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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)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY INVOLVING ISSUANCE OF
CONSIDERATION SHARES UNDER THE GENERAL MANDATE**

References are made to the announcements of Forgame Holdings Limited (the “**Company**”) dated 22 October 2020, 13 November 2020, 18 November 2020 and 20 January 2021 pursuant to which Foga Tech, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (“**First Acquisition Agreement**”) with Baseway (as the vendor) and Ms. Gu and Shenzhen Binghong (as the guarantors) to acquire the entire issued share capital of Spacevision (collectively the “**Announcements**”). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

ACQUISITION OF TARGET COMPANY

The Board is pleased to announce that on 6 April 2021, the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA with the Vendor and the Guarantors, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, (i) the Sale Shares, representing the entire issued share capital of the Target Company; and (ii) the Sale Loan in the sum of approximately RMB52.1 million, in cash and through the allotment and issuance of Consideration Shares at the Issue Price of HK\$1.92 per Consideration Share at an aggregated consideration of approximately RMB92.1 million.

On 6 April 2021, the Guarantors, the shareholders of Shenzhen Binghong, entered into the Undertaking Agreement with the Target Company, pursuant to which, among other things, the Guarantors have jointly and severally undertaken to transfer the entire equity interest of Shenzhen Binghong to the Target Company or another wholly-owned subsidiary of the Company designated by Target Company (the “**designated nominee**”) at the cost of the Guarantors. Upon Completion, the Target Company and Shenzhen Binghong will become indirect wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Company’s consolidated financial statements.

IMPLICATIONS UNER THE LISTING RULES

Since the SPA is signed within 12 months of the First Acquisition Agreement and these agreements involve the acquisition by the Group of companies which are connected to or otherwise associated with Ms. Gu, they are required to be aggregated pursuant to the Listing Rules.

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions on an aggregated basis are more than 25% but all of such ratios are less than 100%, the Purchase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholder’s approval requirements under the Listing Rules.

As Ms. Gu is interested in approximately 10.69% of the issued share capital of the Company as at the date of this announcement, she is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. As Ms. Gu beneficially owns 70% equity interest of the Vendor, the Vendor is an associate of Ms. Gu and a connected person of the Company. Accordingly, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholder’s approval requirements under the Listing Rules.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve the Purchase.

A circular containing, among other things, (i) further details of the Purchase; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Purchase; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Purchase; (iv) the financial information of the Target Group; (v) the valuation report on the Target Group; and (vi) a notice convening the EGM, will be despatched to the Shareholders on or before 27 April 2021, as additional time is required to prepare, among other things, the financial information to be included in the circular.

Shareholders and potential investors should note that the Purchase is subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and securities of the Company.

THE PURCHASE

On 6 April 2021, the Purchaser, a wholly-owned subsidiary of the Company, entered into the SPA with the Vendor and the Guarantors, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares and the Sale Loan at the Consideration of approximately RMB92.1 million.

The principal terms and conditions of the SPA are set out below.

Date: 6 April 2021

Parties:

- (i) The Purchaser
- (ii) The Vendor
- (iii) The Guarantors

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, (i) Ms. Gu is interested in approximately 10.69% of the issued share capital of the Company; and (ii) Ms. Gu beneficially owns 70% equity interest of the Vendor, so the Vendor is an associate of Ms. Gu and a connected person of the Company. Therefore, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the SPA, the Vendor has conditionally agreed to sell to the Purchaser, and the Purchaser has conditionally agreed to acquire from the Vendor, the Sale Shares and the Sale Loan at the Consideration of approximately RMB92.1 million.

The Sale Shares represent the entire issued share capital of the Target Company as at the date of the SPA and immediately before Completion. The Sale Loan represents the amount of approximately RMB52.1 million due and owed by the Target Group to the Guarantors or companies majority-owned by either of them as of the date of the SPA.

