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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the “**Board**”) of directors (the “**Directors**”) of Forgame Holdings Limited (the “**Company**” or “**Forgame**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**” or “**we**”) for the year ended 31 December 2024.

OVERVIEW

In 2024, the global economic recovery momentum continued to weaken, with persistent geopolitical conflicts (such as the escalating Palestinian-Israeli conflict and the protracted stalemate in the Russo-Ukrainian war), significant volatility of international energy market, tightening monetary policies by major central banks coupled with high debt pressure and other multiple factors, which together formed a complex operating environment. Against this backdrop, the growth engines of developed economies such as the United States (“**U.S.**”) and the European Union decelerated significantly, while China’s economy was also faced with various challenges such as shrinking external demand and technological blockade, especially the technology industry represented by the semiconductor sector under continuous pressure.

Under the double pressure of shrinking domestic demand and supply chain restructuring, the Board and the management continued to optimize operations and management strategies, and promoted dynamic adjustment of the business structure by strengthening risk control and enhancing corporate governance. On the basis of maintaining the stable operation of its core business of online games, the Group continuously expanded its electronic trade business layout and simultaneously pushed forward the preparatory work for its financial investment business, striving to enhance operational and management effectiveness.

According to the financial data, as of 31 December 2024, the Group realized operating revenue of approximately RMB82.6 million, representing an increase of 37.2% compared to last year. Although the revenue performance fell short of expectations due to the industry cycle, the Group demonstrated strong operational resilience through strategic focus and operational optimization. As a result of increased investment in game research and development and intensified competition from domestic substitution of semiconductors, a net loss of approximately RMB59.3 million was recognized during the year.

OUTLOOK

“The torrent of intelligent computing surges forward, unfolding a vast galaxy of digital intelligence”. Against the backdrop of weak global economic recovery and intensifying market uncertainties, the Group will break through the situation with the dual drivers of “technology + ecology”.

Under such circumstances, the Group will continue to strengthen internal management, reduce costs, improve efficiency and actively conduct business expansion. At the same time, the Group will continue to stabilize the game business, combined with the introduction and application of new technologies such as AI, to improve product quality and technical standards. In addition, the Group will also continue to improve long-term and stable investment channels, as well as optimize the business structure to achieve stable and long-term sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, the global economy was deeply affected by the interweaving of multiple variables, with geopolitical rivalry, divergent monetary policies, energy transition pains and technological paradigm changes forming a complex operating ecosystem. In the face of the double pressure of shrinking demand and supply restructuring, the Group continued to enhance its operational resilience through strategic focus and dynamic adjustments.

On the one hand: in the field of web games, the Group strengthened its operational efficiency through the collaboration of professional teams, while carrying out forward-looking layout in the development of mobile games, explored the “self-developing + publishing” dual-wheel drive model, and promoted the upgrading of the product matrix to attract younger users.

On the other hand: leveraging on the synergistic advantages of the localized supply chain, the Group built a trinity service system of “trade+technology+finance”, forming a coordinated development pattern of electronic device and semiconductor business through precise strategic positioning and dynamic resource allocation.

The Group recorded a total revenue of approximately RMB82.6 million in the year ended 31 December 2024, representing an increase of 37.2% compared to the year ended 31 December 2023.

In respect of the online game business, the Group’s game business mainly consists of web games. The strategic focus on game business was mainly to optimise the return on investment of these businesses. By cooperation with professional teams to maintain continuous business operations of existing online games, the Group continued to maintain the scale of game revenue, tried to increase investment in games and related businesses, and actively explored new cooperation models for game development, operation and distribution to improve the cost-effectiveness of game business and seek more returns from future game business.

In respect of the electronic device and semiconductor trading business, while maintaining a continuous, long-term and stable cooperation with major suppliers, the Group has also continued to provide relevant customers with a full range of comprehensive supporting solutions such as supporting technical services and supply chain financial services. Reference is made to the announcement of the Company dated 16 September 2024. On 13 September 2024, Foga Investment Limited, an indirect wholly-owned subsidiary of the Company, obtained the licenses to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities from the Securities and Futures Commission of Hong Kong, which will help the Group further develop its financial services business. As at the date of this announcement, the Group is actively preparing the establishment of a fund to conduct relevant activities. Meanwhile, the Group attached great importance to the operations management and fund utilization efficiency management of the electronic device and semiconductor trading business, thereby further improving its delicacy management capabilities. The localization of semiconductor development has led to a reduction in the capacity of the imported semiconductor market. At the same time, localization has also accelerated competition. In the face of challenges, the Group actively seeks and implements solutions.

The following table sets forth the Group's income statement for the year ended 31 December 2024 as compared to that for the year ended 31 December 2023.

