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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)

ANNOUNCEMENT OF UNAUDITED 2015 FIRST QUARTER RESULTS

The board of directors (the “**Directors**”) (the “**Board**”) of Tian Ge Interactive Holdings Limited (the “**Company**” or “**Tian Ge**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended March 31, 2015. These quarterly results have been reviewed by (i) the Company’s audit committee (the “**Audit Committee**”), comprising solely the independent non-executive Directors, one of whom chairs the Audit Committee, and (ii) the Company’s external auditors, PricewaterhouseCoopers.

FINANCIAL HIGHLIGHTS

	Unaudited Three months ended March 31, 2015		2014	Unaudited Three months ended December 31, 2014	Quarter-on- quarter Change %
(in RMB'000)					
Revenue ^{(1) (5)}	185,543	171,645		174,816	6.1%
Gross Profit	156,489	144,302		143,548	9.0%
Gross margin	84.3%	84.1%		82.1%	
Profit Attributable to Equity Holders of the Company	57,929	27,661		46,268	25.2%
Adjusted net profit ⁽²⁾	75,104	63,060		63,876	17.6%
Adjusted Net Margin	40.5%	36.7%		36.5%	
EPS (expressed in RMB per share)					
– basic	0.047	0.043		0.038	23.7%
– diluted	0.044	0.037		0.035	25.7%
Adjusted EPS (expressed in RMB per share) ⁽³⁾					
– basic	0.061	0.099		0.052	17.3%
– diluted	0.056	0.066		0.048	16.7%
Adjusted EBITDA ⁽⁴⁾	96,707	76,761		79,970	20.9%
Adjusted EBITDA margin	52.1%	44.7%		45.7%	

Notes:

- (1) For the period after June 1, 2014, revenues are recorded net of 6% VAT tax.
- (2) 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.
- (3) 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 period 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 conversion of Series B convertible redeemable preferred shares (if applicable) and to assume share options granted to employees under 2008 Global Share Option Plan and restricted share units granted to employees under Pre-IPO Restricted Share Unit Scheme have been fully vested and exercised with no impact on the non-IFRS adjusted earnings.
- (4) Adjusted EBITDA, as presented, represents operating profit, adjusted to exclude non-cash share-based compensation expenses, listing expenses, depreciation and amortization.
- (5) As disclosed in our global prospectus in 2014, the Group determined that its business, as a whole, falls into one segment.

This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions (as defined under the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of financial position and unaudited condensed consolidated statement of cash flows of the Group are listed below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(FOR THE THREE MONTHS ENDED MARCH 31, 2015)

	Unaudited	
	Three months ended	
	March 31,	
	2015	2014
	RMB'000	RMB'000
Revenue	185,543	171,645
Cost of revenue	(29,054)	(27,343)
Gross profit	156,489	144,302
Selling and marketing expenses	(48,855)	(50,017)
Administrative expenses	(27,479)	(24,423)
Research and development expenses	(20,529)	(15,128)
Other gains, net	15,260	5,994
Operating profit	74,886	60,728
Finance income	725	1,307
Finance costs	(2,720)	(797)
Finance income/(costs), net	(1,995)	510
Fair value loss of convertible redeemable preferred shares	–	(22,985)
Share of loss of investment accounted for using the equity method	(251)	–
Profit before income tax	72,640	38,253
Income tax expense	(14,155)	(10,824)
Profit for the period	58,485	27,429
Other comprehensive income/(loss)		
<u>Items that may be reclassified to profit or loss</u>		
Currency translation differences	4,397	(6,432)
Total comprehensive income for the period	62,882	20,997