The Undertaking Agreement and the Transfer

On 6 April 2021, the Guarantors, the shareholders of Shenzhen Binghong, entered into the Undertaking Agreement with the Target Company, pursuant to which, among other things, the Guarantors have jointly and severally undertaken to transfer the entire equity interest of Shenzhen Binghong to the Target Company or another wholly-owned subsidiary of the Company designated by Target Company (the “**designated nominee**”) at the cost of the Guarantors.

Upon completion of the Transfer, Shenzhen Binghong will be wholly-owned by the Target Company or the designated nominee (as the case may be).

The Consideration

The aggregate consideration of the Purchase (including the Transfer) is approximately RMB92.1 million, which shall be payable by the Purchaser or its subsidiary to the Vendor or the Guarantors through the Consideration Cash of approximately RMB63.0 million and the Consideration Shares in amount of approximately RMB29.1 million (equivalent to approximately HK\$35.0 million) in the following manner:

The Consideration Cash:

- (i) The cash consideration of the Transfer will be paid by the Purchaser or its subsidiary (i) to the Guarantors in the amount of approximately RMB10.9 million, making reference to the net asset value of Shenzhen Binghong as at 31 January 2021; and (ii) to Shenzhen Binghong based on the amount of the Sale Loan of approximately RMB52.1 million.

The Consideration Cash will be financed by internal resources of the Group.

The Consideration Shares:

- (ii) Upon Completion, the remaining balance of the Consideration of approximately RMB29.1 million (equivalent to approximately HK\$35.0 million) shall be satisfied by the allotment and issuance of an aggregate of 18,208,768 Consideration Shares to the Vendor (or its nominees) at the Issue Price of HK\$1.92 per Consideration Share. Such Consideration Shares shall be listed on the Main Board of the Stock Exchange.

The Consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor and the Guarantors, on normal commercial terms after taking into account, among other things, (i) the historical financial performance and potential business prospects of the Target Group; (ii) the valuation in the valuation report of the entire equity interests of the Target Group of approximately RMB40.0 million as at 31 January 2021 prepared by an independent valuer pursuant to the SPA; and (iii) the Sale Loan of approximately RMB52.1 million due and owed by the Target Group to the Vendor or its subsidiaries and such further amount(s) as may be advanced on or before Completion by the Vendor or its subsidiaries to the Target Group.

Consideration Shares

The number of the Consideration Shares to be issued represents (i) approximately 12.4% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 11.0% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Consideration Shares will be allotted and issued at the Issue Price of HK\$1.92 per Consideration Share, which represents:

- (i) the closing price of HK\$1.92 per Share as quoted on the Stock Exchange as at the last trading day immediately prior to the date of the SPA;
- (ii) a discount of approximately 0.52% over/to the average closing price of HK\$1.91 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the SPA;
- (iii) a discount of approximately 2.54% to the average closing price of HK\$1.97 per Share as quoted on the Stock Exchange for the last twenty consecutive trading days immediately prior to the date of the SPA; and
- (iv) a discount of approximately 58.4% to the audited net asset value per Share of approximately HK\$4.61 per Share of the Company as at 31 December 2020.

The Issue Price was arrived at after arm's length negotiations between the Purchaser and the Vendor and the Guarantors with reference to the prevailing market price of the Shares and the current market conditions. The Directors consider the Issue Price is fair and reasonable.

The Consideration Shares to be allotted and issued shall be credited as fully paid and rank pari passu with all other Shares in issue in the share capital of the Company. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued under the General Mandate. The Directors were authorised to allot and issue up to 22,261,087 new Shares pursuant to the General Mandate. Accordingly, the allotment and issuance of the 18,208,768 Consideration Shares is within the limit of the General Mandate and is not subject to approval by the Shareholders.

