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FingerTango Inc.

指尖悅動控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 6860)

DISCLOSEABLE TRANSACTIONS: PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER A

On 7 December 2020, FT Entertainment (a direct wholly-owned subsidiary of the Company) as lender entered into the Loan Agreement A with Borrower A, pursuant to which FT Entertainment agreed to provide the Loan A in the principal amount of HK\$50 million to Borrower A for a term of around 7 months. Loan A was advanced to Union Space as instructed by Borrower A.

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER B

On 14 December 2020, FT Entertainment as lender entered into the Loan Agreement B with Borrower B, pursuant to which FT Entertainment agreed to provide the Loan B in the principal amount of HK\$50 million to Borrower B for a term of 4 months. Loan B was advanced to Union Space as instructed by Borrower B.

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER C

On 4 January 2021, the Company as lender entered into the Loan Agreement C1 with Borrower C, pursuant to which the Company agreed to provide the Loan C1 in the principal amount of HK\$33 million to Borrower C for a term of 12 months. Loan C1 was advanced to Aevitas as instructed by Borrower C.

On 29 March 2021, the Company as lender further entered into the Loan Agreement C2 with Borrower C, pursuant to which the Company agreed to provide the Loan C2 in the principal amount of HK\$7 million to Borrower C for a term of 6 months. Loan C2 was advanced to Borrower C.

LISTING RULES IMPLICATIONS

Loan Agreement A

At the material time when the Loan Agreement A was entered into, given that all the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement A (on a stand-alone basis) was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Loan Agreement B

At the material time when the Loan Agreement B was entered into, given that all the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement B (on a stand-alone basis) was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Loan Agreement C1 and Loan Agreement C2

At the material time when each of the Loan Agreement C1 and the Loan Agreement C2 was entered into, given that all the applicable percentage ratios for each of the transactions contemplated thereunder (on a stand-alone basis or on an aggregated basis) were less than 5%, each of the Loan Agreement C1 and the Loan Agreement C2 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Although each of Loan A, Loan B, Loan C1 and Loan C2 did not constitute a notifiable transaction of the Company on a stand-alone basis, upon revisiting the Loan Agreements and further investigation into the relationship among the Borrowers and the recipients of the Loans proceeds, the Directors considered that the transactions contemplated under the Loan Agreements should have been aggregated pursuant to Rule 14.22 and Rule 14.23(1) of the Listing Rules on the bases that (i) the Loan Agreements were entered into and completed within a 12-month period and (ii) the Loan Agreements were entered into with parties connected or otherwise associated with Shie Thomas (i.e. Borrower C) in view of the circumstances described below.

The then Management was aware that each of the Loan Agreements on a stand-alone basis did not constitute a notifiable transaction but they failed to comprehend the aforesaid connections or associations among the Borrowers and the recipients of the Loans proceeds (which have been deliberately concealed from the Company) at the material times. Due to such oversight and unintentional omission by the then Management, the Company failed to assess the Loans on an aggregated basis and notify and announce the Loans in a timely manner in accordance with the Listing Rules which constituted breaches of Chapter 14 of the Listing Rules at the material time.

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER A

Loan Agreement A

On 7 December 2020, FT Entertainment (a direct wholly-owned subsidiary of the Company) as lender entered into the Loan Agreement A with Borrower A, pursuant to which FT Entertainment agreed to provide the Loan A in the principal amount of HK\$50 million to Borrower A for a term of around 7 months. Loan A was advanced to Union Space (as defined below) as instructed by Borrower A.