	Unaudited	
	Three months ended	
	March 31,	
	2015	2014
	RMB'000	RMB'000
Profit/(loss) attributable to:		
– Shareholders of the Company	57,929	27,661
– Non-controlling interests	556	(232)
	<u>58,485</u>	<u>27,429</u>
Total comprehensive income attributable to:		
– Shareholders of the Company	62,326	21,229
– Non-controlling interests	556	(232)
	<u>62,882</u>	<u>20,997</u>
Earnings per share (expressed in RMB per share)		
– Basic	<u>0.047</u>	<u>0.043</u>
– Diluted	<u>0.044</u>	<u>0.037</u>
Dividends	<u>59,573</u>	<u>–</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(AS AT MARCH 31, 2015)

	Unaudited March 31, 2015 RMB'000	Audited December 31, 2014 RMB'000
Assets		
Non-current assets		
Property and equipment	185,943	142,280
Intangible assets	75,299	49,002
Investment in associates	27,622	3,863
Prepayments and other receivables	25,473	40,744
Deferred income tax assets	31,236	32,466
Available-for-sale financial assets	72,869	26,776
Term deposits with initial term over 3 months	421,079	479,869
	<u>839,521</u>	<u>775,000</u>
Current assets		
Trade receivables	27,717	14,049
Prepayments and other receivables	158,461	159,032
Available-for-sale financial assets	314,537	313,029
Financial assets at fair value through profit or loss	208,442	109,481
Term deposits with initial term over 3 months	649,191	602,917
Cash and cash equivalents	73,280	289,083
	<u>1,431,628</u>	<u>1,487,591</u>
Total assets	<u><u>2,271,149</u></u>	<u><u>2,262,591</u></u>
Equity		
Equity attribute to Shareholders of the Company		
Share capital	776	779
Share premium	2,306,179	2,381,529
Shares held for RSU Scheme	(18)	(19)
Other reserves	143,489	122,473
Accumulated deficits	(363,144)	(421,073)
	<u>2,087,282</u>	<u>2,083,689</u>
Non-controlling interests	6,273	4,799
Total equity	<u><u>2,093,555</u></u>	<u><u>2,088,488</u></u>

	Unaudited March 31, 2015 RMB'000	Audited December 31, 2014 RMB'000
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	1,815	361
Other non-current liabilities	1,379	1,389
	<u>3,194</u>	<u>1,750</u>
Current liabilities		
Trade payables	20,797	24,278
Other payables and accruals	77,749	52,530
Income tax liabilities	44,452	51,523
Customer advance and deferred revenue	31,402	44,022
	<u>174,400</u>	<u>172,353</u>
Total liabilities	<u>177,594</u>	<u>174,103</u>
Total equity and liabilities	<u>2,271,149</u>	<u>2,262,591</u>
Net current assets	<u>1,257,228</u>	<u>1,315,238</u>
Total assets less current liabilities	<u>2,096,749</u>	<u>2,090,238</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(FOR THE THREE MONTHS ENDED MARCH 31, 2015)

	Unaudited	
	Three months ended	
	March 31,	
	2015	2014
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	48,743	61,022
Income tax paid	(20,045)	(10,149)
	<hr/>	<hr/>
Net cash generated from operating activities	28,698	50,873
	<hr/>	<hr/>
Net cash used in investing activities	(169,120)	(80,303)
	<hr/>	<hr/>
Net cash used in financing activities	(75,352)	(38,548)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(215,774)	(67,978)
Cash and cash equivalents at beginning of period	289,083	171,896
Exchange loss on cash and cash equivalents	(29)	—
	<hr/>	<hr/>
Cash and cash equivalents at end of period	73,280	103,918
	<hr/> <hr/>	<hr/> <hr/>

A. BUSINESS REVIEW

In the first quarter of 2015, we continued to make healthy progress in expanding and developing our overall business. Thanks to the improved functionality of our services and strong user activity on our platform, we achieved robust financial results for the first quarter of 2015.

Our successful and highly profitable ecosystem based business remains highly dependent on the PC interface today for user interaction. Nonetheless, we continue to see resilience in our PC users, and long term sustainability of the business model, but we also realize that the next generation of users will seek new forms of live social video products on new mobile devices and other smart technologies.

