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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: 00484)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

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 2022.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: Nil).

OVERVIEW AND OUTLOOK

Overview

In 2022, the world economy has been hit hard by a series of severe and interacting shocks including the repeated COVID-19 pandemic, the war between Russia and Ukraine and the food and energy crises resulted from it, soaring inflation, tightening debt and climate emergency. The growth momentum of global economies, including the United States, the European Union and other developed economies, has weakened significantly, and China has also suffered multiple adverse effects.

Due to the resurgence of COVID-19 and complex market environment, the Group’s business faced continuous challenges. The Board and the management reviewed the internal operation and management strategies on a regular basis and proactively dealt with past issues while continuously improving the level of corporate governance. We continued to invest and develop the online gaming and trading of electronic device and semiconductor business, as well as improved the management and operation efficiency.

In 2022, the Group recorded revenue of approximately RMB114.1 million, representing a decrease of 19.7% compared to the same period of last year. Due to the direct impact of payback period of game research and development investment and inventory impairment of trading of electronic device and semiconductor, the Group recorded a loss of approximately RMB20.1 million during the year.

Outlook

As an ancient Chinese poetry goes, “It’s strong and firm though struck and beaten without rest, careless of the wind from north or south, east or west.” Looking ahead to 2023, the Group will face various opportunities and challenges. Although China’s pandemic prevention policy has shifted, there are still multiple challenges in the economic recovery, coupled with market instability factors, such as international trade frictions, geopolitical tensions and fluctuations in raw material prices, which will continue to affect the Company’s development.

Under such circumstances, the Group will continue to strengthen internal management, improve efficiency and reduce costs. At the same time, the Group will continue to increase investment in research and development of the game business, combine with the introduction and application of new technologies such as cloud computing, blockchain and AI, etc., to improve product quality and technical standards. In addition, the Group will also actively conduct business expansion and seek new growth points. The Group will expand the game business, strengthen cooperation with companies in the industry, and promote diversified development to achieve more stable and long-term sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2022, due to the continuous and repeated impact of the COVID-19 pandemic, global economic growth was still slow, which has further fueled instability of global social and economic development. Meanwhile, the disruption of the supply chain has led to an increase in transportation and storage costs, and the pandemic prevention and control policy has impacted the demand for consumer goods. The business operations are under considerable pressure. Under such circumstances, the Group continued to adjust and optimize its business strategy to adapt to changes in the market environment and customers’ demand.

In light of such circumstances, the Group reviewed its business development and operations and carried out a systematic layout in terms of business strategy. On the one hand, the Group continued to maintain its operation in respect of the online game business and increase investment while ensuring the achievement of its established business objectives and subsequent development. On the other hand, the Group strengthened the development of its trading of electronic device

The following table sets forth the Group's income statement for the year ended 31 December 2022 as compared to that for the year ended 31 December 2021.

	Year Ended 31 December		Change %
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>	
Continuing operations			
Revenue	114,116	142,136	-19.7%
Cost of revenue	(108,343)	(128,535)	-15.7%
Gross profit	5,773	13,601	-57.6%
Selling and marketing expenses	(3,474)	(5,496)	-36.8%
Administrative expenses	(31,060)	(18,642)	66.6%
Research and development expenses	(31,586)	(7,985)	295.6%
Other income	4,239	2,409	76.0%
Other gains – net	5,516	5,457	1.1%
Finance cost	(395)	(218)	81.2%
Gain on disposal of investments at fair value through profit or loss	6,574	20,787	-68.4%
Share of profit/(loss) of associates	4,129	(5,263)	NM
Reversal of financial assets measured at amortised cost – net	20,002	26,967	-25.8%
(Loss)/profit before income tax	(20,282)	31,617	-164.1%
Income tax credit/(expense)	175	(36)	NM
(Loss)/profit from continuing operations	(20,107)	31,581	-163.7%
Discontinued operation			
Loss from discontinued operation	–	(14,056)	NM
(Loss)/profit for the year	(20,107)	17,525	-214.7%

Note: NM-Not meaningful.

