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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)

UPDATES TO INSIDE INFORMATION

This announcement is made by Forgame Holdings Limited (the “**Company**“, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to provide certain update in relation to the latest communication with the vendor and KongZhong Group regarding the profit guarantee given in relation to the acquisition of Beijing Xigua as stated in the announcement of the Company dated 10 March 2020 (the “**Announcement**”).

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

REPLY BY THE VENDOR AND KONGZHONG GROUP

As stated in the Announcement, on 10 March 2020, as a result of non-fulfillment of profit guarantee, the Company has instructed its PRC legal adviser to issue a demand letter (the “**Demand Letter**”) to the vendor, KongZhong Group and Beijing Xigua, stating the Company’s decision to opt for a compensation by way of cash in full and demanding for a compensation payment from them within 30 days upon the date of receipt of the demand letter.

On 18 March 2020, the Company received a reply letter (the “**Reply Letter**”) from the vendor and KongZhong Group (the “**Counterparty**”), which acknowledged receipt of the Demand Letter. As stated in the Reply Letter, the Counterparty objected to the appointment of the auditor made by the Company (the “**Beijing Xigua’s Auditor**”) for the purpose of conducting the audit work for Beijing Xigua for the period from 1 June 2020 to 31 December 2020, and indicated that it was unable to confirm the profit or loss figure of Beijing Xigua as provided by the Company as at the date of the Reply Letter. The Company has made communications with the Counterparty from 20 February 2020 to 29 February 2020 and proposed the appointment of the Beijing Xigua’s Auditor. The Company has also required confirmation from the Counterparty on or before 28 February 2020. However, up til

28 February 2020, the Counterparty had not confirmed. Since no objections from the Counterparty was received before the deadline, the Company deemed it as an acceptance of the appointment of Beijing Xigua's Auditor by the Counterparty.

The Company reserves all rights under relevant laws and regulations to claim compensation arising from the investment agreement dated 24 April 2019 regarding the acquisition of Beijing Xigua, and will discuss further possible actions with its legal advisers.

The Company will also continue to closely follow up with the Counterparty, and will make further announcement in relation to any update as and when appropriate in accordance with the requirements of the Listing Rules.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

By order of the Board
Forgame Holdings Limited
HAN Jun
Chairman

Hong Kong, 19 March 2020

As at the date of this announcement, the executive directors of the Company are Mr. HAN Jun and Ms. LIANG Na; the non-executive director of the Company is Mr. ZHANG Qiang; the independent non-executive directors of the Company are Mr. HOW Sze Ming, Mr. ZHAO Cong Richard and Mr. WAN Joseph Jason.