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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**” and together with its subsidiaries, 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 24 April 2019, 24 May 2019, 26 June 2019, 21 November 2019, 11 December 2019, 10 March 2020, 19 March 2020, 8 May 2020 and 22 October 2020 (the “**Announcements**”) in relation to the Group’s acquisition (the “**Acquisition**”) of 69.84% equity interests in 北京西瓜互娛科技有限責任公司 (Beijing Xigua Huyu Technology Co., Ltd.*) (“**Beijing Xigua**”), the non-fulfilment of the relevant profit guarantee and the follow up actions taken by the Company. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the Announcements.

As disclosed in the Announcements, as a result of the non-fulfillment of the relevant profit guarantee, the Company has instructed its PRC legal adviser to issue the Demand Letter demanding for a compensation by way of cash in full in the amount of approximately RMB150,152,857 (the “**Full Cash Compensation**”).

Based on the discussions between the Company and the Counterparty, the Company is given to understand that the Counterparty has difficulties in arranging for the Full Cash Compensation. In light of the circumstances, together with the fact that all the Consideration Shares are currently being held under an escrow account managed by the Escrow Agent, the parties have been discussing and negotiating a mutually agreeable and viable solution to resolve all the outstanding issues amicably including (a) the disposal of the 69.84% equity interests in Beijing Xigua to the Counterparty; (b) an assignment of an overdue loan; (c) a partial cash compensation; and (d) the returning of the Consideration Shares by the Escrow Agent to the Company for cancellation.

The solution requires careful and complicated consideration from financial and legal perspectives by both the Company and the Counterparty and the discussion is still going on. The Directors will use their best endeavours to ensure that the solution is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will issue further announcement(s) for any material development of this matter as and where appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Forgame Holdings Limited
ZHANG Qiang
Chairman

Hong Kong, 23 October 2020

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; and the independent non-executive Directors are Mr. WANG Dong, Mr. WONG Chi Kin, Mr. CUI Yuzhi and Mr. LU Xiaoma.