



Tian Ge Interactive Holdings Limited

(1980.HK, TGRVY.US)

Corporate Presentation

April 2015



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1	Company Overview
2	Company Highlights
3	Growth Strategy
4	Financial Update

Section 1

Company Overview



Our Mission

让天下人笑口常开

To bring optimism and joy to the masses through
live social video interaction

Key trends and issues

- ✓ **Urbanization** resulting in large and growing lower tier city population now living away from home
- ✓ **Lack of entertainment options** and desirable social interaction for those having relocated to urban areas
- ✓ **Growing Internet and mobile use** coupled with high broadband penetration and growing broadband capacity
- ✓ **Rising consumption of video, user-generated content**, and need for real-time, dynamic interaction

The problem

- ✓ Large and growing **uprooted population seeking social and recreational means** to meet and stay connected with others sharing similar backgrounds, interest, culture and local dialect



Our solution

- ✓ Live Social Video Communities, focusing on "many-to-many" experience



9158 视频社区
.COM

sina 新浪 SHOW

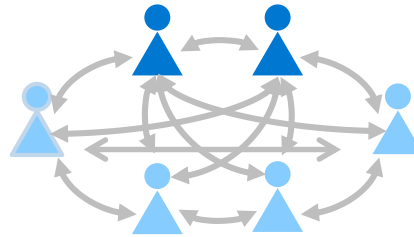
Our Core Product Offering – "Many-to-many" Live Social Interaction



"Many-to-many" V.S. "One-to-many"

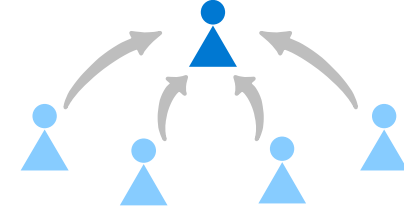
User experience

Many-to-many



- Content is developed by both the host and user
- Users often engage on video in real time

One-to-many

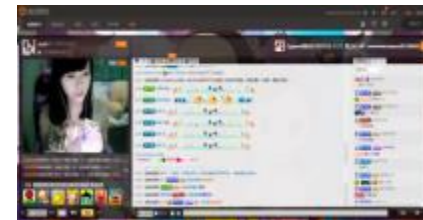


- Live performance/ live concert by single host
- Users never go on video and share only audio feeds

Technology framework



- Multi-video streams for hosts and users on air



- Single-video stream for host on air

Ecosystem

- Smaller Rooms (Typically 200-1,000 people)
- Economics shared between room participants (hosts, sales agents) and platform, with incentives based on user to user interaction

- No room size limit
- Economics split between content provider (host) and platform, and no incentives for user to user interaction.

Industry players



Overview

Largest live social video platform

- ❑ The **largest live social video platform** in China, with **33.9% market share¹**

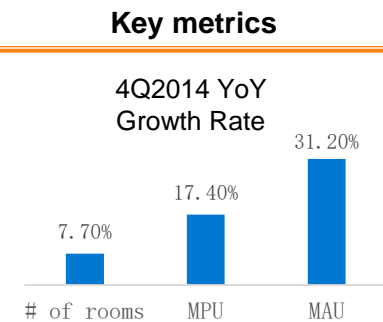
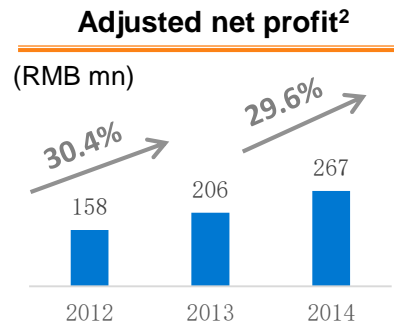
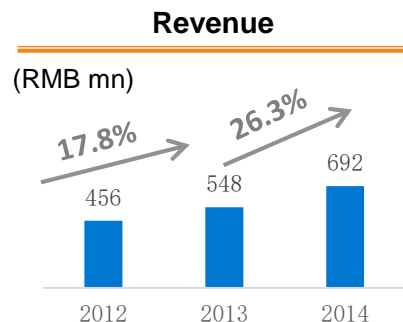
A portfolio of products

- ❑ Operates one of the **most diverse selections of user-generated content** in the industry
- ❑ Eight **“many-to-many”** and one “one-to-many” community

Established ecosystem

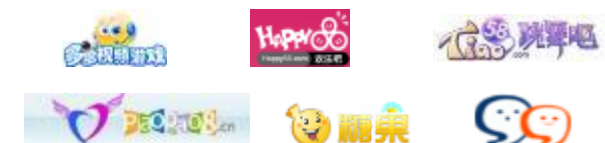
- ❑ Deep understanding of user behavior to deliver **engaging user experience**
- ❑ The proliferation in user activities and content increased user engagement and stickiness, supporting **monetization opportunities**

Strong financial performance



Live social video communities

Many-to-many



one-to-many



Mobile games and other products



1. According to iResearch, in terms of total user spending in 2013

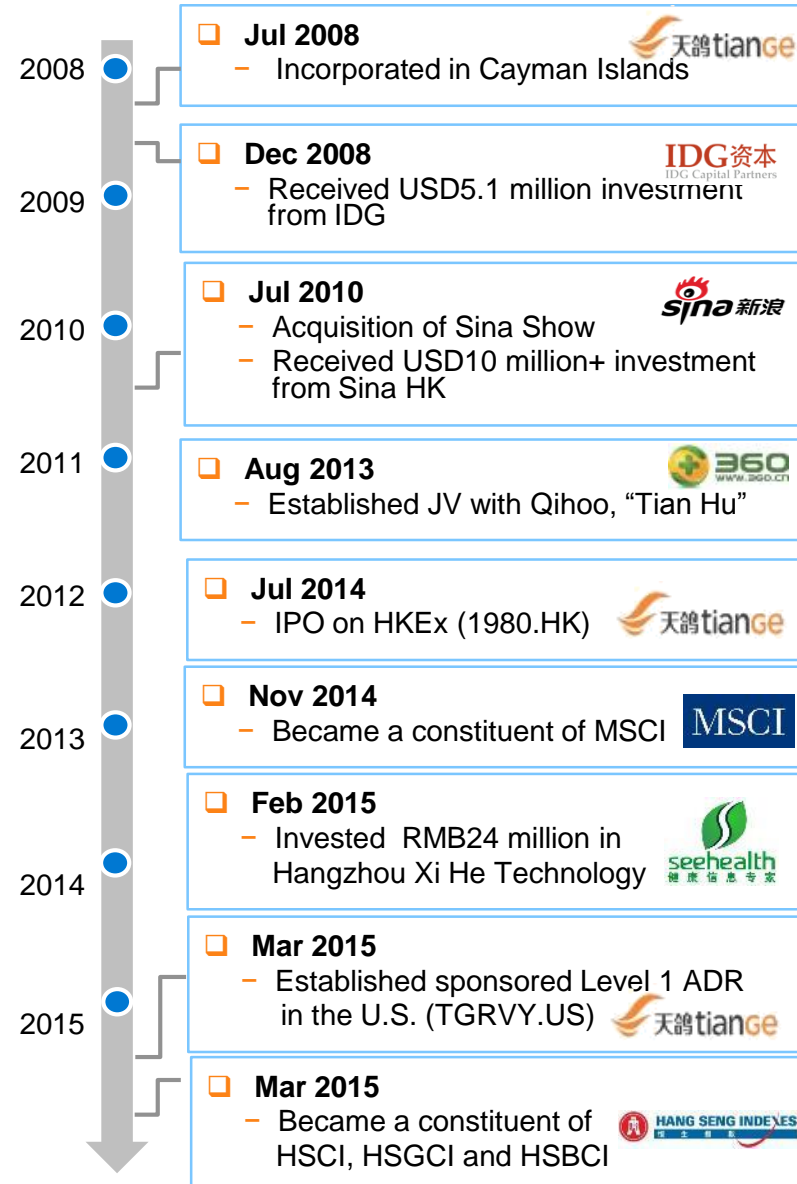
2. Does not include the non-cash share-based compensation expenses, non-cash fair value change of convertible redeemable preferred shares and redeemable ordinary shares, non-cash gains and losses on repurchase of preferred shares, dividend appropriation to preferred shareholders and listing expenses

