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Forgame Holdings Limited

雲遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 484)

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 10 September 2024 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Interest at the Consideration of RMB22.80 million (equivalent to approximately HK\$25.08 million).

As at the date of this announcement, the Target Company is held as to 95.0769% by the Vendor and 4.9231% by Hainan Binghong. Upon completion of the Acquisition, the Target Company will be held as to 95.0769% by the Purchaser and will become an indirect non wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

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As at the date of this announcement, the Target Company is held as to 95.0769% by the Vendor and 4.9231% by Hainan Binghong. Upon completion of the Acquisition, the Target Company will be held as to 95.0769% by the Purchaser and will become an indirect non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the consolidated financial statements of the Group.

The principal terms of the Sale and Purchase Agreement are set out below.

Date

10 September 2024 (after trading hours)

Parties

(1) The Purchaser

(2) The Vendor

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

The Acquisition

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Target Interest.

As at the date of this announcement, the Target Company is held as to 95.0769% by the Vendor and 4.9231% by Hainan Binghong. Upon completion of the Acquisition, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

Consideration

The Consideration payable by the Purchaser shall be RMB22.80 million (equivalent to approximately HK\$25.08 million).

The Consideration was determined after arm's length negotiations between the Parties with reference to (i) the valuation that the market value of the Target Interest as at 31 July 2024 was approximately RMB22.80 million, as appraised by an independent qualified valuer under the market approach; (ii) the business nature of the Target Company; (iii) the future business prospects of the Target Company; and (iv) the reasons and benefits as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement. It is expected that the Consideration will be funded by the internal resources of the Group.

Payment terms

The Consideration shall be settled in the following manner:

- (1) the Purchaser shall pay 50% of the Consideration in the amount of RMB11.40 million (equivalent to approximately HK\$12.54 million) to the Vendor within seven (7) business days of signing the Sale and Purchase Agreement; and
- (2) the Purchaser shall pay the remaining balance in the amount of RMB11.40 million (equivalent to approximately HK\$12.54 million) to the Vendor within seven (7) business days of the completion of the change of industrial and commercial registration relating to the transfer of equity interests in the Target Company.

Completion

The Vendor shall complete the change of industrial and commercial registration procedures relating to the transfer of equity interests in the Target Company within 30 days upon receiving the first instalment of the Consideration under the Sale and Purchase Agreement, in accordance with the requirements of the supervising authority of the location of the Target Company, and the Purchaser shall cooperate with the Vendor in respect of the submission of the relevant materials.

Assumption of debts and liabilities

After the Sale and Purchase Agreement comes into effect, the Purchaser shall share the profits of the Target Company and bear the risks and losses of the Target Company (including undistributed profits and liabilities of the Target Company prior to the Acquisition) in proportion to the Target Interest.

Prior to entering into the Sale and Purchase Agreement, the Purchaser engaged a third-party agency to conduct legal and financial due diligence on the Target Company. According to the results of the due diligence, the Target Company has total liabilities of approximately RMB37.58 million (equivalent to approximately HK\$41.34 million) and net assets of approximately RMB10.69 million (equivalent to approximately HK\$11.76 million) as at 31 July 2024. The Vendor confirms that, except for the payables clearly stated in the due diligence report, the Target Company has no other payables and external debts. In the event that the Purchaser becomes aware of other undisclosed debts or payables after completion of the Acquisition, such debts and payables shall be wholly borne by the Vendor.

Termination

Unless otherwise agreed in the Sale and Purchase Agreement, the Sale and Purchase Agreement may be amended or terminated by mutual agreement of the Parties, provided that any amendment or termination must be made in writing and must not violate the laws and regulations currently in force in the PRC. If any Party unilaterally terminates the Sale and Purchase Agreement without the mutual agreement of the other Party, it shall bear the liability for breach of contract in accordance with the Sale and Purchase Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability and held as to 95.0769% by the Vendor and 4.9231% by Hainan Binghong as at the date of this announcement. The Target Company is principally engaged in the wholesale trading and distribution of electronic components and the provision of supply chain services.