Continuing Operations

Revenue. Revenue decreased by approximately 19.7% to RMB114.1 million for the year ended 31 December 2022 from RMB142.1 million for the year ended 31 December 2021. The following table sets forth the revenue of the Group by segment for the year ended 31 December 2022 and 31 December 2021 respectively:

	Year Ended 31 December			
	2022		2021	
	<i>RMB'000</i>	<i>% of Total Revenue</i>	<i>RMB'000</i>	<i>% of Total Revenue</i>
Revenue by Segment				
- Game business	14,692	12.9	18,244	12.8
- Electronic device & semiconductor business	99,424	87.1	123,892	87.2
Total Revenue	<u>114,116</u>	<u>100.0</u>	<u>142,136</u>	<u>100.0</u>

- Revenue generated from the Group's game business decreased by approximately 19.5% to RMB14.7 million for the year ended 31 December 2022 from RMB18.2 million for the year ended 31 December 2021. Revenue generated from the online games decreased mainly due to the fact that the Group's two games “戰將風云” and “真王” have entered into the mature stage of their lifecycles and generated less revenue than the previous year.
- Revenue generated from the Group's electronic device and semiconductor business decreased by approximately 19.7% from RMB123.9 million for the year ended 31 December 2021 to RMB99.4 million for the year ended 31 December 2022. Revenue generated from the Group's electronic device and semiconductor business decreased mainly due to the adverse impact of COVID-19 controlling and restriction measures on normal logistics and both the demand and supply sides for goods. In view of disruptions caused by pandemic, the Company adjusted business strategy and reduced the memories and audio equipment trading for the year ended 31 December 2022, which in turn contributed to the decrease as well.

Cost of revenue. Cost of revenue decreased by approximately 15.7% to RMB108.3 million for the year ended 31 December 2022 from RMB128.5 million for the year ended 31 December 2021. Such decrease was in line with the decrease of revenue.

Selling and marketing expenses. Selling and marketing expenses decreased by approximately 36.8% to RMB3.5 million for the year ended 31 December 2022 from RMB5.5 million for the year ended 31 December 2021. Such decrease was mainly due to a reduction of the Group's electronic device and semiconductor business, which resulted in lower employee benefit and decrease of the Group's game business, which resulted in lower advertising expenses.

Administrative expenses. Administrative expenses increased by approximately 66.6% to RMB31.1million for the year ended 31 December 2022 from RMB18.6million for year ended 31 December 2021. Such increase was primarily due to the classification of the financial performance of internet micro-credit business as discontinued operation in 2021, which resulted in a decrease of administrative expenses for the same period in 2021.

Research and development expenses. Research and development expenses increased by approximately 295.6% from RMB8.0 million for the year ended 31 December 2021 to RMB31.6 million for the year ended 31 December 2022. Such increase was primarily due to the increased research and development investment for game business.

Other income. Other income increased by approximately 76.0% from RMB2.4 million for the year ended 31 December 2021 to RMB4.2 million for the year ended 31 December 2022. Such increase was primarily due to an increase of interest income for the year ended 31 December 2022.

Gain on disposal of investments at fair value through profit or loss. Gain on disposal of investments at fair value through profit or loss decreased by approximately 68.4% from RMB20.8 million for the year ended 31 December 2021 to RMB6.6 million for the year ended 31 December 2022. Such decrease was primarily due to the decrease of gain from investments in equity securities listed in PRC and Hong Kong for the year ended 31 December 2022.

Share of profit/(loss) of associates. Share of profit of associates was RMB4.1 million for the year ended 31 December 2022, while share of loss of associates was RMB5.3 million for the year ended 31 December 2021. Such change was mainly due to the financial performance improvement of an associate.

Reversal of financial assets measured at amortised cost – net. Reversal of financial assets measured at amortised cost – net decreased by approximately 25.8% from RMB27.0 million for year ended 31 December 2021 to RMB20.0 million for the year ended 31 December 2022. The net amount of reversal in 2022 primarily consisted of reversal of previously impaired corporate loans and the net amount of reversal in 2021 mainly consisted of reversal of previously impaired other receivables on disposal of investment in an associate.

(Loss)/profit from continuing operations. The Group recognised loss from continuing operations in the amount of RMB20.1 million for the year ended 31 December 2022, as compared to profit of RMB31.6 million for the year ended 31 December 2021 for the abovementioned reasons.

DISCONTINUED OPERATION

Loss from discontinued operation. The Group recognized loss from discontinued operation in the amount of RMB14.1 million for the year ended 31 December 2021. The loss from discontinued operation for the year ended 31 December 2021 was the financial results of internet micro-credit business which the Group ceased operation in 2021.

