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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)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITIONS OF THE EQUITY INTERESTS IN BEST**  
**CLASSIC AND MIGHTY LEADER**

**THE ACQUISITIONS**

The Board is pleased to announce that, on 5 August 2021 (after trading hours), the Company entered into the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to acquire from Taiwan Softstar 100% equity interests of Best Classic and Mighty Leader, respectively.

Best Classic is an investment holding company and, as at the date of this announcement, it indirectly holds 49% of the equity interests in Beijing Softstar, a direct non-wholly owned subsidiary of the Company, which is principally engaged in PC and mobile games development. Mighty Leader is an investment holding company and will be the sole owner (or exclusive licensee, as applicable) of all IP rights relating to Legend of Sword and Fairy (仙劍奇俠傳) registered, licensed or used in China, prior to the completion of the Mighty Leader Acquisition.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Beijing Softstar is directly owned as to 51% by the Company and is owned as to 49% by Best Classic through Softstar International. Beijing Softstar is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules. Accordingly, Best Classic, its associates and its controlling shareholders are not the connected persons of the Company under Rule 14A.09 of the Listing Rules. As such, the transactions contemplated under the Acquisitions do not constitute the connected transactions of the Company under Chapter 14A of the Listing Rules.

As both Best Classic and Mighty Leader are the indirect wholly-owned subsidiaries of Taiwan Softstar, the Best Classic Acquisition and the Mighty Leader Acquisition are aggregated as one transaction pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions as contemplated under the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement, in aggregate, exceeds 5% but are less than 25%, the Acquisitions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Equity Transfer Agreements. As the Acquisitions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## INTRODUCTION

The Board is pleased to announce that, on 5 August 2021 (after trading hours), the Company entered into the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement, pursuant to which the Company has conditionally agreed to acquire from Taiwan Softstar 100% equity interests of Best Classic and Mighty Leader, respectively.

Best Classic is an investment holding company and, as at the date of this announcement, indirectly holds 49% of the equity interests in Beijing Softstar, a direct non-wholly owned subsidiary of the Company, which is principally engaged in PC and mobile games development. Mighty Leader is an investment holding company and will be the sole owner (or exclusive licensee, as applicable) of all IP rights relating to *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China prior to the completion of the Mighty Leader Acquisitions.

The total consideration of the Acquisitions is HK\$641,840,000, which was arrived at after arm's length negotiations between the parties with reference to, among others, (i) 49% of the total assets of Beijing Softstar of approximately HK\$146 million as at 31 December 2020; (ii) the capital injection made by Taiwan Softstar into Mighty Leader of approximately RMB376 million (which is equivalent to approximately HK\$452 million) through the transferring (or exclusive licensing, as applicable) of IP rights relating to *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China; and (iii) business development opportunity and prospects that will be brought to the Group by the Acquisitions as set at in the section headed "Information of the Group and Reasons for and Benefits of the Acquisitions" below.

The Company shall settle 50% of the consideration within five (5) business days upon signing of the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement. The remaining 50% of the consideration shall be settled upon the satisfaction of the conditions precedent under each of the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement. The consideration will be settled by way of wire transfer to the designated bank account of Time Vision.

## BEST CLASSIC EQUITY TRANSFER AGREEMENT

**Date:** 5 August 2021 (after trading hours)

**Parties:**

- (1) Time Vision (as the seller)
- (2) the Company (as the purchaser)
- (3) Taiwan Softstar (as the guarantor of Time Vision)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Time Vision and Taiwan Softstar and their ultimate beneficial owner(s) are Independent Third Parties.

**Subject Matter:** Time Vision agreed to transfer 100% equity interests in Best Classic (including Best Classic's 49% equity interests in Beijing Softstar held through Softstar International and all relevant software copyrights held by Beijing Softstar) to the Company.

Upon completion of the Best Classic Acquisition, the Company will directly hold 100% equity interests in Best Classic and will become the indirect holder of 100% equity interests in Beijing Softstar (through the 49% equity interests held by Softstar International and its existing 51% equity interests).

**Conditions Precedent:** The completion of the Best Classic Acquisition is conditional on, among other things, (i) the closing of Mighty Leader Acquisition; (ii) the settlement of 50% of the consideration by the Group; (iii) the satisfaction of all tax obligations arising from the transactions under the applicable PRC laws; and (iv) the satisfaction of regulatory approval requirements in respect of the Best Classic Acquisition under any applicable jurisdiction.

