

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION
DISCRETIONARY ACCOUNT AGREEMENT

DISCRETIONARY ACCOUNT AGREEMENT

The Board announces that on 24 December 2024, HuaGe, the Company's wholly-owned subsidiary, 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 management services by the Manager to HuaGe. The total Investment Amount is US\$20.0 million, which will be funded by existing available cash reserves of the Company and the Manager is authorised to manage the Portfolio on the Company's behalf for an investment duration of two years.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Investment Amount under the Discretionary Account Agreement exceeds 5% but is less than 25%, the entering into of the Discretionary Account Agreement constitutes a discloseable transaction which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISCRETIONARY ACCOUNT AGREEMENT

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

Date: 24 December 2024

Parties: 1) HuaGe; and
2) the Manager

Subject Matter

HuaGe has agreed to appoint the Manager and the Manager has agreed to accept such appointment in relation to the provision of discretionary investment management services by the Manager to HuaGe.

Management of the Investments

The Manager will perform the duties of an “external asset manager”, pursuant to which the Company grants the Manager authorisation and a mandate as a third party to manage the Portfolio and its asset allocation on its behalf. The Manager has absolute and comprehensive discretion to select investment products provided by major banks and financial institutions, thereby offering management services for the Portfolio and making long/short investment decisions during the investment period. Therefore, the Discretionary Account Agreement does not involve transferring any funds to the Manager. On the contrary, the Manager will instruct the Portfolio owned by HuaGe to trade investment products provided and/or operated by large financial institutions such as Morgan Stanley, UBS, Citibank, Interactive Brokers, Futu Securities, etc., as well as by reputable local financial institutions.

The Manager will manage the Portfolio in accordance with the investment guidelines set out in the Discretionary Account Agreement. The guidelines include, among others, that investment products should be linked to companies with large market capitalisation, and the investments should comprise of companies across different industries. The Portfolio will be limited to investment products involving different asset classes, including (i) investment funds and/or funds of funds, (ii) options, and (iii) stocks (“asset class(es)”). The underlying assets of all investment products should primarily consist of blue-chip stocks in the equity and derivatives markets.

To ensure that the Investments are composed of diversified industries, the Manager will adhere to the standards and measures under the following investment guidelines:

- (i) Ensure diversity within the same asset class: The Investments will not only focus on asset classes with diversified portfolios (such as ETFs, funds of funds with diversified investments, etc.), but the Manager will also ensure that the underlying portfolio companies come from different industries, thereby minimising overlap within the same asset class among the relevant portfolio companies (such as investing in various ETFs/funds of funds with different portfolio companies);
- (ii) Invest in assets with lower volatility: According to the S&P 500 Volatility Index (SPX), assets with volatility higher than SPX are considered as high volatility assets, while asset classes with volatility lower than SPX are considered as low volatility assets. The allocation ratio between high volatility assets and low volatility assets will be maintained at 2:8; and
- (iii) Asset class diversification: The Manager will invest in the aforementioned three major asset classes, with no more than 40% of the Investment Amount allocated to options or stocks at any given moment.

The Manager will prepare a monthly statement for HuaGe with full details of the status of all account balance and holdings. These monthly statements are issued within 21 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. The Company will regularly review the monthly statements that display the Investments and closely monitor the performance of the Manager as well as all account balances and holdings. If the Company considers the Manager's performance to be suboptimal compared to the then financial market conditions, the Company reserves the right under the Discretionary Account Agreement to terminate the Manager's services with 30 days' written notice during the validity period of the Discretionary Account Agreement. The Company believes that the relevant arrangements will ensure adequate monitoring of the Manager's performance and enable timely identification of any deviations from the terms of the Discretionary Account Agreement.

The Company believes that it has sufficient legal protection for the Investments under the Discretionary Account Agreement for the following reasons: (i) HuaGe has entered into the Discretionary Account Agreement with the Manager, and the terms of such agreement clearly define the respective responsibilities and rights of HuaGe and the Manager; (ii) the Manager is a limited company incorporated in Hong Kong under the Companies Ordinance and is licenced by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities, thus the governance and operation of transactions under the Discretionary Account Agreement are regulated by securities regulatory authorities in Hong Kong; (iii) the Manager fulfils the duties of an external asset manager, with the assets remaining at all times within the Discretionary Account owned by HuaGe, and the Manager has no authority to transfer funds out of the Discretionary Account; and (iv) the related investment products in the Portfolio are provided and/or operated by large financial institutions such as Morgan Stanley, UBS, Citibank, brokerage platforms such as Interactive Brokers and Futu Securities, and reputable local financial institutions, with the operation of these investment products being safeguarded through the internal control systems of these institutions.

