



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



**INTERIM REPORT 2015**



## CONTENTS

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Company Overview	2
Corporate Information	3
Financial Highlights	5
Chairman's Statement	6
Management Discussion and Analysis	8
Corporate Governance/Other Information	17
Glossary	28
Report on Review of Interim Financial Information	29
Condensed Consolidated Statement of Comprehensive Income	30
Condensed Consolidated Balance Sheet	32
Condensed Consolidated Statement of Changes in Equity	34
Condensed Consolidated Statement of Cash Flow	36
Notes to the Condensed Consolidated Financial Information	38

## ABOUT TIAN GE

Tian Ge Interactive Holdings Limited (the “**Company**” or “**Tian Ge**”) develops and operates innovative real-time video technologies that empower users to engage and interact with each other through video, voice, text and exchange of virtual items. The Company’s mission is to bring optimism and joy to the masses through live social video interaction. Tian Ge was founded in Hangzhou, China in 2008 and listed its shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) on July 9, 2014 (the “**Listing Date**”).

The Company currently operates over 29,000 rooms across our “many-to-many” live social video communities, including 9158 Video Community and Sina Show, the two primary communities; and one “one-to-many” community, Sina Showcase. Tian Ge’s 18.9 million monthly active users are able to meet and stay connected with others who share similar backgrounds, interests, cultures and dialects. Due to our diverse content and wide geographic coverage, our live social video communities are popular across a diverse mix of demographic groups who network and congregate according to room genres or community.

In addition, the Company continues to leverage its R&D capabilities to innovate and develop new products that expand the business and extend its reach in live social and O2O entertainment area. With the rising number of hardcore gamers within its new core user base, the Company has entered into the mobile and PC games market through launching three mobile games with test feature on live social integration.

Moreover, we are actively incubating and investing into the online to offline “O2O” entertainment field and has successfully expanded our global presence via our new subsidiary in Japan. To date, the Company successfully launched several O2O karaoke test centers in Hangzhou and entered into a strategic alliance with Wenzhou BJJ Entertainment Investment Management Co., Ltd. (“**BJL Entertainment**”), as their exclusive online partner for the Jolly100 chain karaoke brand in China.

Going forward, the Company will look into licensing proprietary technology and contents from leading gaming partners overseas to enhance its user experience and core competency in the gaming field, some of which would include 3D interactive functions. The Company will continue to leverage its advantage in the internet space to further extend our expertise and resources into offline entertainment venues, such as mass karaoke chains, bars, pubs, clubs and restaurants, etc.

# Corporate Information

## BOARD OF DIRECTORS (“Director(s)”)

### Executive Directors

Mr. Fu Zhengjun (*Chairman and Chief Executive Officer*)

Mr. Mai Shi'en

### Non-executive Directors

Mr. Mao Chengyu

Mr. Herman Cheng-Chun Yu

### Independent Non-executive Directors

Ms. Yu Bin

Mr. Wu Chak Man

Mr. Chan Wing Yuen Hubert

## JOINT COMPANY SECRETARIES

Mr. Chen Shi

Ms. Ng Sau Mei

## AUTHORIZED REPRESENTATIVES

Mr. Fu Zhengjun

Ms. Ng Sau Mei

## AUDIT COMMITTEE

Ms. Yu Bin (*Chairman*)

Mr. Wu Chak Man

Mr. Chan Wing Yuen Hubert

## REMUNERATION COMMITTEE

Mr. Wu Chak Man (*Chairman*)

Mr. Chan Wing Yuen Hubert

Mr. Mao Chengyu

## NOMINATION COMMITTEE

Mr. Fu Zhengjun (*Chairman*)

Ms. Yu Bin

Mr. Wu Chak Man

## REGISTERED OFFICE

Floor 4, Willow House

Cricket Square

P.O. Box 2804

Grand Cayman

KY1-1112

Cayman Islands

## HEADQUARTERS

Room 3A09

Sunshine International Business Center

No. 186 South Hushu Road

Hangzhou, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

36/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Offshore Incorporations (Cayman) Limited

Floor 4, Willow House

Cricket Square

P.O. Box 2804

Grand Cayman KY1-1112

Cayman Islands

## HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

# Corporate Information

## LEGAL ADVISERS

As to Hong Kong law:  
Kirkland & Ellis  
26th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## COMPLIANCE ADVISER

REORIENT Financial Markets Limited  
11/F, Far East Finance Centre  
16 Harcourt Road  
Admiralty  
Hong Kong

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22/F, Prince's Building  
Central  
Hong Kong

## STOCK CODE

1980

## COMPANY'S WEBSITE

[www.tiange.com](http://www.tiange.com)

## PRINCIPAL BANKERS

China Merchants Bank  
Offshore Banking Department  
19/F, China Merchants Bank Tower  
No. 7088 Shennan Boulevard  
Shenzhen, Guangdong, PRC

China Merchants Bank  
Hong Kong Branch  
21/F, Bank of America Tower  
12 Harcourt Road  
Central, Hong Kong

## Financial Highlights

The board of directors (the “**Board**”) of Tian Ge is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2015 (the “**Reporting Period**”). The first half year results have been reviewed by PricewaterhouseCoopers, the auditor of the Company, and the audit committee of the Company (the “**Audit Committee**”).

The following is the financial highlights of the Company for the six months ended June 30, 2015:

(in RMB 000)	Unaudited		Year-on-Year* Change
	Six months ended June 30, 2015	June 30, 2014	
Revenue**	371,837	344,257	8.0%
Gross Profit	304,454	290,203	4.9%
Gross Margin	81.9%	84.3%	
Profit/(Loss) attributable to equity holders of the Company	114,911	(174,353)	
Non-IFRS Adjusted Net Profit***	151,903	131,701	15.3%
Adjusted Net Profit Margin	40.9%	38.3%	
EPS (expressed in RMB per share)			
– basic	0.093	(0.272)	
– diluted	0.088	(0.272)	
Non-IFRS Adjusted EBITDA****	190,131	158,708	19.8%
Adjusted EBITDA margin	51.1%	46.1%	

\* Year-on-Year change represents a comparison between the Reporting Period and the corresponding period last year.

\*\* For the period after June 1, 2014, revenue is recorded net of 6% VAT.

\*\*\* Non-IFRS adjusted net profit was derived from the unaudited profit for the Reporting Period excluding the effect of non-cash share-based compensation expenses, non-cash fair value change of convertible redeemable preferred shares and listing expenses.

\*\*\*\* Non-IFRS adjusted EBITDA represents operating profit, adjusted to exclude share-based compensation expenses, listing expenses, depreciation and amortization.

## BUSINESS OVERVIEW AND OUTLOOK

In the first half 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 half of 2015. We recorded a net profit attributable to equity holders of the Company of approximately RMB114.9 million for the six months period ended June 30, 2015 as compared to the significant net loss attributable to equity holders of the Company of RMB174.4 million for the corresponding period in 2014.

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.

To date, we have several major initiatives to grow our business:

### MOBILE

Recognizing the trend towards mobile for the future generation, we plan to facilitate complete multi-platform usability and functionality, as we leverage our brand, user base and technology to give users the flexibility to enjoy our content anytime and anywhere. We aim 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, lower traffic costs as recently announced by Ministry of Industry and Information Technology and cheaper purchasing costs for mobile devices.

In the second quarter of 2015, our mobile monthly active users (“MAU”) increased to 18.0% from 14.8% in the previous quarter and compared to 7.4% in the corresponding period of 2014. In addition to our rapid mobile MAU growth, we are also developing and exploring investment opportunities on new mobile applications, extending into new verticals, and testing new emerging businesses that leverage our large audience and establish capabilities in live social ecosystem.

### GAMES

In the first half of 2015, we have successfully launched and operated three mobile games with test feature on live social integration. We achieved more than 60% increase rate (net of VAT effect) in the game sector. In addition to the “live social embedded function” that we developed to leverage our technological and operational expertise and ecosystem, we are looking into licensing proprietary technology and contents from leading gaming partners overseas to enhance its user experience and core competency in the gaming field.

Moreover, we are currently in the process of soft-launching a new 3D interactive game, which is a new Diablo-style ARPG game with unique 3D visual features and interactive motion control technology.

Lastly, we are actively exploring the development of our new web and mobile game publishing platform with leading game publishing partners.

## ONLINE TO OFFLINE (“O2O”) ENTERTAINMENT

Our live social ecosystem goes beyond the online services we provide. It also includes how we create additional live social experiences with our users in the offline world. In the first half of 2015, we successfully introduced and tested our new products in several pilot stores and announced our strategic alliance with BJL Entertainment, as their exclusive online partner for the Jolly100 chain karaoke brand in China. 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, host economy and other innovative features.

Moreover, our O2O entertainment strategy goes beyond the mass karaoke market. Our goal is to further expand our user base and online experience into other offline venues, such as bars, pubs, clubs and restaurants, etc. The next step going forward includes identifying additional key partners to launch our revolutionary O2O entertainment products on a national scale. We believe the addressable market for our O2O entertainment products is massive, and could potentially generate outsized shareholder returns.

## HEALTHCARE MANAGEMENT

In the first half of 2015, we expanded our business into healthcare industry through the investment in Hangzhou Seehealth Information Technology Co., Ltd. We are currently actively developing our mobile healthcare management application. As part of our strategic plan, we are also in the process of creating a healthcare oriented live social ecosystem in a larger scale, supported by our internal technology incubation team and strategic investment divisions.

## OVERSEAS EXPANSION

As one of our overseas expansion strategy, we successfully established our first overseas subsidiary in Japan, Dimensional Media Inc. in the first half of 2015, which would allow us to replicate our proven successful business model overseas, increase our global presence and at the same time introduce new premium international contents to our live social platforms. Moreover, we are licensing some of our proprietary live social video technologies to the overseas market as well.

We aim to leverage our strong technological capabilities and infrastructure, large and loyal user base and established social ecosystem to advance our penetration and global presence outside of Mainland China in countries and regions with large number of Chinese speakers and similar cultural background in the karaoke and entertainment area.

**Zhengjun Fu**

*Chairman and Chief Executive Officer of*  
**Tian Ge Interactive Holdings Limited**



# Management Discussion and Analysis

## 1. OPERATING INFORMATION

The following table sets forth certain quarterly operating statistics relating to the Company's internet platforms as of the dates and for the periods presented below:

	Three months ended			June 30, 2014	Year- on-year Change
	June 30, 2015	March 31, 2015	Quarter- on-quarter Change		
Monthly Active Users (in '000)	18,880	17,386	8.6%	13,747	37.3%
Online Platforms	17,834	16,425	8.6%	13,428	32.8%
Games	1,046	961	8.8%	319	227.9%
Quarterly Paying Users (in '000)	810	769	5.3%	634	27.8%
Quarterly Average Revenue Per User (RMB)	222	225	-1.3%	270	-17.8%
Number of Rooms	29,374	29,187	0.6%	29,449	-0.3%
Number of Hosts	39,264	39,102	0.4%	38,448	2.1%

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

- The number of MAU for Tian Ge's online platforms was approximately 17.8 million for the three months ended June 30, 2015, representing an increase of approximately 32.8% from the three months ended June 30, 2014 and representing an increase of approximately 8.6% from the three months ended March 31, 2015.
- The number of Quarterly Paying Users ("QPU") for Tian Ge's online business was approximately 810,000 for the three months ended June 30, 2015, representing an increase of approximately 27.8% from the three months ended June 30, 2014 and representing an increase of approximately 5.3% from the three months ended March 31, 2015.
- The Quarterly Average Revenue Per User ("QARPU") of Tian Ge's online business for the three months ended June 30, 2015 decreased by 17.8% to RMB222 from the three months ended June 30, 2014 and representing a decrease of approximately 1.3% from the three months ended March 31, 2015, primarily due to the significant increase in our mobile paying user base.
- The number of hosts and number of rooms on our online platforms remained stable on a quarter-on-quarter basis as compared to the three months ended March 31, 2015, mainly because we began consolidating rooms and increasing the average room size of popular rooms in recent quarters, to meet growing popularity for larger rooms, especially among our growing number of new mobile users.

# Management Discussion and Analysis

## 1. OPERATING INFORMATION (continued)

- Number of users on air on our online platforms experienced a slight sequential decrease as compared to the previous quarter and the corresponding period of 2014, primarily due to the continual increase in the percentage of MAUs accessing via mobile devices and we are experiencing a growing preference of our users to participate in channels solely through viewing and chatting, and less as a percentage of active users through live video interaction.
- The percentage users on air over MAU on the online platforms declined slightly to 3.7% in the three months ended June 30, 2015, as compared to 3.8% in the immediately preceding quarter.
- The total number of registered users of Tian Ge as at June 30, 2015 was 283.2 million, as compared to 268.5 million as at December 31, 2014.