The principal terms of the Loan Agreement A are set out below:

Date	:	7 December 2020
Lender	:	FT Entertainment Limited
Borrower	:	Nai Renkun
Principal Loan Amount	:	HK\$50 million
Interest Rate	:	3% per annum
Default Interest Rate	:	0.01% per annum
Drawdown Date	:	8 December 2020
Maturity Date	:	30 June 2021
Repayment	:	Borrower A shall repay the principal loan amount together with accrued interest thereon by the maturity date.
Purpose of the Loan	:	The proceeds of the Loan A shall be used exclusively by Borrower A for its operating cash flow.
Security	:	The Loan A is (i) secured by a pledge over the 10% shareholding in Union Space Group Limited (“ Union Space ”) held by Borrower A at the material time and (ii) guaranteed by Ms. Chen Zixuan (“ Ms. Chen ”) pursuant to a joint guarantee agreement dated 1 February 2021.
Recipient of the Loan proceeds	:	Union Space

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER B

Loan Agreement B

On 14 December 2020, FT Entertainment as lender entered into the Loan Agreement B with Borrower B, pursuant to which FT Entertainment agreed to provide the Loan B in the principal amount of HK\$50 million to Borrower B for a term of 4 months. Loan B was advanced to Union Space as instructed by Borrower B.

On 26 March 2021, FT Entertainment and Borrower B entered into the Supplemental Agreement B, pursuant to which, Borrower B agreed to grant a pledge over the accounts receivable of Borrower B as security for the Loan B. Save as aforesaid, all other terms of the Loan Agreement B shall remain unchanged and continue to be in full force and effect.

The principal terms of the Loan Agreement B (as supplemented by the Supplemental Agreement B) are set out below:

Date	:	14 December 2020 (as supplemented on 26 March 2021)
Lender	:	FT Entertainment Limited
Borrower	:	HK Billion International Group Limited (formerly known as HK Baiyu International Trading Limited)
Principal Loan Amount	:	HK\$50 million
Interest Rate	:	7.5% per annum
Default Interest Rate	:	18% per annum
Drawdown Date	:	15 December 2020
Maturity Date	:	4 months from the drawdown date, or such later date to be agreed by FT Entertainment in writing, and subject to such terms and conditions to be agreed between FT Entertainment and Borrower B
Repayment	:	Borrower B shall repay the principal loan amount together with accrued interest thereon on the maturity date, or on demand upon the occurrence of an event of default.

Prepayment	:	Borrower B may repay, in full or in part, the Loan B and the interest accrued to the outstanding balance of the Loan B before the maturity date, by giving not less than 30 days written notice to FT Entertainment.
Purpose of the Loan	:	The proceeds of the Loan B shall be used exclusively by Borrower B for invoice financing purpose.
Security	:	The Loan B is secured by a pledge over the account receivables owing to Borrower B, in the amount of approximately HK\$52.9 million as at 31 December 2020.
Recipient of the Loan proceeds	:	Union Space

PROVISION OF FINANCIAL ASSISTANCE TO BORROWER C

Loan Agreement C1

On 4 January 2021, the Company as lender entered into the Loan Agreement C1 with Borrower C, pursuant to which the Company agreed to provide the Loan C1 in the principal amount of HK\$33 million to Borrower C for a term of 12 months. Loan C1 was advanced to Aevitas (as defined below) as instructed by Borrower C.

The principal terms of the Loan Agreement C1 are set out below:

Date	:	4 January 2021
Lender	:	the Company
Borrower	:	Shie Thomas
Principal Loan Amount	:	HK\$33 million
Interest Rate	:	7% per annum
Interest Periods	:	The Loan C1 has successive interest periods. Each interest period for the Loan C1 will be 3 months. The first interest period shall start on the drawdown date and end on and including the last day of the 1-month period. Each subsequent interest period shall start on the day following the preceding interest period and end on and include the last day of each 3-month period.

Default Interest Rate	:	20% per annum
Drawdown Date	:	5 January 2021
Maturity Date	:	12 months from the drawdown date, or such later date to be agreed by the Company in writing, and subject to such terms and conditions to be agreed between the Company and Borrower C
Repayment	:	Borrower C shall repay the principal loan amount together with accrued interest thereon on the maturity date, or at any time on demand.
Purpose of the Loan	:	The proceeds of the Loan C1 shall be used exclusively by Borrower C for his personal use.
Security	:	The Loan C1 is unsecured.
Recipient of the Loan proceeds	:	Aevitas Capital Management Limited (“ Aevitas ”)

Loan Agreement C2

On 29 March 2021, the Company as lender further entered into the Loan Agreement C2 with Borrower C, pursuant to which the Company agreed to provide the Loan C2 in the principal amount of HK\$7 million to Borrower C for a term of 6 months. Loan C2 was advanced to Borrower C.

