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Rego Interactive Co., Ltd
(潤歌互動有限公司)

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2422)

DISCLOSEABLE TRANSACTION
ACQUISITION OF THE SHARES OF THE TARGET COMPANY

THE ACQUISITION

The Board is pleased to announce that on 31 May 2023 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser agreed to purchase, and the Vendors agreed to sell, the Sale Shares, representing 100% of the equity interests of the Target Company, at the Consideration of RMB51,800,000.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

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Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Upon Completion, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date

31 May 2023 (after trading hours)

Parties

- (i) the Target Company;
- (ii) the Purchaser; and
- (iii) the Vendors

INFORMATION ON THE PARTIES

Target Company

The Target Company is a company established in the PRC with limited liabilities and is principally engaged in virtual goods sourcing and delivery. The Target Company is beneficially owned as to (i) 69% by Mr. Chen Yimin; (ii) 30% by Mr. Chen Xin; and (iii) 1% by Mr. Zhang Jun.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the Target Company and its ultimate beneficial owners are Independent Third Parties.

Purchaser

The Purchaser is a direct wholly-owned subsidiary of the Company. The Company is incorporated in the Cayman Islands with limited liabilities and its issued Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in (i) virtual goods sourcing and delivery; (ii) promotion and advertising services; (iii) mobile game/software development and maintenance; (iv) one-stop lottery solution.

ASSETS ACQUIRED

Pursuant to the Sale and Purchase Agreement, the Vendors agreed to sell and the Purchaser agreed to purchase the 100% equity interests of the Target Company. The Consideration is RMB51,800,000.

CONSIDERATION

Pursuant to the Sale and Purchase Agreement, the Consideration of RMB51,800,000 shall be paid by the Purchaser to each of the Vendors in pro rata to their respective shareholding in the Target Company prior to the Acquisition by cash in the following manner:

- (i) RMB41,800,000 shall be paid within 15 business days after the signing of the Sale and Purchase Agreement; and
- (ii) RMB10,000,000 shall be paid on or before 31 March 2024.

The payment of Consideration shall be financed by the internal resources of the Group and the amount equivalent to HK\$15,000,000 shall be utilized from net proceeds received from the Global Offering to finance the Acquisition. This is in line with the planned allocation of use of proceeds as disclosed in the prospectus of the Company dated 30 September 2022.

The Consideration were determined and agreed between the Parties to the Sale and Purchase Agreement after arm's length negotiations and taking into account the valuation report prepared by an independent qualified valuer based on the market approach and the financial performance and position as at 31 March 2023 of the Target Company.

In view of the above, the Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

COMPLETION

Completion took place simultaneously upon the signing of the Sale and Purchase Agreement. Pursuant to the Sale and Purchase Agreement, the Purchaser shall enjoy the interests and rights of the shareholders of the Target Company and assume the corresponding obligations and risks by law from the Completion Reference Date.

Upon Completion, the Target Company became an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the Company's consolidated financial statements.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liabilities.

The Target Company is principally engaged in loyalty marketing services through virtual goods sourcing and delivery in the PRC. Loyalty marketing refers to a kind of marketing that focuses on attracting new customers and retaining existing customers through incentives such as membership system, point rewards and value-added services.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company for the two years ended 31 December 2021 and 31 December 2022 respectively:

	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	5,441.7	9,320.4
Profit after tax	5,441.7	9,320.4

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) virtual goods sourcing and delivery; (ii) promotion and advertising services; (iii) mobile game/software development and maintenance; (iv) one-stop lottery solution. To further develop and expand our virtual goods sourcing and delivery business, the Group has been actively considering and exploring various opportunities to acquire suitable target in the market. Due to the following factors, the Acquisition is in line with the future development plan of the Group:

- a) the Target Company has quality group client resource, which is beneficial for the expansion of customer base of the Group's virtual goods sourcing and delivery business;
- b) the Target Company has technology research and development advantage in virtual goods sourcing and delivery, which may supplement and strengthen the Group's technology capability in virtual goods sourcing and delivery; and
- c) the Acquisition will help the Group to have a comprehensive layout in the virtual goods sourcing and delivery sector in China, which in turn helps in promoting the Group's virtual goods sourcing and delivery business.

Based on the foregoing, the Board considers that the Acquisition represents an attractive investment opportunity for the Group and is in line with the business development strategy of the Group. The Board also considers that the Acquisition will enhance our capacity in serving current clients and will enable the Group to utilize our resources more efficiently. The Directors consider that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Subscription, when aggregated with the Previous Subscription, is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITION

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

“Acquisition”	the acquisition of the Sales Shares by the Purchaser in accordance with the terms and conditions of the Sale and Purchase Agreement
“Board”	the board of Directors
“business day(s)”	a day on which banks in Hong Kong are generally open for business, except a public holiday, Sunday, Saturday or any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“China” or “PRC”	the People’s Republic of China
“Company”	Rego Interactive Co., Ltd (潤歌互動有限公司), a company incorporated in the Cayman Islands with limited liabilities and the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 02422)
“Completion”	completion of the Acquisition
“Completion Reference Date”	31 May 2024
“connected person(s)”	has the meaning as defined under the Listing Rules
“Consideration”	the consideration of RMB51,800,000 under the Sale and Purchase Agreement

“Directors(s)”	director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering as described in the prospectus of the Company dated 30 September 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the parties to the investment agreement, and “Party” means any of them
“Purchaser”	Hangzhou Rego Network Company Limited* (杭州潤歌網絡有限公司), a company established in the PRC with limited liabilities and an indirect wholly-owned subsidiary of the Company
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the subscription agreement dated 31 May 2023 entered into between the Subscriber and the Target Company in respect of the Subscription
“Sales Shares”	the 100% equity interests of the Target Company
“Share(s)”	the ordinary share(s) in the share capital of the Company with a par value of US\$0.001 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Yangtze River Delta Demonstration Zone (Shanghai) ASMKT Network Technology Co., Ltd. (長三角一體化示範區(上海)在羸端網絡科技有限公司), a company established in the PRC with limited liabilities

“Vendors”

Mr. Chen Yimin (陳懿敏先生), Mr. Chen Xin (陳欣先生),
Mr. Zhang Jun (張軍先生)

“%”

per cent

By Order of the Board
Rego Interactive Co., Ltd
Chen Ping
Executive Director

Hong Kong, 31 May 2023

As at the date of this announcement, the Board comprises Mr. Chen Ping, Mr. Tian Huan, Mr. Zhang Yongli, Mr. Fan Lianshun, Mr. Xia Yuanbo and Ms. Zeng Zhen as executive Directors; and Ms. Hu Huijun, Mr. Wan Lixiang and Mr. Zhao Zhongping as independent non-executive Directors.