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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 AND CONNECTED TRANSACTION DISPOSAL OF INTEREST**

On December 15, 2020, the Vendor (a wholly-owned subsidiary of a PRC operating entity of our Group), the Purchaser, the Target Company and the Guarantors entered into the Share Transfer Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 64% of the equity interest of the Target Company, which as of the date of this announcement is owned as to 64% by the Vendor and holds 80% equity interest in Shanghai Benqu, for an aggregate Consideration of approximately RMB256.0 million (approximately HK\$302.88 million). Shanghai Benqu develops and operates a leading mobile photo and video application in China, Wuta application, which has utilized artificial intelligence technology.

Upon Completion, the Target Company will be wholly-owned by the Purchaser.

As the Purchaser is an associate of the beneficiary owner of Sina Hong Kong Limited, and Sina Hong Kong Limited is a substantial shareholder of the Company holding 23.46% of the issued share capital of the Company as of the date of this announcement, the Purchaser constitutes a connected person of the Company under the Listing Rules, and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is/are more than 25% but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major and connected transaction of the Company, which is subject to the reporting, announcement, circular and the independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Disposal, the Share Transfer Agreement and the transaction contemplated thereunder.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Disposal is required to abstain from voting on the relevant resolution(s) at the EGM. Accordingly, Sina Hong Kong Limited and its associates will be required to abstain from voting on the resolution(s) approving the transaction.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Share Transfer Agreement are fair and reasonable and how to vote in respect of the resolution(s) on the Disposal, the Share Transfer Agreement and the transaction contemplated thereunder after taking into account the recommendation of the independent financial adviser. Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Share Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders with respect to the Disposal; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Disposal; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before January 7, 2021.

**As Completion is subject to the fulfilment of the conditions precedent set out in the Share Transfer Agreement, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the shares of the Company.**

## INTRODUCTION

On December 15, 2020, the Vendor (a wholly-owned subsidiary of a PRC operating entity of our Group), the Purchaser, the Target Company and the Guarantors entered into the Share Transfer Agreement pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 64% of the equity interest of the Target Company, which as of the date of this announcement is owned as to 64% by the Vendor, for an aggregate Consideration of approximately RMB256.0 million (approximately HK\$302.88 million). As of the date of this announcement, the Target Company holds 80% equity interest in Shanghai Benqu. Shanghai Benqu develops and operates a leading mobile photo and video application in China, Wuta application, which has utilized artificial intelligence technology.

The principal terms of the Share Transfer Agreement are set out below.

## THE SHARE TRANSFER AGREEMENT

**Date:** December 15, 2020

### **Parties:**

- (1) The Vendor: Jinhua Ruichi Investment Management Company Limited\* (金華睿馳投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Jinhua99 Information Technology Co., Ltd\* (金華玖玖信息技術有限公司), a company controlled by the Group through the Contractual Arrangements
- (2) Target Company: Jinhua Ruian Investment Management Company Limited\* (金華睿安投資管理有限公司), a company established in the PRC with limited liability and a subsidiary of the Vendor
- (3) The Purchaser: Beijing Weimeng Chuangke Investment Management Company Limited\* (北京微夢創科創業投資管理有限公司), a company established in the PRC with limited liability and an associate of the beneficiary owner of Sina Hong Kong Limited which is a substantial shareholder of the Company
- (4) Shanghai Benqu: Shanghai Benqu Internet Technology Company Limited\* (上海本趣網絡科技有限公司), a company established in the PRC with limited liability which is owned as to 14% by Maanshan Wuta Enterprise Management Center (General Partnership)\* (馬鞍山吾他企業管理中心(普通合夥)), 80% by the Target Company and 6% by the Purchaser as at the date of this announcement
- (5) Guarantors:
  - (i) Jinhua99 Information Technology Co., Ltd\* (金華玖玖信息技術有限公司), a company established in the PRC with limited liability which is owned as to 98% by Mr. Fu Zhengjun and 2% by Mr. Fu Yanchang, and controlled by our Group through the Contractual Arrangements
  - (ii) Jinhua9158 Network Science and Technology Co., Ltd\* (金華就約我吧網絡科技有限公司), a company established in the PRC with limited liability which is owned as to 98% by Mr. Fu Zhengjun and 2% by Mr. Fu Yanchang, and controlled by our Group through the Contractual Arrangements