## 2. FINANCIAL INFORMATION

Revenue increased by 8.0% year-on-year to RMB371.8 million for the six months ended June 30, 2015 from RMB344.3 million for the corresponding period in 2014, driven by the success of our online businesses, which mainly include our online platforms and mobile games. The increase was also contributed by the growth of other revenue. As one of our international expansion strategy, we licensed one of our proprietary live social video technologies to the overseas market and recorded approximately RMB12 million income.

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 is recorded as net off 6% VAT tax from June 1, 2014. Excluding this effect, our revenue for the six months ended June 30, 2015 increased approximately 13.3% 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

Cost of revenue experienced an increase of 24.6% year-on-year to RMB67.4 million for the six months ended June 30, 2015 from RMB54.1 million for the corresponding period in 2014. The increase was primarily due to the higher cost related to launch and operation of our mobile games and other value-added services, and partially offset by the saving of business tax and surcharges after the VAT reform as mentioned in the above section.

The gross margin for the six months ended June 30, 2015 was 81.9%, compared with 84.3% for the corresponding period in 2014.

# Management Discussion and Analysis

## 2. FINANCIAL INFORMATION (continued)

### Selling and Marketing Expenses

Selling and marketing expenses decreased by 2.5% year-on-year to RMB92.4 million for the six months ended June 30, 2015 from RMB94.8 million for the corresponding period in 2014. The decrease was mainly caused by the decrease of marketing and promotion expenses.

### Administrative Expenses

Administrative expenses decreased by 19.3% year-on-year to RMB56.2 million for the six months ended June 30, 2015 from RMB69.6 million for the corresponding period in 2014, which was primarily due to the decrease of listing expenses of RMB31.9 million and business tax and related surcharges of RMB7.2 million benefiting from the VAT reform effective from June 1, 2014. The decrease was partially offset by the increase in share-based compensation of RMB16.8 million.

### Research and Development Expenses

Research and development expenses increased by 17.6% year-on-year to RMB40.0 million for the six months ended June 30, 2015 from RMB34.0 million for the corresponding period in 2014, primarily due to the increase in employee benefits and new research and development investment in mobile games.

### Other Gains, Net

Other gains, net increased by 97.2% year-on-year to RMB27.8 million for the six months ended June 30, 2015 from RMB14.1 million for the corresponding period in 2014, mainly caused by the increase of investment income of RMB14.9 million from the structured deposits.

### Finance Income, Net

Finance income, net decreased by 33.3% year-on-year to RMB0.8 million for the six months ended June 30, 2015 from RMB1.2 million for the corresponding period in 2014, mainly caused by the decrease of interest income on our cash and cash equivalents.

### Gain/(Loss) attributable to equity holders of the Company

We recorded gain attributable to equity holders of the Company for the six months ended June 30, 2015 of RMB114.9 million instead of loss attributable to equity holders of the Company of RMB174.4 million for the corresponding period of 2014. The change was mainly attributable to (i) the absence of fair value loss of convertible redeemable preferred shares as all such shares were automatically converted into ordinary shares upon completion of the initial public offering (the "IPO") on July 9, 2014; and (ii) the increase in our operating profit.

# Management Discussion and Analysis

## 2. FINANCIAL INFORMATION (continued)

### Non-IFRS Measures

To supplement our consolidated financial statements which are presented in accordance with IFRS, adjusted net profit 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:

(in RMB 000)	Unaudited		Year-on-year Change
	Six months ended		
	June 30, 2015	June 30, 2014	
<b>Non-IFRS Financial Data</b>			
Non-IFRS adjusted EBITDA	190,131	158,708	19.8%
Non-IFRS EBITDA margin*	51.1%	46.1%	
<b>Non-IFRS adjusted Net Income</b>	<b>151,903</b>	131,701	15.3%

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

### Non-IFRS Adjusted EBITDA

Non-IFRS adjusted EBITDA, as presented, represents operating profit, adjusted to exclude share-based compensation expenses, listing expenses, depreciation and amortization. The use of non-IFRS adjusted EBITDA has certain limitations because it does not reflect all items of income and expenses that affect operations. Items excluded from non-IFRS adjusted EBITDA are significant components in understanding and assessing our operating and financial performance. Share-based compensation expenses, listing expenses, depreciation and amortization have been and may continue to be incurred are not reflected in the presentation of non-IFRS adjusted EBITDA. Each of these items should also be considered in the overall evaluation of the Company's results.

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

(in RMB 000)	Unaudited		Year-on-year Change
	Six months ended		
	June 30, 2015	June 30, 2014	
Operating Profit	143,590	105,865	35.6%
Share-based compensation expense	35,063	13,510	159.5%
Listing expense	—	31,865	-100.0%
Depreciation and amortization expense	11,478	7,468	53.7%
<b>Non-IFRS Adjusted EBITDA</b>	<b>190,131</b>	158,708	19.8%

# Management Discussion and Analysis

## 2. FINANCIAL INFORMATION (continued)

### Non-IFRS Net Income and Earnings Per Share

Non-IFRS net income eliminates the effect of non-cash share-based compensation expenses, non-cash fair value change of convertible redeemable preferred shares, non-cash gains and listing expenses. The term of adjusted net profit is not defined under IFRS.

Non-IFRS earnings per share and non-IFRS diluted earnings per share are not defined under IFRS. Non-IFRS earnings per share is defined as adjusted net profit attributable to the equity holders of the Company divided by weighted average number of ordinary shares outstanding.

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 and Post-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:

<i>(in RMB 000)</i>	Unaudited		Year-on-year Change
	June 30, 2015	June 30, 2014	
Net Profit/(Loss)	116,840	(174,176)	
Share-based compensation expense	35,063	13,510	159.5%
Listing expense	—	31,865	-100.0%
Fair value loss of convertible redeemable preferred shares	—	260,502	-100.0%
Non-IFRS Net Income	151,903	131,701	15.3%

## 3. LIQUIDITY AND FINANCIAL RESOURCES

### Cash and Cash Equivalent, Restricted Cash and Financial Assets/Term Deposits

Cash and cash equivalents consist of cash at bank and cash on hand, and as at June 30, 2015 and December 31, 2014 amounted to RMB189.2 million and RMB289.1 million, respectively. All cash in bank balances as of these dates were demand deposits and term deposits with initial terms of less than three months. Since there are no cost-effective hedges against the fluctuation of Renminbi (“RMB”) and no effective manner to generally convert a significant amount of non-RMB currencies into RMB, which is not a freely exchangeable currency, there is a risk that we may experience a loss as a result of any foreign currency exchange rate fluctuations in connection with our deposits and investments.

The Company had current available-for-sale financial assets of RMB292.1 million and RMB313.0 million as at June 30, 2015 and December 31, 2014, respectively. Current available-for-sale financial assets typically consist of RMB-denominated principal-guaranteed structured deposits with floating interest rates ranging from 3% to 5% per annum with maturity periods within one year or with an ongoing term offered by large state-owned and commercial banks in China.

The Company had financial assets at fair value through profit or loss of RMB241.3 million and RMB109.5 million as at June 30, 2015 and December 31, 2014, respectively. Financial assets at fair value through profit or loss mainly represent investments in certain principal-protected structure deposits issued by national commercial banks in the PRC and reputable international financial institutions in Hong Kong. They have an initial term ranging from two months to one year, and were classified as financial assets at fair value through profit or loss upon initial recognition.

The Company had term deposits with initial terms of over three months of RMB904.7 million and RMB1,082.8 million as at June 30, 2015 and December 31, 2014, respectively.

### Bank Loans and Other Borrowings

As at June 30, 2015 and December 31, 2014, the Company had no bank loans and other borrowings outstanding.

### Gearing Ratio

The gearing ratio (calculated by bank borrowing divided by total assets) as at June 30, 2015 and December 31, 2014 were 0%.

### Capital Expenditures

For the six months ended June 30, 2015, our capital expenditures were approximately RMB43.9 million, including approximately RMB30.1 million related to the purchase of new office space located in Beijing, which had been transferred to our fixed assets in February 2015, approximately RMB8.9 million related to the pre-payment of our newly purchased office space in Hangzhou, RMB1.8 million related to the decoration of our new offices and RMB3.1 million related to servers and other office equipment, etc.

## 3. LIQUIDITY AND FINANCIAL RESOURCES (continued)

### Significant Investment

The Company did not make any significant investments for the six months ended June 30, 2015.

### Mergers and Acquisitions

In January 2015, the Group acquired 80% of the equity interest of Jinhua Shixun Network Technology Co., Ltd., an independent third party company specialised in online live social video related technologies at a total consideration of RMB25,000,000.

In March 2015, the Group acquired 34.47% equity interest of Hangzhou Seehealth Information Technology Co., Ltd., a company specialised in online health information services at a total cash consideration of RMB23,978,700.

In April 2015, the Group acquired 50.91% of the equity interest of Uncle Sam (HK) Co., Ltd., a company incorporated in Hong Kong at a consideration of RMB23,400,000.

In April 2015, the Group acquired 60% of the equity interest of Hangzhou Raily Plastic Surgery Clinic Co., Ltd., a beauty clinic at a total consideration of RMB10,500,000.

Except as disclosed above the Group did not make any other material mergers or acquisitions for the six months ended June 30, 2015.

### Charges on Assets

As at June 30, 2015, the Group did not have any asset charges.

### Contingent Liabilities

As at June 30, 2015, 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, 2015. We do not hedge against any fluctuation in foreign currency.

## 4. CORPORATE INFORMATION

### Staff

The Company had 768 full time employees as at June 30, 2015. 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 RMB95.0 million for the first half of 2015, while our staff cost was RMB69.3 million for the six months ended June 30, 2014. 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 period under review.

### Share Option Schemes

The Company has adopted the Pre-IPO Share Option Scheme, the Pre-IPO Restricted Share Unit Scheme, the Post-IPO Share Option Scheme and the Post-IPO Restricted Share Unit Scheme (the "**Schemes**"). The purpose of the Schemes is 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 half of 2015 is RMB35.1 million, as compared to RMB13.5 million in the corresponding period in 2014.



### 5. USE OF PROCEEDS FROM GLOBAL OFFERING

The net proceeds from the global offering (after the exercise of the over-allotment option and after deducting the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the global offering) amounted to approximately HK\$1,725.0 million (equivalent to approximately RMB1,376.0 million). As at June 30, 2015, approximately HK\$704.0 million (equivalent to approximately RMB556.7 million) had been used in investing in potential acquisitions, expanding our marketing and promotion activities, developing our mobile applications and enhancing our research and development efforts. We have utilized, and will continue to utilize the net proceeds from the IPO for the purposes consistent with those set out in the section headed “Future Plans and Use of Proceeds” contained in the prospectus of the Company dated June 25, 2014 (the “**Prospectus**”). The unutilized net proceeds had been deposited into term deposits in the bank account maintained by the Group as well as used in money markets principal protected instruments as classified under available-for-sale financial assets and financial assets at fair value through profit or loss in our consolidated balance sheet.

### CORPORATE GOVERNANCE PRACTICES

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, 2015, 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.

As stipulated in the amendments to the code provisions (the “**New CG Code**”) of Appendix 14 to the Listing Rules which will come into effect on or after January 1 2016, the Board should review the existing risk management of the Company and should define the roles and responsibilities of the Board for risk management. As acknowledged by the Board, the Audit Committee will be responsible for overseeing the Company’s risk management and will disclose the relevant details in the Corporate Governance Report as the New CG Code has explicitly required.

### 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 since the Listing Date. 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, 2015.

### BOARD OF DIRECTORS AND BOARD COMMITTEES

The compositions of the Board, the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company remain the same as set out in the Prospectus.

## Corporate Governance/Other Information

### 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.

The Board did not propose any interim dividend for the six months ended June 30, 2015.

### AUDIT COMMITTEE

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. Yu Bin (chairman), Mr. Wu Chak Man and Mr. Chan Wing Yuen Hubert.

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, 2015.

### CHANGES TO DIRECTORS' INFORMATION

One of our Directors, Mr. Mao Chengyu, has resigned as a partner of IDG Capital Partners and has been a venture partner of IDG Capital Partners instead.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the six months ended June 30, 2015, the Company has repurchased a total of 5,944,000 ordinary shares listed on the Stock Exchange with an aggregate amount of HK\$20,302,780. As at the date of this report, all the above repurchased shares were cancelled. Details of shares repurchased during the six months ended June 30, 2015 are set out as follows:

Month of repurchases	Number of shares purchased on the Stock Exchange	Price paid per share		Aggregate consideration paid
		Highest	Lowest	
January 2015	5,944,000	3.61	3.2811	HK\$20,302,780

## Corporate Governance/Other Information

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES (continued)

The Directors believe that repurchases of shares are in the best interests of the Company and its shareholders and that such repurchase of shares would lead to an enhancement of the earnings per share.