**Completion** Completion of the Best Classic Acquisition shall take place on or before 31 December 2021.

**Guarantee by Taiwan Softstar** Taiwan Softstar agreed to guarantee all of Time Vision's obligations (including but not limited to the closing obligations, representations, warranties and indemnification obligations) under the Best Classic Equity Transfer Agreement.

## MIGHTY LEADER EQUITY TRANSFER AGREEMENT

**Date:** 5 August 2021 (after trading hours)

**Parties:**

- (1) Time Vision (as the seller)
- (2) the Company (as the purchaser)
- (3) Taiwan Softstar (as the guarantor of Time Vision)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Time Vision and Taiwan Softstar and their ultimate beneficial owner(s) are Independent Third Parties.

**Subject Matter:** Time Vision agreed to transfer 100% equity interests in Mighty Leader to the Company.

Upon completion of the Mighty Leader Acquisition, the Company will directly hold 100% equity interests in Mighty Leader and will be the sole owner (or exclusive licensee, as applicable) of all IP rights relating to *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China.

**Conditions Precedent:** The completion of the Mighty Leader Acquisition is conditional on, among other things, (i) the completion of the transfer of an exclusive licence to use all IP rights relating to the *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China from Taiwan Softstar to Mighty Leader; (ii) the settlement of 50% of the consideration by the Group; and (iii) the satisfaction of regulatory approval requirements in respect of the Mighty Leader Acquisition under any applicable jurisdiction.

**Completion** Completion of the Mighty Leader Acquisition shall take place on or before 31 December 2022.

**Guarantee by Taiwan Softstar** Taiwan Softstar agreed to guarantee all of Time Vision's obligations (including but not limited to the closing obligations, representations, warranties and indemnification obligations) under the Mighty Leader Equity Transfer Agreement.

## **INFORMATION OF BEST CLASSIC AND MIGHTY LEADER**

Best Classic is an investment holding company incorporated on 11 January 2021 and is an indirect wholly-owned subsidiary of Taiwan Softstar. As at the date of this announcement, it indirectly holds 49% of the equity interests in Beijing Softstar, a direct non-wholly owned subsidiary of the Company, which is principally engaged in PC and mobile games development.

Mighty Leader is an investment holding company incorporated on 19 January 2021 and is an indirect wholly-owned subsidiary of Taiwan Softstar. Mighty Leader will be the sole owner (or exclusive licensee, as applicable) of all IP rights relating to *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China prior to the completion of the Mighty Leader Acquisition.

## **INFORMATION OF TAIWAN SOFTSTAR AND TIME VISION**

Taiwan Softstar is a company listed on the Taiwan Stock Exchange (TAIPEI: 6111) and it is a leading game developer and IP-based entertainment provider that is principally engaged in PC game, client-based online game, web-based online game and mobile game development, IP licensing and game publishing. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Taiwan Softstar is an Independent Third Party to the Group.

Time Vision is an investment holding company and a direct wholly-owned subsidiary of Taiwan Softstar.

## **INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

The Group is a leading global IP-based game operator and publisher, focusing primarily on IPs relating to well-known cultural products and art works. The Group is actively expanding and enriching its IP database and product lines and the Acquisitions are in line with the development direction of the Group.

The IPs of *Legend of Sword and Fairy* (仙劍奇俠傳) have won the championship of well-known IP awards from official and social organisations in Mainland China for many times, with both influential and commercial value. Over the years, the Group and Taiwan Softstar have planned to enhance the IP value of *Legend of Sword and Fairy* (仙劍奇俠傳) and cultivate IP vitality and influential development. Based in Mainland China, the Group has expanded its business globally and has the capability and confidence to push forward the development of such IPs.

Through the acquisition of Best Classic, Beijing Softstar will become a wholly-owned subsidiary of the Company, and we will acquire 100% interests in the proprietary IPs and in-house development capabilities of Beijing Softstar. Through the acquisition of Mighty Leader, we will acquire the ownership or the exclusive licence (as applicable) of all IP rights in Mainland China relating to the *Legend of Sword and Fairy* (仙劍奇俠傳) registered, licensed or used in China.

