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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

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION OF NO LESS THAN 50% EQUITY INTERESTS IN THE TARGET BUSINESS

This announcement is made by the Company pursuant to Rule 13.09(2) of 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).

The Board wishes to announce that on 28 April 2017 (after trading hours), the Company entered into the MOU with the Vendor in relation to the Possible Acquisition of no less than 50% of the equity interests in the Target Business. Should the Possible Acquisition materialises, the Group's existing Internet Finance Business, which has commenced operation after the December Announcement, will be further enhanced.

The Board wishes to emphasise that the MOU is non-legally binding (save for certain provisions on exclusivity right, confidentiality, termination, costs, governing laws and jurisdiction) and no binding agreement in relation to the Possible Acquisition has been entered into by the Company and the Vendor as at the date of this announcement. As such, the Possible Acquisition may or may not proceed and the final structure and terms of the Possible Acquisition, which are still subject to further negotiations between the parties, have yet to be finalised and may deviate from those as set out in the MOU. Further announcements will be made by the Company in compliance with the Listing Rules as and when appropriate.

This announcement is made by Forgame Holdings Limited (the “**Company**”, together with (i) its subsidiaries, (ii) Guangzhou Feiyin Information Technology Co., Ltd., (iii) Guangzhou Jieyou Software Co., Ltd., (iv) Guangzhou Weidong Internet Technology Co., Ltd. and (v) their subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of the 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).

Reference is made to the announcements of the Company dated 3 August 2016 (the “**CB Announcement**”) and 27 September 2016 in relation to, inter alia, the Company’s subscription of convertible bonds issued by Yinker Inc. (the “**Vendor**”) and the announcement of the Company dated 28 December 2016 (the “**December Announcement**”) in relation to the preparation for the commencement of internet finance business in the PRC (the “**Internet Finance Business**”).

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

The Board wishes to announce that on 28 April 2017 (after trading hours), the Company entered into a memorandum of understanding (the “**MOU**”) with the Vendor in relation to the possible acquisition (the “**Possible Acquisition**”) of no less 50% of the equity interests of a group of companies engaging in the Internet Finance Business (the “**Target Business**”). Should the Possible Acquisition materialises, the Group’s existing Internet Finance Business, which has commenced operation after the December Announcement, will be further enhanced.

THE MOU

Date:	28 April 2017 (after trading hours)
Parties:	(i) the Company (ii) the Vendor
Assets intended to be acquired:	No less than 50% equity interests in the Target Business
Consideration:	The consideration for the Possible Acquisition shall be subject to further negotiations between the parties to the MOU and shall be determined upon the signing of a definitive agreement in relation to the Possible Acquisition (the “ Definitive Agreement ”).

Due diligence review:	Within 30 days after the signing of the MOU, the Company may conduct business, technology, financial and legal due diligence investigation on the Target Business.
Exclusivity right:	Under the MOU, the Company has the exclusive right to negotiate with the Vendor over the Possible Acquisition during the exclusivity period of 60 days (or such longer period may be agreed by the parties in writing) upon the signing of the MOU.
Conditions Precedent:	Completion of the Possible Acquisition shall be conditional upon the signing of the Definitive Agreement and the fulfillment of the conditions (if any) to be agreed by the parties in the Definitive Agreement.
Termination:	The MOU shall cease to have effect: <ul style="list-style-type: none"> (1) upon termination as mutually agreed by the parties in writing; or (2) if no Definitive Agreement is being entered into within 60 days after the signing of the MOU.
Binding effect:	The MOU is non-legally binding (save for certain provisions on exclusivity right, confidentiality, termination, costs, governing laws and jurisdiction).

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

It has been the business strategy of the Group to proactively seek for potential investment opportunities through potential acquisitions to diversify its existing business portfolio into new line of business with growth potential, to broaden its source of income, and eventually to enhance the value of the Shareholders and the Group was able to increase its exposure in the Internet Finance Business when Jiujiang City Yunke Internet Micro-lending Company Limited, an indirectly wholly-owned subsidiary of the Group, obtained a licence (《江西省小額貸款公司經營許可證》) to carry out the Internet Finance Business. As such, the Possible Acquisition provides an attractive opportunity for the Company to enhance its Internet Finance Business and is in line with the Group's business diversification strategy and business objective.

INFORMATION ABOUT THE VENDOR

The Vendor is an investment holding company incorporated in the Cayman Islands and has the controlling rights to the Target Business. As at the date of this announcement, the Company is the registered holder of the Convertible Bonds issued by the Vendor.

GENERAL

The Board wishes to emphasise that the MOU is non-legally binding (save for certain provisions on exclusivity right, confidentiality, termination, costs, governing laws and jurisdiction) and no binding agreement in relation to the Possible Acquisition has been entered into by the Company and the Vendor as at the date of this announcement.

The Board further wishes to emphasise that there is no assurance that any transactions referred to in this announcement will materialise. The negotiations in relation to the Possible Acquisition may or may not proceed, and the structure and the terms of the Possible Acquisition are subject to further negotiations between the Vendor and the Company. As such, the MOU may or may not lead to the Possible Acquisition taking place and the terms of the Possible Acquisition may deviate from those as set out in the MOU. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Possible Acquisition, if materialises, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Further announcement(s) will be made by the Company regarding the Possible Acquisition in compliance with the Listing Rules as and when appropriate.

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

Hong Kong, 28 April 2017

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.