Saved 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, 2015.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of June 30, 2015, the interests or short positions of the Directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to Model Code are as follows:

#### Interests in ordinary shares of the Company:

Name of director	Nature of interests	Number of shares held	Approximate percentage of shareholding as at June 30, 2015
Mr. Fu Zhengjun ("Mr. Fu")	Founder of a discretionary trust (Note 1)	306,000,000	23.83%

#### Notes:

1. UBS Trustees (BVI) Limited, the trustee of Mr. Fu's Trust (as defined below), holds the entire issued share capital of Three-Body Holdings Ltd through its nominee, UBS Nominee Limited. Three-Body Holdings Ltd holds the entire issued share capital of Blueberry Worldwide Holdings Limited. Blueberry Worldwide Holdings Limited in turn holds 306,000,000 shares in our Company. Mr. Fu's Trust ("Mr. Fu's Trust") is a discretionary trust established by Mr. Fu (as the settlor) and the discretionary beneficiaries of which are Mr. Fu and his family members. Accordingly, each of Mr. Fu, UBS Trustees (BVI) Limited, Three-Body Holdings Ltd and Blueberry Worldwide Holdings Limited is deemed to be interested in the 306,000,000 shares held by Blueberry Worldwide Holdings Limited.

## Corporate Governance/Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

#### Interest in underlying shares of the Company:

Name of director	Position held within our Group	Nature	Number of shares represented by		Approximate percentage of shareholding as at June 30, 2015
			option or RSUs	Exercise price (US\$)	
Mr. Fu	Chairman, executive Director and chief executive officer	RSUs (Note 1)	10,000,000	Nil	0.78%
		Interest of spouse (Note 4)	20,000,000	Nil	1.56%
Mr. Mai Shi'en	Executive Director and chief operating officer	RSUs (Note 2)	5,000,000	Nil	0.39%
Mr. Mao Chengyu	Non-executive Director	Options (Note 3)	200,000	0.35	0.02%
Mr. Herman Cheng-Chun, Yu	Non-executive Director	Options (Note 3)	200,000	0.35	0.02%
Ms. Yu Bin	Independent Non-executive Director	Options (Note 3)	200,000	0.35	0.02%
Mr. Wu Chak Man	Independent Non-executive Director	Options (Note 3)	200,000	0.35	0.02%
Mr. Chan Wing Yuen, Hubert	Independent Non-executive Director	Options (Note 3)	200,000	0.35	0.02%

### **DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)**

*Notes:*

- 1. Mr. Fu is also interested in 1,000,000 Pre-IPO RSUs granted to him on May 22, 2014 under the Pre-IPO RSU Scheme entitling him to receive 10,000,000 shares. For details, please refer to Note 3 of the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" in this interim report.*
- 2. Mr. Mai Shi'en is interested in 500,000 Pre-IPO RSUs granted to him on May 22, 2014 under the Pre-IPO RSU Scheme entitling him to receive 5,000,000 shares subject to vesting. For details, please refer to Note 3 of the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" in this interim report.*
- 3. Mr. Mao Chengyu, Mr. Herman Cheng Chun, Yu, Ms. Yu Bin, Mr. Wu Chak Man and Mr. Chan Wing Yuen, Hubert are each interested in 20,000 Pre-IPO options granted to each of them on May 22, 2014 under the Pre-IPO share Option Scheme entitling each of them to receive 200,000 shares subject to vesting.*
- 4. Ms. Hong Yan is Mr. Fu's spouse and she is interested in 2,000,000 Pre-IPO RSUs granted to her on May 22, 2014 under the Pre-IPO RSU Scheme entitling her to receive 20,000,000 shares subject to vesting. Accordingly, Mr. Fu is deemed to be interested in the 20,000,000 shares which are interested by Ms. Hong Yan under the SFO. For details, please refer to Note 3 of the section headed "Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares" in this interim report.*

Save as disclosed above, as at June 30, 2015, none of the Directors and chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2015, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Nature of interests	Number of shares or securities held	Approximate percentage of interest as at June 30, 2015
UBS Trustees (BVI) Limited	Trustee (Note 1)	339,900,000	26.47%
Three-Body Holdings Ltd	Interest in Controlled Corporation (Note 1)	306,000,000	23.83%
Blueberry Worldwide Holdings Limited	Beneficial Owner (Note 1)	306,000,000	23.83%
Sina Hong Kong Limited	Beneficial Owner	300,000,000	23.36%
Ho Chi Sing	Interest in Controlled Corporation (Note 2)	200,000,000	15.57%
Zhou Quan	Interest in Controlled Corporation (Note 2)	200,000,000	15.57%
IDG-Accel China Growth Fund GP II Associates Ltd.	Interest in Controlled Corporation (Note 2)	200,000,000	15.57%
IDG-Accel China Growth Fund II Associates L.P.	Interest in Controlled Corporation (Note 2)	184,880,000	14.40%
IDG-Accel China Growth Fund II L.P.	Beneficial Owner (Note 2)	184,880,000	14.40%
Tangguo Limited	Nominee for another person (Note 3)	65,987,000	5.14%
The Core Trust Company Limited	Trustee	69,486,000	5.41%

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

#### Notes:

1. UBS Trustees (BVI) Limited, the trustee of Mr. Fu's Trust and Mr. Fu Yanchang's Trust (as defined below), holds the entire issued share capital of Blueberry Worldwide Holdings Limited and Cloud Investment Holding Limited through Three-Body Holdings Ltd and Star Wonder Holding Ltd, respectively. Blueberry Worldwide Holdings Limited and Cloud Investment Holding Limited hold 306,000,000 shares and 33,900,000 shares in our Company, respectively. Mr. Fu's Trust is a discretionary trust established by Mr. Fu (as the settlor) and the discretionary beneficiaries of which are Mr. Fu and his family members. Accordingly, each of Mr. Fu, UBS Trustees (BVI) Limited, Three-Body Holdings Ltd and Blueberry Worldwide Holdings Limited is deemed to be interested in the 306,000,000 shares held by Blueberry Worldwide Holdings Limited. Mr. Fu Yanchang's trust ("**Mr. Fu Yanchang's Trust**") is a discretionary trust established by Mr. Fu Yanchang (as the settlor) and the discretionary beneficiaries of which are Mr. Fu Yanchang and his family members. Accordingly, each of Mr. Fu Yanchang, UBS Trustees (BVI) Limited, Cloud Investment Holding Limited and Star Wonder Holding Ltd is deemed to be interested in the 33,900,000 shares held by Cloud Investment Holding Limited.
2. IDG-Accel China Growth Fund II L.P. is wholly owned by IDG-Accel China Growth Fund II Associates L.P., which is in turn wholly owned by IDG-Accel China Growth Fund GP II Associates Ltd. Accordingly, each of IDG-Accel China Growth Fund II L.P., IDG-Accel China Growth Fund II Associates L.P. and IDG-Accel China Growth Fund GP II Associates Ltd. is deemed to be interested in the 184,880,000 shares held by IDG-Accel China Growth Fund II L.P.. Separately, IDG-Accel Growth Investors II L.P. is wholly owned by IDG-Accel China Growth Fund GP II Associates Ltd., therefore IDG-Accel China Growth Fund GP II Associates Ltd. is deemed to be interested in the 15,120,000 shares held by IDG-Accel Growth Investors II L.P.

Each of Ho Chi Sing and Zhou Quan holds 50% of the issued share capital of IDG-Accel China Growth Fund GP II Associates Ltd., therefore both Ho Chi Sing and Zhou Quan are deemed to be interested in the 200,000,000 shares which IDG-Accel China Growth Fund GP II Associates Ltd. is interested in total.

3. As of June 30, 2015, the Pre-IPO RSU Trustee through its nominee, Tangguo Limited, holds 65,987,000 shares underlying the RSUs granted under the Pre-IPO RSU Scheme for the benefit of eligible grantees pursuant to the Pre-IPO RSU Scheme. Among this, 49,978,125 shares underlying the RSUs have been vested and transferred to the grantees of the Pre-IPO RSU Scheme which include Mr. Fu, Ms. Hong Yan and Mr. Mai Shi'en. Mr. Fu and Ms. Hong Yan were granted 1,000,000 Pre-IPO RSUs and 2,000,000 Pre-IPO RSUs, respectively. Accordingly, Mr. Fu and Ms. Hong Yan are interested in 10,000,000 shares and 20,000,000 shares, respectively. Furthermore, Mr. Fu is deemed to be interested in the 20,000,000 shares which are interested in by Ms. Hong Yan under the SFO. Mr. Mai Shi'en was granted 500,000 Pre-IPO RSUs, and accordingly, Mr. Mai Shi'en is interested in 5,000,000 shares. For details of Pre-IPO RSU Scheme, please refer to the section headed "Share Incentive Schemes – Pre-IPO RSU Scheme" in this interim report.

Save as disclosed above, as of June 30, 2015, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Incentive Schemes" in this report and in note 25 to the financial statements, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.



### SHARE INCENTIVE SCHEMES

In order to incentivize our Directors, senior management and other employees for their contribution to the Group and to attract and retain suitable personnel to our Group, the Company adopted the Pre-IPO Share Option Scheme on December 9, 2008 (amended and restated on October 21, 2011 and May 22, 2014) and the Pre-IPO RSU Scheme on May 22, 2014. We also conditionally adopted the Post-IPO RSU Scheme and the Post-IPO Share Option scheme on June 16, 2014.

The principal terms of the Pre-IPO Share Option Scheme, the Pre-IPO RSU Scheme, Post-IPO RSU Scheme and the Post-IPO Share Option Scheme are summarized in the section headed “Statutory and General Information – D. Share Incentive Schemes” in Appendix IV to the Company’s Prospectus.

#### Outstanding Share Options

As disclosed in the section headed “Statutory and General Information – D. Share Incentive Schemes – 1. Pre-IPO Share Option Scheme” in Appendix IV to the Prospectus, prior to the Listing, options representing a total of 15,648,000 shares were granted to 490 grantees under the Pre-IPO Share Option Scheme. Our Company adopted the Pre-IPO RSU Scheme to partially replace the options granted under the Pre-IPO Share Option Scheme. Options representing a total of 4,280,000 shares, which were granted to 5 persons including 2 executive Directors, 1 senior management, 1 connected person and 1 other employee of our Group, were replaced by Pre-IPO RSUs. No consideration was paid by any of the grantees of the options under the Pre-IPO Share Option Scheme for any options granted to them. Although the Company determines the vesting period of each option holders on a case-by-case basis, the general vesting period for the option holders are as follows: 25% of the shares subject to the Pre-IPO Share Option shall vest on the first anniversary of the granting date, and 1/48 of the shares subject to the Pre-IPO Share Option shall vest each month thereafter over the next three years on the same day of the month as the granting date (such day to be deemed to be the last day of the month, when necessary), subject to the option holders continuing to be a service provider through these dates.

As at June 30, 2015, options representing a total of 59,594,070 shares (taking into account the 26,727,930 options which have lapsed and options in respect of an aggregate of 27,358,000 shares which have been exercised in accordance with the terms of the Pre-IPO Share Option Scheme) are outstanding. If all the options under the Pre-IPO Share Option Scheme are exercised, there would be a dilution effect on the shareholdings of our Shareholders of approximately 4.64% as at June 30, 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.

No other share options have been granted by us after the Listing pursuant to the Pre-IPO Share Option Scheme.

The Company has appointed The Core Trust Company Limited (匯聚信託有限公司) as the trustee and Happy88 Holdings Limited, a company incorporated in the British Virgin Islands and an Independent Third Party, as the nominee to administer the Pre-IPO Share Options Scheme pursuant to its scheme rules. During the Reporting Period, no shares have been issued and allotted to Happy88 Limited.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company must not in aggregate exceed 121,706,700, representing 10% of the total number of shares in issue as at the Listing Date. As of the date of this report, no options have been granted by us pursuant to the Post-IPO Share Option Scheme.

### SHARE INCENTIVE SCHEMES (continued)

#### Outstanding RSUs

A total of 7,280,000 Pre-IPO RSUs (which includes the 4,280,000 Pre-IPO RSUs which were granted to partially replace the options granted under the Pre-IPO Share Option Scheme) have been granted on May 22, 2014 to 17 grantees, including 2 executive Directors, 3 senior management members, 1 connected person of the Group and 11 other employees. The 4,280,000 Pre-IPO RSUs that were granted to replace the Pre-IPO Share Option Scheme have the same vesting period as the Pre-IPO Share Options. For the Pre-IPO RSUs granted to the remaining Pre-IPO RSU grantees, 25% shall vest on the first anniversary of the date of the grant letter, and 1/48 shall vest each month thereafter over the next three years on the same day of the month as the date of the grant letter (such day to be deemed to be the last day of the month, when necessary).

On July 9, 2014, upon the Company's IPO on the Main Board of the Stock Exchange, the Company's ordinary shareholders received 9 bonus shares for every registered ordinary share that they already held. As a result, the 7,280,000 ordinary shares of the Company underlying the RSUs were adjusted to 72,800,000 ordinary shares on a one-to-ten basis. As at the date of this report, the total number of shares underlying the RSUs represents approximately 5.67% of the total number of shares of the Company.