As discussed in our annual report 2014, we have several major initiatives to grow our business, to generate incremental shareholder returns, and to add the vibrancy and strength of our ecosystem.

Mobile

Our mobile strategy aims to take full advantage of the technological and infrastructure improvements in China, including the ongoing recent rollout of 4G services, which will support high-quality video streams on mobile devices. Our mobile monthly active users (“MAU”) in the first quarter of 2015 increased to 14.8% from 8.0% compared to the corresponding period of 2014.

Live Social Embedded Games

We launched several live social embedded PC and mobile games since early 2014, such as “Three Kingdoms”, “Power Pets” and our latest mobile game Feng Huo Jia Ren “烽火佳人”. We also plan to launch another 1-2 new games in the second quarter of 2015. In addition, we are actively exploring the development of our new web and mobile game publishing platform with leading game publishing partners.

Online to Offline (“O2O”) Karaoke

In 2014, we successfully introduced and tested our new product in three Hangzhou locations. Our cloud-based software solution has successfully expanded the user demographic and increased the offline asset’s yield through the introduction of online to offline promotions, gamification, virtual gifting and virtual economies, and other innovative features. We are currently identifying key partners to integrate our new and innovative KTV entertainment solutions on a regional or national scale. We plan to build strategic alliance that would allow us to expand our content offering inside KTV facility to include games, online to offline interaction and parties, virtual hosts and competitions, online payment and virtual gifts. We believe the addressable market for our O2O product is massive, and could potentially generate outsized shareholder returns.

B. BUSINESS OUTLOOK

To further strengthen our leading position as China's largest "many-to-many" live social platforms, we will endeavor to work best at investing and developing new content genre and expanding the live social platform communities. While we expand by attracting new hosts, users and creating new rooms, we also invest in consolidating other smaller platforms to increase its market share and strengthen its market leader position in the "many-to-many" market, such as the recent acquisition of Jinhua Shixun Network Technology Co. Ltd ("Jinhua Shixun") (金華視訊網絡科技有限公司), a technology service provider for small video platforms.

We are working to expand mobile offerings and cross-device capabilities to give users the flexibility to access the content anytime and anywhere. Additionally, we plan to significantly expand our presence in the mobile and online games market by actively working with potential game publishing partners to improve user experience, to achieve higher monetization, to increase user engagement, to lower user acquisition risk and to extend users' life cycles.

As part of our new vertical integration strategy in the mobile healthcare management field, we acquired 34.47% equity interest of Hangzhou Xi He Technology Co., Ltd. ("Xi He"), a company specialized in online health information services, in March 2015. Xi He currently provides value-added technology services to over three hundred hospitals and physical check-up centers that serve over 20 million check-up patients per year in China nationwide. The next step in 2015 includes identifying key partners to commercially launch our revolutionary product on a national scale, exploring new monetization opportunities, international expansion and further diversifying our mobile product offering by providing host economy supported value-added services, including social-e-commerce.

C. OPERATIONAL INFORMATION

The following table sets forth certain operating statistics relating to the company's Internet platforms and value-added services as of the dates and for the periods presented below:

	Three months ended				
	March 31, 2015	Dec 31, 2014	quarter- on-quarter change	March 31, 2014	year- on-year change
Monthly Active Users (in 000)					
Live Social	16,425	15,773	4.1%	12,172	34.9%
Game Platform	961	817	17.6%	302	218.2%
Quarterly Paying Users (in 000)	769	705	9.1%	619	24.2%
Quarterly Average Revenue					
Per User (RMB)	225	246	-8.5%	277	-18.8%
Number of Rooms	29,187	28,130	3.8%	28,411	2.7%
Number of Hosts	39,102	39,573	-1.2%	38,303	2.1%
Number of Games	3	2		1	