Return on the Investments

There is no guarantee regarding the return on the Investments. The expected annualised return on the Investments is approximately 9%, based on reference to (a) the average forecasted returns of potential portfolio of investment products involving different asset classes listed in the investment terms, including (i) investment funds and/or funds of funds, (ii) options, and (iii) stocks, and (b) the past performance of the investment product portfolio selected and/or operated by the Manager's investment team. The relevant assets of all investment products primarily consist of blue-chip stocks in the global equities and derivatives markets. The downside risk of investment products under the Discretionary Account Agreement is that the respective related stocks may fall below 25% to 40% of their respective market prices within a short period (generally 6 to 12 months). With the exception of such situations, the subscribers of the relevant investment products will usually receive the expected annualised return. The expected annualised return and corresponding stop-loss thresholds for the relevant investment products under the Discretionary Account Agreement are as follows:

	Expected Annualised Return	Stop-Loss Thresholds ⁽¹⁾
Investment funds and/or funds of funds	10%	15%
Options	20%	20%
Stocks	15%	15%

- (1) The stop-loss threshold refers to the maximum potential loss in investment value applicable to the investment product, as determined according to the terms of the investment product. Once the relevant investment products and/or stocks trigger all such thresholds, the Manager will evaluate their options, including considering reducing losses and/or engaging in further hedging activities to limit the Portfolio's risk exposure.

Risk Control Measures

In view of the downside risks (which may occur under extreme market conditions, causing significant fluctuations in the stock prices of related portfolio companies, thereby affecting the performance of investment products), the Manager will implement risk control measures to stop losses and utilise options derivatives to hedge against the relevant risks (as the situation warrants). The measures include: (i) for highly liquid assets such as stocks, the Manager will sell stocks in batches based on sell strategies and signals to reduce risk exposure; (ii) using a combination of call options and put options to hedge risk exposure; (iii) for funds, during fund selection, the Manager would invest in funds with low beta and high sortino ratio in risk-averse mode and to diversify investments into funds investment in different underlying products to avoid excessive industry concentration; and (iv) using options to hedge positions and reduce risk, and to minimize risk when making directional bets. These measures help the Manager adjust its investment positions in a timely manner and control risks within the specified range.

Withdrawal

HuaGe may from time to time request the withdrawal of any 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 liquidate HuaGe's positions.

Term and Termination of the Discretionary Account Agreement

The Discretionary Account Agreement specifies an investment period of two years, and the Company has the full discretion to renew it. The Discretionary Account Agreement also specifies the right of early termination, whereby either party can terminate the agreement by giving 30 days' prior written notice to the other party, subject to the completion of outstanding transactions. The Manager may terminate the Discretionary Account Agreement by immediate notice if required to do so by any regulatory authority.

Management Fee

The management fee is calculated at 2.0% of the annual market value of the managed Portfolio, with an annual cap of HKD3,000,000.

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 management fee was determined upon arms-length basis negotiation between HuaGe and the Manager.

Investment Amount

The total Investment Amount is US\$20.0 million, which will be funded by existing available cash reserves of the Company and the Manager is authorised to manage the Portfolio on the Company's behalf for 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.

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

Wealth Accumulation and Liquidity of Investment

According to the Company's capital policy, the Company continues to seek to expand offshore funds through investments in different asset classes and has subscribed to various wealth accumulation instruments. HuaGe entered into the Discretionary Account Agreement with the Manager to grow its offshore funds. According to the Discretionary Account Agreement, HuaGe may flexibly withdraw any or all the Investments from the Portfolio as required. The above practices help the Company derive potential income from its overseas cash surplus while maintaining its liquidity position.

Licensed and Experienced Investment Management Team

The Manager specialises in providing advice on securities and offering asset management services. Its investment experience in the Asia-Pacific region is solid, and its investment management team includes experts with local and international investment backgrounds.