We have appointed The Core Trust Company Limited (匯聚信託有限公司) as the trustee and Tangguo Limited, a company incorporated in the British Virgin Islands and an Independent Third Party, as the nominee to administer the Pre-IPO RSU Scheme pursuant to its scheme rules.

During the Reporting Period, RSUs in respect of an aggregate of 4,013,000 shares have been exercised by grantees under the Pre-IPO RSU Scheme and no RSUs have lapsed. As a result, as at June 30, 2015, 65,987,000 shares have been issued and allotted to Tangguo Limited.

The maximum aggregate number of shares underlying all grants of RSUs pursuant to the Post-IPO RSU Scheme will not exceed 24,341,340 shares, representing approximately 1.9% of the total number of shares in issue as at the Listing Date.

As of June 30, 2015, RSUs in respect of a total of 3,499,000 shares pursuant to the Company's Post-IPO RSU Scheme have been granted on April 20, 2015. The RSUs will be vested on August 16, 2015 and August 16, 2016 respectively and the number of RSUs granted for the respective vesting date is 1,749,500 and 1,749,500. The closing price of the shares immediately before the date of grant was HKD5.48.

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. As of the date of this report, 3,499,000 shares have been allotted and issued to Xinshow Limited.

# Corporate Governance/Other Information

## SHARE INCENTIVE SCHEMES (continued)

### Details of the options granted under the Pre-IPO Share Option Scheme and the RSUs granted under the Pre-IPO RSU Scheme

The following table shows the details of the options and/or the Pre-IPO RSUs granted and outstanding under the Pre-IPO Share Option Scheme and the Pre-IPO RSU Scheme to, on an individual basis, the Directors, senior management members and other connected person of the Group as at June 30, 2015.

Name of grantee	Position held within our Group	Nature	Number of shares represented by option or RSUs	Date of grant	Outstanding as at January 1, 2015	Exercise price (US\$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2015
<b>Directors of our Company</b>										
Mr. Fu	Chairman, executive Director and chief executive officer	RSUs	10,000,000	May 22, 2014	10,000,000	Nil	0	0	0	10,000,000
Mr. Mai Shi'en	Executive director and chief operating officer	RSUs	5,000,000	May 22, 2014	5,000,000	Nil	0	0	0	5,000,000
Mr. Mao Chengyu	Non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Mr. Herman Cheng Chun, Yu	Non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Ms. Yu Bin	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Mr. Wu Chak Man	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
Mr. Chan Wing Yuen, Hubert	Independent non-executive Director	Options	200,000	May 22, 2014	200,000	0.35	0	0	0	200,000
<b>Chief executive member of our Group</b>										
Mr. Keung Paul Hinsun	Consultant of our Company	RSUs	4,679,000	May 22, 2014	5,000,000	Nil	321,000	0	0	4,679,000
<b>Other connected person of our Group</b>										
Ms. Hong Yan	Vice president of Tiange Technology (Hangzhou) Co., Ltd. (天格科技(杭州)有限公司)	RSUs	20,000,000	May 22, 2014	20,000,000	Nil	0	0	0	20,000,000
7 Directors, 6 senior management members and 1 connected person		Options	1,000,000							
		RSUs	39,679,000							
		<b>Sub-total</b>	<b>40,679,000</b>							

Note: The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Reporting Period was approximately HKD6.49.

## Corporate Governance/Other Information

### SHARE INCENTIVE SCHEMES (continued)

#### Details of the options granted under the Pre-IPO Share Option Scheme and the RSUs granted under the Pre-IPO RSU Scheme (continued)

The following is a summary table showing further details of the options and/or the Pre-IPO RSUs granted and outstanding under the Pre-IPO Share Option Scheme and the Pre-IPO RSU Scheme to individuals who are neither a Director, chief executive member nor a connected person of the Group as at June 30, 2015.

Rank/position held with our Group	Nature	Number of shares represented by option or RSUs	Date of grant	Outstanding as at January 1, 2015	Exercise price (US\$)	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2015
417 other employees,	Options	12,954,000	January 14, 2009	14,200,000	0.01	1,246,000	0	0	12,954,000
23 other consultants and		2,552,000	July 23, 2009	4,200,000	0.021	1,648,000	0	0	2,552,000
24 ex-employees (Note 1)		6,203,540	July 23, 2009	6,913,540	0.03	710,000	0	0	6,203,540
		2,816,380	June 17, 2010	3,042,380	0.06	226,000	0	0	2,816,380
		1,300,000	September 6, 2010	1,300,000	0.06	0	0	0	1,300,000
		8,971,000	September 6, 2010	30,000,000	0.035	21,029,000	0	0	8,971,000
		3,219,050	December 20, 2010	3,526,050	0.06	307,000	0	0	3,219,050
		142,000	December 20, 2010	200,000	0.03	58,000	0	0	142,000
		2,000,000	December 26, 2011	2,000,000	0.06	0	0	0	2,000,000
		1,545,000	December 26, 2011	1,801,000	0.1	256,000	0	0	1,545,000
		2,069,670	December 26, 2011	2,541,130	0.12	460,000	0	11,460	2,069,670
		3,619,770	October 14, 2012	4,449,770	0.15	830,000	0	0	3,619,770
		1,794,540	September 14, 2013	2,158,750	0.2	334,000	0	30,210	1,794,540
		9,407,120	May 22, 2014	10,388,700	0.35	254,000	0	727,580	9,407,120
	Options total	58,594,070		86,721,320		27,358,000		769,250	58,594,070
	RSUs	26,308,000	May 22, 2014	30,000,000	Nil	3,692,000	0	0	26,308,000
	<b>Sub-total</b>	<b>84,902,070</b>							

Note:

1. Consultants are third party agents who provided our Group with business consultancy services on financial management, research and development, human resources and sales. Pursuant to the Pre-IPO Share Option Scheme, a total of 33,998,040 options have been granted to 23 consultants.
2. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the Reporting Period was approximately HKD6.18.
3. The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised during the Reporting Period was approximately HKD5.02.

## Glossary

This glossary contains explanations of certain terms used in this interim report in connection with our Company and our business. The terms and their meanings may not correspond to standard industry meaning or usage of these terms.

“Quarterly Average Revenue Per User” or “QARPU”	Average quarterly revenue in a particular period divided by the average QPUs in that period.
“MAU”	Number of registered active users that accessed our products or services in the relevant month.
“QPU”	Number of paying users for our products and services in the relevant quarter.
“Users on air”	Number of non-host users who generate content, typically through singing songs or chatting via our rooms’ live stream video function.
“Host”	User who generate content, have host accounts and are deemed by us to be hosts. Hosts may receive marketing fees from distributors.
“Registered users”	The accumulated number of users who have registered an account on our live social video platform. A user who has registered accounts with two live social video communities is counted as two registered users.

# Report on Review of Interim Financial Information

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF TIAN GE INTERACTIVE HOLDINGS LIMITED**

*(incorporated in Cayman Island with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 30 to 76, which comprises the condensed consolidated balance sheet of Tian Ge Interactive Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at June 30, 2015 and the related condensed consolidated statements of comprehensive income for the three and six months then ended, condensed consolidated statements of changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, August 20, 2015

# Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended June 30, 2015

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	6	186,294	172,612	371,837	344,257
Cost of revenue	7	(38,329)	(26,711)	(67,383)	(54,054)
<b>Gross profit</b>		<b>147,965</b>	145,901	<b>304,454</b>	290,203
Selling and marketing expenses	7	(43,558)	(44,807)	(92,413)	(94,824)
Administrative expenses	7	(28,731)	(45,191)	(56,210)	(69,614)
Research and development expenses	7	(19,518)	(18,849)	(40,047)	(33,977)
Other gains, net	8	12,546	8,083	27,806	14,077
<b>Operating profit</b>		<b>68,704</b>	45,137	<b>143,590</b>	105,865
Finance income	9	2,891	1,686	1,469	2,993
Finance costs	9	(100)	(1,042)	(673)	(1,839)
Finance income, net		2,791	644	796	1,154
Fair value loss of convertible redeemable preferred shares		–	(237,517)	–	(260,502)
Share of loss of investment accounted for using the equity method	16	(122)	–	(373)	–
<b>Profit/(Loss) before income tax</b>		<b>71,373</b>	(191,736)	<b>144,013</b>	(153,483)
Income tax expense	10	(13,018)	(9,869)	(27,173)	(20,693)
<b>Profit/(Loss) for the period</b>		<b>58,355</b>	(201,605)	<b>116,840</b>	(174,176)
<b>Other comprehensive income/(loss)</b>					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences		(4,774)	263	(377)	(6,169)
<b>Total comprehensive income/(loss) for the period</b>		<b>53,581</b>	(201,342)	<b>116,463</b>	(180,345)

# Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended June 30, 2015

	Note	Unaudited Three months ended June 30,		Unaudited Six months ended June 30,	
		2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
<b>Profit/(loss) attributable to:</b>					
– Shareholders of the Company		56,982	(202,014)	114,911	(174,353)
– Non-controlling interests		1,373	409	1,929	177
		58,355	(201,605)	116,840	(174,176)
<b>Total comprehensive income/(loss) attributable to:</b>					
– Shareholders of the Company		52,208	(201,751)	114,534	(180,522)
– Non-controlling interests		1,373	409	1,929	177
		53,581	(201,342)	116,463	(180,345)
<b>Earnings/(Loss) per share</b> (expressed in RMB per share)					
– Basic	11	0.046	(0.316)	0.093	(0.272)
– Diluted	11	0.043	(0.316)	0.088	(0.272)
Dividends	12	–	–	59,573	–

The notes on pages 38 to 76 form an integral part of these condensed consolidated financial information.



# Condensed Consolidated Balance Sheet

As At June 30, 2015

	<i>Note</i>	<b>Unaudited June 30, 2015 RMB'000</b>	Audited December 31, 2014 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property and equipment	13	184,495	142,280
Intangible assets	14	125,965	49,002
Investment in associates	16	29,501	3,863
Available-for-sale financial assets	19	76,754	26,776
Prepayments and other receivables	18	25,679	40,744
Deferred income tax assets	28	28,037	32,466
Term deposits with initial term over 3 months		422,226	479,869
		<b>892,657</b>	775,000
<b>Current assets</b>			
Trade receivables	17	22,090	14,049
Prepayments and other receivables	18	222,730	159,032
Available-for-sale financial assets	19	292,084	313,029
Financial assets at fair value through profit or loss	20	241,309	109,481
Term deposits with initial term over 3 months		482,471	602,917
Cash and cash equivalents	21	189,172	289,083
Inventories	22	10,121	–
		<b>1,459,977</b>	1,487,591
<b>Total assets</b>		<b>2,352,634</b>	2,262,591
<b>Equity</b>			
<b>Equity attribute to shareholders of the Company</b>			
Share capital	23	794	779
Share premium	23	2,313,184	2,381,529
Shares held for RSU Scheme	23	(17)	(19)
Other reserves	24	157,159	122,473
Accumulated deficits		(306,162)	(421,073)
		<b>2,164,958</b>	2,083,689
Non-controlling interests		25,117	4,799
<b>Total equity</b>		<b>2,190,075</b>	2,088,488

# Condensed Consolidated Balance Sheet

As At June 30, 2015

	<i>Note</i>	<b>Unaudited June 30, 2015 RMB'000</b>	Audited December 31, 2014 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities	28	5,404	361
Other non-current liabilities		1,368	1,389
		<b>6,772</b>	1,750
<b>Current liabilities</b>			
Trade payables	26	18,014	24,278
Other payables and accruals	27	68,965	52,530
Income tax liabilities		43,087	51,523
Customer advance and deferred revenue		25,721	44,022
		<b>155,787</b>	172,353
<b>Total liabilities</b>		<b>162,559</b>	174,103
<b>Total equity and liabilities</b>		<b>2,352,634</b>	2,262,591
<b>Net current assets</b>		<b>1,304,190</b>	1,315,238
<b>Total assets less current liabilities</b>		<b>2,196,847</b>	2,090,238

The notes on pages 38 to 76 form an integral part of these condensed consolidated financial information.