Milestones

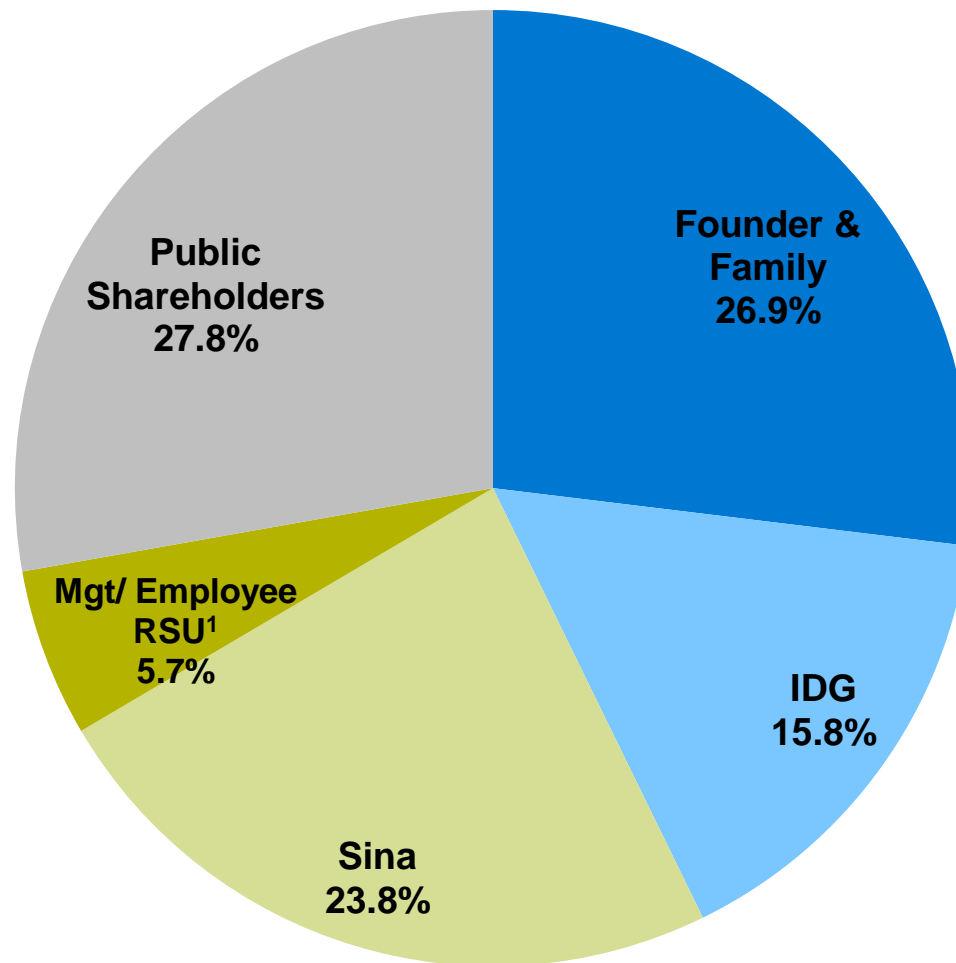
Operations



Corporate development



Shareholding Structure And Cornerstone Investors



Notes:

1 RSU – Restricted share units

Section 2

Company Highlights



Company Highlights



1

Fast growing and large addressable market

2

Many-to-many leader with diverse & engaging content

3

Established and trusted ecosystem

4

Proven monetization model

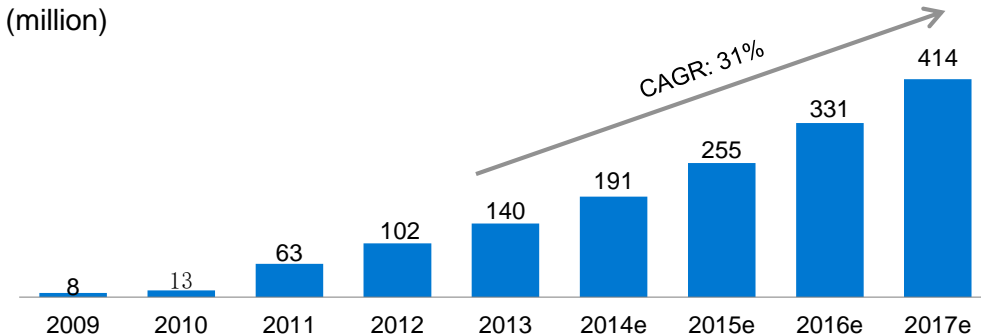
5

Strong product development and engineering capabilities

1 Fast Growing and Large Addressable Market

2009-2017 China live social video community user base

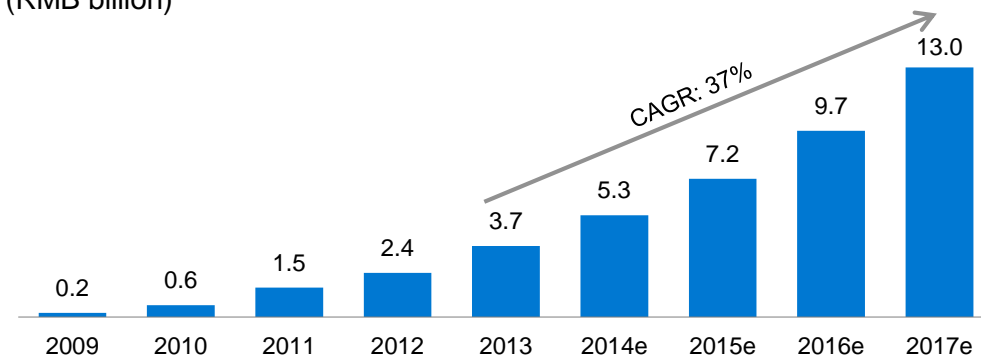
(million)



