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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)

INSIDE INFORMATION AND CHANGE IN USE OF PLACING PROCEEDS

Preparation for the commencement of operations in the Internet Finance Business

The Board is pleased to announce that Yunke, a wholly owned subsidiary of the Group, obtained a licence to carry out the Internet Finance Business in the PRC from the Jiangxi provincial government and intends to commence business operations in the internet finance industry in the near future.

Change in use of Placing Proceeds

The Board has resolved to expand the use of the remaining unutilised Placing Proceeds for operations and investments in the internet, media, and technology industry, and for working capital and other general corporate purposes.

This announcement is made by Forgame Holdings Limited (the “**Company**”, together with (i) Guangzhou Feiyin Information Technology Co., Ltd., (ii) Guangzhou Jieyou Software Co., Ltd. and (iii) Guangzhou Weidong Internet Technology Co., Ltd. and (iv) their 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 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).

References are made to the announcements of the Company dated 3 August 2016 (the “**Announcement**”) and 27 September 2016 in relation to, inter alia, the Company’s subscription of convertible bonds issued by Yinker Inc.. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

Preparation for the commencement of operations in the Internet Finance Business

The Board is pleased to announce that Jiujiang City Yunke Internet Micro-lending Company Limited (“**Yunke**”), a newly established indirect wholly owned subsidiary of the Group, obtained a licence (《江西省小額貸款公司經營許可證》) (the “**Licence**”) to carry out internet micro-lending business in the PRC (the “**Internet Finance Business**”) from the Jiangxi provincial government. The Licence enables Yunke to, inter alia, (i) carry out the Internet Finance Business in the PRC, (ii) conduct offline micro-lending and equity investment in the defined areas in Jiujiang City in Jiangxi Province, (iii) raise funds from financial institutions, and (iv) participate in such other financial activities as may be permitted by the provincial government.

The Directors are of the view that the Licence represents a valuable resource in the internet finance industry as it

allows Yunke to conduct micro-lending business in the PRC through the internet space. While the Directors are cautiously optimistic that the Internet Finance Business will generate higher shareholder value, the Group will initially operate such business at a relative small scale and will only scale up its operations after the operations have been performed to a stable and profitable level. The obtaining and utilisation of the Licence by Yunke is in line with the Group's strategic objective to further invest and expand operations into the internet finance industry with the goal of generating higher shareholder value. Given that the PRC internet finance industry is at its early stage and will likely experience rapid and transformative growth, the Directors are of the view that the carrying out of the Internet Finance Business is in the interest in the Company and the Shareholders as a whole.

Yunke has not yet commenced the Internet Finance Business as at the date of this announcement and intends to commence the Internet Finance Business in the near future. In preparation for the commencement of operations in the Internet Finance Business, the Group will build its internal infrastructure, recruit relevant personnel, explore external channels and look for reputable business partners in the relevant industries in the PRC (including but not limited to reputable internet platforms) to enter into co-operation arrangements in order to provide, inter alia, collateralised loans and consumer loans within the operating limit of the Licence. The preliminary goal of the Group is to commence operations in the Internet Finance Business either independently or through strategic partnership arrangements in early 2017.

Change in use of Placing Proceeds

Reference is made to the section headed "Change in Use of Proceeds" in the Announcement. It was disclosed in the Announcement that the Board had resolved to change the use of approximately HK\$310,160,000 as at the date of the Announcement out of the remaining unutilised Placing Proceeds for investments in the internet, media, and technology industry, and such investments may include equity, bonds, hybrid products such as convertible bonds in the primary or secondary market. Approximately HK\$248,579,000 of the Placing Proceeds remain unutilised as at the date of this announcement.

In connection with the above, the Board has resolved to expand the use of the remaining unutilised Placing Proceeds for operations and investments in the internet, media, and technology industry, and for working capital and other general corporate purposes.

The Board will closely monitor and assess the progress of its expansion into the internet finance industry and will inform the Shareholders of any significant development (if any) in accordance with the Listing Rules. It should be noted that the information contained in this announcement is only based on information currently available to the Group and the Board's assessment of the Group's preliminary expansion plans into internet finance industry.

The Board wishes to emphasise that Yunke has yet to commence business operations in the internet finance industry and has not made any definitive arrangements and/or entered into relevant agreements in relation to the Internet Finance Business as at the date of this announcement. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

Hong Kong, 28 December 2016

As at the date of this announcement, the executive directors of the Company are Mr. WANG Dongfeng 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, Ms. POON Philana Wai Yin and Mr. ZHAO Cong Richard.