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Tian Ge Interactive Holdings Limited

天鵲互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1980)

MAJOR TRANSACTION – DISCRETIONARY ACCOUNT AGREEMENT AND SHARE SUBSCRIPTION AGREEMENT

DISCRETIONARY ACCOUNT AGREEMENT

Reference is made to the announcement of the Company dated 2 March 2020 in relation to the Discretionary Account Agreement (the “Previous Discretionary Account Agreement”) entered into between the Company and the Manager in relation to the discretionary investment services provided by the Manager to HuaGe, a wholly-owned subsidiary of the Company.

The Board announces that on 3 September 2020, HuaGe entered into the Discretionary Account Agreement with the Manager, pursuant to which HuaGe has agreed to appoint the Manager and the Manager has agreed to accept such appointment as manager to provide discretionary investment services by the Manager to HuaGe. The investment amount is US\$87.0 million and will be made by HuaGe to the Manager during an investment duration of two years.

SHARE SUBSCRIPTION AGREEMENT

The Board announces that on 3 September 2020, HuaGe entered into the Share Subscription Agreement with Micro Money Fund SPC, pursuant to which HuaGe has agreed to subscribe and purchase participating, redeemable, non-voting shares attributable to Micro Money Fund SP, a segregated portfolio of the Fund. The investment amount is US\$3.0 million.

LISTING RULES IMPLICATIONS

During the 12-month period preceding the date of the Discretionary Account Agreement and the Share Subscription Agreement, HuaGe has entered into the Previous Discretionary Account Agreement. Since (i) the Previous Discretionary Account Agreement and the Discretionary Account Agreement were entered into between the same parties, (ii) the manager of the Fund in the Share Subscription Agreement is identical to the Manager of the Previous Discretionary Account Agreement and the Discretionary Account Agreement, and (iii) the three agreements are expected to complete within a 12-month period of each other, the Directors consider that the Previous Discretionary Account Agreement, the Discretionary Account Agreement and the Share Subscription Agreement shall be aggregated as a series of transactions under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the respective investment amounts under the Previous Discretionary Account Agreement, the Discretionary Account Agreement and the Share Subscription Agreement, in aggregate, exceeds 25% but is less than 100%, the entering into of the Discretionary Account Agreement and the Share Subscription Agreement constitute a major transaction for the Company which is subject to notification, announcement and shareholder's approval requirements under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR

A circular containing, amongst other things, further details of the Discretionary Account Agreement, the Share Subscription Agreement and other information is expected to be despatched to Shareholders on or before 24 September 2020 in compliance with the Listing Rules.

THE DISCRETIONARY ACCOUNT AGREEMENT

The principal terms of the Discretionary Account Agreement are as follows:

Date: 3 September 2020

Parties: 1) HuaGe; and
2) the Manager

Subject matter

Pursuant to the Discretionary Account Agreement, HuaGe has agreed to appoint the Manager and the Manager has agreed to accept such appointment as the manager in relation to the provision of the discretionary investment management service by the Manager to HuaGe.

Management of the Investments

Subject to the terms and the conditions of the Discretionary Account Agreement, the Manager shall have full and absolute discretionary power to manage the Portfolio at HuaGe's own risk in accordance with the terms of the Discretionary Account Agreement.

The Manager will prepare monthly statement for HuaGe with full details of the status of all account balance and holdings. These monthly statements are issued within 10 Business Days of the end of each monthly accounting period. However, no monthly statement is required to be issued if no transactions have been effected in relation to the account during the month and no change has occurred in the account balance at the end of the relevant monthly accounting period.

Withdrawal

HuaGe may from time to time request the withdrawal of any of Investments or all of the Investments from the Portfolio provided that the Manager receives prior written notice of no less than 10 Business Days (or such shorter period as the Manager may from time to time prescribe) specifying the amount, currency, value date and payment instructions. Subject to any instructions in the notice, the outstanding liabilities whatsoever incurred by HuaGe hereunder, the uncompleted transactions already initiated by the Manager and any Suspension Events, the Manager will arrange for, and issue appropriate instructions for the realization as soon as practicable of such part of the Portfolio as it considers appropriate to produce the relevant cash sum for payment to HuaGe. Upon procuring the realization of monies and the effecting of any necessary currency conversion, the Manager will arrange for payment to be made to HuaGe.