**Fu Zhengjun**  
Director

**Mai Shi'en**  
Director

# Condensed Consolidated Statement of Change in Equity

For the three and six months ended June 30, 2015

		Unaudited							
		Equity attributable to shareholders of the Company							
Note		Shares held				Accumulated deficits	Total	Non- controlling interests	Total equity/ (deficits)
		Share capital	Share premium	for RSU Scheme	Other reserves				
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	<b>Balance at January 1, 2015</b>	779	2,381,529	(19)	122,473	(421,073)	2,083,689	4,799	2,088,488
	<b>Comprehensive income</b>								
	Profit for the six months ended June 30, 2015	-	-	-	-	114,911	114,911	1,929	116,840
	<b>Other comprehensive loss</b>								
	Currency translation differences	24	-	-	(377)	-	(377)	-	(377)
	<b>Total comprehensive income/(loss) for the period ended June 30, 2015</b>								
		-	-	-	(377)	114,911	114,534	1,929	116,463
	<b>Total transactions with shareholders of the Company, recognised directly in equity</b>								
	Share-based compensation	24	-	-	35,063	-	35,063	-	35,063
	Non-controlling interests arising from acquisition and establishment of subsidiaries	15	-	-	-	-	-	18,389	18,389
	Proceeds from share issued under employee share option plan	23	17	7,302	-	-	7,319	-	7,319
	Repurchase and cancellation of ordinary shares	23	(4)	(16,070)	-	-	(16,074)	-	(16,074)
	Appropriation of special dividends	23	-	(59,573)	-	-	(59,573)	-	(59,573)
	Vest and transfer of RSUs	23	-	(4)	4	-	-	-	-
	Issuance of shares held for Post-IPO RSU Scheme	23	2	-	(2)	-	-	-	-
	<b>Total transactions with shareholders of the Company, recognised directly in equity</b>		15	(68,345)	2	35,063	(33,265)	18,389	(14,876)
	<b>Balance at June 30, 2015</b>		794	2,313,184	(17)	157,159	(306,162)	25,117	2,190,075

# Condensed Consolidated Statement of Change in Equity

For the three and six months ended June 30, 2015

		Unaudited								
		Equity attributable to shareholders of the Company								
Note	Share capital RMB'000	Shares held			Accumulated deficits RMB'000	Total RMB'000	Non- controlling interests RMB'000	Total equity/ (deficits) RMB'000		
		Share premium RMB'000	for RSU Scheme RMB'000	Other reserves RMB'000						
<b>Balance at January 1, 2014</b>	42	139,703	-	65,705	(294,006)	(88,556)	4,897	(83,659)		
<b>Comprehensive income/(loss)</b>										
Profit/(loss) for the six months ended										
June 30, 2014										
	-	-	-	-	(174,353)	(174,353)	177	(174,176)		
<b>Other comprehensive loss</b>										
Currency translation differences										
24	-	-	-	(6,169)	-	(6,169)	-	(6,169)		
<b>Total comprehensive income/(loss) for the period ended June 30, 2014</b>										
	-	-	-	(6,169)	(174,353)	(180,522)	177	(180,345)		
<b>Total transactions with shareholders of the Company, recognised directly in equity</b>										
Issuance of shares held for Pre-IPO										
RSU Scheme										
	4	-	(4)	-	-	-	-	-		
Share-based compensation										
24	-	-	-	13,510	-	13,510	-	13,510		
<b>Total transactions with shareholders of the Company, recognised directly in equity</b>										
	4	-	(4)	13,510	-	13,510	-	13,510		
<b>Balance at June 30, 2014</b>	46	139,703	(4)	73,046	(468,359)	(255,568)	5,074	(250,494)		

The notes on pages 38 to 76 form an integral part of these condensed consolidated financial information.

# Condensed Consolidated Statement of Cash Flow

For the six months ended June 30, 2015

	Note	Unaudited	
		Six months ended June 30,	
		2015	2014
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		110,386	129,195
Income tax paid		(31,437)	(19,714)
<b>Net cash generated from operating activities</b>		<b>78,949</b>	109,481
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		(29,378)	–
Investment in associates		(20,011)	–
Purchase of and prepayment for property and equipment		(43,930)	(16,608)
Proceeds on disposal of property and equipment		34	405
Purchase of intangible assets and game license		(2,847)	(46,388)
Payment of term deposits with initial term of over 3 months and available-for-sales financial assets		(501,278)	(1,166,600)
Proceeds from disposal of term deposits with initial term of over 3 months and available-for-sales financial assets		661,453	1,086,953
Payments of financial assets at fair value through profit or loss		(133,342)	–
Pledged deposits for bank borrowings		–	(100,000)
Proceeds from release of pledged deposits for bank borrowings		–	33,000
Proceeds from release of pledged deposits for borrowings from related parties		–	22,274
Proceeds from release of cash advance paid to an investment agent		–	17,724
Interest received		11,243	5,351
Cash paid for refundable prepayments of potential investments		(25,000)	–
Loans granted to third parties and a related party		(27,219)	–
<b>Net cash used in investing activities</b>		<b>(110,275)</b>	(163,889)

# Condensed Consolidated Statement of Cash Flow

For the six months ended June 30, 2015

	Note	Unaudited	
		Six months ended June 30,	
		2015	2014
		RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from exercise of share options	23	7,319	–
Proceeds from bank borrowings		–	92,531
Payments for repurchase of ordinary shares	23	(16,074)	–
Repayment of bank borrowings		–	(30,820)
Repayment of borrowings from related parties		–	(21,339)
Repayment of borrowings from a third party		–	(17,071)
Interest paid		–	(259)
Dividends paid to the Company's shareholders	12	(59,573)	(74,977)
Capital injection from non-controlling interests of subsidiaries		1,953	–
<b>Net cash used in financing activities</b>		<b>(66,375)</b>	<b>(51,935)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period		289,083	171,896
Exchange loss on cash and cash equivalents		(2,210)	–
<b>Cash and cash equivalents at end of period</b>		<b>189,172</b>	<b>65,553</b>

The notes on pages 38 to 76 form an integral part of these condensed consolidated financial information.

## 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 Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands.

The Company and its subsidiaries (collectively the “Group”) are principally engaged in the operating of live social video platforms, mobile and online games 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 August 20, 2015.

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

### Key events

- (a) In January 2015, the Company repurchased 5,944,000 ordinary shares of the Company through purchases on The Stock Exchange of Hong Kong Limited. All the repurchased ordinary shares had been cancelled as of March 31, 2015. The total amount paid to repurchase these ordinary shares was HK\$20,302,780 (approximately RMB16,074,000) and had been deducted from the share capital and share premium of shareholders’ equity.
- (b) Pursuant to the resolution of the extraordinary general meeting held in February 2015, the Company declared a special dividend of HK\$75,209,715 (approximately RMB59,573,000) in total or HK\$0.06 per ordinary share out of the Company’s share premium account, which were fully paid in March 2015.
- (c) In April 2015, the Company granted 3,499,000 restricted share units pursuant to the Company’s Post-IPO Restricted Share Unit Scheme. Further details are given in Note 25.
- (d) Set out below are the investments made by the Group in the six months period ended June 30, 2015.

# Notes to the Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION (continued)

### Key events (continued)

Time of investment	Investee	Major business	Investment amount (RMB'000)	Shareholding percentage	Investment type	
January 2015	Jinhua Shixun Network Technology Co., Ltd.	Online live social video related technologies	25,000	80%	Business combination	Note 15
March 2015	Hangzhou Seehealth Information Technology Co., Ltd.	Online health information services	23,979	34.47%	Equity	Note 16
April 2015	Hangzhou Raily Beauty Clinic Co., Ltd.	Beauty clinic	10,500	60%	Business combination	Note 15
April 2015	Uncle Sam (HK) Co., Limited	Online trading of overseas health products and baby products	23,400	50.91%	Business combination	Note 15
May 2015	Dimensional Media Inc.	Online live social platform	8,064	51%	Establishment	Note i
May 2015	Chengdu Yinyuehui Technology Co., Ltd.	Sales of reservation system of karaoke	6,000	60%	Establishment	Note ii
May 2015	Chengdu Happy Alliance Technology Co., Ltd.	Promotion for game developers	2,000	15%	Equity	Note 16

(i) In May 2015, the Group and two other third parties together established Dimensional Media Inc., a company engaged in the operation of online live social platform. The Group subscribed 15,914 series A preferred shares at a cash consideration of JPY159,140,000 (approximately RMB8,064,000) or JPY10,000 (approximately RMB506.7) per share and holds 51% of its total equity interests.

(ii) In May 2015, the Group and two other third parties together established Chengdu Yinyuehui Technology Co., Ltd., a company engaged in sales of reservation system of karaoke. The Group made a capital contribution of RMB6,000,000 to hold 60% of its total equity interests.



# Notes to the Condensed Consolidated Financial Information

## 2 BASIS OF PREPARATION

This condensed consolidated financial information 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 December 31, 2014, which have been prepared in accordance with IFRS as set out in the 2014 annual report of the Company dated March 30, 2015.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2014, as described in those annual financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- (b) Revenue from the provision of beauty clinical procedures is recognised upon the completion of such procedures. Balances of customers’ prepaid cards are recognized as customer advance in the balance sheet.
- (c) Revenue from the sales of products is recognised upon customers’ receipt and acceptance of the products.
- (d) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.
- (e) Amendments to IFRSs, effective for the financial year ending December 31, 2015, do not have a material impact on the Group.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on the financial information of the Group.

## 4 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes (see Note 10).

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2014.

There have been no changes in the risk management department or in any risk management policies since the year end.

### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# Notes to the Condensed Consolidated Financial Information

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.3 Fair value estimation (continued)

The following table presents the Group's assets and liabilities that are measured at fair value as of June 30, 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Available-for-sale financial assets	-	-	368,838	368,838
– Equity securities	-	-	76,754	76,754
– Debt investments	-	-	292,084	292,084
Financial assets at fair value through profit or loss	-	-	241,309	241,309
	-	-	610,147	610,147

The following table presents the Group's assets and liabilities that are measured at fair value as of December 31, 2014.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets</b>				
Available-for-sale financial assets	-	-	339,805	339,805
– Equity securities	-	-	26,776	26,776
– Debt investments	-	-	313,029	313,029
Financial assets at fair value through profit or loss	-	-	109,481	109,481
	-	-	449,286	449,286

# Notes to the Condensed Consolidated Financial Information

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.4 Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 instruments as of June 30, 2015.

	Available-for- sale financial assets RMB'000	Financial assets at fair value through profit or loss RMB'000
Opening balance at January 1, 2015	339,805	109,481
Additions	431,278	193,206
Disposals of available-for-sale financial assets	(402,223)	(60,901)
Fair value loss recognized in consolidated statements of comprehensive income	-	(477)
Exchange difference	(22)	-
Closing balance at June 30, 2015	368,838	241,309
Total unrealised losses for the period included in profit or loss for assets held at the end of the reporting period	-	(477)

As of June 30, 2015, the fair value of available-for-sale financial assets approximated the carrying value due to short maturity date.

# Notes to the Condensed Consolidated Financial Information

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.4 Fair value measurements using significant unobservable inputs (Level 3) (continued)

The following table presents the changes in level 3 instruments as of June 30, 2014.

	Available-for- sale financial assets RMB'000	Convertible redeemable preferred shares RMB'000
Opening balance at January 1, 2014	280,440	548,471
Additions	1,175,332	–
Disposals of available-for-sale financial assets	(1,070,947)	–
Fair value gain recognized in consolidated statements of comprehensive income	–	260,502
Exchange difference	–	4,784
Closing balance at June 30, 2014	384,825	813,757
Total unrealised gains for the period included in profit or loss for assets held at the end of the reporting period	–	260,502

As of June 30, 2014, the fair value of available-for-sale financial assets approximated the carrying value due to short maturity date.

## 6 REVENUE

Details of the revenue for the three and six months ended June 30, 2015 and 2014 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Online business	180,109	171,549	353,422	342,649
Others (i)	6,185	1,063	18,415	1,608
Total revenue	186,294	172,612	371,837	344,257

(i) Others refer to the revenues generated from sale of self-developed software and from the operation of a beauty clinic.

# Notes to the Condensed Consolidated Financial Information

## 7 EXPENSES BY NATURE

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Employee benefit expenses (including share-based compensation expenses)	50,112	41,388	95,002	69,288
Promotion and advertising expenses	23,397	29,831	58,629	64,850
Cost of inventories sold	12,394	–	12,394	–
Commission charged by platforms and game developers	10,842	7,997	25,470	15,950
Bandwidth and server custody fees	7,734	7,448	16,332	14,716
Depreciation of property and equipment (Note 13)	4,048	3,252	7,966	5,732
Travelling and entertainment expenses	3,988	3,756	8,125	7,101
Game development costs	2,847	5,755	6,103	7,702
Utilities and office expenses	2,262	1,866	4,943	4,856
Amortization of intangible assets (Note 14)	2,228	829	3,512	1,736
Operating lease rentals in respect of office buildings	1,897	2,172	3,412	4,550
Auditors' remuneration	1,375	500	3,490	1,455
Payment handling costs	1,157	1,396	2,273	2,635
Professional and consultancy fees	1,052	20,863	2,563	32,399
Turnover tax and related surcharges	1,030	7,957	1,853	18,704
Others	3,773	548	3,986	795
<b>Total cost of revenue, selling and marketing expenses, administrative expenses and research and development expenses</b>	<b>130,136</b>	<b>135,558</b>	<b>256,053</b>	<b>252,469</b>

# Notes to the Condensed Consolidated Financial Information

## 8 OTHER GAINS, NET

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Investment Interest	10,042	3,754	22,064	7,212
Financial assets at fair value through profit or loss				
– Fair value loss	(1,293)	–	(438)	–
Government grants				
– Technology award	1,838	4,264	2,318	6,358
– Scientific project fund	1,975	219	3,878	663
Gains/(loss) on disposal of property and equipment, net	27	(120)	27	(122)
Others	(43)	(34)	(43)	(34)
	12,546	8,083	27,806	14,077

## 9 FINANCE INCOME, NET

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Finance income:				
– Exchange gain on financing activities, net	2,147	–	–	2
– Interest income on cash and cash equivalents	744	1,686	1,469	2,991
	2,891	1,686	1,469	2,993
Finance costs:				
– Interest expenses on bank borrowings	(100)	(1,033)	(100)	(1,830)
– Exchange loss on financing activities, net	–	(9)	(573)	(9)
	(100)	(1,042)	(673)	(1,839)
Finance income, net	2,791	644	796	1,154

# Notes to the Condensed Consolidated Financial Information

## 10 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% (2014:16.5%) for the period on the estimated assessable profits arising in or derived from Hong Kong. The group entities established and operated in the PRC are subject to PRC Enterprise Income Tax ("EIT") at a rate of 25% (2014: 25%), a number of which are entitled to preferential EIT rate of 12.5% or 15%.

