

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 DISPOSAL OF INTEREST

THE SHARE TRANSFER AGREEMENT

The Board is pleased to announce that on December 17, 2020, the Vendor (a wholly-owned subsidiary of a PRC operating entity of our Group), entered into the Share Transfer Agreement with the Purchaser in respect of the Disposal at a consideration of RMB151,875,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Share Transfer Agreement exceeds 5% and all applicable percentage ratios are below 25%, the Share Transfer Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

The Board is pleased to announce that on December 17, 2020, the Vendor (a wholly-owned subsidiary of a PRC operating entity of our Group), entered into the Share Transfer Agreement with the Purchaser in respect of the Disposal at a consideration of RMB151,875,000 (approximately HK\$180.0 million).

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

THE SHARE TRANSFER AGREEMENT

Date

December 17, 2020

Parties

- (i) 9158 Investment Management (as the Vendor); and
- (ii) Shaoxing Shangyu (as the Purchaser).

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, 22.5% of equity interest in the Target Company, which is the entire equity interest the Company owned in the Target Company as of the date of this announcement.

Consideration and payment terms

The Consideration for the Disposal is RMB151,875,000 and shall be paid by the Purchaser to the Vendor in the following manner:

- (i) Prepayment: subject to the Purchaser's due diligence results, the Purchaser shall, within ten Business Days upon signing of the Share Transfer Agreement, settle the prepayment in the amount of RMB6,093,750 to the Vendor;
- (ii) First settlement: subject to the fulfillment of the conditions precedent or the written waiver by the Purchaser, the Purchaser shall, within 15 Business Days from the date of completion of the condition precedents, pay the first settlement in the amount of RMB95,625,000 to the Vendor's designated account, among which RMB89,531,250 will actually be paid to the account and RMB6,093,750 will be deducted by the prepayment.
- (iii) Second settlement: by the later of (a) November 30, 2020, or (b) 15 Business Days after the conditions precedent have been fully satisfied or waived by the Purchaser, the Purchaser shall pay to the Vendor the second settlement of the Consideration in the amount of RMB37,500,000;
- (iv) Third settlement: by the later of (a) January 31, 2021, or (b) 15 Business Days after the conditions precedent have been fully satisfied or waived by the Purchaser, the Purchaser shall pay to the Vendor the third settlement of the Consideration in the amount of RMB18,750,000;

The Consideration was agreed between the Purchaser and the Vendor 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 Company. The Directors consider that the Consideration is fair and reasonable.

Conditions Precedent

Completion is conditional upon, among others:

- (i) the proper signing and delivery of the Share Transfer Agreement;
- (ii) the fulfillment of Jinhua Yibo's shareholding registration change;
- (iii) the Purchaser has received the Target Company's distributable profits from January 1, 2020 to August 31, 2020;
- (iv) the board of directors and the shareholders' meeting of the Target Company have passed resolutions to (a) adopt the new articles of association of the Target Company, (b) approve the transaction, and (c) re-elect the candidates appointed by the Purchaser as the legal representatives, directors and supervisors of the Target Company;
- (v) each shareholder of the Target Company has waived all pre-emption right, right of first refusal, joint sale right or other rights with respect to the target equity interest to be transferred;
- (vi) statements of the Vendor and the Target Company shall remain true, accurate, complete and not misleading in any material respect;
- (vii) the Vendor and the Target Company have performed or complied with their undertakings, obligations and covenants under the Share Transfer Agreement;
- (viii) no event has occurred that would have a material adverse effect on the Vendor and the Target Company and there are no other material facts, matters and circumstances that would make the continuation or completion of the transaction impossible in reality;
- (ix) there are no PRC laws or other applicable laws, any agreements, contracts or documents, orders or requirements of stock exchanges, regulatory bodies or other governmental agencies that prohibit or restrict the completion of the transaction or materially and adversely affect the ownership, operation or control of the Target Company's principal business and related assets; and
- (x) the Vendor has disclosed to the Purchaser the nominee holding, proxy holding and trust holding arrangements on the equity interest of the Target Company, and the actual contributor (if it is not a signatory to Share Transfer Agreement) has issued a consent letter to the Purchaser agreeing to the transaction and agreeing to assume all obligations and liabilities of the Vendor under the Share Transfer Agreement.