Term and termination of the Discretionary Account Agreement

The Discretionary Account Agreement shall continue in effect until terminated by either party giving 30 days' prior written notice to the other, subject to the completion of outstanding transactions. The Manager may terminate the Discretionary Account Agreement by immediate notice if required to do so by the regulatory authority.

Management fee

The management fee amount is equal to 2.0% per annum of the market value of the assets under management (before deduction of any management fee). The management fee shall be paid at the end of each month, or on the date of termination of this Agreement on a pro-rata basis.

No separate fee will be levied by the Manager for safekeeping of assets or by any nominee appointed by the Manager, but fees, charges and expenses in connection with the custody of the Investments or other dealings of the Portfolio shall be borne by HuaGe or paid out of the Portfolio.

The amount of fee is capped at HKD3,000,000 per annum.

The management fee was determined upon arms-length basis negotiation between HuaGe and the Manager after taking into account the benefit of the entering into of the Discretionary Account Agreement as set out in the relevant section below.

Investment amount

The investment amount of the Discretionary Account Agreement is US\$87.0 million and will be made by HuaGe to the Manager during an investment duration of two years.

The investment amount will be managed by the Manager with full discretionary power in accordance with the terms of the Discretionary Account Agreement. If there is an increase in the investment amount, the Company will make appropriate disclosure in accordance with the applicable Listing Rules.

THE SHARE SUBSCRIPTION AGREEMENT

The principal terms of the Share Subscription Agreement are as follows:

Date: 3 September 2020

Parties: 1) HuaGe; and
2) the Fund

Subject matter

Pursuant to the Share Subscription Agreement, HuaGe has agreed to subscribe and purchase participating, redeemable, non-voting Class C Shares attributable to Micro Money Fund SP, a segregated portfolio of the Fund.

Withdrawal

HuaGe's investment in Micro Money Fund SP cannot be withdrawn except by way of redemption of Shares in accordance with the terms of the private placement memorandum relating to the Fund and the articles of association of the Fund and the redemption proceeds paid on the redemption of Shares will be paid into the account from which HuaGe's subscription monies were received unless the Fund agrees otherwise.

Subscription fee

The subscription fee is up to 2.0% of the subscription amount and is included in the subscription monies. Subscription monies must be received in cleared funds in the Micro Money Fund SP's account by no later than 5:00 pm (Hong Kong time) on the business day before the relevant subscription day.

Redemption fee

A redemption fee of 5 per cent of the redemption price will be charged on the redemption of any Class C Share which has been in issue for less than 12 months.

Investment amount

The investment amount of the Share Subscription Agreement is US\$3.0 million and will be paid to Micro Money Fund SP's account by no later than 5:00 pm (Hong Kong time) on the business day before the relevant subscription day.

REASONS AND BENEFITS FOR THE ENTERING INTO OF THE DISCRETIONARY ACCOUNT AGREEMENT AND THE SHARE SUBSCRIPTION AGREEMENT

The Company's financing activities in Hong Kong has been generating offshore capital for the Group. In line with the Company's treasury policy, the Company has the option of placing idle funds into fixed term time deposits or similar form of wealth accrual instruments. For a long period of time, the Company has been utilizing its onshore idle funds to subscribe for wealth management products through Internet banking from commercial banks in order to earn interests. To enhance its income for the presently unutilized offshore assets, HuaGe entered into the Discretionary Account Agreement with the Manager. In accordance with the Discretionary Account Agreement, HuaGe has the flexibility of withdrawal at its request. These features enable the HuaGe to generate steady income from its cash surplus while at the same time, maintain its liquidity position.

In addition, the Manager is specialized in providing securities and asset management services. It has solid practical investment experience in the Asia-Pacific region and its investment management team has both localized and international background. The Directors believe that the strength and capabilities of the Manager will enable it to provide quality investment management service and bring favorable returns to HuaGe.

The Directors consider that the Discretionary Account Agreement and the Share Subscription Agreement were entered into on normal commercial terms, and the terms of the Discretionary Account Agreement and the Share Subscription Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company

The Company is principally engaged in the operation of live social video platforms, advertising and other services in the People's Republic of China.