Effect on the shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) immediately prior to the allotment and issuance of the Consideration Shares; and (ii) immediately after the Completion:

Name of Shareholder	As at the date of this announcement		Immediately after the Completion	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %
Foga Group Ltd. ⁽¹⁾	21,673,338	14.77%	21,673,338	13.14%
WANG Dongfeng ^{(2) (7)}	1,650,800	1.13%	1,650,800	1.00%
Foga Holdings Ltd. ⁽¹⁾	<u>7,763,997</u>	<u>5.29%</u>	<u>7,763,997</u>	<u>4.71%</u>
Subtotal – Foga Group Ltd. and its concert parties	31,088,135	21.19%	31,088,135	18.85%
Foga Internet Development Ltd. ⁽³⁾	7,785,700	5.31%	7,785,700	4.72%
YANG Tao ^{(4) (7)}	<u>1,340,000</u>	<u>0.91%</u>	<u>1,340,000</u>	<u>0.81%</u>
Subtotal – Foga Internet Development Ltd. and its concert party	9,125,700	6.22%	9,125,700	5.53%
KongZhong	10,202,168	6.95%	10,202,168	6.19%
Subtotal – KongZhong and its concert party	10,202,168	6.95%	10,202,168	6.19%
China Create Capital Limited ⁽⁵⁾	9,584,000	6.53%	9,584,000	5.81%
ZHANG Qiang ⁽⁷⁾	93,333	0.06%	93,333	0.06%
Baseway Co Ltd ⁽⁸⁾	9,614,760	6.55%	9,614,760	5.83%
Vendor ⁽⁹⁾	0	0%	18,208,768	11.04%
GU Wei ⁽⁸⁾	<u>6,073,000</u>	<u>4.14%</u>	<u>6,073,000</u>	<u>3.68%</u>
Subtotal – Baseway, the Vendor and its concert party	15,687,760	10.69%	33,896,528	20.55%
Other Shareholders	<u>70,943,994</u>	<u>48.36%</u>	<u>70,943,994</u>	<u>43.01%</u>
Total	<u>146,725,090</u>	<u>100.00%</u>	<u>164,933,858</u>	<u>100.00%</u>

Notes:

- (1) Foga Group Ltd. is wholly-owned by Managecorp Limited as the trustee of Wang Trust. Wang Trust is a discretionary trust set up by Mr. WANG Dongfeng, who is its settlor and protector, with Managecorp Limited as trustee on 15 March 2013. The beneficiary objects of Wang Trust include Mr. WANG Dongfeng and certain of his family members. Mr. WANG Dongfeng and Managecorp Limited are taken to be interested in 21,673,338 Shares held by Foga Group Ltd.. In addition, Foga Holdings Ltd. is wholly-owned by Managecorp Limited as the trustee of Hao Dong Trust. Hao Dong Trust is a discretionary trust set up by Mr. LIAO Dong, who is its settlor and protector, with Managecorp Limited as trustee on 15 March 2013. The beneficiary object of Hao Dong Trust is Mr. LIAO Dong himself. Mr. LIAO Dong and Managecorp Limited are taken to be interested in 7,763,997 Shares held by Foga Holdings Ltd.
- (2) Mr. WANG Dongfeng was granted 500,000 RSUs under the RSU Scheme in 2016, all of which vested during the period from 1 December 2016 to 1 June 2018. Mr. WANG Dongfeng bought an aggregate of 850,800 Shares during the period from 26 June to 13 July 2017. He was further granted 300,000 RSUs under the RSU Scheme in 2018, 50,000 of which vested on 1 December 2018 and 250,000 of which were cancelled on 30 June 2019. The Company further granted 250,000 RSUs to Mr. WANG Dongfeng under the RSU Scheme in 2019, 50,000 of which vested on 1 July 2019 and 50,000 vested on 1 January 2020. Mr. WANG Dongfeng resigned from executive Director with effect from 30 September 2019. Given that 1 RSU represents 1 Share upon vesting, the figure of 1,650,800 comprising 1,500,800 Shares and 150,000 uncanceled RSUs as well is considered as a prudent and complete disclosure by the Company of Mr. WANG Dongfeng's interests in the Company.
- (3) Foga Internet Development Ltd. is wholly-owned by Mr. YANG Tao. Mr. YANG Tao is taken to be interested in the 7,785,700 Shares held by Foga Internet Development Ltd.
- (4) Mr. YANG Tao was granted 1,340,000 RSUs under the RSU Scheme in 2016, all of which vested during the period from 1 December 2016 to 1 June 2018.
- (5) China Create Capital Limited is a company incorporated in the BVI and interested in 9,584,000 Shares in the capacity of a beneficial owner. To the best of the knowledge of the Company, none of the Directors is holding any shares in China Create Capital Limited and China Create Capital Limited is not related to other Shareholders.
- (6) Mr. WANG Dongfeng, Mr. LIAO Dong and Mr. YANG Tao are co-founders of the Group. For further details of their relationship, please refer to the sections headed "Our History, Reorganization and Corporate Structure" and "Directors and Senior Management" of the prospectus of the Company dated 19 September 2013.