	Year Ended 31 December		
	2024	2023	Change
	RMB'000	RMB'000	%
Revenue	82,583	60,172	37.2%
Cost of revenue	(77,986)	(51,131)	52.5%
Gross profit	4,597	9,041	-49.2%
Selling and marketing expenses	(14,863)	(8,995)	65.2%
Administrative expenses	(31,495)	(27,165)	15.9%
Research and development expenses	(21,408)	(26,619)	-19.6%
Other income	3,253	8,077	-59.7%
Other gains – net	1,217	13,228	-90.8%
Finance cost	(101)	(303)	-66.7%
Share of profit of associates	–	4,633	NM
Impairment (provision)/reversal of financial assets measured at amortised cost – net	(471)	10,488	NM
Loss before income tax	(59,271)	(17,615)	236.5%
Income tax credit/(expense)	19	(2)	NM
Loss for the year	(59,252)	(17,617)	236.3%

Note: NM – Not meaningful.

Revenue. Revenue increased by approximately 37.2% to RMB82.6 million for the year ended 31 December 2024 from RMB60.2 million for the year ended 31 December 2023. The following table sets forth the revenue of the Group by segment for the years ended 31 December 2024 and 2023 respectively:

	Year Ended 31 December			
	2024		2023	
	<i>RMB'000</i>	<i>% of Total Revenue</i>	<i>RMB'000</i>	<i>% of Total Revenue</i>
Revenue by Segment				
– Game business	12,297	14.9	12,661	21.0
– Electronic device & semiconductor business	70,286	85.1	47,511	79.0
Total Revenue	<u>82,583</u>	<u>100.0</u>	<u>60,172</u>	<u>100.0</u>

- Revenue generated from the Group's game business was RMB12.3 million for the year ended 31 December 2024, which remained relatively stable as compared with the revenue of RMB12.7 million for the year ended 31 December 2023.
- Revenue generated from the Group's electronic device and semiconductor business increased by approximately 47.9% from RMB47.5 million for the year ended 31 December 2023 to RMB70.3 million for the year ended 31 December 2024. The increase in revenue generated from the Group's electronic device and semiconductor business was mainly attributable to the sales growth of semiconductors, among which, part of the memory sales growth was attributable to the new business from the acquisition of a semiconductor trading company in September 2024.

Cost of revenue. Cost of revenue increased by approximately 52.5% to RMB78.0 million for the year ended 31 December 2024 from RMB51.1 million for the year ended 31 December 2023. Such increase was in line with the increase of revenue, in particular the revenue increase from sales of hard disk drives and memories.

Selling and marketing expenses. Selling and marketing expenses increased by approximately 65.2% from RMB9.0 million for the year ended 31 December 2023 to RMB14.9 million for the year ended 31 December 2024. Such increase was mainly due to increased investment in the new game business team, which incurred higher expenses.

Administrative expenses. Administrative expenses increased by approximately 15.9% to RMB31.5 million for year ended 31 December 2024 from RMB27.2 million for the year ended 31 December 2023. Such increase was primarily due to an increase of allowances for inventories.

Research and development expenses. Research and development expenses decreased by approximately 19.6% from RMB26.6 million for the year ended 31 December 2023 to RMB21.4 million for the year ended 31 December 2024. Such decrease was primarily due to cost control of new games research and development expenses.

Other income. Other income decreased by approximately 59.7% from RMB8.1 million for the year ended 31 December 2023 to RMB3.3 million for the year ended 31 December 2024. Such decrease was mainly due to a decrease of interest arising from investments at fair value through other comprehensive income and from deposits for the year ended 31 December 2024.

Other gains – net. Other gains – net decreased by approximately 90.8% from RMB13.2 million for the year ended 31 December 2023 to RMB1.2 million for the year ended 31 December 2024. Such decrease was primarily due to a decrease of gain from investments at fair value through profit or loss and partially offset by an increase of gain from investments at fair value through other comprehensive income.

Impairment (provision)/reversal of financial assets measured at amortized cost – net. The Group recognized RMB0.5 million provision of impairment of financial assets measured at amortized cost – net for the year ended 31 December 2024 as compared to the reversal of impairment amount of RMB10.5 million for the year ended 31 December 2023. Such change was mainly due to the reduced recovery of previously impaired corporate loans receivables for the year ended 31 December 2024.

Loss for the year. As a result of the foregoing, the Group recognised loss in the amount of RMB59.3 million for the year ended 31 December 2024, representing an increase by 236.3% compared with the loss of RMB17.6 million for the year ended 31 December 2023.