The principal terms of the Loan Agreement C2 are set out below:

Date	:	29 March 2021
Lender	:	the Company
Borrower	:	Shie Thomas
Principal Loan Amount	:	HK\$7 million
Interest Rate	:	5% per annum
Maturity Date	:	6 months from the drawdown date

Repayment	:	Borrower C shall repay the principal loan amount together with accrued interest thereon on the maturity date.
Prepayment	:	Borrower C may repay, in installments, the Loan C2 and the interest accrued to the outstanding balance of the Loan B before the maturity date.
Purpose of the Loan	:	The proceeds of the Loan C shall be used by the company under Borrower C's name.
Security	:	The Loan C2 is unsecured.
Recipient of the Loan proceeds	:	Borrower C

INFORMATION ON THE PARTIES

The Group

The Company is a company incorporated in the Cayman Islands with limited liability. FT Entertainment is a limited company incorporated in British Virgin Islands and a direct wholly-owned subsidiary of the Company. The Group is primarily engaged in the mobile game operation and publishing business.

The Borrowers and recipients of the Loans proceeds

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries:

- (a) in respect of Loan A: Borrower A is a merchant. Union Space, being the recipient of Loan A, is a company incorporated in Hong Kong with limited liability which was owned as to 80% by Borrower C, as to 10% by Borrower A and as to 10% by Ms. Chen before 28 December 2020, and wholly-owned by Borrower C thereafter.
- (b) in respect of Loan B: Borrower B is a company incorporated in Hong Kong with limited liability which was at the material time ultimately owned as to 100% by Mr. Qiu Binqun, and is principally engaged in sales of cigars and water quality monitoring instruments. The recipient of Loan B is Union Space and its ultimate beneficial owners have been disclosed in (a) above.

- (c) in respect of Loan C1 and Loan C2: Borrower C is a merchant. Aevitas, being the recipient of Loan C1, is a company incorporated in Hong Kong with limited liability which was at the material time wholly owned by Borrower C.
- (d) the Borrowers, the recipients of the Loans proceeds and their respective ultimate beneficial owner(s) (where applicable) were and are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE LOAN AGREEMENTS

The provision of the Loans to the Borrowers was funded by the Company's then idle capital at the material time. The terms of the Loan Agreements were arrived at by the Group and the Borrowers after arm's length negotiations and were on normal commercial terms. Having considered the positive representations as to the credit-worthiness of the Borrowers given to the Group, the security provided (where applicable), the credit assessments completed on the Borrowers and the interests income to be received by the Group, the then Directors considered that the terms of the respective Loan Agreements were fair and reasonable and the provision of the Loans to the Borrowers was in the interest of the Company and its shareholders as a whole.

Status of the Loans

As at the date of this announcement, the Management regrets that all the Loans are in default. The total outstanding amounts under each of the Loans as at the date of this announcement are as follows:

- (i) in respect of Loan A: HK\$55,650,685, being the sum of the outstanding principal amount of HK\$50,000,000 and all the interest and default interest accrued on Loan A up to the date of this announcement;
- (ii) in respect of Loan B: HK\$64,054,795, being the sum of the outstanding principal amount of HK\$50,000,000 and all the interest and default interest accrued on Loan B up to the date of this announcement;
- (iii) in respect of Loan C1: HK\$41,524,849, being the sum of the outstanding principal amount of HK\$33,000,000 and all the interest and default interest accrued on Loan C1 up to the date of this announcement; and
- (iv) in respect of Loan C2: HK\$8,211,096, being the sum of the outstanding principal amount of HK\$7,000,000 and all the interest and default interest accrued on Loan C2 up to the date of this announcement.