- (7) As at the date of this announcement, Mr. ZHANG Qiang, a non-executive Director, is holding 93,333 Shares in the capacity as a beneficial owner, representing approximately 0.07% of the issued share capital of the Company. Mr. ZHANG Qiang was granted 100,000 RSUs, all of which vested during the period from 1 December 2016 to 1 June 2018. He was further granted 50,000 RSUs, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled on 30 June 2019. Mr. ZHANG Qiang sold 75,000 Shares on 17 January 2019. The Company further granted 60,000 RSUs to Mr. ZHANG Qiang, of which 12,000 vested on 1 July 2019, 12,000 vested on 1 January 2020 and 12,000 vested on 1 July 2020. Given that 1 RSU represents 1 Share upon vesting, the figure of 93,333 comprising 69,333 Shares and 24,000 uncanceled RSUs as well is considered as a prudent and complete disclosure by the Company of Mr. ZHANG Qiang's interests in the Company.
- (8) Baseway Co Ltd is wholly-owned by Ms. Gu. Ms. Gu is taken to be interested in the 9,614,760 Shares held by Baseway Co Ltd.
- (9) The Vendor is owned as to 70% by Ms. Gu, and is presumed to be acting in concert in the definition of "acting in concert" under the Takeovers Code. Ms. Gu is taken to be interested in the 18,208,768 Shares held by Vendor.

Conditions precedent

Pursuant to the SPA, the Completion shall be conditional upon fulfilment of the following conditions precedent between the parties (unless being waived):

- (i) the SPA having been signed and delivered to the Purchaser, the Vendor and the Guarantors;
- (ii) the Purchaser having obtained the fair value of the total equity valuation of the Target Group stated therein being not less than RMB40 million;
- (iii) the Purchaser, its agent or professional advisers having performed the financial and legal due diligence review of the Target Group, the results of which being satisfactory to the Purchaser;
- (iv) the Transfer having been completed;
- (v) there being no material adverse change in respect of the business, operations, financial conditions or prospects of the Target Group;

- (vi) the SPA and the Purchase having been approved by the Board of the Company and the Shareholders at the EGM;
- (vii) the Purchaser and the Vendor having obtained all necessary permissions and approvals relating to the SPA and the Purchase contemplated thereunder, all necessary consents, approvals or exemptions (if any) from third parties (including the Guarantors, if necessary) related to the signing and execution of the SPA and the Purchase, and completed relevant registration procedures (if necessary) in accordance with all applicable laws and regulations;
- (viii) Listing Approval for the listing of, and permission to deal in, the Consideration Shares having been granted by the Listing Committee; and
- (ix) upon Completion, the representations, warranties and undertakings by the Vendor and the Guarantors under the SPA remaining true, accurate, complete and not misleading or having been violated, and there having been no event or circumstances leading to any material adverse changes.

The Purchaser may from time to time waive the above conditions precedent in writing (except for condition (iv)). If any of the above conditions precedent cannot be fulfilled or waived by the Long Stop Date or such later date as the Purchaser and the Vendor may agree in writing, and without affecting the liabilities of any party to another party to the SPA for any antecedent breach of any terms thereof, the SPA and any matters contained therein and the rights and obligations of the parties thereto will immediately terminate save that such termination shall not affect or prejudice the then accrued rights and obligations of the parties.