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current income tax	10,025	9,707	23,000	19,712
Deferred income tax	2,993	162	4,173	981
	<b>13,018</b>	9,869	<b>27,173</b>	20,693

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 ended December 31, 2015 is 14.86% and 16.5% respectively (the estimated tax rate used for companies established and operated in the PRC and Hong Kong for the three and six months ended June 30, 2014 was 14.63% and 16.5% respectively).

## 11 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 June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Profit/(Loss) attributable to shareholders of the Company (RMB'000)	56,982	(202,014)	114,911	(174,353)
Weighted average number of ordinary shares in issue (i) (thousand shares)	1,239,253	640,000	1,232,288	640,000
Basic earnings/(loss) per share (in RMB/share)	0.046	(0.316)	0.093	(0.272)



## 11 EARNINGS PER SHARE (continued)

### (a) Basic (continued)

- (i) Upon the Company's IPO on Main Board of The Stock Exchange of Hong Kong Limited on July 9, 2014, the Company's ordinary shareholders received nine bonus shares for each registered ordinary share that they already held. As a result, the then existing outstanding ordinary shares were adjusted to 640,000,000 on a one-to-ten basis.

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares outstanding during each interim period has been adjusted retroactively for the proportional changes in the number of ordinary share outstanding as a result of the issuance of bonus shares.

### (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.

For the three and six months ended June 30, 2015, the Company has two categories of dilutive potential ordinary shares, share options granted to employees under Global Share Option Plan and restricted share units ("RSUs") granted to employees under Pre-IPO Restricted Share Unit Scheme and Post-IPO Restricted Share Unit Scheme. The share options and restricted share units are assumed to have been fully vested and released from restrictions with no impact on earnings.

For the three and six months ended June 30, 2014, the Company has three categories of dilutive potential ordinary shares, convertible redeemable preferred shares, share options granted to employees under Global Share Option Plan and restricted share units ("RSUs") granted to employees under Pre-IPO Restricted Share Unit Scheme are assumed to have been fully vested and released from restrictions with no impact on earnings. As the Group incurred loss for the three and six months ended June 30, 2014, the convertible redeemable preferred shares and the share based compensation are anti-dilutive and, consequently, not included in the computation of diluted losses per share.

# Notes to the Condensed Consolidated Financial Information

## 11 EARNINGS PER SHARE (continued)

### (b) Diluted (continued)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Profit/(Loss) attributable to shareholders of the Company (RMB'000)	56,982	(202,014)	114,911	(174,353)
Weighted average number of ordinary shares in issue (thousand shares)	1,239,253	640,000	1,232,288	640,000
Adjustments for share based compensation – share options (thousand shares)	62,088	–	59,230	–
Adjustments for share based compensation – RSUs (thousand shares)	18,839	–	13,933	–
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	1,320,180	640,000	1,305,451	640,000
Diluted earnings/(loss) per share (in RMB/share)	0.043	(0.316)	0.088	(0.272)

## 12 DIVIDENDS

	Three months ended June 30,		Six months ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Dividends declared by the Company	–	–	59,573	–

Pursuant to the resolution of the extraordinary general meeting in February 2015, the Company declared a special dividend of HK\$75,209,715 (approximately RMB59,573,000) in total or HK\$0.06 per ordinary share out of the Company's share premium account, which were fully paid in March 2015.

# Notes to the Condensed Consolidated Financial Information

## 13 PROPERTY AND EQUIPMENT

	Building RMB'000	Decorations RMB'000	Furniture and Office Equipment RMB'000	Server and Other Equipment RMB'000	Motor Vehicles RMB'000	Leasehold Improvement RMB'000	Total RMB'000
<b>Six Months ended June 30, 2015</b>							
<b>Net book value</b>							
Opening amount as of January 1, 2015	115,549	7,208	2,566	14,841	1,889	227	142,280
Acquisition of subsidiaries (Note 15)	-	-	435	539	603	145	1,722
Additions	46,212	947	192	1,115	-	-	48,466
Disposals	-	-	-	(7)	-	-	(7)
Depreciation charge	(2,059)	(1,087)	(480)	(3,656)	(440)	(244)	(7,966)
Closing amount as of June 30, 2015	159,702	7,068	2,713	12,832	2,052	128	184,495
<b>At June 30, 2015</b>							
Cost	163,729	9,655	5,092	41,173	5,615	7,127	232,391
Accumulated depreciation	(4,027)	(2,587)	(2,379)	(28,341)	(3,563)	(6,999)	(47,896)
Net book amount	159,702	7,068	2,713	12,832	2,052	128	184,495
<b>Six Months ended June 30, 2014</b>							
<b>Net book value</b>							
Opening amount as of January 1, 2014	-	-	1,436	11,108	2,489	1,703	16,736
Additions	102,517	6,353	1,164	2,086	323	-	112,443
Disposals	-	-	(5)	(507)	(15)	-	(527)
Depreciation charge	(258)	(176)	(358)	(3,197)	(494)	(1,249)	(5,732)
Closing amount as of June 30, 2014	102,259	6,177	2,237	9,490	2,303	454	122,920
<b>At June 30, 2014</b>							
Cost	102,517	6,353	4,465	32,412	4,971	6,981	157,699
Accumulated depreciation	(258)	(176)	(2,228)	(22,922)	(2,668)	(6,527)	(34,779)
Net book amount	102,259	6,177	2,237	9,490	2,303	454	122,920

# Notes to the Condensed Consolidated Financial Information

## 14 INTANGIBLE ASSETS

	Goodwill	Computer Software	Brand Name	Domain Name and Technology	Platform License	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Six months ended June 30, 2015</b>						
<b>Net book value</b>						
Opening amount as of January 1, 2015	1,891	949	-	3,860	42,302	49,002
Acquisition of subsidiaries (Note 15)	42,837	6,034	15,183	-	-	64,054
Additions	-	16,403	-	21	-	16,424
Amortization charge	-	(1,064)	(522)	(813)	(1,113)	(3,512)
Exchange difference	(2)	-	-	(1)	-	(3)
Closing amount as of June 30, 2015	44,726	22,322	14,661	3,067	41,189	125,965
<b>At June 30, 2015</b>						
Cost	44,726	25,456	15,183	9,308	44,528	139,201
Accumulated amortization	-	(3,134)	(522)	(6,241)	(3,339)	(13,236)
Net book amount	44,726	22,322	14,661	3,067	41,189	125,965
<b>Six months ended June 30, 2014</b>						
<b>Net book value</b>						
Opening amount as of January 1, 2014	1,884	788	-	3,192	-	5,864
Exchange difference	17	-	-	22	-	39
Additions	-	308	-	-	44,528	44,836
Amortization charge	-	(269)	-	(354)	(1,113)	(1,736)
Closing amount as of June 30, 2014	1,901	827	-	2,860	43,415	49,003
<b>At June 30, 2014</b>						
Cost	1,901	2,680	-	7,431	44,528	56,540
Accumulated amortization	-	(1,853)	-	(4,571)	(1,113)	(7,537)
Net book amount	1,901	827	-	2,860	43,415	49,003

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION

### (a) Jinhua Shixun

In January 2015, the Group acquired 80% equity interests in Jinhua Shixun Network Technology Co., Ltd. ("Jinhua Shixun"), a company specialised in development of online live social video related technologies, for a total consideration of RMB25,000,000.

The goodwill of RMB21,324,942 arises from a number of factors including expected synergies through combining small video platforms, growth potential, unrecognised assets such as workforce, etc. The goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Jinhua Shixun, and the amounts of the assets and liabilities acquired at the acquisition date.

	<b>January 31, 2015</b> RMB'000
<b>Purchase consideration</b>	
– Total cash consideration	<b>25,000</b>
– Contingent consideration	–
Total purchase consideration	<b>25,000</b>

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (a) Jinhua Shixun (continued)

*Recognised amounts of identifiable assets acquired and liabilities assumed*

#### Provisional fair value

	<b>January 31, 2015</b>
	RMB'000
Cash and cash equivalents	202
Property and equipment	2
Intangible assets (a)	
– Computer Software	6,014
Payables	(121)
Deferred income tax liabilities (a)	(1,504)
<b>Total identifiable net assets</b>	<b>4,593</b>
Non-controlling interests (b)	(918)
Goodwill	21,325
<b>Total purchase consideration</b>	<b>25,000</b>
Acquisition-related costs (included in administrative expenses in the interim consolidated income statement for the period ended June 30, 2015)	55

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (a) Jinhua Shixun (continued)

*Recognised amounts of identifiable assets acquired and liabilities assumed (continued)*

#### Provisional fair value (continued)

	January 31, 2015 RMB'000
<b>Outflow of cash to acquire business, net of cash acquired</b>	
– Cash consideration	25,000
– Cash and cash equivalents in subsidiary acquired	(202)
Cash outflow on acquisition	24,798
Payables for acquisition of subsidiary (Note 27)	(13,500)
Cash outflow for the six months ended June 30, 2015	11,298

(a) Fair value of acquired identifiable intangible assets

The fair value of the acquired self-developed software of RMB6,014,000 is recognised upon the consummation of the acquisition based on valuations for the asset. Deferred income tax liabilities of RMB1,503,500 has been provided in relation to these fair value adjustments.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its fair value for this acquisition.

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB1,216,137 and net profit of RMB656,410 to the Group for the period from February 1, 2015 to June 30, 2015.

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (b) Hangzhou Raily

In April 2015, the Group made a capital contribution of RMB10,500,000 to hold 60% equity interests in Hangzhou Raily Beauty Clinic Co., Ltd. ("Hangzhou Raily").

The goodwill of RMB4,810,527 arises from a number of factors including expected growth potential and unrecognised assets such as workforce. The goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Hangzhou Raily, and the amounts of the assets and liabilities acquired at the acquisition date.

	<b>April 1, 2015</b> RMB'000
<b>Purchase consideration</b>	
– Net cash payment	<b>4,200</b>
– Contingent consideration	–
<b>Total purchase consideration</b>	<b>4,200</b>



# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (b) Hangzhou Raily (continued)

*Recognised amounts of identifiable assets acquired and liabilities assumed*

#### Provisional fair value

	<b>April 1, 2015</b>
	RMB'000
Advance to suppliers	18
Other receivables	50
Inventories	519
Available for sale financial assets	500
Property and equipment	1,417
Long-term prepaid expense	145
Intangible assets (a)	
– Brand Name	4,439
Payables	(6,996)
Deferred income tax liabilities (a)	(1,110)
Total identifiable net assets	(1,018)
Non-controlling interests (b)	(407)
Goodwill	4,811
Total purchase consideration	4,200
Acquisition-related costs (included in administrative expenses in the interim consolidated income statement for the period ended June 30, 2015)	28

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (b) Hangzhou Raily (continued)

(a) Fair value of acquired identifiable intangible assets

The fair value of the acquired identifiable brand name of RMB4,439,000 is recognised upon the consummation of the acquisition based on valuations for the asset. Deferred income tax liabilities of RMB1,109,750 has been provided in relation to these fair value adjustments.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its fair value for this acquisition.

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB5,845,567 and net profit of RMB2,460,113 to the Group for the period from April 1, 2015 to June 30, 2015.

### (c) Uncle Sam

In April 2015, the Group acquired 50.91% equity interest in Uncle Sam (HK) Co., Limited ("Uncle Sam"), a company engaged in online trading of overseas health products and baby products. The Group paid RMB18,400,000 to the selling shareholders of Uncle Sam to acquire 46% equity interest. In addition, the Group made a capital contribution of RMB5,000,000 into Uncle Sam for the other 4.91% equity interest.