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 2022 and 2021, to the nearest measures prepared in accordance with IFRSs:

	Year Ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit from continuing operations for the year	(20,107)	31,581
Add:		
Depreciation and amortisation	21,683	1,902
Net interest income	(3,582)	(1,410)
Income tax (credit)/expense	(175)	36
EBITDA (unaudited)	(2,181)	32,109
Add:		
Share-based compensation	–	(1)
Changes in the value of investments at fair value through profit or loss	9,006	–
Gain on disposal of investments at fair value through profit or loss	(6,574)	(20,787)
Loss on deregistration of a subsidiary	–	1,106
Loss on disposal of investment in an associate	259	–
Dividends received from investments at fair value through profit or loss	(187)	(1,139)
Reversal of impairment of other receivables on disposal of investment in an associate	–	(27,500)
Fair value change of share consideration payable	–	2,792
Adjusted EBITDA (unaudited)	323	(13,420)

FINANCIAL POSITION

As at 31 December 2022, the total equity of the Group amounted to RMB643.2 million as compared to that of RMB636.7 million as at 31 December 2021. Such increase was primarily due to the increased valuation of assets, partially offset by the loss recognized for the year ended 31 December 2022.

The Group's net current assets amounted to RMB378.4 million as at 31 December 2022 as compared to that of RMB487.0 million as at 31 December 2021. Such decrease was primarily attributable to: (i) the transfer of part of the inventories to "property and equipment" in line with the business needs; (ii) increased investments at fair value through other comprehensive income; and (iii) normal business operation expenses.

LIQUIDITY AND FINANCIAL RESOURCES

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cash at bank and on hand	154,862	208,579
Cash at other financial institutions	<u>69,761</u>	<u>161,687</u>
	224,623	370,266
Bank borrowings	<u>(3,850)</u>	<u>(4,000)</u>
Net Cash	<u>220,773</u>	<u>366,266</u>

The Group's total cash and cash equivalent amounted to RMB224.6 million as at 31 December 2022 as compared to that of RMB370.3 million as at 31 December 2021. The decrease was primarily attributable to the increase of investments at fair value through profit or loss and the investments at fair value through other comprehensive income.

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 of 31 December 2022, the Group's bank borrowings were repayable within 1 year and the interest rate is at one year Loan Prime Rate plus 0.7% (as of 31 December 2021: one year Loan Prime Rate plus 0.95%). As at 31 December 2022, the Group's gearing ratio (calculated as bank borrowing divided by total assets) increased to a level of 0.53% (as at 31 December 2021: 0.55%), which the Board believes is at an acceptable level.

FOREIGN EXCHANGE RISK

As at 31 December 2022, RMB186.4 million of the financial resources of the Group (as at 31 December 2021: RMB122.7 million) were held as deposits denominated in non-RMB currencies. Such increase was the result of the Group's active foreign exchange rates management. 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Capital expenditures		
– Purchase of property and equipment	122	36,183
– Purchase of intangible asset	–	723
	<u> </u>	<u> </u>
Total	<u> 122</u>	<u> 36,906</u>

Capital expenditures (excluding business combination) comprise the purchase of property and equipment, such as operation equipment and leasehold improvement.

PLEDGE OF ASSETS

As at 31 December 2022, the Group had a pledge of assets of RMB0.1 million (as at 31 December 2021: RMB0.7 million) as restricted cash for corporate credit card deposits.

CONTINGENT LIABILITIES

As at 31 December 2022, the Group did not have any significant unrecorded contingent liabilities (as at 31 December 2021: nil).

SIGNIFICANT INVESTMENT

During 2022, the Group held a significant investment in an associate detailed as follows:

Company name	Date of incorporation	Carrying amount as at 31 December 2022	Investment Cost	Registered capital	Percentage of ownership interest attributable to the Group as at 31 December	
		RMB'000	RMB'000	RMB'000	2022	2021
北京分享時代科技股份有限公司	23 February 2011	62,909	4,000	26,982	9.27%	9.60%

北京分享時代科技股份有限公司 (transliterated as Beijing Share Times Technology Co., Limited, “**Share Times**”) is a company that develops and operates intellectual properties (“**IPs**”) of celebrities, including design, promotion, and sales of IPs. Share Times was recognized as investments in associates. In 2022, the Group recognised share of profit of associates of approximately RMB4.3 million and gain on dilution of investment in an associate of approximately RMB8.1 million from Share Times. The Group will continue supporting the business development of Share Times, and seek synergy between Share Times and other investments of the Group to maximize their performances.

HUMAN RESOURCES

As at 31 December 2022, the Group had 39 full-time employees (as at 31 December 2021: 46), the vast majority of whom are 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 2022.