## **Interest to be disposed of by the Group**

Pursuant to the terms and conditions of the Share Transfer Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, 64% of equity interest in the Target Company, which holds 80% equity interest in the Shanghai Benqu according to the Share Transfer Agreement. As of the date of this announcement, the Target Company is 64% owned by the Vendor.

## **Consideration**

The Consideration for the Disposal is RMB256.0 million and shall be paid by the Purchaser to the Vendor in the following manner:

Subject to the fulfillment of the Initial Conditions Precedent or the written waiver by the Purchaser, the Purchaser shall, within 15 working days from the date of completion of the Initial Conditions Precedent, pay 20% of the Consideration to the Vendor's designated account as initial transfer payment.

Subject to the fulfillment of the Final Conditions Precedent or the written waiver by the Purchaser, the Purchaser shall, within 15 working days from the date of completion of the Final Conditions Precedent, pay the remaining 80% of the Consideration to the Vendor's designated account as final transfer payment.

The Consideration was agreed among the Purchaser, the Vendor, the Target Company and the Guarantors after arm's length negotiation and was determined with reference to the valuations of the comparable companies and the future prospects of the business of the Target Group. The Directors consider that the Consideration is fair and reasonable.

## **Conditions precedent**

Completion is conditional upon the fulfillment of both the Initial Conditions Precedent and the Final Conditions Precedent, which include, among others:

- (1) all necessary internal authorizations and approvals (including but not limited to the approval of the board of directors and shareholders' meeting) and the approvals of the governmental authority (if any) of the parties involved in the transaction have been obtained and have not been revoked;
- (2) the proper signing of all transaction documents;
- (3) the Vendor to procure and ensure Shanghai Benqu has obtained the value-added telecommunications business license;
- (4) the Vendor to procure and ensure Shanghai Benqu submits written application documents for the online cultural business license or the non-commercial internet cultural activity filing in accordance with the opinions of relevant competent authorities;
- (5) the Target Company has signed labor contracts, non-competition agreements and confidentiality and intellectual property protection agreements with key employees, with the contract period be no less than two years;

- (6) the Vendor, the Guarantors, the Company and/or their respective associates have obtained all trademark rights related to “Wuta” and “Benqu”, and have irrevocably transferred to Shanghai Benqu. To the extent the trademark rights are in the process of application, the Vendor to ensure it has either abandoned the relevant trademark applications under the Vendor’s name or has changed the applicant’s name from the Vendor to Shanghai Benqu accordingly;
- (7) the Target Company and Shanghai Benqu have completed the business registration procedures for the Equity Transfers; and
- (8) the registered capital of the Target Company has been fully paid.

The Initial Conditions Precedent shall be fulfilled within 20 working days commencing on the date of the Share Transfer Agreement, whereas the Final Conditions Precedent shall be fulfilled within 12 months from the date of the initial transfer payment. The Purchaser may waive any of the conditions precedent. If any of the conditions precedent are not met due to the Purchaser’s own reasons, the relevant conditions precedent are deemed to have been met.

### **Completion**

Completion shall take place on the date of the final payment is being made or such other time and place as the Vendor and the Purchaser may agree. Upon Completion, the Target Company will be a wholly-owned subsidiary of the Purchaser and the Company will no longer has any equity interest in the Target Company.

The following table sets out the shareholding structure of the Target Company (i) as of the date of this announcement; and (ii) immediately after Completion.