NON-IFRSs MEASURES – EBITDA AND ADJUSTED EBITDA

To supplement the consolidated results of the Group which are prepared in accordance with IFRSs, certain non-IFRSs measures, including EBITDA and adjusted EBITDA, have been presented. These non-IFRSs financial measures should be considered in addition to, and not as a substitute for, the measures of the Group's financial performance, which have been prepared in accordance with IFRSs. The Group's management believes that these non-IFRSs financial measures provide investors with useful supplementary information to assess the performance of its core operations by excluding certain non-cash and non-recurring items. The EBITDA and adjusted EBITDA are unaudited figures.

The following table sets forth the reconciliation of the Group's non-IFRSs financial measures for the years ended 31 December 2024 and 2023, to the nearest measures prepared in accordance with IFRSs:

	Year Ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(59,252)	(17,617)
Add:		
Depreciation and amortisation	22,384	30,221
Net interest income	(1,495)	(2,939)
Income tax (credit)/expense	(19)	2
EBITDA (unaudited)	<u>(38,382)</u>	<u>9,667</u>
Add:		
Investment related (gain)/loss		
Gain on disposal of investments at fair value through profit or loss	(12,111)	(53,799)
Changes in the fair value of investments at fair value through profit or loss	13,271	17,497
Dividends received from investments at fair value through profit or loss	(148)	(163)
(Gain)/loss on disposal of debt investments at fair value through other comprehensive income	(2,901)	26,321
Interest arising from debt investments at fair value through other comprehensive income	(1,657)	(4,641)
Loss on deemed disposal of investment in an associate	<u>—</u>	<u>1,209</u>
Adjusted EBITDA (unaudited)	<u>(41,928)</u>	<u>(3,909)</u>

FINANCIAL POSITION

As at 31 December 2024, the total equity of the Group amounted to RMB484.4 million as compared to that of RMB590.3 million as at 31 December 2023. Such decrease was primarily due to the loss recognized for the year ended 31 December 2024 and the decreased fair value of investments.

The Group's net current assets amounted to RMB341.5 million as at 31 December 2024 as compared to RMB390.2 million as at 31 December 2023. Such decrease was the effect of normal business operations.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	58,307	114,054
Cash at other financial institutions	115,920	81,895
Net Cash	174,227	195,949

The Group's total cash and cash equivalents amounted to RMB174.2 million as at 31 December 2024 as compared to that of RMB195.9 million as at 31 December 2023. The decrease was primarily attributable to an increase of investments, which resulted in a decrease in the cash balance.

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the cost of funding, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in USD, followed by RMB.

As at 31 December 2024, the Group's gearing ratio (calculated as bank borrowing divided by total assets) was 0% (as at 31 December 2023: 0%), which means the Group did not have any bank borrowing balance as at 31 December 2024.

FOREIGN EXCHANGE RISK

As at 31 December 2024, RMB134.6 million of the financial resources of the Group (as at 31 December 2023: RMB137.9 million) were held as deposits denominated in non-RMB currencies. The Group will continue to actively manage its exposure to various foreign currencies and monitor its foreign exchange risk exposure to better preserve the Group's cash value.

CAPITAL EXPENDITURES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditures		
– Purchase of property and equipment	39	485
– Purchase of intangible assets	<u>529</u>	<u>136</u>
Total	<u>568</u>	<u>621</u>

Capital expenditures (excluding business combination) include the purchase of property and equipment, such as office equipment, and the purchase of intangible assets, such as game license by third party developers.

PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any pledge of assets (as at 31 December 2023: nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant unrecorded contingent liabilities (as at 31 December 2023: nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group did not hold any significant investments with a value of 5% or more of the Group's total assets.

HUMAN RESOURCES

As at 31 December 2024, the Group had 46 full-time employees (as at 31 December 2023: 58), the vast majority of whom were based in the PRC.

Details of the Group's remuneration policies and training schemes will be set out in the annual report of the Company for the year ended 31 December 2024.

MATERIAL ACQUISITION AND DISPOSAL

Acquisition of Equity Interest in the Target Company

References are made to the announcements of the Company dated 10 September 2024 and 20 September 2024 in relation to the acquisition of equity interest of Shenzhen Haihong Microelectronics Technology Co., Limited* (深圳海紅微電子技術有限公司) (the “**Target Company**”) (collectively, the “**Acquisition Announcements**”). Unless otherwise stated herein, capitalized terms used in this section shall have the same meanings as those defined in the Acquisition Announcements.

On 10 September 2024, the Company announced that the Purchaser (a direct wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendor, an independent third party, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, 95.0769% equity interest of the Target Company, at the consideration of RMB22.80 million (equivalent to approximately HK\$25.08 million).

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 of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and is therefore subject to the notification and announcement requirements thereunder.

On 20 September 2024, the Company announced that the terms of the Sale and Purchase Agreement had been fulfilled and the completion of the Acquisition took place on 19 September 2024. The Target Company thus had become an indirect non wholly-owned subsidiary of the Company.