After the grant of the Loans, the Company had regularly monitored the status of the Loans. Given the status of the Loans, full impairment loss has been recognised in respect of the Loans as disclosed in the annual reports of the Group for the years ended 31 December 2021 (in respect of Loan A and Loan B) and 31 December 2022 (in respect of Loan C1 and Loan C2). The Company has constantly followed up on the recovery of the Loans for the purpose of safeguarding its assets, including taking recovery actions against the defaulted Borrowers by issue of demand letters through its lawyers in March 2022, May 2023 and August 2023 and negotiations with the Borrowers for the settlement of the respective Loans. A special committee was established by the Company in April 2023 with authority and responsibility to follow up and chase for recovery of the outstanding loans. The Company is constantly checking on the progress of negotiation and will use its best endeavours to recover the outstanding Loans.

LISTING RULES IMPLICATIONS

Loan Agreement A

At the material time when the Loan Agreement A was entered into, given that all the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement A (on a stand-alone basis) was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Loan Agreement B

At the material time when the Loan Agreement B was entered into, given that all the applicable percentage ratios for the transactions contemplated thereunder were less than 5%, the Loan Agreement B (on a stand-alone basis) was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Loan Agreement C1 and Loan Agreement C2

At the material time when each of the Loan Agreement C1 and the Loan Agreement C2 was entered into, given that all the applicable percentage ratios for each of the transactions contemplated thereunder (on a stand-alone basis or on an aggregated basis) were less than 5%, each of the Loan Agreement C1 and the Loan Agreement C2 was exempted from the disclosure requirements under Chapter 14 of the Listing Rules.

Since the default of the Loans, the Management has been using its best endeavours to chase for the recovery of the Loans. Although each of Loan A, Loan B, Loan C1 and Loan C2 did not constitute a notifiable transaction of the Company on a stand-alone basis, upon revisiting the Loan Agreements and further investigation into the relationship among the Borrowers and the recipients of the Loans proceeds, the Directors considered that the transactions contemplated under the Loan Agreements should have been aggregated pursuant to Rule 14.22 and Rule 14.23(1) of the Listing Rules on the bases that (i) the Loan Agreements were entered into and completed within a 12-month period and (ii) the Loan Agreements were entered into with parties connected or otherwise associated with Shie Thomas (i.e. Borrower C) in view of the following circumstances:

- (a) Loan A and Loan B were advanced to the same recipient, namely Union Space, of which Borrower C was an 80% shareholder and a director at the time of granting Loan A and Loan B;
- (b) on 28 December 2020 (after the advances of Loan A and Loan B), the 10% shares in Union Space charged by Borrower A as security for Loan A were transferred to Borrower C without the Group's knowledge and consent. On the same day, the remaining 10% shares in Union Space held by Ms. Chen were also transferred to Borrower C (without the Group's knowledge) and hence Borrower C became the sole shareholder of Union Space; and
- (c) Loan C1 and Loan C2 were subsequently entered into with Borrower C, in which Loan C1 was advanced to Aevitas of which Borrower C was the sole shareholder and sole director at the material time, and Loan C2 was advanced to Borrower C.

As the highest applicable percentage ratio (as defined under the Listing Rules) under the Loan Agreements, when calculated on an aggregated basis, is more than 5% but less than 25%, the Loans together constituted a discloseable transaction on the part of the Company and were thus subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The then Management was aware that each of the Loan Agreements on a stand-alone basis did not constitute a notifiable transaction but they failed to comprehend the aforesaid connections or associations among the Borrowers and the recipients of the Loans proceeds (which have been deliberately concealed from the Company) at the material times. Due to such oversight and unintentional omission by the then Management, the Company failed to assess the Loans on an aggregated basis and notify and announce the Loans in a timely manner in accordance with the Listing Rules which constituted breaches of Chapter 14 of the Listing Rules at the material time.