The Purchaser may waive any of the conditions precedent in writing.

Completion

Completion shall take place upon the Purchaser pay the Consideration to the Vendor's designated account. Upon Completion, the Group will no longer hold any equity interest in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability which principally engages in the operation of web-based and mobile casual games in PRC.

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

	For the year ended December 31,	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Net profit before taxation	204,241	194,730
Net profit after taxation	158,691	175,257

According to the unaudited management accounts of the Target Group, as of September 30, 2020, consolidated net assets of the Target Company amounted to approximately RMB889.1 million.

INFORMATION ON THE VENDOR AND THE COMPANY

The Vendor is a company established in the PRC with limited liability and a wholly-owned subsidiary of Jinhua99 Information Technology Company Limited, which is a company controlled by the Company through contractual arrangements. The Vendor mainly operates as an investment holding vehicle of the Company.

The Company, through its subsidiaries and operating entities, is principally engaged in the businesses of operating of live social video platforms, mobile and online games and other products and services in the PRC.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC and principally engaged in the business of equity investment. Its ultimate beneficiary owner is Zhejiang Century Huatong Group Co., Ltd (浙江世紀華通股份有限公司), a company established in the PRC which principally engages in the business of auto parts production and sale as well as online game development, distribution and operation. The shares of Zhejiang Century Huatong Group Co., Ltd are listed and traded on the Shenzhen Stock Exchange (stock code: 002602).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal enables the Group to realize/liquidate part of its investments in the Target Company calculated at fair market value. The Group will accelerate its business focus and continuously optimize its business structure and resource deployment. The Disposal is conducive to enhancing the Group's performance and optimizing the allocation of resources of the Group.

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, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Company will receive RMB151,875,000 (approximately HK\$180.0 million) as Consideration for the Disposal. Upon completion of the Disposal, the Group will no longer hold any equity interest in the Target Company. Subject to review by the auditors, it is expected that this transaction will result in recognition of a loss of RMB96.0 million recognized in the consolidated statement of comprehensive income of the Group for the year ending 31 December 2020. The loss was mainly due to that as the Target Company has been affected by the government's intensified regulating and has an increasing bad debt risk recently, the Company decided to change its investment strategy and sell all its equity interests in the Target Company. Furthermore, the Company's original investment cost towards the Target Company was RMB18.8 million, so this investment still has significant realized gain on cash basis.

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.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules for the Share Transfer Agreement exceeds 5% and all applicable percentage ratios are below 25%, the Share Transfer Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Business Day”	refers to natural days other than Saturdays, Sundays and national legal holidays in the PRC
“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
“connected person”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the Consideration for the Disposal which is RMB151,875,000
“Director(s)”	directors(s) of the Company
“Disposal”	the disposal of 22.50% of the Target Company’s equity interest by the Vendor to the Purchaser pursuant to the Share Transfer Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser” or “Shaoxing Shangyu”	Shaoxing Shangyuyihe Equity Interest Investment Co., Ltd.* (紹興上虞貽赫股權投資有限公司)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Share Transfer Agreement”	The agreement entered into between the Purchaser and the Vendor on December 17, 2020, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 22.50% of the Target Company’s equity interest for a consideration of RMB151,875,000
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” or “Jinhua Yibo”	Jinhua Yibo Network Technology Co., Ltd.* (金華市億博網絡科技有限公司)
“Vendor” or “9158 Investment Management”	Jinhua9158 Investment Management Co., Ltd.* (金華就約我吧投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Jinhua99 Information Technology Company Limited, a company controlled by the Company through contractual arrangements
“%”	per cent

* *for identification purposes only*

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

Hong Kong, December 17, 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.