Save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associated companies and joint ventures during the year ended 31 December 2024.

RISKS AND HURDLES

The Group is exposed to a number of risks, including macroeconomic and external risks common to most industries, as well as risks specific to the industries in which the Group operates. The Group has formulated policies to ensure continuous identification, reporting, monitoring and management of significant risks that may affect its business development.

As to the online game business operated by the Group, the Group is mainly exposed to the following types of risks:

- (i) industry policies and regulatory risks. Any changes and adjustments in policies by governmental or regulatory bodies could affect the market, and as the online game industry is subject to the supervision of various relevant authorities, this may have an adverse impact on its business operations;
- (ii) the risk of declines in current game revenue and profitability. Due to the life cycle of online games, changes in player’s preferences may cause uncertainties around the Company’s future business performance;

- (iii) the rapid market changes from existing webgames to mobile games and the changes in the model of game development and operation due to the rapid development of AI agents may have an adverse impact on its business operations; and
- (iv) research and development investment is subject to uncertainty risks arising from the input-output cycle.

As to the electronic device and semiconductor business, the Group is mainly exposed to the following types of risks:

- (i) policy impact. The structural changes in the supply chain caused by the severe impact of U.S. sanctions;
- (ii) exchange risk. Since the Group's operations involve settlement in USD, it is exposed to the risk of fluctuations in exchange rates of the currency; and
- (iii) inventory management risk. Due to the high value of electronic devices, their market prices are volatile and vulnerable to external influences, including macroeconomic cycles and force majeure, which may cause inventory backlogs and capital occupancy, increasing financial and operational risks.

All of the above may have an adverse effect on the Group's performance. In addition, the Group is exposed to risks such as research and development cost recovery efficiency and impairment loss due to invested companies' under-performance or contract party becoming insolvent, all of which will have an adverse effect on the Group's performance.

FUTURE PLANS

Looking ahead to 2025, the Group will still face many pressures, such as U.S. sanctions, economic downturn inertia influence, industry competition, accelerated product update and stricter policy supervision in the game industry. The Group will continue to maintain active responses, optimize long-term and stable investment channels and carry out its financial investment business, expand new areas of existing business and explore new artificial intelligence technologies. The Group will convert emerging technologies and new markets into new business growth points. The Group will actively explore expansion opportunities for business areas and implement various business strategies formulated. The Group will continue to increase income sources, enhance operating efficiency, improve cost control and strengthen cost management, so as to improve the return on its assets.

As an ancient Chinese saying goes, "The journey ahead may be long and arduous, but with sustained actions, we will eventually reach our destination and embrace a brighter future". The Group will continue to actively seek to expand and optimize its business, innovate its business structure and improve management efficiencies based on a perspective of sustainable development and a prudent, optimistic and positive attitude, in an effort to deliver value for our stakeholders and shareholders (the "**Shareholders**") in the long run.

EVENTS AFTER THE REPORTING PERIOD

There were no significant subsequent events after the year ended 31 December 2024 and up to the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	3	82,583	60,172
Cost of revenue		<u>(77,986)</u>	<u>(51,131)</u>
Gross profit		4,597	9,041
Selling and marketing expenses		(14,863)	(8,995)
Administrative expenses		(31,495)	(27,165)
Research and development expenses		(21,408)	(26,619)
Other income		3,253	8,077
Other gains – net	4	1,217	13,228
Finance cost		(101)	(303)
Share of profit of associates		–	4,633
Impairment (provision)/reversal of financial assets measured at amortised cost – net	6	<u>(471)</u>	<u>10,488</u>
Loss before income tax		(59,271)	(17,615)
Income tax credit/(expense)	5	<u>19</u>	<u>(2)</u>
Loss for the year	6	<u>(59,252)</u>	<u>(17,617)</u>
Other comprehensive loss:			
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity investments at fair value through other comprehensive income		(52,895)	(12,654)
Currency translation differences		<u>4,439</u>	<u>2,819</u>
		<u>(48,456)</u>	<u>(9,835)</u>