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

- MAU for Tian Ge's live social platforms was approximately 16.4 million for the three months ended March 31, 2015, representing an increase of approximately 34.9% from the three months ended March 31, 2014 and representing an increase of 4.1% from the three months ended December 31, 2014.
- Quarterly Paying Users ("QPU") for Tian Ge's live social platforms was approximately 769,000 for the three months ended March 31, 2015, representing an increase of approximately 24.2% from the three months ended March 31, 2014 and representing an increase of 9.1% from the three months ended December 31, 2014.
- The Quarterly Average Revenue Per User ("QARPU") of Tian Ge's live social platforms decreased to RMB225 for the three months ended March 31, 2015, mainly due to the increase in more frequently paying mobile users.
- Number of hosts on the live social platforms grew to 39,102 as at March 31, 2015, representing an increase of approximately 2.1% from 38,303 in the corresponding period of the year 2014 and an decrease of approximately 1.2% from the previous quarter.
- Number of rooms on the live social platforms grew to 29,187 as at March 31, 2015, representing an increase of approximately 2.7% from the corresponding period of the year 2014 and an increase of approximately 3.8% from 28,130 in the previous quarter.
- Number of users on air on our live social platforms increased to approximately 629,000 for the three months ended March 31, 2015 from approximately 566,000 in the corresponding period of the year 2014.
- The percentage users on air over total MAU on the live social platforms decreased to 3.8% for the three months ended March 31, 2015, as compared to 4.0% in the immediately preceding quarter.
- The total registered users of Tian Ge as at March 31, 2015 are 278.4 million, as compared to 268.5 million as at December 31, 2014.

D. FINANCIAL INFORMATION

Revenue

Revenue increased by 8.1% year-on-year to RMB185.5 million for the three months ended March 31, 2015 from the corresponding period in 2014, and by 6.1% quarter-on-quarter from the three months ended December 31, 2014, driven by the success of our mobile games. After the implementation of the Pilot Practice of Levying VAT in Place of Business Tax for the Telecommunication Industry (Caishui No. 43, [2014]) jointly issued by the Ministry of Finance and the State Administration of Taxation effective from June 1, 2014 (“**VAT reform**”), our revenue are recorded as net off 6% VAT tax from June 1, 2014. Excluding this effect, our revenue for the three months ended March 31, 2015 increased approximately 14.1% year-on-year compared to the corresponding period of 2014.

The Company currently does not break down revenue into segments, as it currently evaluates the business as one segment.

Cost of revenue and Gross Margins

Cost of revenue experienced an increase of 6.3% year-on-year and a decrease of 7.1% quarter-on-quarter to RMB29.1 million for the three months ended March 31, 2015 as compared with the corresponding period in 2014 and the three months ended December 31, 2014, respectively. The year-on-year increase was primarily due to the higher costs related to launch and operation of our mobile games, and offset by the saving of business tax and surcharges after the VAT reform as mentioned in the above section. The quarter-on-quarter decrease was due to the saving of bandwidth and server custody fees.

The gross margin for the three months ended March 31, 2015 was 84.3%, compared with 84.1% in the corresponding period in 2014, and 82.1% in the three months ended December 31, 2014, respectively.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 2.3% year-on-year and 13.2% quarter-on-quarter to RMB48.9 million for the three months ended March 31, 2015 from the corresponding period in 2014 and the three months ended December 31, 2014, respectively. The decreases are mainly caused by the cost control policy we adopted this year.

Administrative Expenses

Administrative expenses increased by 12.5% year-on-year to RMB27.5 million for the three months ended March 31, 2015 from RMB24.4 million for the corresponding period in 2014, which is primarily due to an increase in share-based compensation of RMB14.6 million. The increase is partially offset by the decrease of professional and consultancy fees of RMB8.3 million and business tax and related surcharges of RMB4.6 million benefiting from the VAT reform effective from June 1, 2014.

Administrative expenses decreased by 7.1% quarter-on-quarter for the three months ended March 31, 2015 from RMB29.6 million for the three months ended December 31, 2014, primarily due to the decrease in employee benefits and professional and consultancy fees.