Note: User base only accounts for number of unique visitors that log on at least twice per month
Source: iResearch Report

2009-2017 China live social video community market size

(RMB billion)



Note: Market size includes Internet value-added services. YY Inc.'s revenue only includes its online music and entertainment business, as its games business consists mostly of MMORPGs and web games which are outside of the market scope.
Source: iResearch Report

1

**3X+ user base
and market size over
3 to 5 years**

2

**Rising internet user,
bandwidth penetration &
processor speed**

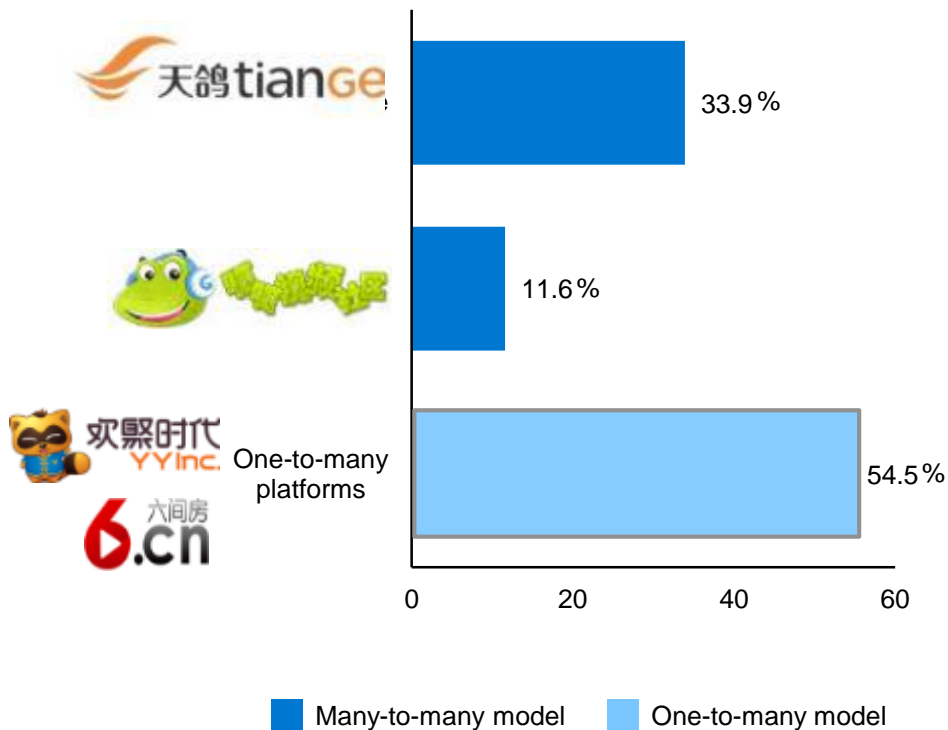
3

**Growing live social video
adaption leads to new
vertical application and
business model**

2 Many-to-many Leader with Diverse & Engaging Content

Strong market leadership

China live social video platform market share by total user spending in 2013



Note:

1 Market size includes Internet value-added services. YY Inc.'s revenue only includes its online music and entertainment business, as its games business are mostly MMORPGs and web games which are outside of the market scope

2 Guagua was backed by A-share listed company Beijing Enlight Media (300251)

Source: iResearch Report

High engagement and interaction¹



632,000+ monthly users on air



21.5 hours of average video viewing time spent per month by MAUs²



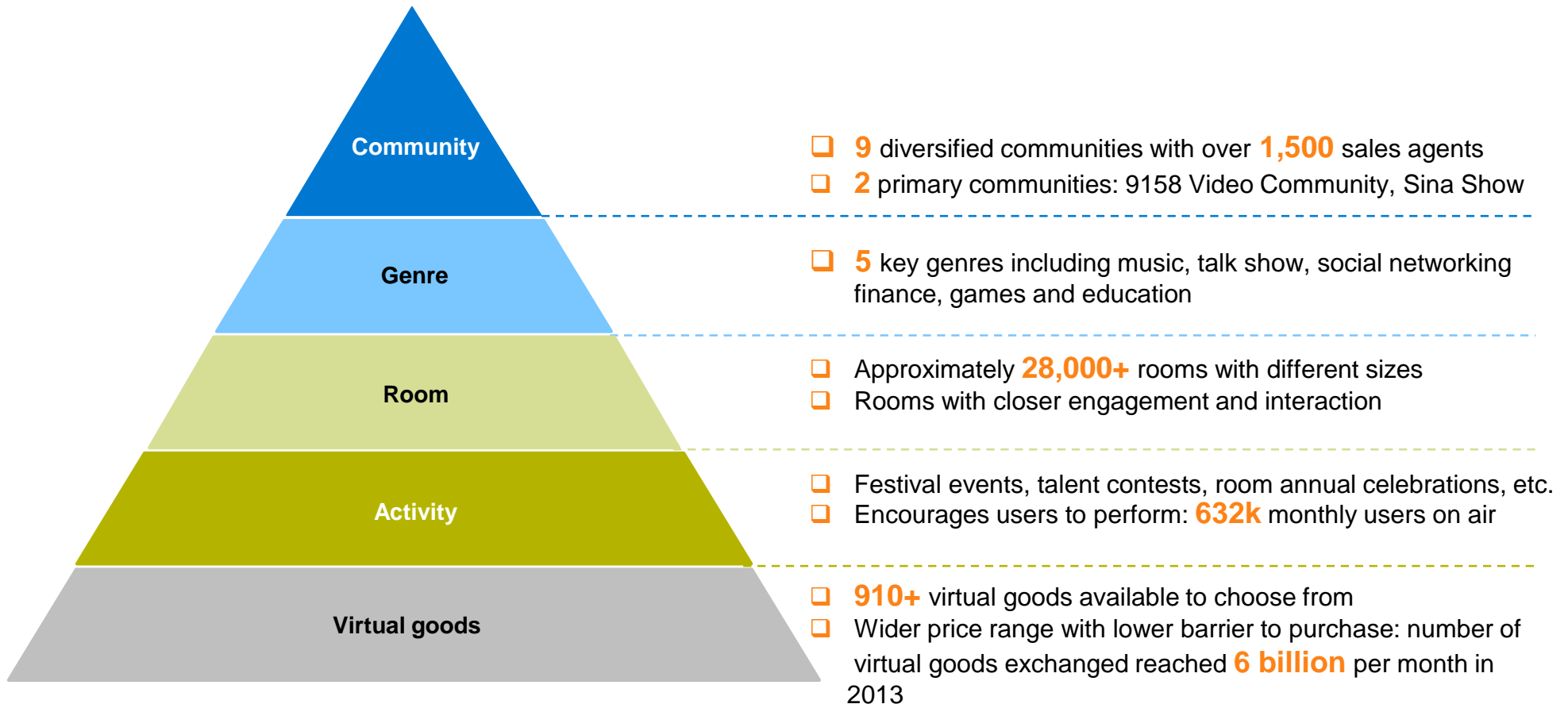
84% of 28,000+ video chat rooms has been active for more than one year

