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Tian Ge Interactive Holdings Limited

天鵠互動控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1980)

DISCLOSEABLE TRANSACTION DISCRETIONARY ACCOUNT AGREEMENT

DISCRETIONARY ACCOUNT AGREEMENT

The Board announces that on 13 March 2025, 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 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 (as defined under the Listing Rules) 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: 13 March 2025

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 offer management services for the Portfolio and make long/short investment decisions during the investment period. Therefore, the Discretionary Account Agreement does not involve transferring any funds to the Manager (save for the receipt of management fees).

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 companies across different industries. The Portfolio will be limited to investment products involving different asset classes, including (i) stocks, (ii) funds, and (iii) fixed-income products (“**asset class(es)**”). The underlying assets of all investment products should primarily consist of blue-chip stocks in the equity and derivatives markets.

To achieve Portfolio diversification and risk mitigation, the Manager will dynamically adjust asset allocation in accordance with macroeconomic cycles, market liquidity, and industry trends, with strategic emphasis on the following sectors, and will strictly adhere to the standards and measures under the following investment guidelines:

- (i) Equity assets (including H-shares, A-shares, and global equities): allocation ratio of 0%-90%, prioritizing industry leaders with enduring competitive advantages and high-growth potential equities, and capturing structural opportunities as appropriate;
- (ii) Fixed-income assets (including government bonds, high-grade corporate bonds, and private debts or private notes): allocation ratio of 0%-90%, focusing on stable yields with emphasis on short-duration instruments to hedge against the volatility of interest rate;
- (iii) Fund assets (including public funds and private funds): allocation ratio of 0%-90%, prioritizing funds with experienced management teams and well-defined strategies to enhance the flexibility of portfolio return; and
- (iv) Dynamic optimization of allocation weight: the Manager will prudently evaluate the weighting of individual asset classes based on market analysis and capital efficiency requirements. Under a risk-controlled premise, phased optimization of allocation may be implemented in specific sectors to capture excess return, thereby maximizing investment efficacy.

The Manager will prepare monthly statements for HuaGe with full details of the status of all account balance and holdings, including the Portfolio holdings breakdown, return attribution, and risk metrics analysis. These monthly statements are issued within 5 Business Days of the end of each month. 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 1 (dealing in securities), 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; and (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.

Return on the Investments

There is no guarantee regarding the return on the Investments. The expected annualised return on the Investments is approximately 6%-9%, which is determined by reference to (a) the average forecasted returns of potential portfolio of investment products involving different asset classes listed in the investment terms based on the market-neutral assumption, and (b) the past performance of the investment product portfolio selected and/or operated by the Manager's investment team.

The underlying 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⁾
Stocks	6-9%	20%
Funds	6-9%	20%
Fixed-income products	6-9%	3%

⁽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 trigger all such thresholds, the Manager will evaluate their options, including initiating emergency decision-making procedures and adjusting positions in a timely manner 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 multi-tiered risk mitigation measures to stop losses. These measures include: (i) for highly liquid assets such as stocks, the Manager will establish a quantitative scoring model to screen equities meeting core financial metrics (e.g., ROE, cash flow), avoiding individual equities with elevated financial risks to reduce risk exposure; (ii) using a combination of derivatives such as index futures and options to hedge risk exposure, with dynamic stop-loss thresholds (maximum drawdown of a single asset not exceeding 20%); (iii) for funds, the Manager will periodically evaluate underlying asset allocations and leverage levels to avoid tail risks caused by strategy deviations; (iv) for fixed-income investments, the Manager will hedge interest rate volatility risks using derivatives such as interest rate swaps, dynamically adjust bond durations to align with market expectations, and conduct liquidity stress tests at regular intervals; (v) simultaneously, adjusting duration distribution based on interest rate forecasts to ensure that short-duration bonds (maturing within 1 year) account for no less than 40% of the Portfolio; (vi) setting an overall Portfolio volatility cap (annualised not exceeding 15%), with real-time risk exposure monitoring via a Value at Risk (VaR) model; (vii) establishing a stress-testing mechanism to simulate extreme market scenarios (e.g., liquidity crunches, credit default waves) at regular intervals, assessing Portfolio resilience and optimizing positions; and (viii) monitoring the net asset value of the discretionary account and enforcing stop-loss protocols; if the net asset value of an entire discretionary account falls below 0.97, the Manager will immediately initiate liquidation procedures to terminate the entrustment, thereby strictly controlling potential losses. These measures enable the Manager to timely adjust investment positions and control risks within predefined thresholds.