The Manager is licenced by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities, with the central number BIB570. As a licenced entity, the Manager implements strict internal control measures to ensure compliance with the regulations of the SFC, the Securities and Futures Ordinance, and the Code of Conduct for Fund Managers when conducting regulated activities.

The Portfolio will be managed by experienced investment managers according to the investment guidelines listed in the Discretionary Account Agreement. The Manager is led by an investment team with professional knowledge and extensive investment experience, including Mr. Chung Kai Chiu, Ms. Leung Hiu Yan, and Ms. Kuang Tingting.

Mr. Chung Kai Chiu is a director and responsible officer of the Manager, with over thirty years of professional investment experience at a renowned investment institution. Mr. Chung has been a director and responsible officer of the Manager since December 2017. He served as a senior investment manager at Royal Trust Asia Ltd. (formerly known as Dow Finance Ltd.) from 1981 to 1989; an assistant to the chairman at Lolliman Group from 1989 to 1991; and the founding director at Capital Union Inc. from 1992 to 1996. From 1996 to December 2015, Mr. Chung served as an executive director at Capella Pacific Ltd., where he was responsible for managing the company's direct investment funds and providing tailored investment advice to corporate clients. He also served as a responsible officer at SPDB Asset Management Ltd. from August 2005 to November 2017. Mr. Chung obtained a Master of Business Administration degree from Illinois State University, USA, in 1981.

Mr. Chung has over 19 years of experience as a responsible officer holding SFC Type 4 (advising on securities) and Type 9 (asset management) licences, primarily responsible for managing the portfolios of the Manager, formulating investment strategies and constructing investment products, as well as supervising the Manager's operations to ensure compliance with SFC regulations.

Ms. Leung Hiu Yan is a responsible officer of the Manager. She held various positions at Creative Asset Management Limited from May 2010 to December 2015, including assistant fund manager, fund manager, representative and responsible officer; served as an executive director of Fortune Asset Management Limited from May 2016 to July 2017; and was the responsible officer and senior fund manager at Fortune Asset Management Limited from June 2016 to June 2018. She joined the Manager as a responsible officer in April 2019. Ms. Leung is a responsible officer holding the SFC Type 4 (advising on securities) and Type 9 (asset management) licences. She obtained a Bachelor of Business Administration and Finance degree from Keele University, United Kingdom, in 2007, and a Master of Marketing and Strategy degree from Warwick Business School, University of Warwick, United Kingdom, in 2008.

Ms. Leung has over 14 years of experience in the asset management industry, with comprehensive understanding and knowledge of the front and back office operations of asset management companies, the daily business operations of supervisory managers, investment functions, as well as advisory and research functions. She has 12 years of work experience in managing investment portfolios for professional investors, with experience in fund management, overseas fund establishment and fund formation, operational procedure formulation, and liaison with fund managers and custodians. She also has experience in providing investment advisory services and conducting market research on securities and private equity investment opportunities.

Ms. Kuang Tingting is a responsible officer of the Manager. From August 2012 to May 2013, she served as a financial analyst at AMTD Guangzhou Investment Advisory Company Limited. After accumulating business and marketing experience in large enterprises from 2014 to 2016, Ms. Kuang returned to the investment field. Since 2018, she has served as an investment manager at Forshine Asset Management Limited, and was appointed as a responsible officer in August 2022. Ms. Kuang is a responsible officer holding SFC Type 4 (advising on securities) and Type 9 (asset management) licences. She obtained a Bachelor's degree in Economics and Finance from Guangzhou University in 2010, and a Master's degree in Finance from Nanyang Technological University in 2012.

According to the Company's understanding, the Manager provides a global perspective, creates value through research, and generates excess returns for clients through active management and investment. The Manager strictly implements its systematic and rigorous investment decision-making process, supplemented by risk management tools, to align with clients' risk preferences. The Manager has a track record of providing advice on and managing diversified products (including but not limited to securities investment funds and industrial funds, discretionary portfolio management services, fund management services, and investment advisory services, etc.) to meet the investment needs of different clients. Based on the above, the Company believes that the Manager and its investment team possess the necessary investment experience to manage and assist the Company in bringing moderate returns to the Portfolio.