The goodwill of RMB16,701,278 arises from a number of factors including expected growth potential and unrecognised assets such as the workforce and vendor relationship. The goodwill recognised is not expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Uncle Sam, and the amounts of the assets and liabilities acquired at the acquisition date.

	April 1, 2015 RMB'000
<b>Purchase consideration</b>	
– Net cash payment	20,854
– Contingent consideration	–
<b>Total purchase consideration</b>	<b>20,854</b>

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (c) Uncle Sam (continued)

*Recognised amounts of identifiable assets acquired and liabilities assumed*

#### Provisional fair value

	April 1, 2015 RMB'000
Cash and cash equivalents	320
Receivables	2,969
Inventories	9,401
Property and equipment	158
Intangible assets (a)	
– Brand Name	10,744
– Others	20
Payables	(12,768)
Deferred income tax liabilities (a)	(2,686)
<b>Total identifiable net assets</b>	<b>8,158</b>
Non-controlling interests (b)	(4,005)
Goodwill	16,701
<b>Total purchase consideration</b>	<b>20,854</b>
Acquisition-related costs (included in administrative expenses in the interim consolidated income statement for the period ended June 30, 2015)	28
	<b>April 1, 2015 RMB'000</b>
<b>Outflow of cash to acquire business, net of cash acquired</b>	
– Cash consideration	18,400
– Cash and cash equivalents in subsidiary acquired	(320)
Cash outflow for the six months ended June 30, 2015	18,080

# Notes to the Condensed Consolidated Financial Information

## 15 BUSINESS COMBINATION (continued)

### (c) Uncle Sam (continued)

(a) Fair value of acquired identifiable intangible assets

The fair value of the acquired identifiable brand name of RMB10,744,000 is recognised upon consummation of the acquisition based on valuations for the asset. Deferred income tax liabilities of RMB2,686,000 has been provided in relation to these fair value adjustments.

(b) Non-controlling interests

The Group has chosen to recognise the non-controlling interests at its fair value for this acquisition.

(c) Revenue and profit contribution

The acquired business contributed revenues of RMB15,779,571 and net profit of RMB681,190 to the Group for the period from April 1, 2015 to June 30, 2015.

## 16 INVESTMENT IN ASSOCIATES

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
Associate	<b>29,501</b>	3,863
		<b>Six Months Ended June 30, 2015 RMB'000</b>
Beginning of the period		<b>3,863</b>
Additions		<b>25,979</b>
Cash contribution to associates		<b>32</b>
Share of loss of investment accounted for using the equity method		<b>(373)</b>
End of the period		<b>29,501</b>

# Notes to the Condensed Consolidated Financial Information

## 16 INVESTMENT IN ASSOCIATES (continued)

Set out below are the associates of the Group as of June 30, 2015, which, in the opinion of the directors, are not material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Details of investment in associates as of June 30, 2015

Name of entity	Place of business	% of ownership interest	Measurement method	Nature of Associate
Lin Yuan Information Technology (Hangzhou) Co., Ltd. ("Lin Yuan") (formerly known as Sun's Catering & Entertainment Management (Hangzhou) Co., Ltd.) (臨淵信息技術(杭州)有限公司) (原名為孫記餐飲娛樂管理(杭州)有限公司)	Hangzhou, PRC	49%	Equity	Note a
Hangzhou Seehealth Information Technology Co., Ltd. ("Seehealth") (formerly known as Hangzhou Xi He Technology Co., Ltd.) (杭州希和信息技術有限公司) (原名為杭州希禾資訊技術有限公司)	Hangzhou, PRC	34.47%	Equity	Note b
Chengdu Happy Alliance Technology Co., Ltd. ("Happy Alliance") (成都歡樂聯盟科技有限公司)	Chengdu, PRC	15%	Equity	Note c

- (a) Lin Yuan primarily engages in the operation of one Karaoke store in Hangzhou, the PRC.
- (b) In February 2015, the Group purchased 26.28% of the total equity interests of Hangzhou Seehealth Information Technology Co., Ltd. (formerly known as Hangzhou Xi He Technology Co., Ltd.) ("Seehealth") from one of its equity holders at a cash consideration of RMB13,978,700. In March 2015, the Group committed to make an additional capital injection of RMB10,000,000 to Seehealth, after which the equity interests in Seehealth held by the Group increased from 26.28% to 34.47%. As of June 30 2015, the total additional capital of RMB10,000,000 had been paid up by the Group. Seehealth primarily engages in providing online health information services in Hangzhou, the PRC.
- (c) In May 2015, the Group made a capital contribution of RMB2,000,000 to hold 15% equity interest in Chengdu Happy Alliance Technology Co., Ltd. ("Happy Alliance"), a company engaged in promotion for game developers in the PRC.

# Notes to the Condensed Consolidated Financial Information

## 17 TRADE RECEIVABLES

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
Third parties	<b>20,253</b>	12,638
Amount due from related parties <i>(Note 29(c))</i>	<b>1,837</b>	1,411
	<b>22,090</b>	14,049
Less: provision for impairment	-	-
	<b>22,090</b>	14,049

Aging analysis based on recognition date of the gross trade receivables at the respective balance sheet dates are as follows:

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
0-90 days	<b>18,301</b>	12,215
91-180 days	<b>2,878</b>	1,180
181-365 days	<b>237</b>	200
Over 1 year	<b>674</b>	454
	<b>22,090</b>	14,049

## Notes to the Condensed Consolidated Financial Information

### 18 PREPAYMENTS AND OTHER RECEIVABLES

	As of June 30, 2015 RMB'000	As of December 31, 2014 RMB'000
<b>Included in non-current assets</b>		
Long-term prepayment for game licenses	15,104	9,644
Prepayments for property and equipment and intangible assets	10,575	31,100
	<b>25,679</b>	40,744
<b>Included in current assets</b>		
Refundable prepayment for potential investments	150,000	131,000
Loans to third parties	25,713	–
Prepaid promotion expenses	8,078	11,151
Loan due from a related party (Note 29(c))	6,505	–
Staff advance	6,059	828
Prepaid commission charges	5,966	4,315
Individual income tax for RSU	5,702	3,194
Interest receivable	3,844	3,691
Advance to suppliers	3,011	–
Others	7,852	4,853
	<b>222,730</b>	159,032
	<b>248,409</b>	199,776

# Notes to the Condensed Consolidated Financial Information

## 19 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Six months ended June 30,	
	2015 RMB'000	2014 RMB'000
<b>Non-current (Note a)</b>		
Opening balance as of January 1	26,776	2,300
Additions	50,000	–
Exchange difference	(22)	–
Closing balance as of June 30	76,754	2,300
<b>Current (Note b)</b>		
Opening balance as of January 1	313,029	278,140
Additions	381,278	1,175,332
Repayment	(402,223)	(1,070,947)
Closing balance as of June 30	292,084	382,525

- (a) The non-current portion of available-for-sale financial assets mainly referred to the Company's investment in some venture funds as limited partner.

In January 2015, the Group agreed to subscribe shares in another venture fund as a limited partner at a total amount of RMB100,000,000. Limited partners of such fund do not have right to either control or exercise significant influence over the operation and investment of the fund. As of June 30, 2015, RMB50,000,000 had been paid. The directors classified the payment as available-for-sale financial asset and are of the view that the amount paid do not have significant change in the fair value as the fund has not yet closed. While the Group has the ability to recall such payment if the fund fails to close according to the agreement.

- (b) The fair value of the current available-for-sale financial assets approximated its carrying amount. The Group's current available-for-sale financial assets refer to RMB denominated principal guaranteed structured deposits with floating interest rates ranging from 3% to 5% per annum and maturity period within 1 year or with revolving term. These structured deposits are offered by large state-owned and commercial banks in the PRC.



## Notes to the Condensed Consolidated Financial Information

### 20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As of June 30, 2015 RMB'000	As of December 31, 2014 RMB'000
<b>Included in current assets</b>		
– Non-quoted investments	241,309	109,481

Financial assets at fair value through profit or loss of the Group mainly represent investments in certain principal protected structured deposits issued by Hong Kong branches of certain national commercial banks in the PRC. These structured deposits have an initial term ranging from two months to one year, and were classified as fair value through profit or loss upon initial recognition. Changes in fair values of these financial assets had been recognised in “other gains, net” in the consolidated statement of comprehensive income (Note 8).

### 21 CASH AND CASH EQUIVALENTS

	As of June 30, 2015 RMB'000	As of December 31, 2014 RMB'000
Cash at bank and on hand	189,172	148,261
Short-term bank deposits	–	135,447
Cash at other financial institutions	–	5,375
	189,172	289,083
Maximum exposure to credit risk	189,172	289,083

# Notes to the Condensed Consolidated Financial Information

## 22 INVENTORIES

	As of June 30, 2015 RMB'000	As of December 31, 2014 RMB'000
Trading stocks	9,515	–
Others	606	–
	<b>10,121</b>	<b>–</b>

## 23 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME

	Number of Shares	Nominal Value of Shares US\$'000	Equivalent Nominal Value of Share RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000
<b>At January 1, 2015</b>	<b>1,259,401,000</b>	<b>125.94</b>	<b>779</b>	<b>2,381,529</b>	<b>(19)</b>
Proceeds from share issued under employee share option plan (a)	27,358,000	2.74	17	7,302	–
Repurchase and cancellation of ordinary shares (b)	(5,944,000)	(0.59)	(4)	(16,070)	–
Appropriation of special dividends (c)	–	–	–	(59,573)	–
Vest and transfer of RSUs (Note 25(b))	–	–	–	(4)	4
Issuance of shares held for Post-IPO RSU Scheme (d)	3,499,000	0.35	2	–	(2)
<b>At June 30, 2015</b>	<b>1,284,314,000</b>	<b>128.43</b>	<b>794</b>	<b>2,313,184</b>	<b>(17)</b>

	Number of Shares	Nominal Value of Shares US\$'000	Equivalent Nominal Value of Share RMB'000	Share premium RMB'000	Shares held for RSU Scheme RMB'000
<b>At January 1, 2014</b>	<b>64,000,000</b>	<b>6.40</b>	<b>42</b>	<b>139,703</b>	<b>–</b>
Issuance of shares held for Pre-IPO RSU Scheme (e)	7,280,000	0.73	4	–	(4)
<b>At June 30, 2014</b>	<b>71,280,000</b>	<b>7.13</b>	<b>46</b>	<b>139,703</b>	<b>(4)</b>

# Notes to the Condensed Consolidated Financial Information

## 23 SHARE CAPITAL, SHARE PREMIUM AND SHARES HELD FOR RSU SCHEME (continued)

- (a) Employees share options plan: options exercised during the period to June 30, 2015 resulted in 27,358,000 ordinary shares being issued (June 30, 2014: zero ordinary shares), with exercise proceeds of approximately RMB7,319,000 (June 30, 2014: RMB zero). The related weighted average price at the time of exercise was US\$0.0438 per share.
- (b) In January 2015, the Company repurchased 5,944,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited. All the repurchased ordinary shares had been cancelled as of June 30, 2015. The total amount paid to repurchase these ordinary shares was HK\$20,302,780 (approximately RMB16,074,000) and had been deducted from the share capital and share premium within shareholders' equity.
- (c) Pursuant to the resolution of the extraordinary general meeting in February 2015, the Company declared a special dividend of HK\$75,209,715 (approximately RMB59,573,000) in total or HK\$0.06 per ordinary share out of the Company's share premium account, which were fully paid in March 2015.
- (d) In April 2015, the Company issued 3,499,000 ordinary shares to an independent trust nominee for the purpose of granting Post-IPO RSUs to the participants under Post-IPO RSU Scheme (Note 25(b)). The ordinary shares held for Post-IPO RSU scheme was 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 (Note 25(d)).
- (e) During the six months ended June 30, 2014, the Company issued 7,280,000 ordinary shares to an independent trust nominee for the purpose of granting Pre-IPO RSUs to the trust participants under Pre-IPO Restricted Share Unit Scheme (Note 25(b)). The ordinary shares held for Pre-IPO RSU Scheme was 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 (Note 25(d)).