Note:

1 Data as of June 30, 2014

2 Monthly active user

2 Many-to-many Leader with Diverse & Engaging Content



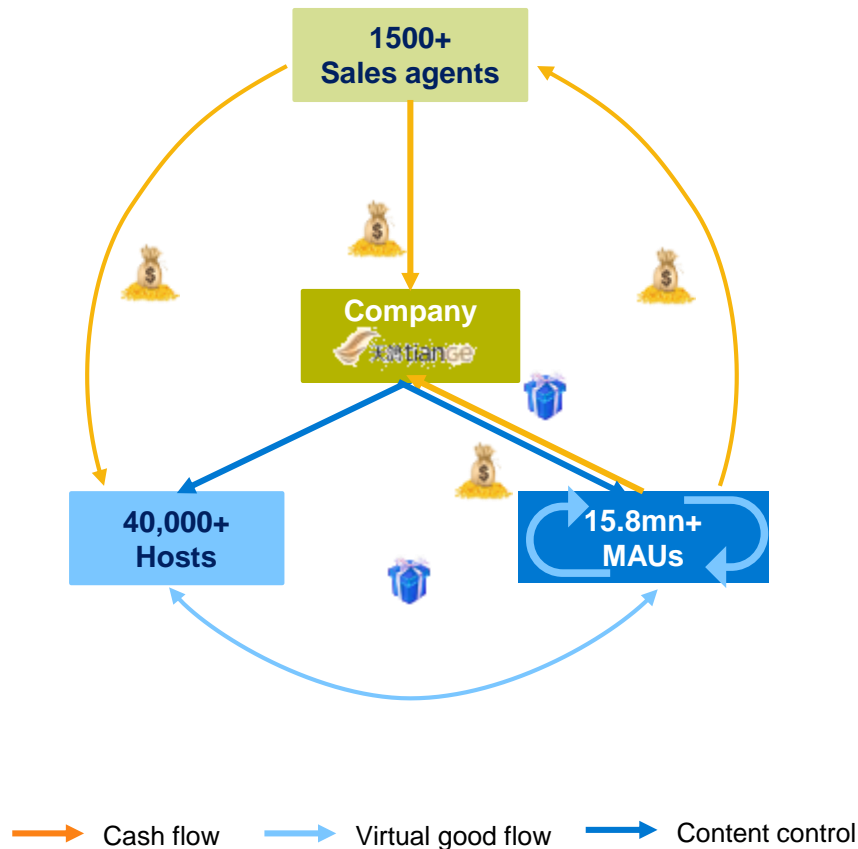
Notes:

1 Data as of September 30, 2014

3 Established and Trusted Ecosystem

The participants in our communities and the underlying infrastructure of our platform form an established and trusted social ecosystem with high barriers to entry

Unique ecosystem based on symbiotic relationships



Notes:

- 1 Each community has an assigned exclusive distributor for the management and distribution of virtual currency in their respective platforms

Sales agent

- ❑ Sales agents help to recruit hosts and identify profitable genres and room content
- ❑ Sales agents sell virtual currency to users in the room and enable wide geographical coverage of users

Host

- ❑ Attract users and promote room interaction and virtual goods consumption
- ❑ Users on air often become hosts

Company

- ❑ Develop and maintain the technology to support live social video platform
- ❑ Sell virtual currency to distributors and arrange sales agents enter rooms to sell to users
- ❑ Monitor the content and ensure a healthy platform

4 Proven Monetization Model

We offer a diversified selection of virtual goods that serve as the foundation of user interaction on our platform

Superior design
by R&D team

- Over 910 types of virtual goods developed to stimulate interaction among users

Diversity of
choices

- Various aesthetic and utility benefits and a wide range of prices for all types of users

