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CMGE

中手游

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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF THE EQUITY INTERESTS IN
BEST CLASSIC AND MIGHTY LEADER**

Reference is made to the announcement (the “**First Announcement**”) of the Company dated 5 August 2021 in relation to the acquisition of the equity interests in Best Classic and Mighty Leader. Capitalised terms used herein shall have the same meanings as those defined in the First Announcement unless otherwise stated.

This supplemental announcement is supplemental to and should be read in conjunction with the First Announcement.

Further information about Best Classic and Mighty Leader

Best Classic

The Company would like to supplement that Best Classic did not recognize any assets apart from its 49% interests in Beijing Softstar. Best Classic has not conducted any business on its own behalf, and has not generated any revenue or net profits (before and after taxation) on its own since its incorporation. Beijing Softstar recorded a net asset value of approximately HK\$214 million as at 31 December 2020, and operated at a net loss (before and after taxation) of approximately RMB10.5 million and approximately RMB22.7 million for the years ended 31 December 2019 and 2020, respectively.

Mighty Leader

The Company would like to supplement that Mighty Leader has not yet recognized any net asset value since its incorporation, 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 (the “**IP Rights**”) prior to the completion of the Mighty Leader Acquisition. Mighty Leader has not conducted any business on its own behalf, and has not generated any revenue or net profits (before and after taxation) on its own since its incorporation.

Further Information about the Basis of Consideration

The Company would like to supplement that, apart from those disclosed in the First Announcement, the total consideration of the Acquisitions of HK\$641,840,000 was

also arrived at with reference to (i) the indicative selling price of not less than RMB505 million (approximately HK\$606 million) (the “**Indicative Price**”) as announced by Taiwan Softstar in April 2021 for the sale of its 49% equity interests in Beijing Softstar and the IP Rights, for which Taiwan Softstar received bidding proposals from different potential buyers; and (ii) 49% of the net asset value of Beijing Softstar of approximately HK\$105 million.

The total consideration of the Acquisitions represented an approximately 5.9% premium to the Indicative Price. The Board considers such premium to the Indicative Price to be fair and reasonable after considering the factors as disclosed above and in the First Announcement, in particular the business development opportunity and prospects that will be brought to the Group by the Acquisitions as set out in the section headed “Information of the Group and Reasons for and Benefits of the Acquisitions” in the First Announcement, which opportunity and prospects would not be quantifiable, and reflected a subjective assessment on the value of 49% interests of Beijing Softstar and 100% interests of the IP Rights.

Further Information about the payment arrangements of the Acquisitions

Pursuant to the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement, approximately HK\$320.92 million (i.e. 50% of the total consideration) shall be settled by the Company to Time Vision within five (5) business days upon signing of the relevant agreement, and the remaining 50% of the total consideration shall be settled upon the satisfaction of the relevant conditions precedent.

The Company would like to supplement that the consideration of HK\$320.92 million (i.e. 50% of the total consideration) paid to Time Vision upon signing of the Best Classic Equity Transfer Agreement and the Mighty Leader Equity Transfer Agreement is refundable to the Company if completion of the Mighty Leader Acquisition fails to take place within thirty (30) days after 31 December 2022. The Company will then be entitled to (i) terminate the Mighty Leader Equity Transfer Agreement, (ii) receive a termination fee under the Mighty Leader Equity Transfer Agreement, and (iii) obtain a full refund of all of the Company’s payments of the consideration under such agreement. Further, pursuant to the terms of the Mighty Leader Equity Transfer Agreement, if the Mighty Leader Acquisition is not completed on or before 31 December 2022 as a result of breaches by Mighty Leader or Taiwan Softstar, the Company will be entitled to a penalty interest payment under the Mighty Leader Equity Transfer Agreement.

General

The above supplemental information does not affect other information contained in the First Announcement and, save as disclosed above, the contents of the First Announcement remain unchanged.

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

Hong Kong, 18 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.