Guarantee

The Guarantors jointly, severally, unconditionally and irrevocably guarantee to the Purchaser the due performance by the Vendor of all obligations under the SPA.

Completion

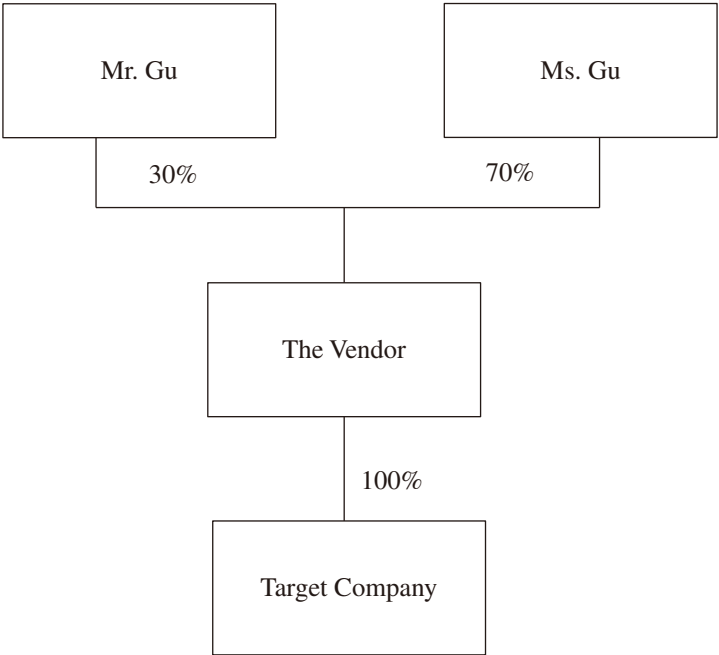
The Completion shall take place on the fifth (5th) Business Day after fulfillment of the conditions precedent set out in the SPA.

Upon Completion, the Target Group will become indirect wholly-owned subsidiaries of the Company and its financial results will be consolidated into the Company's consolidated financial statements.