Research and Development Expenses

Research and development expenses increased by 35.7% year-on-year to RMB20.5 million for the three months ended March 31, 2015 from RMB15.1 million for the corresponding period in 2014, primarily due to the increase in employee benefits and new research and development investment in mobile games.

Research and development expenses decreased by 29.4% quarter-on-quarter for the three months ended March 31, 2015 from RMB29.1 million for the three months ended December 31, 2014, primarily due to the decrease in game development outsourcing costs.

Other Gains

Other gains increased by 154.6% year-on-year to RMB15.3 million for the three months ended March 31, 2015 from RMB6.0 million for the corresponding period in 2014 is mainly caused by the increase of interest income and fair value gains of RMB8.6 million and RMB0.9 million respectively from the structured deposits.

Other gains decreased by 45.8% quarter-on-quarter for the three months ended March 31, 2015 from RMB28.2 million for the three months ended December 31, 2014, primarily due to the decrease in government grants.

Impact of Convertible Redeemable Preferred Shares

Upon completion of the global offering of the Company on July 9, 2014, the convertible redeemable preferred shares were automatically converted into ordinary shares on a one-to-one basis and there is no fair value gain or loss associated with these shares to be recognized in periods afterwards.

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 (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 first three months of 2015 was RMB16.6 million, as compared to RMB1.1 million for the corresponding period in 2014 and RMB18.2 million for the three months ended December 31, 2014, respectively.

As of March 31, 2015, options representing a total of 86,597,860 shares are outstanding. If all such options under the Pre-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our shareholders of approximately 6.9% as of March 31, 2015. 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 March 31, 2015, the total number of shares underlying the Pre-IPO RSU Scheme represents approximately 5.4% of the total ordinary shares.

We have appointed The Core Trust Company Limited (匯聚信託有限公司) as the trustee and Xinshow Limited, a company incorporated in the British Virgin Islands and an independent third party, as the nominee to administer the Post-IPO RSU Scheme after the listing. On April 20, 2015, the Company has granted restricted share units in respect of a total of 3,499,000 ordinary shares of US\$0.0001 each of the Company to the grantees under the Post- IPO RSU Scheme, which represents approximately 0.3% of the total ordinary shares as of March 31, 2015.

Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, adjusted net profit, adjusted earnings per share 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.

The following table sets forth the Company's non-IFRS financial data for the periods presented:

	Three months ended			Three months ended	
	March 31, 2015	March 31, 2014	year- on-year change	December 31, 2014	quarter- on-quarter change
<i>(in RMB '000)</i>					
Non-IFRS Financial Data					
Non-IFRS EBITDA	96,707	76,761	26.0%	79,970	20.9%
<i>Non-IFRS EBITDA margin</i>	52.1%	44.7%		45.7%	
Non-IFRS Net Income	75,104	63,060	19.1%	63,876	17.6%

* Non-IFRS EBITDA margin is calculated by dividing adjusted EBITDA by revenue.

Adjusted EBITDA

Adjusted EBITDA increased by 26.0% year-on-year and 20.9% quarter-on-quarter to RMB96.7 million for the three months ended March 31, 2015 from the corresponding period of 2014 and the three months ended December 31, 2014, respectively. Adjusted EBITDA margin was 52.1% for the three months ended March 31, 2015, compared to 44.7% for the corresponding period of 2014 and 45.7% for the three months ended December 31, 2014, respectively. Adjusted EBITDA represents operating profit adjusted to exclude non-cash share-based compensation expenses, listing expenses, depreciation and amortization.

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

	Three months ended		
	March 31, 2015	March 31, 2014	December 31, 2014
<i>(in RMB'000)</i>			
Operating Profit	74,886	60,728	56,728
Share-based compensation expense	16,619	1,050	18,160
Listing expense (<i>Note i</i>)	—	11,596	—
Depreciation and amortization expense	5,202	3,387	5,082
Non-IFRS EBITDA	96,707	76,761	79,970

Note:

- (i) Listing expenses related to those legal and professional services fees associated with our global offering. As the result, the listing expenses are no longer effective from the fourth quarter of 2014 and onwards.