## 24 RESERVES

	<b>Statutory Reserves</b>	<b>Share-based Compensation Reserve</b>	<b>Translation Differences</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Opening balance at January 1, 2015</b>	<b>35,437</b>	<b>67,777</b>	<b>19,259</b>	<b>122,473</b>
Share-based compensation	–	<b>35,063</b>	–	<b>35,063</b>
Currency translation differences	–	–	<b>(377)</b>	<b>(377)</b>
<b>At June 30, 2015</b>	<b>35,437</b>	<b>102,840</b>	<b>18,882</b>	<b>157,159</b>
<b>Opening balance at January 1, 2014</b>	15,873	16,577	33,255	65,705
Share-based compensation	–	13,510	–	13,510
Currency translation differences	–	–	(6,169)	(6,169)
<b>At June 30, 2014</b>	15,873	30,087	27,086	73,046

# Notes to the Condensed Consolidated Financial Information

## 25 SHARE-BASED PAYMENTS

### (a) Share Options

Movements in the number of outstanding share options, retroactively reflecting the one-to-ten basis bonus shares, are as follows:

	<b>Average Exercise Price in US\$ per Share Option</b>	<b>Number of Share Options</b>
<b>At January 1, 2015</b>		<b>87,721,320</b>
Exercised (Note 23)	<b>US\$0.0438</b>	<b>(27,358,000)</b>
Forfeited	<b>US\$0.3407</b>	<b>(769,250)</b>
<b>At June 30, 2015</b>		<b>59,594,070</b>
<b>At January 1, 2014</b>		119,965,100
Granted	US\$0.3500	11,850,000
Cancelled	US\$0.0973	(2,480)
Forfeited	US\$0.1741	(623,870)
Replaced by the Pre-IPO Restricted Share Unit Scheme	US\$0.0281	(42,800,000)
<b>At June 30, 2014</b>		<b>88,388,750</b>

As of June 30, 2015, out of the outstanding share options, 49,657,842 share options were exercisable.

### (b) Restricted share units

On June 16, 2014, the Board of Directors of the Company approved the establishment of the Post-IPO RSU Scheme. The Post-IPO RSU Scheme will be valid and effective for a period of 10 years, commencing from July 9, 2014.

Pursuant to a resolution passed by the Board of the Company on April 20, 2015, the Company granted restricted share units ("Post-IPO RSUs") in respect of a total 3,499,000 ordinary shares of US\$0.0001 each of the Company to 24 grantees with below vesting schedule: 50% shall vest on August 20, 2015 and 50% shall vest on August 20, 2016. The weighted average fair value of Post-IPO RSUs granted during the six month period ended June 30, 2015 was HKD5.41 per share (equivalent to approximately RMB4.27 per share).

# Notes to the Condensed Consolidated Financial Information

## 25 SHARE-BASED PAYMENTS (continued)

### (b) Restricted share units (continued)

Movements in the number of outstanding RSUs, retroactively reflecting the one-to-ten basis bonus shares, are as follows:

	Number of shares held for Pre-IPO RSU Scheme	Number of shares held for Post-IPO RSU Scheme	Total
<b>At January 1, 2015</b>	<b>31,343,750</b>	<b>–</b>	<b>31,343,750</b>
Grant	–	3,499,000	3,499,000
Vested and transferred	(8,521,875)	–	(8,521,875)
<b>At June 30, 2015</b>	<b>22,821,875</b>	<b>3,499,000</b>	<b>26,320,875</b>
<b>Shares vested but not transferred to the grantees as of June 30, 2015</b>			<b>–</b>

	Number of shares held for Pre-IPO RSU Scheme
<b>At January 1, 2014</b>	
Grant	30,000,000
Granted to replace the share options	42,800,000
<b>At June 30, 2014</b>	<b>72,800,000</b>
<b>Shares vested but not transferred to the grantees as of June 30, 2014</b>	<b>–</b>

During the six months ended June 30, 2015, totally 4,013,000 of the above granted RSUs were exercised.

## 25 SHARE-BASED PAYMENTS (continued)

### (c) Fair value of share options and RSUs

Before the Company consummated its IPO on the Main Board at The Stock Exchange of Hong Kong Limited, the directors have used the discounted cash flow method to determine the underlying equity fair value 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.

Based on the fair value of the underlying ordinary share, the directors have used Binominal pricing model to determine the fair value of the share option as of the grant date. The fair value of Pre-IPO RSUs was determined by directors based on the fair value of underlying ordinary shares as of the grant date.

The management estimated the risk-free interest rate based on the yield of US Treasury Strips with a maturity life equal to the option 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 option and Pre-IPO RSUs. Dividend yield is based on management estimation at the grant date.

Upon the consummation of the IPO, the fair value of Post-IPO RSUs was determined by directors based on the fair value of underlying ordinary shares as of the grant date. 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.

### (d) Shares held for RSU Scheme

On June 16, 2014, the Company entered into a trust deed with an independent trustee (the "RSU Trustee") and two independent trust nominees (the "Pre-IPO RSU Nominee" and the "Post-IPO RSU Nominee"), pursuant to which the RSU Trustee shall act as the administrator of the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme, and the Pre-IPO RSU Nominee and the Post-IPO RSU Nominee shall hold the shares underlying the Pre-IPO RSU Scheme and the Post-IPO RSU Scheme, respectively.

On June 19, 2014, the Company issued 7,280,000 ordinary shares to the Pre-IPO RSU Nominee at the par value of US\$0.0001 each. Accordingly, 7,280,000 ordinary shares of the Company underlying the RSUs were held by the Pre-IPO RSU Nominee for the benefit of the grantees pursuant to the Pre-IPO RSU Scheme.

On July 9, 2014, upon the Company's IPO on the Main Board of The Stock Exchange of Hong Kong Limited, the Company's ordinary shareholders received nine bonus shares for every registered ordinary share that they already held. As a result, the 7,280,000 ordinary shares of the Company underlying the RSUs were adjusted to 72,800,000 ordinary shares on a one-to-ten basis.

On June 16, 2014, the Company entered into a trust deed with an independent trustee (the "RSU Trustee") and an independent trust nominee (the "Post-IPO RSU Nominee"), pursuant to which the RSU Trustee shall act as the administrator of the Post-IPO RSU Scheme and the Post-IPO RSU Nominee shall hold the shares underlying the Post-IPO RSU Scheme.

# Notes to the Condensed Consolidated Financial Information

## 25 SHARE-BASED PAYMENTS (continued)

### (d) Shares held for RSU Scheme (continued)

On April 20, 2015, the Company issued 3,499,000 ordinary shares to the Post-IPO RSU Nominee at the par value of US\$0.0001 each. Accordingly, 3,499,000 ordinary shares of the Company underlying the RSUs were held by the Post-IPO RSU Nominee for the benefit of the grantees pursuant to the Post-IPO RSU Scheme.

The above shares held for Pre-IPO RSU Scheme and Post-IPO RSU Scheme were regarded as treasury shares in substance as the directors are of the view that such shares are within the control of the Company until the shares are vested unconditionally to grantees. Therefore, the above shares had been deducted from shareholders' equity.

### (e) Expected retention rate of grantees

The Group has to estimate the expected yearly percentage of grantees that will stay within the Group at the end of vesting periods of the shares options, Pre-IPO RSUs and Post-IPO RSUs (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the statement of comprehensive income. As at June 30, 2015, the Expected Retention Rate was assessed to be 100% (2014: 100%).

## 26 TRADE PAYABLES

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
Third parties	<b>12,722</b>	18,986
Amount due to related parties (Note 29(c))	<b>5,292</b>	5,292
	<b>18,014</b>	24,278

## Notes to the Condensed Consolidated Financial Information

### 26 TRADE PAYABLES (continued)

The aging analysis of trade payables based on recognition date is as follows:

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
0-90 days	5,557	10,424
91-180 days	3,076	5,336
181-365 days	3,376	2,976
Over 1 year	6,005	5,542
	<b>18,014</b>	24,278

### 27 OTHER PAYABLES AND ACCRUALS

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
Payables for acquisition of a subsidiary	13,500	–
Marketing and administrative expense accruals	13,081	14,906
VAT & other tax liabilities (a)	8,485	4,982
Staff costs and welfare accruals	8,735	10,666
Audit expenses payable	7,926	5,457
Amount due to non-controlling interest	3,338	–
Listing expenses payable	3,230	4,989
Deposit payables (b)	–	5,921
Payables to employees due to the exercise of share options	3,696	–
Others	6,974	5,609
	<b>68,965</b>	52,530

(a) The balances represent liabilities arising from turnover tax and other surcharges in the PRC.

(b) The deposit payables represent the deposits received from the third-party distributors as a condition of engaging in the video platform service with the Group. These deposits have been used to offset portion of the distributors' payment for their purchase of virtual currency since 2013.



# Notes to the Condensed Consolidated Financial Information

## 28 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
<b>Deferred income tax assets:</b>		
– to be recovered after more than 12 months	17,641	15,656
– to be recovered within 12 months	10,396	16,810
	<b>28,037</b>	32,466
<b>Deferred income tax liabilities:</b>		
– to be recovered after more than 12 months	4,738	281
– to be recovered within 12 months	666	80
	<b>5,404</b>	361
<b>Deferred income tax assets – net</b>	<b>22,633</b>	32,105

The movements of deferred income tax assets-net are as follows:

	<b>Six months ended June 30, 2015 RMB'000</b>	2014 RMB'000
Opening balance as of January 1	32,105	23,753
Acquisition of subsidiaries ( <i>Note 15</i> )	(5,299)	–
Recognized in the consolidated statements of comprehensive income	(4,173)	(981)
Closing balance as of June 30	<b>22,633</b>	22,772

As of June 30, 2015, the aggregate retained earnings of the Group's PRC entities amounted to RMB811,797,195. Such retained earnings are expected to be substantially retained by the PRC entities for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future. Therefore, no deferred income tax liability had been provided for such retained earnings.

## 29 RELATED PARTY TRANSACTIONS

### (a) Names and relationships with related parties

The following companies are related parties of the Group that had balances and/or transactions with the Group for all the periods presented.

<b>Company</b>	<b>Relationship</b>	<b>Period of Related Party Relationship</b>
SINA Hong Kong Limited	Non-controlling shareholder	Since July 15, 2010
Beijing Sina Internet Information Service Co., Ltd.	Subsidiary of non-controlling shareholder	Since July 15, 2010
Shanghai Sina Advertising Co., Ltd.	Subsidiary of non-controlling shareholder	Since July 15, 2010
Beijing Sina Advertising Co., Ltd.	Subsidiary of non-controlling shareholder	Since July 15, 2010
Weibo Internet Technology (China) Co., Ltd.	Subsidiary of non-controlling shareholder	Since July 15, 2010
Beijing Star World Technology Co., Ltd.	Non-controlling shareholder of subsidiary	Since August 19, 2013
Fu Haishu	Non-controlling shareholder of subsidiary	Since April 1, 2015

# Notes to the Condensed Consolidated Financial Information

## 29 RELATED PARTY TRANSACTIONS (continued)

### (b) Significant transactions with related parties

In the opinion of the executive directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective parties.

Related party transactions	Three Months Ended June 30,		Six Months Ended June 30,	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
(i) Advertisement revenue generated from related parties:				
Beijing Sina Internet Information Service Co., Ltd.	-	-	-	262
Shanghai Sina Advertising Co., Ltd.	-	71	-	301
Others	-	207	-	207
	-	278	-	770
(ii) Other revenue generated from related parties:				
Weibo Internet Technology (China) Co., Ltd.	1	2	8	5
Beijing Sina Internet Information Service Co., Ltd.	461	-	789	-
Others	-	199	-	300
	462	201	797	305
(iii) Commission charges paid to related parties:				
Beijing Star World Technology Co., Ltd.	1,166	1,395	2,308	4,958
(iv) Advertising expenses paid to related parties:				
Beijing Sina Internet Information Service Co., Ltd.	-	-	-	3,610
(v) Other expenses paid to related parties:				
Beijing Sina Internet Information Service Co., Ltd.	17	16	34	62
Others	2	-	2	-
	19	16	36	62

# Notes to the Condensed Consolidated Financial Information

## 29 RELATED PARTY TRANSACTIONS (continued)

### (c) Period end balances arising from sales and purchase of services

	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
(i) Receivables from related parties		
<b>Trade receivables</b>		
Beijing Sina Internet Information Service Co., Ltd.	415	331
Shanghai Sina Advertising Co., Ltd.	388	388
Beijing Star World Technology Co., Ltd.	588	377
Beijing Sina Advertising Co., Ltd.	46	46
SINA Hong Kong Limited	14	14
Others	386	255
	<b>1,837</b>	1,411
<b>Other receivables</b>		
Fu Haishu	6,505	–
	<b>As of June 30, 2015 RMB'000</b>	As of December 31, 2014 RMB'000
(ii) Payables to related parties		
<b>Trade payables</b>		
Beijing Sina Internet Information Service Co., Ltd.	5,292	5,292

## 30 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group determined that its business, as a whole, falls into one segment.

## 31 CONTINGENCIES

The Group did not have any material contingent liabilities as of June 30, 2015 and December 31, 2014.

## 32 COMMITMENT

As of June 30, 2015 and December 31, 2014, the capital expenditure contracted but not provided for amounted to RMB1,088,913 and RMB28,650,000, respectively.

## 33 EVENTS AFTER THE BALANCE SHEET DATE

In July 2015, the Company repurchased 2,919,000 ordinary shares of the Company at HK\$9,110,200 (approximately RMB7,187,000) through purchases on The Stock Exchange of Hong Kong Limited. All the repurchased ordinary shares had been cancelled as of July 31, 2015.