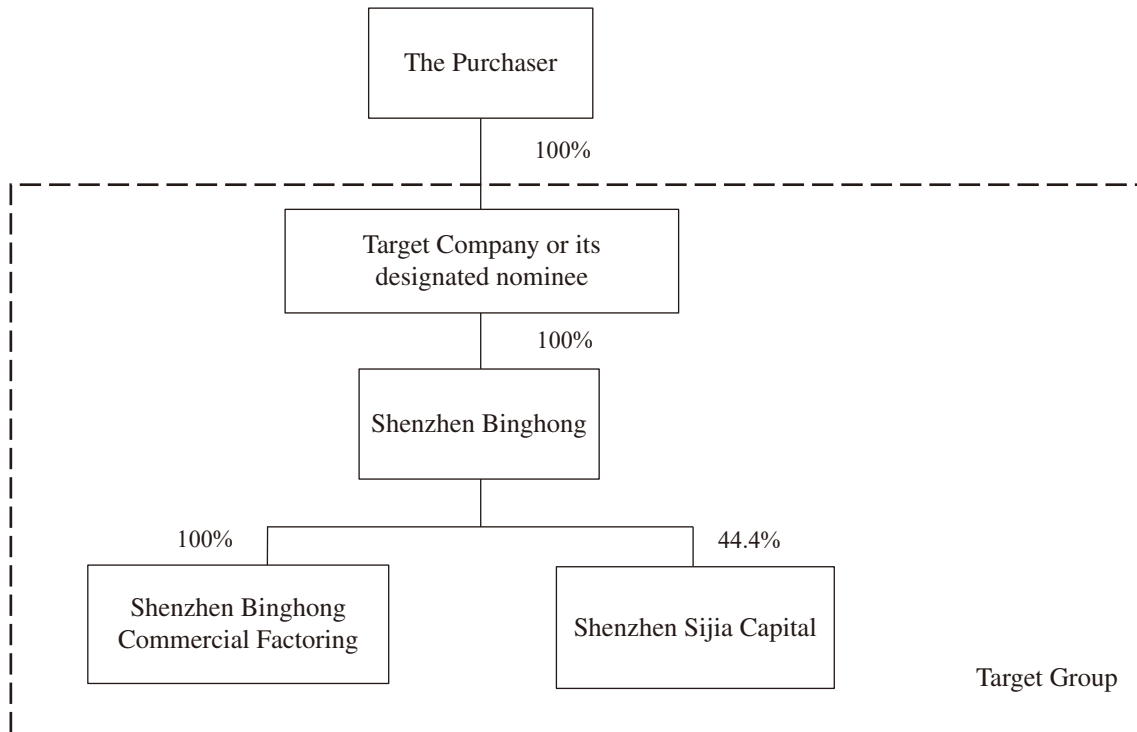
INFORMATION OF THE TARGET GROUP

The following diagram illustrates the shareholding structures of the Target Group (i) as at the date of this announcement and (ii) immediately after the Completion:

Shareholding structure of the Target Group as at the date of this announcement



Shareholding structure of the Target Group immediately after the Completion



(a) *The Target Company*

The Target Company is a company incorporated in Hong Kong with limited liability and is principally engaged as an electronic products trading company, which is wholly owned by the Vendor prior to the Completion. Pursuant to the Undertaking Agreement, Shenzhen Binghong will be directly wholly-owned by the Target Company or its designated nominee after the Transfer. Ms. Gu was the founder of the Target Company. The subscription price for the shares of the Target Company paid by Ms. Gu was HK\$10,000.

(b) *Shenzhen Binghong*

Shenzhen Binghong is a company established in the PRC with limited liability and is an investment holding company holding Shenzhen Binghong Commercial Factoring and Shenzhen Sijia Capital. On 30 May 2012, Ms. Gu acquired 50% shareholding interest in Shenzhen Binghong from an independent third party with a cash consideration of RMB5 million.

(c) *Shenzhen Binghong Commercial Factoring*

Shenzhen Binghong Commercial Factoring is a company established in the PRC with limited liability and is principally engaged in the provision of commercial factoring services and consultancy services.

(d) *Shenzhen Sijia Capital*

Shenzhen Sijia Capital is a company established in the PRC with limited liability and is principally engaged in the provision of investment management and private securities fund management services.

Financial information of the Target Group

Assuming the Transfer having been completed and the entire equity interest in Shenzhen Binghong having been consolidated into the consolidated financial statements of the Target Company or its designated nominee, the Target Group's unaudited pro forma consolidated financial information for the years ended 31 December 2018, 2019 and 2020 would be the following:

	For the year ended 31 December		
	2018	2019	2020
	<i>(RMB '000)</i> (unaudited)	<i>(RMB '000)</i> (unaudited)	<i>(RMB '000)</i> (unaudited)
Profit before taxation	781	2,008	5,099
Profit after taxation	781	1,952	4,782

Based on the unaudited consolidated financial statements of the Target Group, the net asset value of the Target Group as at 31 December 2020 was approximately RMB9.6 million.

REASONS AND BENEFITS FOR THE PURCHASE

The Company is principally engaged in developing and publishing domestic and overseas webgames and mobile games in the PRC, providing internet micro-credit service, as well as trading of electronic device and semiconductor in the PRC.

The Group have been actively identifying new investment opportunities in order to diversify the industry risks faced by the Group's individual business.

The Target Group is engaged in providing commercial factoring and private securities fund management services. Shenzhen Binghong Commercial Factoring is a commercial factoring service provider. Shenzhen Sijia Capital is a private equity investment company that can provide private equity services in the PRC. The Board believes that the Target Group will continue to capture the growth opportunities in the commercial factoring and asset management services industry in the PRC and contribute to the financial performance of the Group.

