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**CMGE Technology Group Limited**

**中手游科技集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 0302)**

## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

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On 29 May 2024 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 100,000,000 Subscription Shares at the Subscription Price of HK\$1.68 per Subscription Share.

The Subscription Shares represent (i) approximately 3.63% of the existing total number of issued Shares of 2,752,672,000 Shares as at the date of this announcement; and (ii) approximately 3.51% of the enlarged total number of issued Shares of 2,852,672,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

**Completion is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

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### **Subscription Agreement**

Date: 29 May 2024 (after trading hours)

Parties: (1) the Company, as issuer; and  
(2) Farrich Investments Limited (遠富投資有限公司), as subscriber

Subscription Shares: 100,000,000 Subscription Shares

Subscription Price: HK\$1.68 per Subscription Share

Farrich Investments Limited is a company incorporated in the British Virgin Islands which is ultimately wholly-owned by Mr. Chu. Farrich Investments is principally engaged in investments through a diversified portfolio and strategic partnerships.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Farrich Investments and its ultimate beneficial owner Mr. Chu are Independent Third Parties.

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 100,000,000 Subscription Shares, representing:

- (1) approximately 3.63% of the existing total number of issued Shares of 2,752,672,000 Shares as at the date of this announcement; and
- (2) approximately 3.51% of the enlarged total number of issued Shares of 2,852,672,000 Shares immediately following Completion, assuming that there will be no change in the total number of issued Shares (other than the issue of the Subscription Shares) between the date of this announcement and Completion.

## **Subscription Price**

The Subscription Price of HK\$1.68 per Subscription Share represents:

- (1) a premium of approximately 12.8% to the closing price of HK\$1.49 per Share as quoted on the Stock Exchange on the trading day on the date of the Subscription Agreement;
- (2) a premium of approximately 26.3% to the average closing price of HK\$1.33 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement; and

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the historical price trend, trading volume of the Shares, the prevailing market price, the existing capital market conditions, the funding needs and financial and trading prospects of the Group.

The Subscription Shares have an aggregate nominal value of US\$10,000. Taking into account the expenses of the Subscription in the amount of approximately HK\$1 million, the net price per Subscription Share to the Company will be approximately HK\$1.67.

## **Ranking of the Subscription Shares**

The Subscription Shares shall rank *pari passu* in all respects with the existing Shares in issue as at the date of Completion and shall be allotted and issued by the Company free from any lien, charges, security interests, encumbrances or other third party rights together with a rights attaching thereto on and after the date of their allotment including all dividends declared or payable or distributions made or proposed to be made at any time by reference to a record date falling on or after the date of allotment of the Subscription Shares.

## **Conditions Precedent**

The Completion of the Subscription Agreement is conditional upon the fulfilment or waiver of the following conditions:

- (1) the listing of and permission to deal in all of the Subscription Shares being granted by the Listing Committee (either unconditionally, or subject to customary conditions), and such approval not having been revoked before each Payment Date, and not to be revoked before the Completion;

- (2) the Shares remaining listed and traded on the Stock Exchange at all times from the date of the Subscription Agreement to the Completion Date (including each Payment Date), save for any temporary suspension not exceeding five (5) consecutive trading days (as defined under the Listing Rules), or such longer period as the Subscriber may accept in writing; and
- (3) the Directors having passed all necessary resolutions in approving, among other things, the Subscription Agreement and the transactions contemplated thereunder (including but not limited to the issue and allotment of the Subscription Shares).

The conditions precedent in paragraph (3) above may be waived, whether in whole or in part, by the Subscriber by notice in writing to the Company at any time.

### **Completion**

Subject to the conditions precedent being satisfied or waived in accordance with the Subscription Agreement, Completion will take place on a day when the Subscriber has paid to the Company the total consideration payable by the Subscriber under the Subscription Agreement, either in one lump sum or in instalments as otherwise determined by the Subscriber, within sixty (60) calendar days after the date of the Subscription Agreement, or such other date as the parties may agree.

In the event that the Subscriber fails to pay the consideration in full in accordance with the terms and conditions of the Subscription Agreement, the Company shall have the right to terminate the Subscription Agreement. In the event of termination of the Subscription Agreement, the rights and obligations of the Company and the Subscriber thereunder shall forthwith cease to be of any effect and terminate save for claims arising out of antecedent breach or accrued rights and obligations of the parties under the Subscription Agreement.