Financial information of the Target Company

According to the audited financial statements of the Target Company, the key financial information of the Target Company for its two financial years ended 31 December 2022 and 31 December 2023 is as follows:

	For the year ended 31 December 2023 (audited) (RMB million)	For the year ended 31 December 2022 (audited) (RMB million)
Revenue	8.77	7.08
Profit/(loss) before income tax	1.64	(0.47)
Net profit/(loss) after income tax	1.55	(0.48)

The audited net asset value of the Target Company as at 31 December 2022 and 31 December 2023 was approximately RMB13.72 million (equivalent to approximately HK\$15.09 million) and RMB15.28 million (equivalent to approximately HK\$16.81 million), respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in developing and publishing domestic and overseas webgames and mobile games and the trading of electronic devices and semiconductors in the PRC.

The Target Company is principally engaged in the wholesale trading and distribution of electronic components and the provision of supply chain services, primarily to customers engaged in the manufacture of electronic products and semiconductors. The long-term partnerships of the Target Company with companies in the electronics industry will allow it to help the Group better integrate upstream and downstream supply chain resources, explore more in-depth cooperation opportunities with leading technology companies and strengthen the overall stability of the semiconductor trading business of the Group.

Having considered the customer base, past financial performance and future prospects of the Target Company, the Board holds positive views towards the future development of the Target Company and the long-term returns from the Acquisition.

The terms of the Sale and Purchase Agreement were determined after negotiations on an arm's length basis between the Parties. The Board is of the view that the Acquisition is on normal commercial terms and is fair, reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Company and the Group

The Company is an exempted company incorporated in the Cayman Islands with limited liability and its principal activity is investment holding. The Group is principally engaged in developing and publishing domestic and overseas webgames and mobile games and the trading of electronic devices and semiconductors in the PRC.

The Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. It is principally engaged in the trading of electronic devices and semiconductors.

The Vendor

The Vendor is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Vendor is wholly owned by Onway SkyGroup Limited, a company incorporated in Hong Kong, which is wholly owned by Mr. Yuen Kwok Kui. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but all are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acquisition”	the acquisition of the Target Interest by the Purchaser from the Vendor in accordance with the Sale and Purchase Agreement
“Board”	the board of Directors

“Company”	Forgame Holdings Limited (雲遊控股有限公司), an exempted company incorporated in the Cayman Islands on 26 July 2011 with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Consideration”	the consideration for the Acquisition of RMB22.80 million (equivalent to approximately HK\$25.08 million)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hainan Binghong”	Hainan Province Binghong Investment Partnership Enterprise (Limited Partnership)* (海南省秉宏投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC. As at the date of this announcement, Hainan Binghong is owned as to 60% by Ms. Gu Wei (顧微) and 40% by Ms. Hou Fenling (侯粉靈). Ms. Gu Wei is the spouse of Mr. Zhou Xiaoyu (周曉宇), who is a Director, and accordingly Hainan Binghong is a connected person of the Company. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Ms. Hou Fenling is an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual or a company which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company within the meaning of the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	the Purchaser and the Vendor
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Purchaser”	Netcloud (Hong Kong) Technology Limited (香港雲信科技有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the equity transfer agreement entered into between the Parties in relation to the Acquisition on 10 September 2024
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	shall have the meaning ascribed thereto under the Listing Rules
“Target Company”	Shenzhen Haihong Microelectronics Technology Co., Limited* (深圳海紅微電子技術有限公司), a company established under the laws of the PRC with limited liability and held as to 95.0769% by the Vendor and 4.9231% by Hainan Binghong as at the date of this announcement
“Target Interest”	95.0769% of the equity interest in the Target Company owned and held by the Vendor as at the date of this announcement
“Vendor”	SILVER POWER ENTERPRISE LIMITED (銀成企業有限公司), a company incorporated in Hong Kong with limited liability
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.10. This exchange rate is adopted for the purpose of illustration only and does not constitute a representation that amounts have been, could have been, or may be exchanged at this rate or any other rates at all.

** For identification purpose only*

By order of the Board
Forgame Holdings Limited
CUI Yuzhi
Chairman

Hong Kong, 10 September 2024

As at the date of this announcement, the executive Directors are Mr. CUI Yuzhi, Mr. ZHU Liang and Mr. ZHOU Xiaoyu; and the independent non-executive Directors are Mr. WONG Chi Kin, Mr. LU Xiaoma and Mr. JI Yong.