		2024	2023
	Notes	RMB'000	RMB'000
<i>Items that may be reclassified to profit or loss:</i>			
Changes in fair value of debt investments			
at fair value through other comprehensive income		1,936	(11,688)
Reclassified to profit or loss upon disposal of			
debt investments at fair value through			
other comprehensive income		<u>(831)</u>	<u>(13,793)</u>
		<u>1,105</u>	<u>(25,481)</u>
Other comprehensive loss for the year, net of tax		<u>(47,351)</u>	<u>(35,316)</u>
Total comprehensive loss for the year		<u>(106,603)</u>	<u>(52,933)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(59,307)	(17,617)
Non-controlling interests		<u>55</u>	<u>—</u>
		<u>(59,252)</u>	<u>(17,617)</u>
Total comprehensive (loss)/income			
for the year attributable to:			
Owners of the Company		(106,658)	(52,933)
Non-controlling interests		<u>55</u>	<u>—</u>
		<u>(106,603)</u>	<u>(52,933)</u>
Basic and diluted loss per share (RMB)	8	<u>(0.41)</u>	<u>(0.12)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property and equipment		32,894	63,224
Intangible assets		64,347	32,986
Right-of-use assets		2,749	3,386
Investments at fair value through other comprehensive income		37,373	91,048
Prepayments and other receivables		<u>7,018</u>	<u>10,679</u>
		<u>144,381</u>	<u>201,323</u>
Current assets			
Inventories	9	32,291	16,245
Trade receivables	10	6,778	66,352
Prepayments and other receivables		35,328	37,443
Financial assets at fair value through profit or loss		126,025	124,999
Investments at fair value through other comprehensive income		10,333	13,454
Cash and cash equivalents		<u>174,227</u>	<u>195,949</u>
		<u>384,982</u>	<u>454,442</u>
Total assets		<u><u>529,363</u></u>	<u><u>655,765</u></u>

		2024	2023
	Notes	RMB'000	RMB'000
EQUITY AND LIABILITIES			
Equity			
Share capital		93	93
Reserves		<u>483,523</u>	<u>590,181</u>
		<u>483,616</u>	<u>590,274</u>
Non-controlling interests		797	–
Total equity		<u>484,413</u>	<u>590,274</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		213	–
Lease liabilities		<u>1,208</u>	<u>1,282</u>
		<u>1,421</u>	<u>1,282</u>
Current liabilities			
Trade payables	11	28,667	11,965
Other payables and accruals		10,664	44,881
Financial liabilities at fair value through profit or loss		–	1,938
Contract liabilities		2,494	3,017
Lease liabilities		<u>1,704</u>	<u>2,408</u>
		<u>43,529</u>	<u>64,209</u>
Total liabilities		<u>44,950</u>	<u>65,491</u>
Total equity and liabilities		<u><u>529,363</u></u>	<u><u>655,765</u></u>
Net current assets		<u><u>341,453</u></u>	<u><u>390,233</u></u>
Total assets less current liabilities		<u><u>485,834</u></u>	<u><u>591,556</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Forgame Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 26 July 2011 as an exempted company with limited liability. The address of its registered office is at the offices of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands. The address of its principal place of business in Hong Kong is Unit 6, 1/F, Trust Centre, 912 Cheung Sha Wan Road, Lai Chi Kok, Kowloon, Hong Kong. The address of the headquarters is Room 1106, Block A Phase I, Innovation Technology Plaza, Tianan Digital City, Chegongmiao, Futian District, Shenzhen, China. The Company’s issued shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are principally engaged in developing and publishing domestic and overseas webgames and mobile games (the “Game Business”) and trading of electronic device and semiconductor (the “Electronic Device and Semiconductor Business”) in the People’s Republic of China (the “PRC”).

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. IFRS Accounting Standards comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRS Accounting Standards but is not yet in a position to state whether these new and revised IFRS Accounting Standards would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company who make strategic decisions.

During the year, the CODM reassessed the performance and operation of the Group and concluded that the Group has two operating segments as follows:

- Game Business; and
- Electronic Device and Semiconductor Business

The CODM assesses the performance of the operating segments mainly based on segment revenue, and adjusted earnings before interest expense, taxes, depreciation and amortisation (the "adjusted EBITDA") excluding share of profit of associates of each operating segment.

Specifically, the revenues from external customers reported to the CODM are measured as segment revenue, which is the revenue derived from the customers in each segment. In addition, adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the assessment of operating segments' results, primarily with respect to effects of investment-related gains or losses and non-recurring event.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance.

The segment information provided to the CODM for the reportable segments for the years ended 31 December 2024 and 2023 is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue		
<i>Revenue from contracts with customers</i>		
Game Business	12,297	12,661
Electronic Device and Semiconductor Business	<u>70,286</u>	<u>47,511</u>
Total revenue	<u><u>82,583</u></u>	<u><u>60,172</u></u>
Adjusted EBITDA		
Game Business	(26,489)	(3,864)
Electronic Device and Semiconductor Business	(15,439)	(4,678)
Share of profit of associates	<u>–</u>	<u>4,633</u>
Total adjusted EBITDA	<u><u>(41,928)</u></u>	<u><u>(3,909)</u></u>
Adjusted EBITDA reconciles to loss before income tax is as follows:		
Total adjusted EBITDA	(41,928)	(3,909)
Net interest income	1,495	2,939
Depreciation and amortisation	(22,384)	(30,221)
Investment related gain/(loss)		
– Gain on disposal of investments at fair value through profit or loss	12,111	53,799
– Dividends received from investments at fair value through profit or loss	148	163
– Changes in the fair value of investments at fair value through profit or loss	(13,271)	(17,497)
– Gain/(loss) on disposal of debt investments at fair value through other comprehensive income	2,901	(26,321)
– Interest arising from debt investments at fair value through other comprehensive income	1,657	4,641
– Loss on deemed disposal of investment in an associate	<u>–</u>	<u>(1,209)</u>
Loss before income tax	<u><u>(59,271)</u></u>	<u><u>(17,615)</u></u>