Adjusted Net Profit and Earnings Per Share

Adjusted net profit increased by 19.1% to RMB75.1 million for the three months ended March 31, 2015 from RMB63.1 million for the corresponding period of 2014 and RMB63.9 million for the three months ended December 31, 2014, respectively. Adjusted diluted earnings per share is RMB0.056 for the three months ended March 31, 2015.

Adjusted net profit is not defined under IFRS, and eliminates the effect of non-cash fair value changes of convertible redeemable preferred shares, gains on repurchase of preferred shares, dividends related to redeemable preferred shares, listing expenses and non-cash share based compensation expenses.

Adjusted diluted earnings per share is not defined under IFRS. The denominator for computing the adjusted diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of Series B convertible redeemable preferred shares (if applicable) and to assume share options granted to employees under 2008 Global Share Option Plan and restricted share units granted to employees under Pre-IPO Restricted Share Unit Scheme have been fully vested and exercised with no impact on the non-IFRS adjusted earnings. The number of ordinary shares outstanding during the corresponding period has been adjusted retroactively for the proportional changes in the number of preferred shares, share options and restricted share units outstanding as a result of the issuance of bonus shares for the corresponding period. The numerator of adjusted diluted EPS is adjusted net profit attributable to the equity holders of the Company.

The following table sets forth the reconciliations of the Company's net profit to non-IFRS net income for the periods presented below:

	Three months ended		
	March 31, 2015	March 31, 2014	December 31, 2014
<i>(in RMB'000)</i>			
Net Profit	58,485	27,429	45,716
Share-based compensation expense	16,619	1,050	18,160
Listing expense	–	11,596	–
Fair value loss of convertible redeemable preferred shares and redeemable ordinary shares	–	22,985	–
Non-IFRS Net Income	75,104	63,060	63,876

Balance Sheet

As of March 31, 2015, the Company had cash and cash equivalents, term deposits with initial terms over 3 months, principal-protected structured deposits (recorded under current available-for-sale financial assets and current financial assets at fair value through profit or loss) in the aggregate amount of RMB1,666.5 million. The Company adopts conservative treasure policies in cash and financial management, and does not use any financial instruments for hedging purposes.

All bank borrowings had been repaid before March 31, 2015.

Capital Expenditures

For the three months ended March 31, 2015, our capital expenditures were approximately RMB32.0 million, mainly related to the purchase of our new office space located in Beijing, which had transferred to our fixed assets in February 2015 with total amount of approximately RMB46.2 million.

Merger and Acquisition

In January 2015, the Group acquired 80% of the equity interests of Jinhua Shixun, an independent third party company specialised in online live social video related technologies.

In March 2015, the Group acquired 34.47% equity interest of Xi He, a company specialised in online health information services.

Dividend

Pursuant to the resolution of the extraordinary general meeting in February 2015, the Company declared a special dividend of HK\$75,209,715 in total or HK\$0.06 per ordinary share out of the Company's share premium account, which were fully paid in March 2015.

Purchase, Sale or Redemption of Listed Securities

During the three months ended March 31, 2015, the Company has repurchased a total of 5,944,000 ordinary shares listed on The Stock Exchange of Hong Kong Limited with an aggregate amount of HK\$20,302,780 in January 2015. All the repurchased ordinary shares had been cancelled as of March 31, 2015.

This announcement contains forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Company. These forward-looking statements are based on information currently available to the Company and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond the Company's control. These forward-looking statements may prove to be incorrect and may not be realized in future. Underlying the forward-looking statements is a large number of risks and uncertainties. Further information regarding these risks and uncertainties is included in the Company's other public disclosure documents available on the corporate website.

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

Hangzhou, China, May 26, 2015

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 Mr. Herman Cheng-Chun, Yu; and the independent non-executive Directors are Ms. Yu Bin, Mr. Wu Chak Man and Mr. Chan Wing Yuen Hubert.