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 15 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 thereunder, 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 0.2% of the annual market value of the managed Portfolio, with an annual cap of US\$50,000.

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 FOR AND BENEFITS OF 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. Through entering into the Discretionary Account Agreement by HuaGe with the Manager, the Group's temporarily idle cash can be utilised in a reasonable and effective manner, so as to enhance the Group's overall return on capital and provide funding support for its core business. 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, thereby facilitating the development of core business.

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 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities, with the central number BIV461. 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 Ms. LI Meng and Mr. LIAO Wuyuan.

Ms. LI Meng is the executive director and responsible officer of the Manager, with nearly ten years of experience as a responsible officer holding SFC Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) licences. She obtained a Master of Software Engineering degree from Central South University in 2014. She has served as an investment director and a senior trust manager at Beijing Changsheng Huizhi Asset Management Co., Ltd. (北京長盛匯智資產管理有限公司), Zhongrong International Trust Co., Ltd., and Sichuan Trust Co., Ltd. (四川信託有限公司) since 2006, during which she independently completed various projects such as the Split-Share Structure Reform, the Mortgage Loan Pooled Fund Trust Plan of Zhengzhou Jinbang Coal Industry (鄭州金幫煤業), as well as art trust, real estate, and M&A loan pooled fund trusts.

Ms. LI Meng established Powership Capital Management Limited in 2016, and is 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.

Mr. LIAO Wuyuan is the director and chief risk officer of the Manager, with over twenty years of practicing experience in domestic and international financial markets. He joined the Manager as a responsible officer in September 2021, primarily responsible for assisting the chairman in such tasks as business strategy formulation, team development and business expansion. He is also in charge of various departments including legal affairs and risk control. He helps clients to plan financial products efficiently and avoid market risks, hence safeguarding the rapid development of the company.

Mr. LIAO Wuyuan is a responsible officer of the Manager, holding SFC Type 1 (dealing in securities), Type 4 (advising on securities), and Type 9 (asset management) licences. Mr. LIAO Wuyuan served as the general manager at Shenzhen Lichou Capital (深圳利綢資本), where he orchestrated cross-functional collaboration across investment research, legal affairs and risk management teams to conduct market realignment exercises and researches, and spearheaded investments in a group of fast growing enterprises with robust market prospects.

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.

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 territories.

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 Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities by the SFC.

The ultimate beneficial owner of the Manager is Ms. LI Meng. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Manager and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) under Rule 14.07 of the Listing Rules in relation to the Investment Amount, the Discretionary Account Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25% as at the date of this announcement, 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 on 28 July 2008 under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“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 13 March 2025 and entered into between the Manager and HuaGe in relation to the provision of the discretionary account service by the Manager to HuaGe
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HuaGe”	HuaGe Group Limited, a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“Investments”	means stocks, funds and fixed-income assets
“Investment Amount”	US\$20.0 million in total, which will be paid by HuaGe to the Manager within two years of investment duration
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Powership Capital Management Limited, a company incorporated in Hong Kong under the Companies Ordinance with limited liability and is licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 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 Investments
“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, 13 March 2025

As of the date of this announcement, the executive Directors are Mr. Fu Zhengjun and Mr. Mai Shi'en; the non-executive Director is Ms. Cao Fei; and the independent non-executive Directors are Mr. Tse Ming Lun Alan and Mr. Wang Mingchun.