The Directors are of the view that the Purchase provides the Group with a number of benefits. In the year 2020, the PRC government had been focusing on developing supply chain financial services, digital economy and supporting bricks-and-mortar enterprises through national policies. The Board considers that factoring business is one of the ways to tap into the supply chain financial services industry in the PRC and the Purchase would be an invaluable opportunity for the Company to diversify the industry risk faced by the Group's individual business. Accordingly, the Board is of the view that Shenzhen Binghong Commercial Factoring will provide a suitable platform for the Company to leverage on its expertise and human resources to capture a market share of the commercial factoring business in the PRC.

In addition, the Company's wholly owned subsidiary, Shenzhen Xingyun, has an experienced team with expertise in the sales of digital storage devices, which the Board considers to be an advantage for the Company to expand into the business of fintech and the digital economy.

Taking into account of the above, the Directors consider that (i) the Purchase represents a valuable opportunity for the Group to tap into the factoring and supply chain financial services business in the PRC, which is highly regulated; (ii) the Purchase will allow the Group to diversify its income source; and (iii) the terms of the SPA, including the Consideration, which are determined after arm's length negotiations between the Purchaser and the Vendor and the Guarantors, are fair and reasonable and in the interest of the Purchaser, the Company and the Shareholders as a whole for the following reasons:

- (i) it is estimated that the COVID-19 pandemic will continue to exert negative impact on the overall economy as well as the operation and the financing activities of the Group in the short term. It is in the interest of the Company to preserve its financial resources for the business development of the Group. The issuance of Consideration Shares as partial payment of the Consideration would reduce the cash-flow pressure on the Group and is beneficial and in the interest of the Company; and
- (ii) the Consideration and the Issue Price were arrived at after arm's length negotiation between the Company and the Vendor and the Guarantors with reference to the valuation report of the Target Group and the prevailing market prices of the Shares.

IMPLICATIONS UNER THE LISTING RULES

Since the SPA is signed within 12 months of the First Acquisition Agreement and these agreements involve the acquisition by the Group of companies which are connected to or otherwise associated with Ms. Gu, they are required to be aggregated pursuant to the Listing Rules.

Since one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions on an aggregated basis are more than 25% but all of such ratios are less than 100%, the Purchase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholder's approval requirements under the Listing Rules.

As Ms. Gu is interested in approximately 10.69% of the issued share capital of the Company as at the date of this announcement, she is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules. As Ms. Gu beneficially owns 70% equity interest of the Vendor, the Vendor is an associate of Ms. Gu and a connected person of the Company. Accordingly, the Purchase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholder's approval requirements under the Listing Rules.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve the Purchase.

A circular containing, among other things, (i) further details of the Purchase; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Purchase; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Purchase; (iv) the financial information of the Target Group; (v) the valuation report on the Target Group; and (vi) a notice convening the EGM, will be despatched to the Shareholders on or before 27 April 2021, as additional time is required to prepare, among other things, the financial information to be included in the circular.

Shareholders and potential investors should note that the Purchase is subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expression shall have the following meaning when used herein:

“Baseway”	Baseway Co Ltd, a company incorporated in the BVI with limited liability, which is wholly-owned by Ms. Gu
“Board”	the board of Directors
“Business Day”	a day, other than Saturday, Sunday or other day on which commercial banks in Hong Kong and the PRC are authorised or required by applicable law to close
“Company”	Forgame Holdings Limited (雲遊控股有限公司), an exempted company incorporated in the Cayman Islands on 26 July 2011 with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Purchase pursuant to the terms and conditions of the SPA
“Completion Date”	the date on which Completion will take place or such other date as agreed by the Vendor and the Purchaser in writing

“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	Approximately RMB92.1 million, being the aggregate consideration for the Purchase
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, to approve, among other things, the SPA and the transactions contemplated thereunder
“Foga Tech”	Foga Tech Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 30 September 2020 to allot and issue up to 31,875,847 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“Guarantors”	Ms. Gu and Mr. Zhou
“HK\$” or “HK Dollars”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Shareholders”	Shareholder(s) other than Ms. Gu and its associate(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2021 or such date as the parties may agree in writing