MATERIAL INVESTMENT, ACQUISITION AND DISPOSAL

i. Subscription in limited partnership fund

References are made to the announcements of the Company dated 31 August 2022 and 8 April 2022 in relation to the Subscription (collectively, the “**Subscription Announcements**”). Unless otherwise specified, capitalised terms used in this section shall have the same meanings as those defined in the Subscription Announcements. On 8 April 2022, Foga Tech Limited, a wholly-owned subsidiary of the Company, entered into the supplemental limited partnership agreement with Sailing Limited Partnership Fund, pursuant to which the Subscriber agreed to subscribe for the Limited Partner Interests in the Fund, for a capital commitment of US\$4 million (equivalent to approximately HK\$31.3 million) instead of the capital commitment of US\$1 million (equivalent to approximately HK\$7.8 million) under the limited partnership agreement entered into between the two parties on 23 December 2021. Nonetheless, having considered the non-improvement of the global economy as well as the repeated COVID-19 pandemic in the Mainland China recently, the Company decided to withdraw from the Subscription and on 31 August 2022, the Subscriber and the General Partner entered into a subscription withdrawal agreement. As a result, the Subscriber has no obligation to proceed with the Subscription.

ii. Subscription for strategic investment allotment under A-share IPO of Techvision Intelligent

On 13 October 2022, a wholly-owned subsidiary of the Company (the “**Subscriber**”), entered into the Strategic Allotment Subscription Agreement with Techvision Intelligent, pursuant to which Techvision Intelligent conditionally agrees to issue to the Subscriber, and the Subscriber conditionally agrees to participate in the strategic allotment to subscribe for, 1,596,000 shares in Techvision Intelligent’s public issuance under A-share IPO at a subscription price of RMB8.00 per share for a total subscription amount of RMB12,768,000. Pursuant to the Strategic Allotment Agreement, upon completion of the Subscription, the Subscriber will hold an aggregate of 2.41% to 2.50% of the enlarged total issued shares of Techvision Intelligent. For details of this transaction, please refer to the announcement of the Company dated 14 October 2022.

UPDATE ON LEGAL PROCEEDINGS

i. Lawsuit relating to alleged violation of right of publicity

References are made to the announcements of the Company dated 2 September 2021, 13 October 2020 and 22 April 2020 (the “**U.S. Announcements**”) in relation to, among others, the Complaint filed by Ms. Gomez as plaintiff against, among others, the Company and its certain subsidiaries as defendants, in the Supreme Court of California in the US in respect of an action for violation of and conspiracy to violate statutory and common law right of publicity. Unless otherwise stated herein, capitalised terms used in this section shall have the same meanings as those defined in the U.S. Announcements.

The jury trial of the above lawsuit is scheduled to be heard on 8 May 2023, subject to further developments. The Company is currently seeking legal advice, and will issue further announcement(s) for any material development of this matter as and where appropriate.

ii. Contractual dispute involving the Company and a former Director

References are made to the announcements of the Company dated 2 September 2021, 8 June 2021 and 14 May 2021 (the “**Pingxiang Announcements**”) in relation to the legal proceedings involving a capital injection agreement allegedly entered into between, among others, the Company and Mr. Wang Dongfeng, a former Director. Unless otherwise stated herein, capitalised terms used in this section shall have the same meanings as those defined in the Pingxiang Announcements.

The Company received the judgment of the first instance in this case on 29 December 2022, which resulted in the dismissal of all litigation requests of Pingxiang Huisheng Industrial Investment Management Co., Ltd.* (萍鄉市匯盛工業投資管理有限公司) (the “**Plaintiff**”). The appeal period has now expired and, upon confirmation with Jiangxi Pingxiang Intermediate People’s Court* (江西省萍鄉市中級人民法院), Plaintiff did not appeal against the first instance judgment and the case has therefore concluded on 14 January 2023.

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 may have an adverse impact on its business operations; and (iv) research and development investment is subject to time lag and 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) exchange risk. Since the Group's operations involve settlement in US dollars, it is exposed to the risk of fluctuations in exchange rates of the currency; and (ii) inventory management risk. Due to the high value of electronic device and semiconductor products, their market prices are volatile and vulnerable to external influences, including macroeconomic cycles and force majeure such as the pandemic, 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, impairment loss due to invested companies' under-performance or contract party becoming insolvent, and failures of material litigations or arbitrations, all of which will have an adverse effect on the Group's performance.

FUTURE PLANS

Looking ahead to 2023, the Group will still face many pressures caused by the pandemic, such as 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, expand new areas, invest in cloud computing and cloud games, and explore and introduce emerging technologies such as blockchain. The Group will convert emerging technologies into new business growth points. The Group believes that these fields have huge potential and will become the future development trend. The Group will actively explore opportunities for business upgrading and transformation, and implement various business strategies formulated. Through the development of business diversification, the Group will stabilise 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 poetry goes, “The horse is against the mighty wind, and the bird makes a nest on the branches.” The Group will continue to actively seek to expand and innovate its business, optimise 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 in the long run.