The full acquisition of the relevant teams of Beijing Softstar and the IP rights and interests of *Legend of Sword and Fairy* (仙劍奇俠傳) in Mainland China will strengthen the ecological competitiveness of the Group's IP games and ensure the long-term and stable implementation of the IP game strategy of the Group. The Group will increase its investment in all aspects to create more premium content and interactive experience by combining entertainment formats that are preferred by young users. At the same time, the Group closely followed relevant national guidelines and policies, focused on the inheritance of traditional culture, deeply explored the outstanding cultural value of IP, and delivered inspiring and positive values to the public. The Group will build *Legend of Sword and Fairy* (仙劍奇俠傳) into a Chinese game brand with first class global influence, and create a new height for the impact of the IP game, creating a deeper and further influence to the people about Chinese stories and Chinese culture.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Equity Transfer Agreements have been entered into in the ordinary course of the business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Beijing Softstar is directly owned as to 51% by the Company and is owned as to 49% by Best Classic through Softstar International. Beijing Softstar is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules. Accordingly, Best Classic, its associates and its controlling shareholders are not the connected persons of the Company under Rule 14A.09 of the Listing Rules. As such, the transactions contemplated under the Acquisitions do not constitute the connected transactions of the Company under Chapter 14A of the Listing Rules.

As both Best Classic and Mighty Leader are the indirect wholly-owned subsidiaries of Taiwan Softstar, the Best Classic Acquisition and the Mighty Leader Acquisition are aggregated as one transaction pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions as contemplated under the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement, in aggregate, exceeds 5% but are less than 25%, the Acquisitions constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions precedent under the Equity Transfer Agreements. As the Acquisitions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

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| “Acquisitions”                           | the Best Classic Acquisition and the Mighty Leader Acquisition;  |
| “Beijing Softstar”                       | Softstar Technology (Beijing) <u>Co., Ltd.</u> (軟星科技(北京)有限公司), a limited liability company incorporated in the PRC, <u>which is a direct non-wholly owned subsidiary owned as to 51% by the Company as at the date of this announcement;</u> |
| “Best Classic”                           | Best Classic International Limited (佳典國際有限公司), a <u>company incorporated in Samoa with limited liability, which is a wholly-owned subsidiary of Time Vision which is in turn wholly-owned by Taiwan Softstar;</u>                            |
| “Best Classic Acquisition”               | the acquisition of 100% equity interests <u>in Best Classic by the Company pursuant to the Best Classic Equity Transfer Agreement;</u>   |
| “Best Classic Equity Transfer Agreement” | the equity transfer agreement entered into between <u>Time Vision, Taiwan Softstar and the Company on 5 August 2021 in respect of the acquisition of 100% equity interests in Best Classic by the Company;</u>                               |
| “Board”                                  | the board of Directors;  |
| “business days”                          | statutory working days in the PRC except Saturdays, Sundays and statutory holidays;  |
| “Company”                                | CMGE Technology Group Limited (中手游科技集團有限公司), 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);                  |
| “Director(s)”                            | the director(s) of the Company;  |
| “Equity Transfer Agreements”             | <u>the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement;</u>   |
| “Group”                                  | the Company and its subsidiaries;  |
| “HKD”                                    | Hong Kong dollar;  |
| <u>“Independent Third Party”</u>         | <u>parties not connected with the Company or its connected persons;</u>  |
| “IP”                                     | intellectual property;   |
| “Listing Rules”                          | the Rules Governing the Listing of Securities on the Stock Exchange;   |

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| “Mighty Leader”                           | Mighty Leader Limited, a company incorporated in <u>Samoa with limited liability, which is a</u> wholly-owned subsidiary of Time Vision which is in turn wholly-owned by Taiwan Softstar;   |
| “Mighty Leader Acquisition”               | the acquisition of 100% equity interests in Mighty Leader by the Company pursuant to the Mighty Leader Equity Transfer Agreement;   |
| “Mighty Leader Equity Transfer Agreement” | the equity transfer agreement entered into between Time Vision, Taiwan Softstar and the Company on <u>5</u> August 2021 in respect of the acquisition of 100% equity interests in Mighty Leader by the Company;   |
| “PRC” or “China”                          | the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;  |
| “SFO”                                     | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);  |
| “Shareholder(s)”                          | holder(s) of the Share(s);  |
| “Softstar International”                  | Softstar International Inc., a company incorporated in <u>the Cayman Islands with limited liability, which is</u> the wholly-owned subsidiary of Best Classic, which is in turn wholly-owned by Time Vision, a direct wholly-owned subsidiary of Taiwan Softstar; |
| “Stock Exchange”                          | The Stock Exchange of Hong Kong Limited;  |
| “Subsidiary”                              | <u>has</u> the meaning ascribed to it in the Listing Rules;   |
| “Taiwan Softstar”                         | Softstar Entertainment Inc. (大宇資訊股份有限公司), a company listed on the Taiwan Stock Exchange (TAIPEI: 6111); and   |
| “Time Vision”                             | Time Vision International Limited, a limited liability company incorporated in <u>Samoa with limited liability, which is</u> a direct wholly-owned subsidiary of Taiwan Softstar.   |

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

Hong Kong, 5 August 2021

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