Different tiers of
membership
subscriptions

- A wide range of privileges such as access to full rooms and special titles

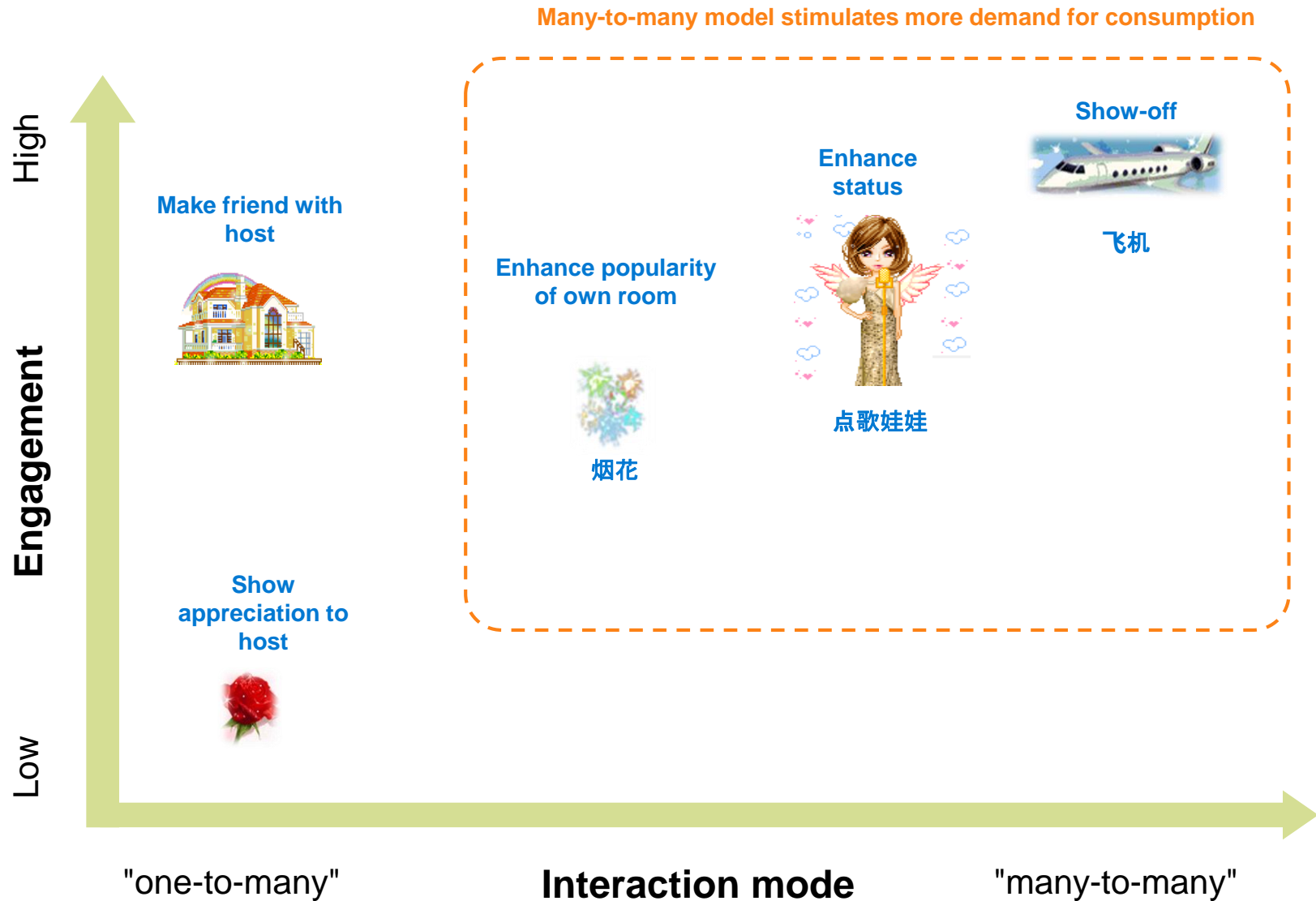


Note:

- ¹ Paying ratio is monthly paying users divided by monthly active users as of September 30, 2014
- ² Data as of September 30, 2014

4 Proven Monetization Model

User consumption motivation



5 Strong Product Development and Engineering Capabilities



High-quality, multicast video streaming and media processing

- ❑ Best-in-class **video quality** in latest industry standard and **audio effects** approaching offline KTV hardware quality
- ❑ Synchronous **multi-video stream support** up to ten audio feeds into the same video stream
- ❑ **Latency-reducing** technology to lower bandwidth costs, decrease user lag and load times, and optimize performance



Scalable infrastructure and cloud services

- ❑ **100,000 concurrent users** per room and **50,000 concurrent live video streams**
- ❑ Over **20 Internet data centers** and cloud-based remote-access servers throughout China
- ❑ **Live performance recording, cloud storage and “cloud rating”** technology to drive service experience and quality

5 Strong Product Development and Engineering Capabilities

Content monitoring system ensures trustworthy and healthy ecosystem

1 Self Regulating Ecosystem

16 mn MAUs

All participants required to enforce our terms of service

- Guidelines require immediate action when inappropriate content is identified
- Hosts and room managers are granted administrative privileges and incentivized to monitor content
- Actions may include permanent ban from community and loss of incentive fees



Content Monitoring System



2 Automatic Detection System

1 to 3 Minutes

Snapshot frequency for each video stream



- Automatic screenshot examinations utilizing advanced and proprietary screening software-based technology
- Automatic detection of sensitive and/or inappropriate words and phrases

3 Content Monitoring Staff

80+

Content monitoring staff¹

- All staff is well-trained in identifying and assessing potential violations of our terms of service
- Generate weekly report for review with relevant authorities
- Immediate action upon identifying any potential violation