POST-BALANCE SHEET EVENT

There was no significant subsequent event for the year ended 31 December 2022 to the approval date of the audited consolidated annual results of the Group for the year ended 31 December 2022 by the Board.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
Continuing operations			
Revenue	3	114,116	142,136
Cost of revenue		<u>(108,343)</u>	<u>(128,535)</u>
Gross profit		5,773	13,601
Selling and marketing expenses		(3,474)	(5,496)
Administrative expenses		(31,060)	(18,642)
Research and development expenses		(31,586)	(7,985)
Other income		4,239	2,409
Other gains – net		5,516	5,457
Finance cost		(395)	(218)
Gain on disposal of investments at fair value through profit or loss		6,574	20,787
Share of profit/(loss) of associates		4,129	(5,263)
Reversal of financial assets measured at amortised cost – net	6	<u>20,002</u>	<u>26,967</u>
(Loss)/profit before income tax		(20,282)	31,617
Income tax credit/(expense)	4	<u>175</u>	<u>(36)</u>
(Loss)/profit from continuing operations		<u>(20,107)</u>	<u>31,581</u>
Discontinued operation			
Loss from discontinued operation	5	<u>–</u>	<u>(14,056)</u>
(Loss)/profit for the year	6	<u><u>(20,107)</u></u>	<u><u>17,525</u></u>

	2022	2021
Note	RMB'000	RMB'000
Other comprehensive income/(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	(9,756)	(12,142)
Deferred tax effect arising from changes in fair value of equity investments at fair value through other comprehensive income	2,012	3,206
Currency translation differences	<u>18,316</u>	<u>(4,225)</u>
	<u>10,572</u>	<u>(13,161)</u>
<i>Items that will be reclassified to profit or loss:</i>		
Changes in fair value of debt investments at fair value through other comprehensive income	<u>16,086</u>	<u>–</u>
Other comprehensive income/(loss) for the year, net of tax	<u>26,658</u>	<u>(13,161)</u>
Total comprehensive income for the year	<u>6,551</u>	<u>4,364</u>
(Loss)/profit for the year attributable to:		
Owners of the Company		
– Continuing operations	(20,107)	31,608
– Discontinued operation	<u>–</u>	<u>(14,056)</u>
	<u>(20,107)</u>	<u>17,552</u>
Non-controlling interests		
– Continuing operations	<u>–</u>	<u>(27)</u>
(Loss)/profit for the year	<u>(20,107)</u>	<u>17,525</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	6,551	4,391
Non-controlling interests	<u>–</u>	<u>(27)</u>
	<u>6,551</u>	<u>4,364</u>
Basic and diluted (loss)/earnings per share (RMB)		
	8	
– Continuing and discontinued operations	(0.14)	0.12
– Continuing operations	(0.14)	0.22
– Discontinued operation	<u>–</u>	<u>(0.10)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property and equipment		93,108	36,951
Intangible assets		18,523	19,019
Right-of-use assets		3,461	4,687
Investments in associates		62,909	55,075
Investments at fair value through other comprehensive income		73,975	34,873
Prepayments and other receivables		15,291	405
Deferred tax assets		–	4,381
		<u>267,267</u>	<u>155,391</u>
Current assets			
Inventories	9	35,396	80,927
Trade receivables	10	77,061	58,517
Loan receivables	11	–	–
Prepayments and other receivables		16,359	44,625
Financial assets at fair value through profit or loss		83,726	2,000
Investments at fair value through other comprehensive income		18,565	–
Restricted cash		1,020	1,669
Cash and cash equivalents		224,623	370,266
		<u>456,750</u>	<u>558,004</u>
Total assets		<u><u>724,017</u></u>	<u><u>713,395</u></u>

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
EQUITY AND LIABILITIES			
Equity			
Share capital		93	93
Reserves		<u>643,114</u>	<u>636,563</u>
Total equity		<u>643,207</u>	<u>636,656</u>
Liabilities			
Non-current liabilities			
Deferred tax liabilities		–	2,012
Lease liabilities		<u>2,498</u>	<u>3,740</u>
		<u>2,498</u>	<u>5,752</u>
Current liabilities			
Trade payables	12	11,399	9,688
Other payables and accruals		58,826	22,698
Financial liabilities at fair value through profit and loss		848	–
Bank borrowings		3,850	4,000
Contract liabilities		2,148	28,882
Income tax liabilities		–	4,558
Lease liabilities		<u>1,241</u>	<u>1,161</u>
		<u>78,312</u>	<u>70,987</u>
Total liabilities		<u>80,810</u>	<u>76,739</u>
Total equity and liabilities		<u>724,017</u>	<u>713,395</u>
Net current assets		<u>378,438</u>	<u>487,017</u>
Total assets less current liabilities		<u>645,705</u>	<u>642,408</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 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 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 INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. IFRSs comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs 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 IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs 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 that make strategic decisions.