REMEDIAL ACTIONS TAKEN BY THE COMPANY

The Company is apologetic for its failure to timely disclose the Loans in breach of the Listing Rules. However, such breach is unintentional as the then Management had difficulties with the practical application of the aggregation rules under Rule 14.22 and Rule 14.23 as complicated by the circumstances set out above. The inter-relationship among the Borrowers and the recipients of Loans proceeds and the involvement of two separate lenders (FT Entertainment and the Company) suggest a less straightforward situation for the then Management to comprehend and determine the applicability of the aggregation rules. In order to avoid the occurrence of similar non-compliance with the Listing Rules in the future, in addition to the measures and procedures as disclosed in the announcement of the Company dated 29 July 2022, the Company has engaged an independent internal control consultant to conduct a stand-alone and independent investigation and review involving, among others, assessment of the effectiveness of the Group's internal control procedures related to the lending process and identification of any deficiencies or weaknesses in relation thereto, in a view to improve its due diligence processes, operational procedures and internal control systems.

It is always the intention of the Company to fully comply with the Listing Rules. The Board and the Management will use its best endeavours to continue to review and monitor all the loans granted by the Group to investigate if there would be further connections or associations among various borrowers or recipients of the Loans proceeds and to reassess the need for aggregation and comply with the relevant disclosure requirements in accordance with the Listing Rules as and when appropriate, and continue its implementation of the above measures to avoid the recurrence of similar events in the future.

DEFINITIONS

Unless the context otherwise requires capitalised terms used in this announcement shall have the following meanings:

“Board”	the board of Directors
“Borrower A”	Nai Renkun, an individual and Independent Third Party
“Borrower B”	HK Billion International Group Limited (formerly known as HK Baiyu International Trading Limited), a company incorporated in Hong Kong with limited liability
“Borrower C”	Shie Thomas, an individual and Independent Third Party
“Borrowers”	including Borrower A, Borrower B and Borrower C

“Company”	FingerTango Inc., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“FT Entertainment”	FT Entertainment Limited, a company incorporated in British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with (within the meaning of the Listing Rules) and is/are independent of the directors, chief executives and substantial shareholders of the Group or any of their respective associates (within the meaning of the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan A”	the loan with a principal amount of HK\$50 million granted by FT Entertainment to Borrower A pursuant to the Loan Agreement A
“Loan Agreement A”	the loan agreement dated 7 December 2020 entered into between FT Entertainment as lender, and Borrower A as borrower, in respect of Loan A
“Loan Agreement B”	the loan agreement dated 14 December 2020 (as supplemented by the Supplemental Agreement B) entered into between FT Entertainment as lender, and Borrower B as borrower, in respect of Loan B
“Loan Agreement C1”	the loan agreement dated 4 January 2021 entered into between the Company as lender, and Borrower C as borrower, in respect of Loan C1

“Loan Agreement C2”	the loan agreement dated 29 March 2021 entered into between the Company as lender, and Borrower C as borrower, in respect of Loan C2
“Loan Agreements”	including Loan Agreement A, Loan Agreement B, Loan Agreement C1 and Loan Agreement C2
“Loan B”	the loan with a principal amount of HK\$50 million granted by FT Entertainment to Borrower B pursuant to the Loan Agreement B
“Loan C1”	the loan with a principal amount of HK\$33 million granted by the Company to Borrower C pursuant to the Loan Agreement C1
“Loan C2”	the loan with a principal amount of HK\$7 million granted by the Company to Borrower C pursuant to the Loan Agreement C2
“Loans”	collectively, Loan A, Loan B, Loan C1 and Loan C2
“Management”	the management of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement B”	the supplemental agreement dated 26 March 2021 entered into between FT Entertainment and Borrower B to amend and supplement the Loan Agreement B
“%”	per cent.

By order of the Board
FingerTango Inc.
CHIK Wai Chun
Company Secretary

Guangzhou, the People’s Republic of China, 11 September 2024

As at the date of this announcement, the Board comprises Mr. LIU Jie and Dr. CHAN Man Fung as executive Directors and Mr. CHOW Wing Yiu, Mr. JIANG Huihui and Mr. SHIN Ho Chuen as independent non-executive Directors.