At Completion, the Company will allot and issue 100,000,000 Subscription Shares to the Subscriber.

### **Subscriber's Lock-up**

Subject to certain exceptions, the Subscriber agrees and undertakes to the Company that the Subscriber will not, whether directly or indirectly, at any time during the period of three (3) months from the Completion Date:

- (a) sell, offer to sell, contract or agree to sell, pledge, mortgage, charge, hypothecate, lend, grant any option, warrant or other right to purchase, or otherwise transfer or dispose of or create a third party right over, either directly or indirectly, conditionally or unconditionally, any Subscription Shares;

- (b) enter into any swap or other arrangement that transfers to another person, in whole or in part, any of the economic consequences of ownership of any Subscription Shares;
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a) or (b) above; or
- (d) offer to or contract to or agree to or publicly disclose that it will enter into any transaction described in paragraphs (a), (b) or (c) above.

### **GENERAL MANDATE**

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 550,534,400 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM.

As at the date of this announcement, the Company has not allotted and issued any Shares under the General Mandate, and the remaining balance of the General Mandate is 550,534,400 Shares. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

### **APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 2,752,672,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of issued Shares and the shareholding structure of the Company (other than the issue of the Subscription Shares) between the date of this announcement and Completion:

Name of Shareholder	As at the date of this announcement		Immediately after Completion	
	Approximate Number of Shares	% shareholding	Approximate Number of Shares	% shareholding
Fairview Ridge Investment Limited <sup>(1)</sup>	693,309,425	25.19	693,309,425	24.30
Zhongshouyou Brothers Limited <sup>(2)</sup>	70,598,642	2.56	70,598,642	2.47
XIAO Jian <sup>(2)</sup>	15,950,000	0.58	15,950,000	0.56
Silver Joyce International Limited <sup>(3)</sup>	123,750,238	4.49	123,750,238	4.34
SIN Hendrick <sup>(3)</sup>	2,328,000	0.08	2,328,000	0.08
Pegasus Network HK Limited <sup>(4)</sup>	293,327,517	10.66	293,327,517	10.28
Yichong Technology Limited <sup>(5)</sup>	76,133,590	2.76	76,133,590	2.67
FAN Yingjie <sup>(6)</sup>	918,000	0.03	918,000	0.03
Farrich Investments <sup>(7)</sup>	144,506,506	5.25	244,506,506	8.57
Other Public Shareholders	<u>1,331,850,082</u>	<u>48.38</u>	<u>1,331,850,082</u>	<u>46.69</u>
Total	<u>2,752,672,000</u>	<u>100.00</u>	<u>2,852,672,000</u>	<u>100.00</u>

### Notes:

1. Fairview Ridge Investment Limited is wholly-owned by Motion Game Company Limited, which is in turn wholly-owned by Profound Power Investment Limited and is in turn wholly-owned by Changpei Investment Centre, L.P. (“**Changpei Cayman**”). The general partner of Changpei Cayman is Ambitious Profit Investment Limited, which is indirectly owned as to 64% by Mr. XIAO Jian through Zhongshouyou Brothers Limited and 36% by Mr. SIN Hendrick through Silver Joyce International Limited.
2. Mr. XIAO Jian, through Victory Aspire Group Limited, a company wholly-owned by Antopex Limited, which is nominated by CMB Wing Lung (Trustee) Limited (the trustee of the ZSY Trust, a discretionary trust set up by Mr. XIAO Jian), was deemed to be interested in 70,598,642 Shares directly held by his wholly-owned company, Zhongshouyou Brothers Limited. Mr. XIAO Jian is also the beneficial owner of 15,950,000 Shares.
3. Mr. SIN Hendrick, through Silver Joyce International Limited, was deemed to be interested in 123,750,238 Shares directly held by his wholly-owned company, Silver Joyce International Limited. Mr. SIN Hendrick is also the beneficial owner of 2,328,000 Shares.