In 2021, the Group ceased the operation of internet micro-credit business (the "Internet Micro-credit Business"). Information about the discontinued operation is set out in Note 5. 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/(loss) of associates and gain on dilution of investment in an associate, 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 equity-settled share-based payments, 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 of the operating segments.

The segment information from continuing operations provided to the CODM for the reportable segments for the years ended 31 December 2022 and 2021 is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue from continuing operations		
<i>Revenue from contracts with customers</i>		
Game Business	14,692	18,244
Electronic Device and Semiconductor Business	<u>99,424</u>	<u>123,892</u>
 Total revenue	 <u><u>114,116</u></u>	 <u><u>142,136</u></u>
 Adjusted EBITDA from continuing operations		
Game Business	(7,132)	(11,315)
Electronic Device and Semiconductor Business	(4,800)	(5,837)
Share of profit/(loss) of associates	4,129	(5,263)
Gain on dilution of investment in an associate	<u>8,126</u>	<u>8,995</u>
 Total adjusted EBITDA from continuing operations	 <u><u>323</u></u>	 <u><u>(13,420)</u></u>
 Adjusted EBITDA reconciles to (loss)/profit before income tax from continuing operations is as follows:		
 Total adjusted EBITDA from continuing operations	 323	 (13,420)
Net interest income	3,582	1,410
Depreciation and amortisation	(21,683)	(1,902)
Share-based compensation	–	1
Changes in the value of investments at fair value through profit or loss	(9,006)	–
Gain on disposal of investments at fair value through profit or loss	6,574	20,787
Loss on deregistration of a subsidiary	–	(1,106)
Loss on disposal of investment in an associate	(259)	–
Dividends received from investments at fair value through profit or loss	187	1,139
Reversal of impairment of other receivables on disposal of investment in an associate	–	27,500
Fair value change of share consideration payable	<u>–</u>	<u>(2,792)</u>
 (Loss)/profit before income tax from continuing operations	 <u><u>(20,282)</u></u>	 <u><u>31,617</u></u>

Disaggregation of revenue from contracts with customers

Geographical information:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
PRC (excluding Hong Kong)	80,071	108,996
Other regions	<u>34,045</u>	<u>33,140</u>
	<u><u>114,116</u></u>	<u><u>142,136</u></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Non-current assets		
PRC (excluding Hong Kong)	58,153	27,328
Hong Kong	<u>72,230</u>	<u>33,734</u>
	<u><u>130,383</u></u>	<u><u>61,062</u></u>

Timing of revenue recognition:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Continuing operations		
At a point in time	100,519	132,331
Over time	<u>13,597</u>	<u>9,805</u>
	<u><u>114,116</u></u>	<u><u>142,136</u></u>

Revenue from major customers:

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Customer A (sales of electronic device and semiconductor)	41,848	–
Customer B (sales of electronic device and semiconductor)	26,145	–
Customer C (sales of electronic device and semiconductor) (<i>Note</i>)	–	28,392
Customer D (sales of electronic device and semiconductor)	<u>–</u>	<u>23,593</u>

Note: Customer C in 2022 does not meet the threshold of revenue over 10%.

4. INCOME TAX (CREDIT)/EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax – PRC and oversea enterprise income tax		
Provision for the year	4	36
Over-provision in prior years	<u>(4,560)</u>	<u>–</u>
	(4,556)	36
Deferred tax	<u>4,381</u>	<u>–</u>
	<u>(175)</u>	<u>36</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 is 16.5% on any part of assessable profits over HK\$2,000,000 based on the assessable profit for the years ended 31 December 2022 and 2021.

The income tax provision of the Group in respect of operations in Taiwan is provided at 20% on assessable profits for the years ended 31 December 2022 and 2021.

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 2022 and 2021, 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. Thus the applicable tax rate was 15% for the years ended 31 December 2022 and 2021.

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 2022 and 2021.