Disaggregation of revenue from contracts with customers

Geographical information:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
PRC (excluding Hong Kong)	65,079	32,437
Other regions	<u>17,504</u>	<u>27,735</u>
	<u>82,583</u>	<u>60,172</u>

The Group also conducts operations in Hong Kong and other regions. The geographical information on the non-current assets (other than investments at fair value through other comprehensive income) is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Non-current assets		
PRC (excluding Hong Kong)	77,401	65,543
Hong Kong	<u>29,607</u>	<u>44,732</u>
	<u>107,008</u>	<u>110,275</u>

Timing of revenue recognition:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At a point in time	74,584	48,920
Over time	<u>7,999</u>	<u>11,252</u>
	<u>82,583</u>	<u>60,172</u>

Revenue from major customers:

Revenue from major customers individually accounting for 10% or more of total revenue is as follows:

	2024 RMB'000	2023 RMB'000
Customer A (sales of electronic device and semiconductor)	20,680	–
Customer B (sales of electronic device and semiconductor)	12,662	–
Customer C (sales of electronic device and semiconductor)	11,109	–
Customer D (sales of electronic device and semiconductor)	–	7,403
Customer E (sales of electronic device and semiconductor)	–	6,998

Note: Customer A, Customer B and Customer C did not meet the threshold of accounting for 10% or more of total revenue for the year ended 31 December 2023. Customer D did not meet the threshold of accounting for 10% or more of total revenue for the year ended 31 December 2024.

4. OTHER GAINS – NET

	2024 RMB'000	2023 RMB'000
Gain on disposal of investments at fair value through profit or loss	12,111	53,799
Dividends received from investments at fair value through profit or loss	148	163
Changes in fair value of investments at fair value through profit or loss	(13,271)	(17,497)
Gain/(loss) on disposal of investments at fair value through other comprehensive income	2,901	(26,321)
Loss on deemed disposal of investment in an associate	–	(1,209)
Loss on disposals of property and equipment	–	(12)
Litigation settlement related to right of publicity	–	(6,698)
Others	(567)	5,994
Exchange (loss)/gain, net	(105)	5,009
	<u>1,217</u>	<u>13,228</u>

5. INCOME TAX (CREDIT)/EXPENSE

	2024 RMB'000	2023 RMB'000
Current tax – PRC and oversea enterprise income tax		
Provision for the year	–	2
Deferred tax	(19)	–
	<u>(19)</u>	<u>2</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

The income tax provision of the Group in respect of operations in Hong Kong is provided at 8.25% on assessable profits up to HK\$2,000,000, and the applicable tax rate was 16.5% on any part of assessable profits over HK\$2,000,000 based on the assessable profits for the years ended 31 December 2024 and 2023.

The income tax provision of the Group in respect of operations in the PRC was calculated at the tax rate of 25% on the assessable profits for the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

Shenzhen Xingyun Data Technology Co., Ltd. (深圳市行雲數據技術有限公司) qualified as “High and New Technology Enterprises” under PRC Enterprise Income Tax Law (“EIT Law”) in 2020 and was subsequently renewed in 2023. Thus, the applicable tax rate was 15% for the years ended 31 December 2024 and 2023.

Shenzhen Haihong Microelectronics Technology Co., Ltd (深圳海紅微電子技術有限公司) qualified as small and micro enterprises with an annual taxable income of RMB1 million or less, and are entitled to a 25% tax credit for their tax payable and at the tax rate of 20% (i.e. 5% tax rate).

According to the relevant EIT Laws jointly promulgated by the Ministry of Finance of the PRC, State Tax Bureau of the PRC, and Ministry of Science of the PRC that became effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”).

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% PRC withholding tax (“WHT”). If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

No deferred income tax liability has been recognised in respect of WHT on the undistributed earnings of the subsidiaries incorporated in the PRC as those PRC subsidiaries with foreign immediate parent are all with accumulated losses (i.e. without any distributable earnings) as of 31 December 2024 and 2023.