“Main Board”	the Main Board of the Stock Exchange
“Mr. Gu”	Mr. Gu Xin (顧新), the beneficial owner of 30% of the issued share capital of the Vendor
“Mr. Zhou”	Mr. Zhou Xiaoyu (周曉宇), the Guarantor and the spouse of Ms. Gu
“Ms. Gu”	Ms. Gu Wei (顧微) is interested in approximately 10.69% of the issued share capital of the Company, the spouse of Mr. Zhou and the Guarantor
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Purchase”	the purchase of Target Company by entering into the SPA dated 6 April 2021 by the Purchaser, the Vendor and the Guarantors
“Purchaser”	Netcloud (Hong Kong) Technology Limited (香港雲信科技有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Loan”	a loan owing by the Target Group to the Guarantors or companies majority-owned by either of them as of the date of the SPA
“Sale Shares”	the 10,000 shares in the Target Company to be transferred by the Vendor to the Purchaser upon Completion, representing 100% of the entire issued share capital of the Target Company and being the entire equity interest of the Target Company held by the Vendor as of the date of the SPA
“Share(s)”	ordinary share(s) of US\$0.0001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shenzhen Binghong”	Shenzhen Binghong Investment Co. Ltd.* (深圳市秉宏投資有限公司), a company established in the PRC with limited liability, and is owned as to 50% by Ms. Gu and 50% by Mr. Zhou as at the date of this announcement
“Shenzhen Binghong Commercial Factoring”	Shenzhen Binghong Commercial Business Co. Ltd.** (深圳市秉宏商業保理有限責任公司), a company established in the PRC with limited liability and is wholly owned by Shenzhen Binghong
“Shenzhen Netcloud”	Shenzhen Netcloud Technology Limited* (深圳雲信科技有限公可), a company established in the PRC with limited liability and is wholly owned by the Purchaser
“Shenzhen Sijia Capital”	Shenzhen Sijia Capital Asset Management Co. Ltd.* (深圳思加資本資產管理有限公司), a company established in the PRC with limited liability and is owned as to 44.4% by Shenzhen Binghong, 50% by Ms. Gu, and 5.6% by Mr. Hui He, an independent third party of the Company as at the date of this announcement
“SPA”	the conditional sale and purchase agreement dated 6 April 2021 entered into between the Purchaser, the Vendor and the Guarantors in respect of the Purchase
“Spacevision”	Spacevision Co, Ltd, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sunhelm (Hong Kong) Electronics Company Limited (桑海通(香港)電子有限公司), and is wholly owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company and Shenzhen Binghong
“Transfer”	The transfer of the entire equity interest in Shenzhen Binghong from the Guarantors to the Target Company or its designated nominee pursuant to the Undertaking Agreement

“Undertaking Agreement”	the undertaking agreement dated 6 April 2021 entered into between the Ms. Gu and Mr. Zhou/the Guarantors as vendors with the Target Company as purchaser in respect of the Transfer
“US\$”	United States dollar(s), the lawful currency of the United States
“Vendor”	Sunhelm (Hong Kong) Technology Co., Limited (桑海通(香港)科技有限公司), and is owned as to 70% by Ms. Gu and 30% by Mr. Gu as at the date of this announcement
“%”	per cent.

By order of the Board
Forgame Holdings Limited
ZHANG Qiang
Chairman

Hong Kong, 6 April 2021

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1 to RMB0.83236. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the executive Directors are Mr. HAN Jun, Mr. DIAO Guoxin, and Mr. ZHU Liang; the non-executive Director is Mr. ZHANG Qiang; the independent non-executive Directors are Mr. WANG Dong, Mr. WONG Chi Kin, Mr. CUI Yuzhi and Mr. LU Xiaoma.

** For identification purposes only*