The Manager

The Manager is a company incorporated in Hong Kong with limited liability and is licensed to conduct Types 4 (advising on securities) and 9 (asset management) regulated activities by the Securities and Futures Commission in Hong Kong.

The ultimate beneficial owner(s) of the Manager is Mr. Li Zhi. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

LISTING RULES IMPLICATIONS

During the 12-month period preceding the date of the Discretionary Account Agreement and the date of the Share Subscription Agreement, HuaGe has entered into the Previous Discretionary Account Agreement. Since (i) the Previous Discretionary Account Agreement and the Discretionary Account Agreement were entered into between the same parties, (ii) the manager of the Fund in the Share Subscription Agreement is identical to the Manager of the Previous Discretionary Account Agreement and the Discretionary Account Agreement, and (iii) the three agreements are expected to complete within a 12-month period of each other, the Directors consider that the Previous Discretionary Account Agreement, the Discretionary Account Agreement and the Share Subscription Agreement shall be aggregated as a series of transactions under the Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the respective investment amounts under the Previous Discretionary Account Agreement, the Discretionary Account Agreement and the Share Subscription Agreement, in aggregate, exceeds 25% but is less than 100%, entering into of the Discretionary Account Agreement and the Share Subscription Agreement constitutes a major transaction for the Company which is subject to notification, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DESPATCH OF CIRCULAR

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Discretionary Account Agreement or the Share Subscription Agreement. As such, no Shareholder is required to abstain from voting in respect of the resolution approving the Discretionary Account Agreement and the Share Subscription Agreement.

A circular containing, amongst other things, further details of the Discretionary Account Agreement and the Share Subscription Agreement and other information is expected to be despatched to Shareholders on or before 24 September 2020 in compliance with the Listing Rules.

As the Completion is subject to the shareholders' approval, the transactions contemplated under the Discretionary Account Agreement may or may not be approved. Shareholders and potential investors of the Company should exercise caution when dealing in the shares or any securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “Board” | the board of Directors |
| “Business Day” | means a day (other than a Saturday, Sunday and Public Holiday) on which licensed banks are open for business in Hong Kong |
| “Company” | Tian Ge Interactive Holdings Limited, a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange |

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| “Custodian” | means any person(s) as the Manager may on behalf of HuaGe appoint from time to time, as custodian of the Portfolio |
| “Director(s)” | the director(s) of the Company |
| “Discretionary Account” | means the securities account and cash account relating to the Portfolio |
| “Discretionary Account Agreement” | the discretionary investment management agreement dated 3 September 2020 and entered into between the Manager and HuaGe in relation to the provision of the discretionary account service by the Manager to HuaGe |
| “Fund” | Micro Money Fund SPC (微錢基金) |
| “HuaGe” | a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Investments” | means bond funds, investment funds and structured notes |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Manager” | Forshine Asset Management Limited, a company incorporated in Hong Kong under the Companies Ordinance with limited liability and is licensed to conduct Types 4 (advising on securities) and 9 (asset management) regulated activities by the Securities and Futures Commission in Hong Kong |
| “Portfolio” | means all the Investments at any time under the management of the Manager. |
| “PRC” | the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan |
| “Previous Discretionary Account Agreement” | the discretionary investment management agreement dated 2 March 2020 and entered into between the Manager and HuaGe in relation to the provision of the discretionary account service by the Manager to HuaGe |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share Subscription Agreement” | the share subscription agreement dated 3 September 2020 and entered into between HuaGe and the Fund, pursuant to which HuaGe has agreed to subscribe and purchase participating, redeemable, non-voting shares attributable to Micro Money Fund SP, a segregated portfolio of the Fund |

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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Suspension Events” | Includes situations where the trading of a specific or various Investments are unavailable due to severe market conditions or issuer distress, suspension or limitation of trading by any public exchanges or any other circumstances which render it impossible to liquidate any or all the relevant Investments |
| “US\$” | United States dollar(s), the lawful currency of the United States of America |
| “%” | per cent |

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

Hong Kong, 3 September 2020

As of the date of this announcement, the executive Directors are Mr. Fu Zhengjun and Mr. Mai Shi'en; the non-executive Directors are Mr. Xiong Xiangdong and Ms. Cao Fei; and the independent non-executive Directors are Ms. Yu Bin, Mr. Yang Wenbin and Mr. Chan Wing Yuen Hubert.