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the statutory tax rate applicable to losses of the consolidated entities as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before income tax	<u>(59,271)</u>	<u>(17,615)</u>
Tax calculated at statutory income tax rates applicable to loss of the consolidated entities in their respective jurisdictions	(11,685)	(4,600)
Tax effects of:		
Preferential income tax rates applicable to subsidiaries	54	(69)
Utilisation of previously unrecognised tax losses	(205)	(1,731)
Tax losses and timing differences for which no deferred income tax asset was recognised	9,440	9,148
Tax effect of expenses not deductible/(income not taxable), net	2,577	(2,208)
Super Deduction	<u>(200)</u>	<u>(538)</u>
Income tax (credit)/expense	<u>(19)</u>	<u>2</u>

6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Amortisation of intangible assets	5,179	1,059
Allowance for inventories	5,918	1,993
Cost of inventories sold	66,970	41,704
Depreciation of right-of-use assets	2,479	1,476
Depreciation of property and equipment	14,726	27,686
Auditor's remuneration		
– Audit services for the Group	1,650	1,650
– Audit services for target group	111	–
– Non-audit services	220	220
	<u>1,981</u>	<u>1,870</u>
Impairment provision/(reversal) of financial assets measured at amortised cost – net		
– Reversal of impairment for trade receivables, net	(9)	(394)
– Provision of impairment for other receivables	3,480	4,956
– Reversal of impairment for loan receivables	(3,000)	(15,050)
	<u>471</u>	<u>(10,488)</u>
Staff costs including directors' emoluments		
– Fees, wages, salaries and bonus	15,356	11,266
– Pension costs – defined contribution plans	743	573
– Social security costs, housing benefits and other employee benefits	529	533
	<u>16,628</u>	<u>12,372</u>

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2024, nor has any dividend been proposed at the end of the reporting period (2023: nil).

8. LOSS PER SHARE

Basic loss per share

The basic loss per share for each of the years ended 31 December 2024 and 2023 is calculated based on the loss attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss attributable to owners of the Company	<u>(59,307)</u>	<u>(17,617)</u>
	2024	2023
Weighted average number of ordinary shares for the year ended 31 December	<u>143,350,090</u>	<u>143,350,090</u>
Basic loss per share (RMB)	<u>(0.41)</u>	<u>(0.12)</u>

Diluted loss per share

The diluted loss per share equals to the basic loss per share, as the Company did not have any dilutive potential ordinary sharing for the years ended 31 December 2024 and 2023.

9. INVENTORIES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Finished goods	<u>32,291</u>	<u>16,245</u>

10. TRADE RECEIVABLES

Credit sales are mainly derived from the Electronic Device and Semiconductor Business and the normal credit term was from 15 to 90 days from respective transaction dates.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
– Game Business	16,111	16,611
– Trade of Electronic Device and Semiconductor Business	4,287	798
– Supporting solution of Electronic Device and Semiconductor Business	<u>1,146</u>	<u>63,650</u>
	21,544	81,059
Provision for loss allowance	<u>(14,766)</u>	<u>(14,707)</u>
Carrying amount	<u><u>6,778</u></u>	<u><u>66,352</u></u>

The aging analysis of trade receivables, based on recognition date of the trade receivables and net of allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0-30 days	4,902	30,177
31-60 days	1,706	35,673
61-90 days	89	154
91-180 days	59	176
181-365 days	<u>22</u>	<u>172</u>
	<u><u>6,778</u></u>	<u><u>66,352</u></u>

11. TRADE PAYABLES

The aging analysis of trade payables, based on recognition date of trade payables, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
0-30 days	9,566	2,854
31-60 days	11,981	1,369
61-90 days	609	819
91-180 days	1,036	1,590
181-365 days	587	695
Over 1 year	<u>4,888</u>	<u>4,638</u>
	<u><u>28,667</u></u>	<u><u>11,965</u></u>

12. ACQUISITION OF A SUBSIDIARY

On 19 September 2024, the Group acquired 95.0769% of the issued share capital of Shenzhen Haihong Microelectronics Technology Co., Limited (“Shenzhen Haihong”) for a cash consideration of RMB22,800,000. Shenzhen Haihong was principally engaged in trading of electronic device and semiconductor.

The fair value of the identifiable assets and liabilities of Shenzhen Haihong acquired as at its date of acquisition is as follows:

Net assets acquired:	RMB'000
Property and equipment	7
Intangible assets	4,647
Right-of-use assets	354
Inventories	13,724
Trade receivables	24,836
Prepayments and other receivables	837
Cash and cash equivalents	19,588
Trade payables	(48,336)
Lease liabilities	(359)
Deferred tax liabilities	(232)
	<hr/>
Net identifiable assets acquired	15,066
Add: goodwill	8,476
	<hr/>
	23,542
Less: Non-controlling interests	(742)
	<hr/>
	22,800
	<hr/> <hr/>
Satisfied by:	
Cash consideration	22,800
	<hr/> <hr/>
Net cash outflow arising on acquisition:	
Cash consideration paid	22,800
Cash and cash equivalents acquired	(19,588)
	<hr/>
	3,212
	<hr/> <hr/>

Notes

The fair value of the trade and other receivables acquired is RMB25,673,000.