24/7

Hours of random room checks

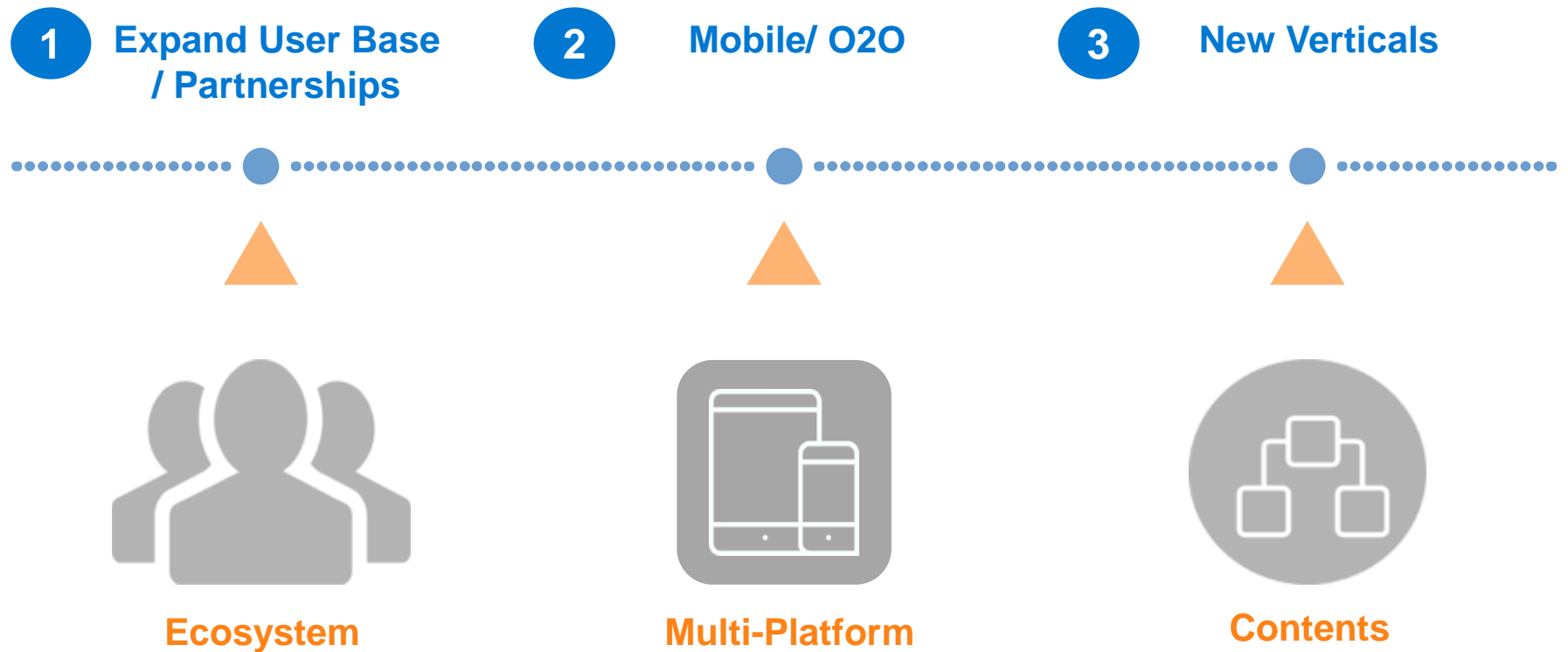
Note:
1 As of September 30, 2014

Section 3

Growth Strategy



Growth Strategies



Live Social Video Hosted Games

Select a host to follow and play with **Gamers**

Chat button

Increase
User Stickiness

Extend
User Life Cycle

Reduce
User Acquisition costs



Singing
Dolls



点歌娃娃

Fireworks



烟花

Leverage
Many-to-many
Monetization

O2O KTV – Revolutionizing traditional karaoke

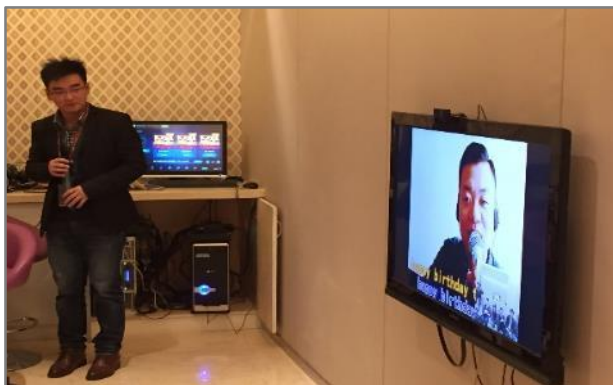
Cross-Platform Socialization



O2O Monetization



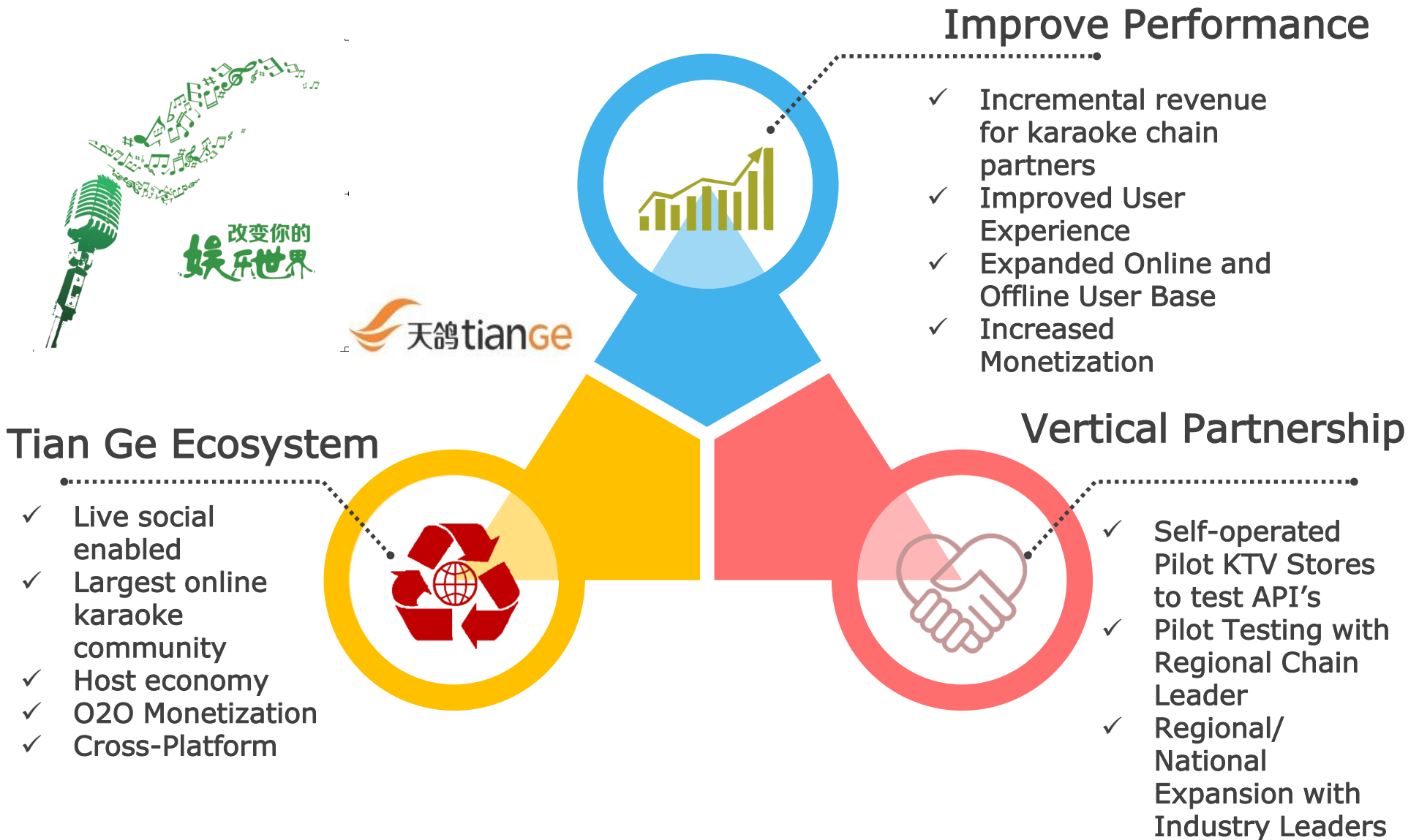
Real-Time Video



Gamification



O2O KTV – Extension of Tian Ge's Online Karaoke Ecosystem



Mobile Medical Application - Vertical Expansion

User Expansion & Data

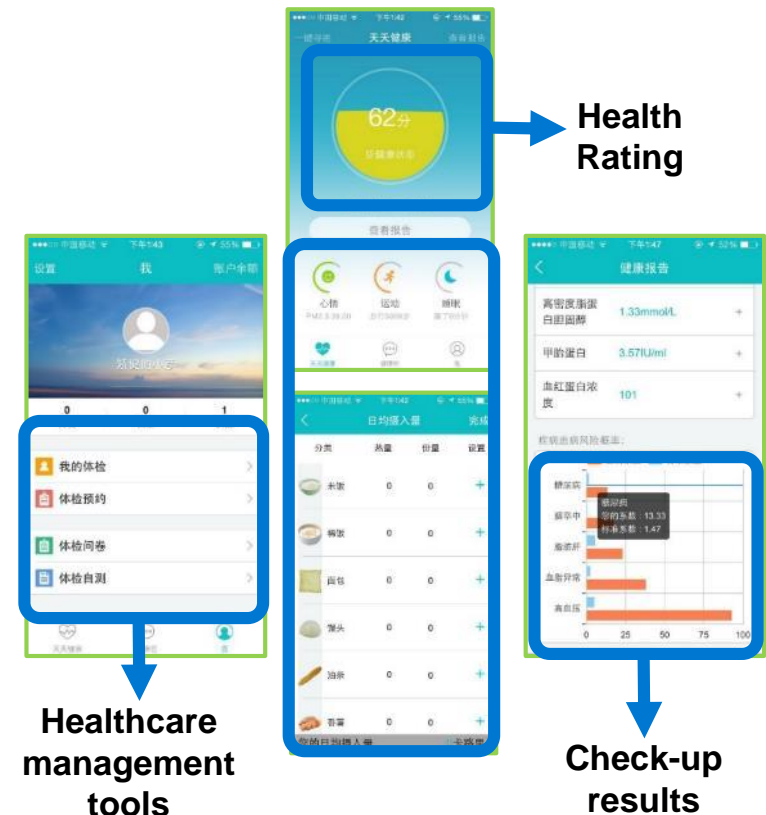


~300+ hospitals and health check-up centers
~20mn+ healthcare oriented users & data