Shareholding structure of the Target Company:

<b>Name of shareholders</b>	<b>As of the date of the Announcement</b>	<b>Immediately upon Completion</b>
The Vendor	64.00%	0.00%
The Purchaser	36.00%	100.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

### **INFORMATION OF THE TARGET COMPANY**

The Target Company, a subsidiary of the Vendor before the Disposal, is a company established in the PRC with limited liability in July 2018. It is an investment holding company principally engaged in investment management, enterprise management and consulting in the PRC.

The unaudited consolidated financial information of the Target Company for the year ended 31 December 2019 and the period from 19 July 2018 to 31 December 2018 are set out below:

	<b>For the year ended 31 December 2019 (unaudited) (approximate) RMB'000</b>	For the period from 19 July 2018 to 31 December 2018 (unaudited) (approximate) RMB'000
Net profit before taxation	<b>19,219</b>	1,669
Net profit after taxation	<b>20,301</b>	2,581

According to the unaudited management accounts of the Target Company, as of September 30, 2020, consolidated net assets of the Target Company amounted to approximately RMB281.7 million.

## INFORMATION OF SHANGHAI BENQU

Shanghai Benqu is a company established in the PRC with limited liability. Its wholly-owned subsidiary, Ningbo Benqu Culture Media Co., Ltd.\*(寧波本趣文化傳媒有限公司), is a company established in the PRC with limited liability in June 2018 principally engaged in online advertisement business. Shanghai Benqu principally engaged in developing and operating mobile photo and video applications in the PRC and developing platforms for simultaneous video re-touching features.

The financial information of Shanghai Benqu for the two financial years ended December 31, 2019 and 2018 is set out below:

	<b>For the year ended December 31,</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Net profit before taxation	<b>25,962</b>	9,393
Net profit after taxation	<b>25,360</b>	10,564

According to the unaudited management accounts of Shanghai Benqu, as of September 30, 2020, consolidated net assets of Shanghai Benqu amounted to approximately RMB68.6 million.

## **INFORMATION OF THE PURCHASER**

The Purchaser is an investment holding company. It is an associate of the beneficiary owner of Sina Hong Kong Limited, which is a substantial shareholder of the Company holding 23.46% of the issued share capital of the Company, and hence a connected person of the Company under the Listing Rules.

## **INFORMATION OF THE GROUP**

The Group is principally engaged in the live social video businesses.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Disposal enables the Group to realize/liquidate its investments in the Target Company calculated at fair market value.

The Directors are of the view that the terms of the Share Transfer Agreement have been negotiated on an arm's length basis and on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT OF THE DISPOSAL**

The Group will receive RMB256.0 million (approximately HK\$302.88 million) as Consideration for the Disposal. Upon completion of the Disposal, the financial results of the Target Company will no longer be consolidated into the financial accounts of the Group. Subject to review by the auditors after the Completion, it is expected that the Disposal will result in recognition of disposal gain in the consolidated statement of comprehensive income of the Group upon Completion. In accordance with the PRC taxation regulations, the Disposal is subject to income tax which may have an impact on the financial information of the Group.

## **USE OF PROCEEDS**

The net proceeds of the Disposal is intended to be used for (i) future development and/or expansion of the Group's online interactive entertainment business including but not limited to, potential acquisition of other competitors within the industry; and (ii) general working capital of the Group.

## **GUARANTEE**

The Guarantors shall bear unlimited joint and several liability for the obligations of the Vendor under the Share Transfer Agreement. The Purchaser shall have the right to claim directly from any guarantor in the case of the failure of the Vendor to pay any sum and when the same shall become due and payable under the Share Transfer Agreement. The Guarantors shall not refuse, and shall have obligations to guarantee the realization of all claims under the Share Transfer Agreement.



