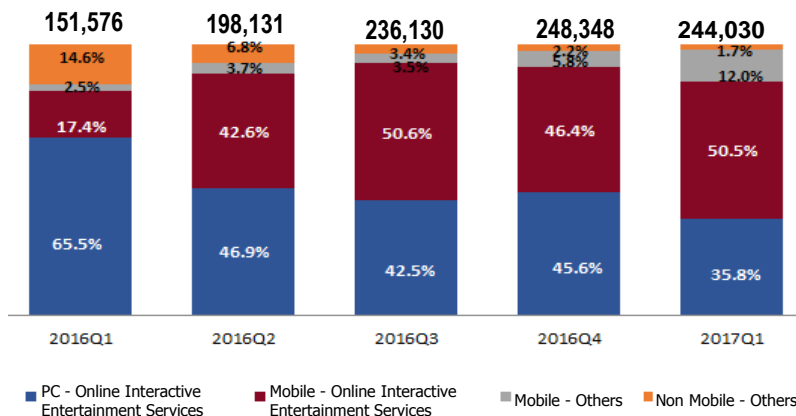
Note:

- Adjusted net profit is not defined under IFRS, and is derived from the unaudited profit for the year, excluding the effect of non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions, impairment of capital surplus attributable to non-controlling interests of newly established subsidiaries and impairment loss arising from acquisitions.
- Adjusted EBITDA, as presented, represents operating profit, adjusted to exclude non-cash share-based compensation expenses, amortization of intangible assets arising from acquisitions, impairment of capital surplus attributable to non-controlling interests of newly established subsidiaries, impairment loss arising from acquisitions and depreciation and amortization.
- Adjusted basic earnings per share ("EPS") is calculated by dividing the adjusted net profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year which have been adjusted retroactively for the proportional changes in the number of ordinary shares outstanding as a result of the issuance of bonus shares. The denominator for computing the adjusted diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume share options granted to employees under 2008 Global Share Option Plan and Post-IPO Share Option Scheme, restricted share units ("RSUs") granted to employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme have been fully vested and exercised with no impact on the non-IFRS adjusted earnings.

## 5.3 Profitability and Cost Controls

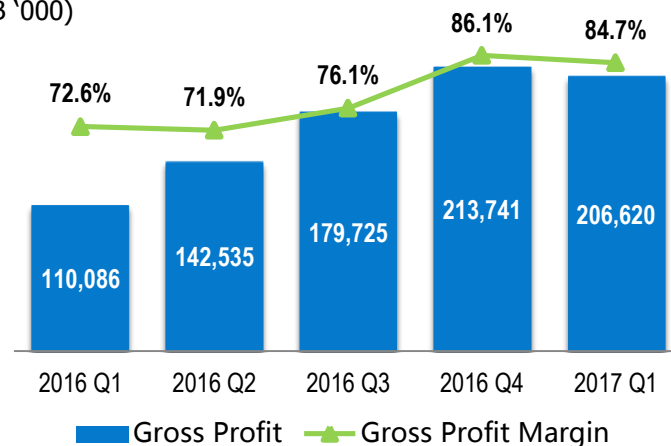
### Revenue of each operating segments

(RMB '000)

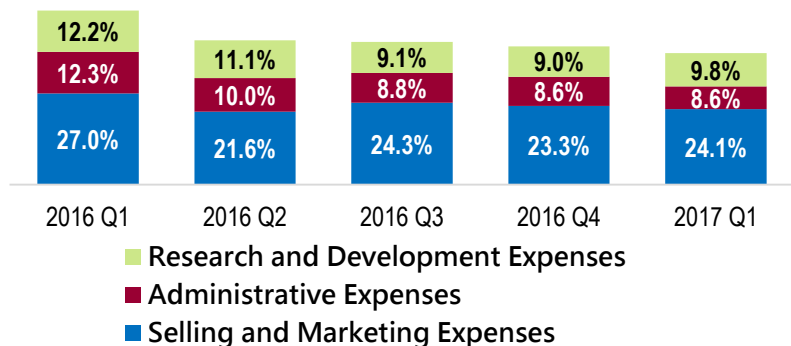


### Gross profit and margin

(RMB '000)

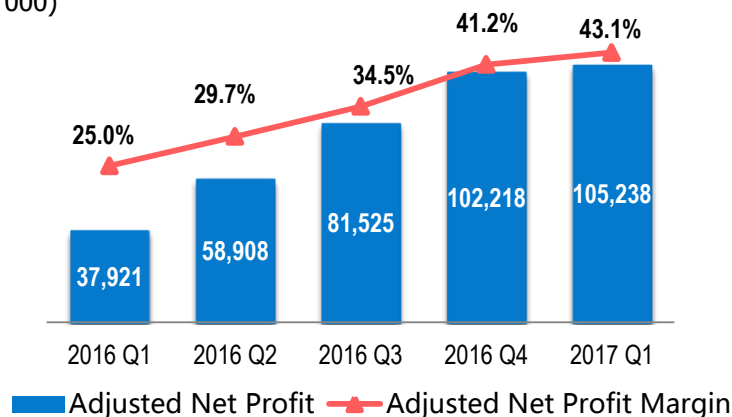


### Operating expenses as % of revenues<sup>1</sup>



### Adjusted net profit and margin

(RMB '000)



Note1 : Exclude share options granted to employees, amortization of tangible assets arising from acquisitions, impairment of capital surplus attributable to non-controlling interests of newly established subsidiaries, impairment loss arising from acquisitions and depreciation and amortization.

## 5.4 Balance Sheet Summary

(RMB '000)	<b><u>December 31, 2016</u></b>	<b><u>December 31, 2015</u></b>
Cash and cash equivalent, available-for-sale financial assets	<b>1,677,218</b>	1,557,776
Fixed assets	<b>210,656</b>	190,843
Current assets	<b>1,819,224</b>	1,679,452
Total assets	<b>2,907,042</b>	2,500,208
Current liabilities	<b>266,818</b>	185,041
Total liabilities	<b>283,070</b>	191,536
Equity attributable to Shareholders of the Company	<b>2,588,331</b>	2,286,712
Total equity	<b>2,623,972</b>	2,308,672
Capital expenditures	<b>45,800</b>	61,000

## 5.5 Cash flow summary

(RMB '000)	Year Ended	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Net cash generated from operating activities	360,786	154,007
Net cash used in investing activities *	(250,310)	(142,775)
Net cash generated from /(used in ) financing activities *	(55,066)	(74,103)
Net increase/(decrease) in cash and cash equivalents	55,410	(62,898)
Cash and cash equivalents at end of year	290,306	232,848

\*Excluded cash flow related to Internet Finance in 2016 to facilitate comparability , the sector has been at disposition since 2016 Q3

# Open Forum