The goodwill arising on the acquisition of Shenzhen Haihong is attributable to the anticipated profitability of the distribution of the Group's products in the new markets and the anticipated future operating synergies from the combination.

Shenzhen Haihong contributed approximately RMB7,860,000 and RMB1,115,000 to the Group's revenue and profit for the year respectively for the period between the date of acquisition and the end of the reporting period.

If the acquisition had been completed on 1 January 2024, total Group revenue for the year would have been approximately RMB85,294,000, and loss for the year would have been approximately RMB62,515,000. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is intended to be a projection of future results.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 14 May 2025 to Tuesday, 20 May 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Tuesday, 20 May 2025. All transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 13 May 2025.

Audit and Compliance Committee

The audit and compliance committee of the Company has reviewed together with the Board and the external auditor the accounting standards and practices adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

Scope of Work of ZHONGHUI ANDA CPA Limited

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhancing corporate value of the Group and accountability of the Board. The Company's corporate governance practices are based on the code provisions as set out in Part 2 of the Corporate Governance Code (the “CG Code”) in Appendix C1 to the Listing Rules. The Directors consider that the Company has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2024, except the following deviations:

Code provision C.1.8 of the CG Code stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company did not take out insurance covering Directors' liability arising from legal proceedings for certain period of the year ended 31 December 2024 as it had not found an appropriate insurance proposal. However, as the Company took out directors' liability insurance in October 2024, the Company has re-complied with code provision C.1.8 of the CG Code.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings, to gain and develop a balanced understanding of the views of shareholders. Mr. Lu Xiaoma, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 16 May 2024 due to other business commitments. However, all other Directors were present to gain an understanding of the views of shareholders and the Board will continue to bring the importance of attending annual general meetings to the attention of each Director.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. As Mr. Cui Yuzhi serves as both the chairman of the Board and the chief executive officer, such practice deviates from code provision C.2.1. The Board considers that vesting the roles of both the chairman of the Board and the chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board believes that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and efficiently. The Board shall nevertheless review the structure from time to time and it will consider the appropriate move to take should suitable circumstances arise.

Compliance with Rule 13.92 of the Listing Rules

Under Rule 13.92 of the Listing Rules, a single gender board of directors will not be considered to have achieved board diversity. As at 31 December 2024, despite the Company's efforts, additional time was still required for the Company to identify suitable female candidates that meet the relevant criteria of directors. The Board targeted to identify and appoint a suitable female candidate as Director not later than 31 March 2025. On 27 January 2025, the Company appointed Ms. Zhu Min as an independent non-executive Director, and thus complied with the requirement under Rule 13.92 of the Listing Rules regarding board diversity.

Enhanced Management Measures for Disclosable Transactions and Dealing in Listed Securities

Reference is made to the announcement of the Company dated 10 July 2024 (the “**Announcement**”). Pursuant to the Announcement, the Company will take certain remedial actions to ensure compliance with its obligations under Chapter 14 of the Listing Rules in the future. Following the publication of the Announcement, the Company increased manpower to carry out and monitor the calculations of size tests, increased the frequency of spot checks by the internal control team, and emphasized the importance of timely reporting notifiable transactions to all employees. The Company provided training courses to the investment division on the calculation method of size tests on both a standalone and aggregate basis. In addition, the Company provided other relevant technical knowledge trainings in relation to the Company’s obligations under Chapter 14 and Chapter 14A of the Listing Rules to enhance its compliance with relevant reporting duties.

Model Code for Securities Transactions by Directors

The Company has adopted the code of conduct and procedures governing Directors’ securities transactions (the “**Securities Code**”) in stringent compliance with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they had complied with the Securities Code during the year ended 31 December 2024.

Publication of the 2024 Annual Results and 2024 Annual Report

This annual results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (www.hkexnews.hk) and the Company (www.forgame.com.cn). The annual report of the Company for the year ended 31 December 2024 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in April 2025.

Appreciation

The Board would like to express its sincere gratitude to the Shareholders, management teams, employees, business partners and customers of the Group for their continued support and contribution to the Group.

By order of the Board
Forgame Holdings Limited
CUI Yuzhi
Chairman

Hong Kong, 28 March 2025

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 Ms. ZHU Min.