## **LISTING RULES IMPLICATIONS**

The Purchaser is an associate of the beneficiary owner of Sina Hong Kong Limited, and Sina Hong Kong Limited is a substantial shareholder of the Company holding 23.46% of the issued share capital of the Company as of the date of this announcement. Hence, the Purchaser constitutes a connected person of the Company under the Listing Rules, and the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal is/are more than 25% but all of the applicable percentage ratios are less than 75%, the Disposal constitutes a major and connected transaction of the Company, which is subject to the reporting, announcement, circular and the independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

## **GENERAL**

The EGM will be held for the Independent Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, the Disposal, the Share Transfer Agreement and the transaction contemplated thereunder.

Pursuant to the Listing Rules, any Shareholder who has a material interest in the Disposal is required to abstain from voting on the relevant resolution(s) at the EGM. Accordingly, Sina Hong Kong Limited and its associates will be required to abstain from voting on the resolution(s) approving the transaction.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Share Transfer Agreement are fair and reasonable and how to vote in respect of the resolution(s) on the Disposal, the Share Transfer Agreement and the transaction contemplated thereunder after taking into account the recommendation of the independent financial adviser. Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the Share Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders with respect to the Disposal; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Disposal; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before January 7, 2021.



## DEFINITIONS

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

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday or Sunday) on which commercial banks are open for business in Hong Kong, or the next Business Day where the Share Transfer Agreement provides that any action be taken on or before a day which is not a Business Day
“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
“Completion”	completion of the Disposal
“Completion Date”	the date on which the Purchaser has paid the Consideration in full
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	The consideration for the Disposal which is RMB256.0 million (approximately HK\$302.88 million)
“Contractual Arrangements”	has the meaning ascribed to it in the Prospectus
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Share Transfer Agreement
“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve the Share Transfer Agreement and the transaction contemplated thereunder
“Equity Transfers”	the Vendor’s transfer of 64% equity interest in the Target Company to the Purchaser
“Final Conditions Precedent”	the conditions precedent to be fulfilled within 12 months from the date of the initial transfer payment
“Guarantors”	Jinhua99 Information Technology Co., Ltd* (金華玖玖信息技術有限公司) and Jinhua9158 Network Science and Technology Co., Ltd* (金華就約我吧網絡科技有限公司)
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Share Transfer Agreement and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders who are independent of and have no interest in the transaction contemplated under the Share Transfer Agreement
“Initial Conditions Precedent”	the conditions precedent to be fulfilled within 20 working days commencing on the date of the Share Transfer Agreement
“Prospectus”	the prospectus of the Company dated June 25, 2014
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Vendor, the Purchaser, the Target Company collectively
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Beijing Weimeng Chuangke Investment Management Company Limited* (北京微夢創科創業投資管理有限公司), a company established in the PRC with limited liability and an associate of the beneficiary owner of Sina Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	64% of Target Company’s equity interest
“Shanghai Benqu”	Shanghai Benqu Internet Technology Company Limited* (上海本趣網絡科技有限公司), a company established in the PRC with limited liability which is owned as to 14% by Maanshan Wuta Enterprise Management Center (General Partnership)* (馬鞍山吾他企業管理中心(普通合夥)), 80% by the Target Company and 6% by the Purchaser as at the date of this announcement
“Share Transfer Agreement”	the share transfer agreement entered into, among others, between the Vendor, the Purchaser, the Target Company and the Guarantors in relation to the Disposal on December 15, 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Jinhua Ruian Investment Management Company Limited* (金華睿安投資管理有限公司), a company established in the PRC with limited liability which is owned as to 64% by the Vendor and 36% by the Purchaser immediately before the Disposal
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Jinhua Ruichi Investment Management Company Limited* (金華睿馳投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Jinhua99 Information Technology Co., Ltd* (金華玖玖信息技術有限公司), a company controlled by the Group through the Contractual Arrangements
“%”	per cent

*For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1.00 to HK\$1.18. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

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

Hong Kong, December 15, 2020

*As at 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.*

\* *for identification purposes only*