The tax on the Group's (loss)/profit 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:

	2022	2021
	RMB'000	<i>RMB'000</i>
(Loss)/profit before income tax	<u>(20,282)</u>	<u>31,617</u>
Tax calculated at statutory income tax rates applicable to (loss)/profit of the consolidated entities in their respective jurisdictions	(4,149)	6,625
Tax effects of:		
Preferential income tax rates applicable to subsidiaries	3,113	(814)
Utilisation of previously unrecognised tax losses	(15,697)	(2,986)
Tax losses and timing differences for which no deferred income tax asset was recognised	11,613	12,343
Tax effect of expenses not deductible/(income not taxable), net	5,523	(14,523)
Tax losses previously recognised and reversed	4,381	–
Over-provision in prior years	(4,560)	–
Super Deduction	<u>(399)</u>	<u>(609)</u>
Income tax (credit)/expense	<u>(175)</u>	<u>36</u>

5. DISCONTINUED OPERATION

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

	2021
	<i>RMB'000</i>
Loss of discontinued operation – Internet Micro-credit Business	<u>(14,056)</u>

In December 2016, the Group obtained a license to carry out Internet Micro-credit Business from the government and thereafter commenced the operation of the Group's internet micro-credit service in the PRC. The license expired in August 2021 and had not been renewed. As a result, the financial performance of Internet Micro-credit Business was then classified as discontinued operation of the Group for the year ended 31 December 2021.

The results of the Internet Micro-credit Business's discontinued operation for the year ended 31 December 2021, which have been included in the consolidated profit or loss and other comprehensive income, are as follows:

	2021 <i>RMB'000</i>
Revenue	–
Expenses	(22,587)
Other income	6
Other gain – net	72
Reversal of financial assets measured at amortised cost	<u>8,831</u>
Loss before income tax	(13,678)
Income tax expense	<u>(378)</u>
Loss from discontinued operation	<u><u>(14,056)</u></u>
Net cash outflow from operating activities and net cash used in the discontinued operation	<u><u>(93,842)</u></u>

6. (LOSS)/PROFIT FOR THE YEAR

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Amortisation of intangible assets	496	189
Allowance for inventories	6,532	4,319
Cost of inventories sold	96,922	114,378
Depreciation of right-of-use assets	1,226	586
Depreciation of property and equipment	19,961	1,127
Auditor's remuneration		
– Audit services	1,820	2,313
– Non-audit services	200	200
Reversal of financial assets measured at amortised cost – net		
– Provision of impairment for trade receivables, net	84	80
– Provision/(reversal) of impairment for other receivables, net	1,249	(27,047)
– Reversal of impairment for loan receivables	<u>(21,335)</u>	<u>–</u>
	<u>(20,002)</u>	<u>(26,967)</u>
Staff costs including directors' emoluments		
– Fees, wages, salaries and bonus	13,133	8,847
– Pension costs – defined contribution plans	673	405
– Social security costs, housing benefits and other employee benefits	520	389
– Share-based compensation expenses	<u>–</u>	<u>(1)</u>
	<u>14,326</u>	<u>9,640</u>

7. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during 2022, nor has any dividend been proposed at the end of the reporting period (2021: nil).

8. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The basic (loss)/earnings per share for the years ended 31 December 2022 and 2021 is calculated based on the (loss)/profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
(Loss)/profit attributable to owners of the Company:		
From continuing operations	(20,107)	31,608
From discontinued operation	<u>–</u>	<u>(14,056)</u>
	<u>(20,107)</u>	<u>17,552</u>
	2022	2021
Weighted average number of ordinary shares for the year ended 31 December	<u>143,350,090</u>	<u>142,823,254</u>

Diluted (loss)/earnings per share

No diluted (loss)/earnings per share is presented as the Company did not have any dilutive potential ordinary sharing during the years ended 31 December 2022 and 2021.

9. INVENTORIES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Finished goods	<u>35,396</u>	<u>80,927</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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables	92,152	73,595
Provision for loss allowance	<u>(15,091)</u>	<u>(15,078)</u>
Carrying amount	<u><u>77,061</u></u>	<u><u>58,517</u></u>

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
0-30 days	60,811	29,475
31-60 days	14,011	28,680
61-90 days	1,114	289
91-180 days	907	12
181-365 days	<u>218</u>	<u>61</u>
	<u><u>77,061</u></u>	<u><u>58,517</u></u>

11. LOAN RECEIVABLES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Guaranteed loans	56,821	82,869
Collateralised loans	<u>23,590</u>	<u>23,590</u>
	80,411	106,459
Provision for loss allowance	<u>(80,411)</u>	<u>(106,459)</u>
Carrying amount	<u><u>-</u></u>	<u><u>-</u></u>

The loan terms granted to customers are within one year, and the loan receivables are all dominated in RMB.