Real Time Socialization



Healthcare Management Solutions



Section 4

Financial Update



Full Year Results Summary

	FY2014	FY2013	YoY%
(in RMB mm)			
Income Statement			
Revenue ⁽¹⁾	692.2	548.2	26.3%
Gross Profit	586.9	480.1	22.2%
<i>Gross Margin</i>	<i>84.8%</i>	<i>87.6%</i>	
Adjusted EBITDA ⁽²⁾	319.4	251.9	26.8%
<i>Adjusted EBITDA Margin</i>	<i>46.1%</i>	<i>45.9%</i>	
Adjusted Net Profit ⁽³⁾	267.2	206.3	29.6%
<i>Adjusted Net Profit Margin</i>	<i>38.6%</i>	<i>37.6%</i>	
• Adjusted Diluted EPS	0.23	0.22	

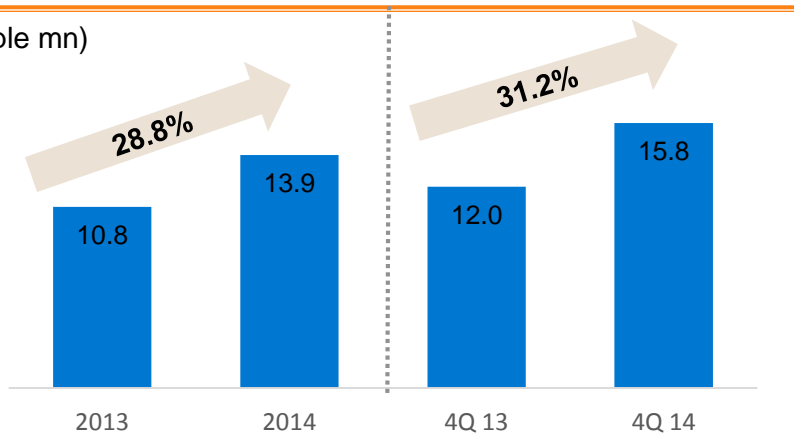
Note:

1. For the period after June 1, 2014, revenues are recorded net of 6% VAT tax. Excluding the VAT effect, the increase of revenue reached 30.4% year-over-year.
2. Adjusted EBITDA, as presented, represents operating profit, adjusted to exclude non-cash share-based compensation expenses, listing expenses, depreciation and amortization.
3. Adjusted net profit is not defined under IFRS, and is derived from the unaudited profit for the period excluding the effect of non-cash share-based compensation expenses, non-cash fair value change of convertible redeemable preferred shares, gain on repurchase of preferred shares, dividend appropriation to preferred shareholders and listing expenses.

Key Operating Metrics

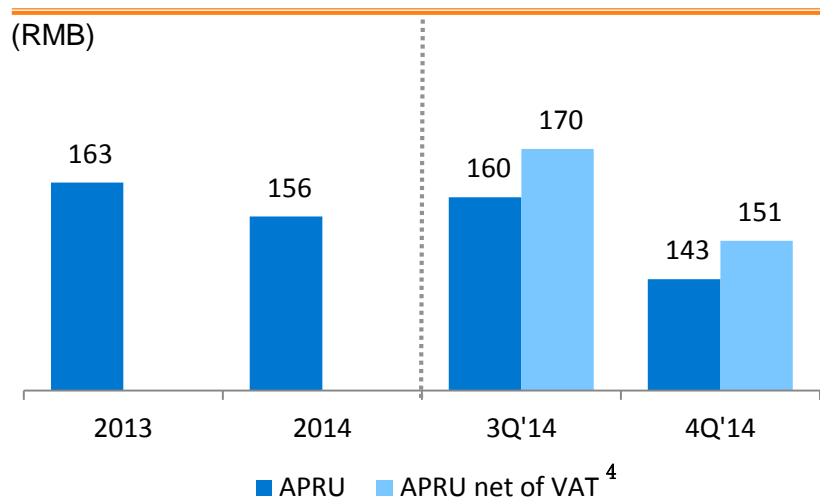
Total MAUs¹

(People mn)



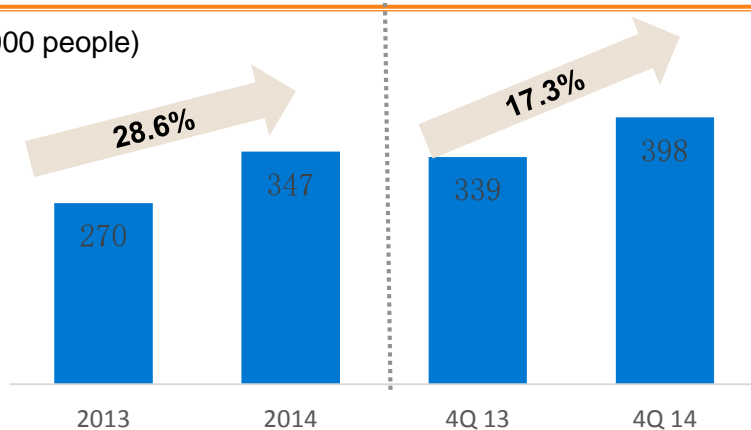
ARPU of all communities

(RMB)



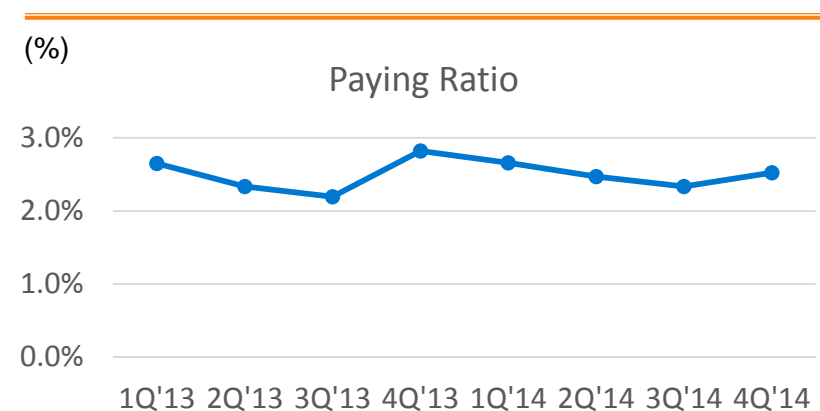
Total MPUs²

('000 people)