PREVIOUS EXPERIENCE WORKING WITH THE MANAGER

In 2020 and 2022, HuaGe entered into three discretionary account agreements with the Manager. The details of the three previous discretionary account agreements are as follows:

	2020 discretionary account agreement I	2020 discretionary account agreement II	2022 discretionary account agreement III
Signing Date	2 March 2020	3 September 2020	16 August 2022
Effective Date	2 March 2020	24 November 2020 ⁽¹⁾	17 January 2023 ⁽²⁾
Investment Amount	US\$60 million	US\$87 million	US\$60 million
Management Fee	The management fee was 2.0% of the market value of assets under management per year, with a maximum management fee of HKD3,000,000 per year.		
Current Situation	Due to the expiration of the investment periods of 2020 discretionary account agreement I, 2020 discretionary account agreement II and 2022 discretionary account agreement III, these agreements have been terminated. The Company currently holds the Portfolio in the form of long and short positions in investment portfolio constituent products, and these positions are not subject to the investment management of any investment manager.		

The following highlights the track record of the Manager under the previous engagement terms, showing investment return rates as of the following dates⁽³⁾:

31 December 2020	8.35%
30 June 2021	9.18%
31 December 2021	5.33%
30 June 2022	-15.33% ⁽⁴⁾
31 December 2022	-18.24% ⁽⁴⁾
30 June 2023	7.24%
31 December 2023	9.4%
30 June 2024	9.82%

Notes:

- (1) The effective date of the 2020 discretionary account agreement II is the day on which the agreement was approved by Shareholders at the extraordinary general meeting.
- (2) The effective date of the 2022 discretionary account agreement III is the day on which the agreement was approved by the Shareholders at the extraordinary general meeting.
- (3) As disclosed in the circular of the Company dated 29 October 2020, the Company was satisfied with the investment returns under the discretionary account agreement I. Therefore, the Company continued to appoint the Manager and entered into discretionary account agreement II. The investment amounts involved in the two agreements are consolidated to form an investment portfolio, thus the investment returns have been aggregated.
- (4) Due to several extreme market conditions, the Portfolio suffered losses in the later period of the 2020 discretionary account agreement I and the 2020 discretionary account agreement II.

The management services provided by the Manager have brought optimal returns to the Company. Save for year 2022, due to the tightening of monetary policy by the Federal Reserve, the Russia-Ukraine war and the resulting geopolitical tensions, the increased threat of delisting of Chinese concept stocks listed in the U.S., and the overall poor performance of global financial investment markets, the investment environment deteriorated rapidly and was in an unfavourable situation. The Directors believe that despite the aforementioned unforeseen circumstances that have adversely affected the discretionary accounts managed by the Manager in the past, and subject to the long-term health of the global investment market, the Manager, with the enhanced risk management measures taken under the Discretionary Account Agreement, will provide satisfactory investment management services for the Portfolio and deliver stable returns. In fact, with the implementation of the aforementioned enhanced risk management measures, the total investment return rate of the Investments as of 30 June 2024 has significantly improved. Therefore, the Directors reasonably believe that the Manager has the ability to continue providing satisfactory investment management services for the Portfolio and deliver stable returns.

The Directors believe that the Discretionary Account Agreement has been entered into on normal commercial terms, and the terms of the Discretionary Account 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 and other services in the PRC and other regions.

HuaGe is a wholly-owned subsidiary of the Company, and is engaged in investment and investment management business.

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 SFC.

The ultimate beneficial owners of the Manager are Ms. Chen Hongjun, Ms. Wang Weiyi, Mr. Zhong Xiaoming, Ms. Chen Cong, Ms. Cui Xiaofang and Ms. Kuang Tingting. 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

As of the date of this announcement, as one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in relation to the Investment Amount under the Discretionary Account Agreement exceeds 5% but is less than 25%, the entering into of the Discretionary Account Agreement constitutes a discloseable transaction which is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	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, an exempted company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“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 24 December 2024 and entered into between the Manager and HuaGe in relation to the provision of the discretionary account service by the Manager to HuaGe
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HuaGe”	HuaGe Group Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“Investments”	means investments in funds, investment funds, options and stocks
“Investment Amount”	US\$20.0 million

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 SFC
“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
“Securities and Futures Ordinance”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of par value of US\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
“U.S.” or “USA”	United States of America
“US\$”	United States dollar(s), the lawful currency of the U.S.
“%”	per cent

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

Hong Kong, 24 December 2024

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 Mr. Tse Ming Lun Alan, Mr. Wang Mingchun and Mr. Chan Wing Yuen Hubert.