4. Pegasus Network HK Limited is wholly-owned by Pegasus Technology Limited, which is in turn wholly-owned by Shanghai Pegasus Technology Development Limited, and is in turn owned as to 99.6% by Shanghai Pegasus Investment Centre (Limited Partnership), the general partner of which is Dazi Dingcheng Capital Investment Co., Ltd., which is wholly-owned by Beijing Zhongrong Dingxin Investment Management Co., Ltd., and is in turn wholly-owned by Zhongrong International Trust Co., Ltd.
5. Yichong Technology HK Limited is wholly-owned by Yichong Technology Limited, which is in turn wholly-owned by Shanghai Yichong Technology Development Limited, and is in turn owned as to 99.6% by Shanghai Yichong Investment Centre (Limited Partnership), the general partner of which is Dazi Dingcheng Capital Investment Co., Ltd., which is wholly-owned by Beijing Zhongrong Dingxin Investment Management Co., Ltd., and is in turn wholly-owned by Zhongrong International Trust Co., Ltd.
6. Mr. FAN Yingjie is the beneficial owner of 918,000 Shares.
7. Farrich Investments is wholly-owned by TheBest Investments Limited. TheBest Investments Limited is a wholly-owned subsidiary of Clear Build Investments Limited, which is in turn wholly-owned by Mr. Chu.

## **USE OF PROCEEDS AND REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The gross proceeds and net proceeds from the Subscription Agreement are estimated to be approximately HK\$168,000,000 and HK\$167,000,000, respectively.

The Group is a leading IP-based game publisher and developer, focusing primarily on IPs relating to well-known cultural products and art works such as icons or characters from popular animations, novels and motion pictures which have a significant fan base, market acceptance and commercial value. The Company intends to apply the net proceeds from the Subscription to further enhance its IP-based game publishing and development business through acquisitions and/or investments in (i) leading game developers with good research and development capabilities, and (ii) strong IP rights relating to popular and promising animations, literature, game and motion pictures, in Greater China. As at the date of this announcement, no specific acquisition or investment target has been identified by the Company in respect of the application of the net proceeds.

The Directors consider that the issue of the Subscription Shares represents an opportunity to raise capital for the Group's general working capital needs. The Directors believe that the Company, by entering into the Subscription Agreement, will benefit the Group's long term development and broaden its Shareholder and capital base to facilitate the future growth and development of its business.

The Board is of the view that the terms of the Subscription Agreement and the transactions contemplated thereunder are on normal commercial terms agreed upon after arm's length negotiations between the parties, fair and reasonable and that entering into the Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

## **GENERAL**

Completion is subject to fulfilment of the conditions thereunder. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

## **DEFINITIONS**

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

“AGM”	the annual general meeting of the Company convened on 27 May 2024;
“Board”	the board of Directors;
“Company”	CMGE Technology Group Limited (中手游科技集团有限公司), an exempted company incorporated in the Cayman Islands with limited liability and whose ordinary shares are listed on the Main Board of the Stock Exchange (stock code: 0302);
“Completion”	completion of the Subscription;
“Completion Date”	the date on which the Completion occurs;



“Director(s)”	the director(s) of the Company;
“Farrich Investments”	Farrich Investments Limited (遠富投資有限公司), a company incorporated in the British Virgin Islands which is ultimately wholly-owned by Mr. Chu. It is the holder of 144,506,506 Shares, representing approximately 5.25% of the issued share capital of the Company as at the date of this announcement;
“General Mandate”	the general authority granted to the Directors to allot and issue up to 550,534,400 Shares, representing 20% of the total number of Shares in issue as at date of the AGM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Chu”	Mr. Yat Hong Chu;
“Payment Date”	the date on which the total consideration payable by the Subscriber under the Subscription Agreement or any portion thereof is paid by the Subscriber to the Company;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;

“Share(s)”	ordinary share(s) of the Company with nominal value of US\$0.0001 each;
“Shareholder(s)”	holder(s) of the Share(s);
“Subscriber”	Farrich Investments;
“Subscription”	subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 29 May 2024 entered into between the Company and the Subscriber;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$1.68 per Subscription Share;
“Subscription Shares”	an aggregate of 100,000,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement;
“%”	per cent.

By order of the Board  
**CMGE Technology Group Limited**  
**XIAO Jian**  
*Chairman*

Hong Kong, 29 May 2024

*As at the date of this announcement, the Board comprises Mr. XIAO Jian, Mr. SIN Hendrick M.H. and Mr. FAN Yingjie as executive Directors; Mr. ZHANG Shengyan and Mr. JIANG Yukai as non-executive Directors; and Ms. NG Yi Kum, Mr. TANG Liang and Mr. HO Orlando Yaukai as independent non-executive Directors.*