Paying ratio³

(%)



Source: Company information

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

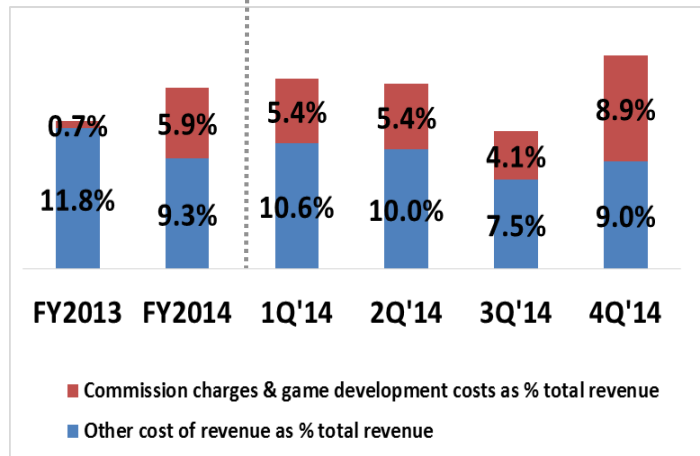
Note 2: Monthly paying users, or MPUs, is defined as the number of users that purchased virtual goods at least once on our live social video platform during the relevant month

Note 3: Paying ratio=MPUs / MAUs, the paying ratio stated here is for our total live social video platforms including 9158, Sina Show and Other Communities and Sina Showcase

Note 4: ARPU net of VAT = excludes the effect of 6% VAT tax on net revenue after the VAT reform on June 1, 2014.

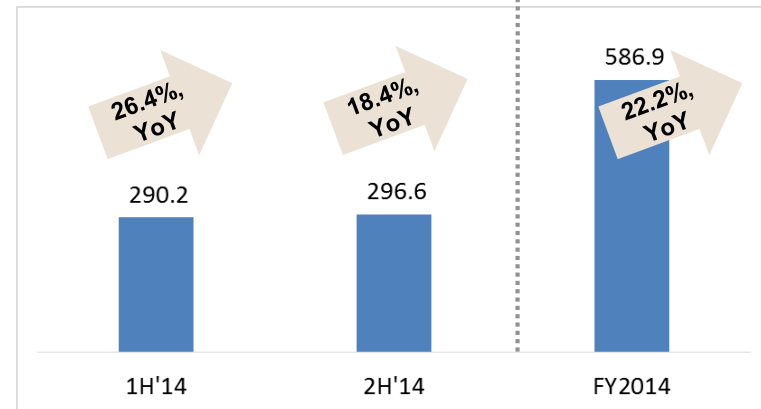
Cost and Profit Highlights

Cost of revenue as % revenue⁽¹⁾

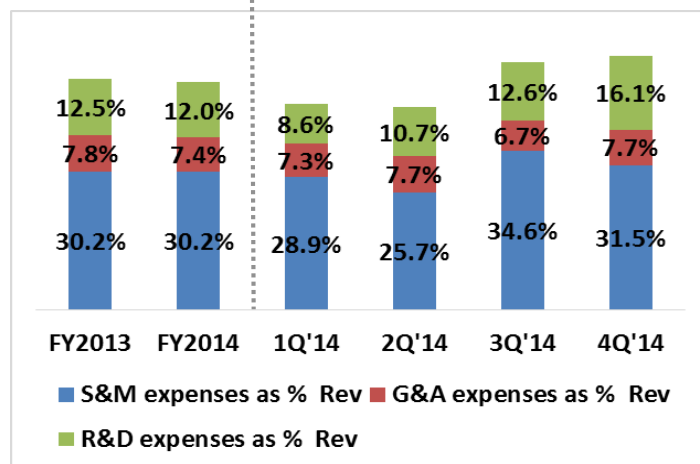


Gross profit

(RMB mn)

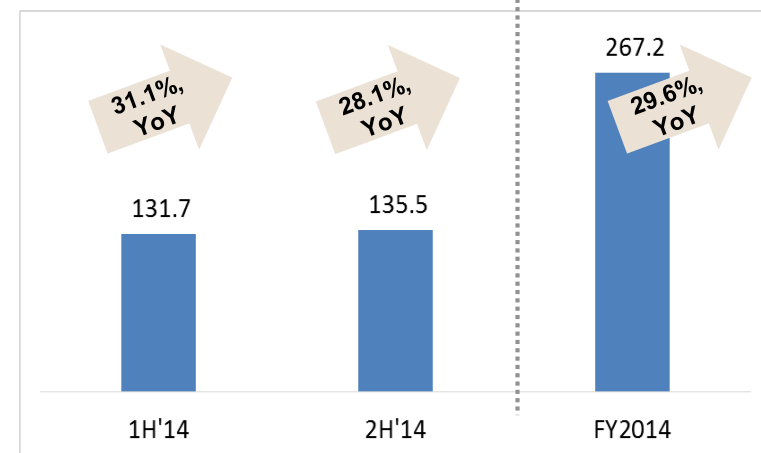


Operating expenses as % of revenues⁽²⁾



Adjusted net profit

(RMB mn)



1: The two items are showed in page 29 of our annual report 2: Net of share-based compensation & listing expenses

Balance Sheet Summary

	FY2014	FY2013
(in RMB 000')		
Balance Sheets		
Cash and Cash Equivalents, available-for sale financial assets ⁽¹⁾	1,794,379	591,909
Property and equipment ⁽²⁾	142,280	16,736
Current assets	1,487,591	592,501
Total assets	2,262,591	844,386
Current liabilities	172,353	299,719
Total liabilities	174,103	928,045
Equity attributable to Shareholders of the Company	2,083,689	(88,556)
Total equity/ Deficit	2,088,488	(83,659)
Capital Expenditures⁽³⁾	98,741	43,869

Notes:

1. Includes the net proceeds from IPO in July 2014 of approximately RMB1,372.07million (total HKD\$1,725.00 million) @0.795 HKD-RMB exchange rate. All figures also include "term deposits with initial term over 3 months".
2. Increase in properties and equipment reflects the RMB 102.2 million, RMB 16.0 million and RMB 15.0 million of new office space in Hangzhou, Beijing and Shanghai, respectively.
3. As of FY2014, Capital Expenditures includes the purchase and decoration of our current office space estimated at 39.7 million RMB and purchases of IP licenses equivalent to approximately RMB45 million.
4. As of year end December 2014, the Company has repurchased an aggregate amount of HK\$13,129,670 worth of shares listed on the Stock Exchange. Price paid per share ranges from HK\$ 3.80 to HK\$4.80.