Analysis of loan receivables by overdue and impaired status are as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Individually impaired	80,411	106,459
Less: Allowance for impairment losses	(80,411)	(106,459)
Net balance	<u> -</u>	<u> -</u>

12. TRADE PAYABLES

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	1,977	2,465
31-60 days	1,025	1,284
61-90 days	620	861
91-180 days	2,246	451
181-365 days	888	4
Over 1 year	4,643	4,623
	<u>11,399</u>	<u>9,688</u>

13. MATERIAL EVENTS

(i) An alleged lawsuit relating to right of publicity

On 22 April 2020, the Company announced that there were certain recent media reports reporting that Ms. Selena Gomez, an American singer, songwriter, actress, and television producer (“Ms. Gomez”), has filed a lawsuit against Mutant Box Interactive Limited (“Mutant Box”) and Guangzhou Feidong Software Technology Co., Ltd. (“GZ Feidong”), both being subsidiaries of the Company, alleging that Mutant Box and GZ Feidong had portrayed Ms. Gomez’s character on, and profited off her likeness for, a mobile fashion game, “Clothes Forever” without the consent of Ms. Gomez.

On 12 October 2020, Mutant Box received a formal summons and complaint filed by Ms. Gomez as plaintiff against, among others, Mutant Box, GZ Feidong and the Company as defendants (the “Defendants”) in the Supreme Court of California in the United States in respect of an action for violation of and conspiracy to violate statutory and common law right of publicity.

Accordingly, Ms. Gomez seeks damages and other relief against the Defendants, including general damages for harm to reputation and loss of standing in the community in the amount of US\$1 million and special damages for commercial value of the unauthorised use of Ms. Gomez’s right of publicity in the amount of US\$9 million. Ms. Gomez as the plaintiff also reserved her right to seek punitive damages in the amount of US\$25 million.

(ii) Contractual dispute

On 14 May 2021, the Company announced that the Company had been recently informed of a civil complaint (the “Civil Complaint”) dated 6 May 2021 filed by Pingxiang Huisheng Industrial Investment Management Co., Ltd. (萍鄉市匯盛工業投資管理有限公司) (the “Plaintiff”) as plaintiff with Jiangxi Pingxiang Intermediate People’s Court (江西省萍鄉市中級人民法院) in the PRC against Mr. Ruan Qian (阮謙) (the “Defendant 1”), the Company, Mr. Wang Dongfeng (“Mr. Wang”) and Pingxiang Caizhi Data Technology Co., Ltd. (萍鄉市財智數據科技有限公司) (the “Defendant 2”, together with the Defendant 1, the Company and Mr. Wang, collectively the “Defendants”) in relation to a contractual dispute.

The Plaintiff alleged that the Defendant 1 failed to complete the purchase after the relevant investment period and claimed, among others, the following: 1) the Defendant 1 to purchase the 20% equity interest in the Defendant 2 held by the Plaintiff and pay the Plaintiff the outstanding sum of the consideration of the purchase and the relevant overdue interests, totaling approximately RMB621.5 million calculated as at 6 May 2021; 2) the Defendants to pay the Plaintiff the reasonable costs and expenses in relation to the Civil Complaint and pay the litigation costs; and 3) the Defendant 2, Mr. Wang and the Company to be jointly responsible for the abovementioned payment obligations.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief and based on the information currently available, the Company is not connected to the Plaintiff, the Defendant 1 and the Defendant 2, and neither does the Company agree to any of the claims stated in the Civil Complaint. The Company had been collecting information and seeking legal advice.

In October 2021, the case was first heard in the Jiangxi Pingxiang Intermediate People’s Court (江西省萍鄉市中級人民法院) and no verdict was given in the court. The case was subsequently suspended in a civil ruling in December 2021.

In December 2022, a verdict that dismissed all claims of the Plaintiff was released and no appeal was made by the Plaintiff to higher court. The case was therefore concluded on 14 January 2023.

OTHER INFORMATION

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023, 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 Friday, 19 May 2023. 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 Monday, 15 May 2023.

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 2022.

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 2022 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 enhance 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 the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") (the "**CG Code**"). 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 2022, other than code provision C.1.8 of CG Code.

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. As the Company needs time to consider proposals from various insurance underwriters, as at the date of this announcement, the Company has not taken out an insurance covering the Directors' liability arising from legal proceedings yet.

The Board will continue to monitor and review the Company's corporate governance practices from time to time to ensure compliance with the latest statutory requirements and professional standards.

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 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Securities Code during the year ended 31 December 2022.

Publication of the 2022 Annual Results and 2022 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). The annual report of the Company for the year ended 31 December 2022 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 2023.

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, 24 March 2023

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