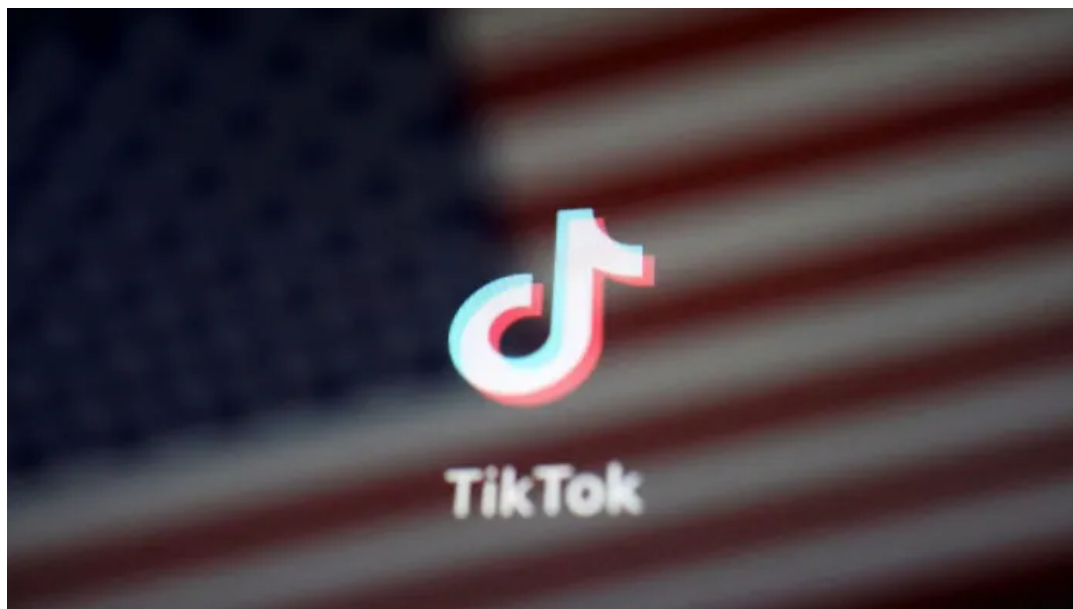


EXHIBIT 27

ByteDance

Doubts surround 'education fund' at heart of US TikTok deal

Questions over \$5bn 'patriotic' venture could hold up deal between ByteDance, Oracle and Walmart



Donald Trump, US president, has given his blessing to a deal that would allow TikTok to continue operating in the US © REUTERS

Demetri Sevastopulo in Washington and **James Fontanella-Khan** in New York
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Donald Trump has given his “blessing” to Oracle’s partnership with ByteDance to operate [TikTok](#), but his claim that the companies would finance a \$5bn “patriotic” education fund has raised questions about the deal to allow the app to operate in the US.

The president said he had given “preliminary” approval for the deal that Oracle and ByteDance, the Chinese owner of the short-video app, proposed to alleviate concerns about protecting US national security.

But in a new twist in the more than week-long negotiations between the companies and his administration, Mr Trump said his team was talking to them about funding a venture that would teach American children about the “real history of our country”.

“We have a deal worked out,” Mr Trump told supporters in North Carolina on Saturday. “They are going to pay \$5bn into a fund for education so we can educate people as to the real history of our country. We are getting very close to that deal.”

However, ByteDance said in a statement on Sunday that it had first heard about the \$5bn education fund from media reports.

The move was a “last-minute” decision to allow Mr Trump to claim he had won a victory by backing a deal that some critics said would allow China too much influence over TikTok, said one person with direct knowledge of the matter.

ByteDance, Oracle and Walmart, which is part of the TikTok deal, agreed to create an initiative after Mr Trump made the last-minute request. But they have had no discussions about a \$5bn commitment or any other amount, said people familiar with the situation.

ByteDance and its new partners will not create an education programme that seeks to teach American history in a manner that is tailored to any specific bias, said two people with direct knowledge of the matter.

On Saturday, Oracle said it and the other TikTok investors would create an educational initiative “to develop and deliver an AI-driven online video curriculum to teach children from inner cities to the suburbs”, adding that the courses would range from “basic reading and math to science, history and computer engineering”.

The lack of certainty raises questions about the timing of any final approval for the deal. The commerce department on Friday told Apple and Google [to remove TikTok from their app stores](#) from Sunday. It later extended the deadline by one week to give the companies time to work out the final details with the administration — and pave the way for the order to remove the apps to be reversed.

In his remarks in North Carolina, Mr Trump did not provide any detail about the \$5bn fund. But last week he said he would create a “patriotic education” initiative named the “1776 Commission”, in a reference to the year that the US declared independence.

The move appeared to be a response to the New York Times, which published its “1619 project” to trace the history of the US from the arrival of slaves. Some conservatives have railed against the project, which has become part of [a broad debate about race](#) after the death of George Floyd, and cases where black men have been subject to police brutality by white police officers.

Mr Trump has the power to approve or reject the deal on national security grounds. But it remained unclear under what legal authority he could urge the companies to fund the initiative. It was also unclear what mechanism would be used to create such a fund. The White House refused to comment and Treasury did not respond.

Last month, when Microsoft was negotiating with ByteDance over TikTok, Mr Trump claimed that the companies would have to provide a payment to Treasury in order to win his approval. That demand stunned lawyers inside and outside government, and eventually his own legal team told him that such a payment would not be lawful.

“Amazingly, I find that you’re not allowed to do that . . . How foolish can we be?” Mr Trump said earlier this week.

Oracle said TikTok would pay more than \$5bn to the Treasury in new taxes, although much of that will depend on the profitability of the social media group. ByteDance, which in addition to TikTok also runs very popular apps in China, reported \$3bn of net profit in 2019.

Additional reporting by Kiran Stacey in Washington

Follow [Demetri Sevastopulo](#) and [James Fontanella-Khan](#) on Twitter

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