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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)

**COMPLETION OF OFF-MARKET SHARE BUY-BACK;
COMPLETION OF LOAN ASSIGNMENT AND EQUITY DISPOSAL;
AND
RECEIPT OF FIRST PAYMENT FOR CASH CONSIDERATION**

References are made to the circular of Forgame Holdings Limited (the “**Company**”) dated 2 December 2020 (the “**Circular**”) in relation to, among other things, the Transfer Agreement and the transactions contemplated thereunder (including but not limited to the Equity Disposal, the Share Buy-back and the Loan Assignment) and the announcement of the Company dated 24 December 2020 in relation to the poll results of the EGM. Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

COMPLETION OF OFF-MARKET SHARE BUY-BACK

The Board is pleased to announce the completion of off-market Share Buy-back. All conditions precedent have been satisfied and Shanghai Dacheng has delivered through the Escrow Agent the Consideration Shares to the Company. The Consideration Shares were bought back by the Company on 8 February 2021 and subsequently cancelled on 19 February 2021 pursuant to the terms and conditions of the Transfer Agreement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the Company's shareholding structure (i) immediately before completion of the Share Buy-back; and (ii) immediately after completion of the Share Buy-back.

Name of Shareholder	Immediately before completion of the Share Buy-back		Immediately after the completion of the Share Buy-back	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %
Foga Group Ltd. ⁽¹⁾	21,673,338	12.83%	21,673,338	14.77%
WANG Dongfeng ^{(2) (7)}	1,650,800	0.98%	1,650,800	1.13%
Foga Holdings Ltd. ⁽¹⁾	<u>7,763,997</u>	<u>4.59%</u>	<u>7,763,997</u>	<u>5.29%</u>
Subtotal — Foga Group Ltd. and its concert parties	31,088,135	18.40%	31,088,135	21.19%
Foga Internet Development Ltd. ⁽³⁾	7,785,700	4.61%	7,785,700	5.31%
YANG Tao ^{(4) (7)}	<u>1,340,000</u>	<u>0.79%</u>	<u>1,340,000</u>	<u>0.91%</u>
Subtotal — Foga Internet Development Ltd. and its concert party	9,125,700	5.40%	9,125,700	6.22%
KongZhong ⁽⁵⁾	10,202,168	6.03%	10,202,168	6.95%
Shanghai Dacheng ⁽⁵⁾	<u>22,268,908</u>	<u>13.18%</u>	<u>0</u>	<u>0%</u>
Subtotal — KongZhong and its concert party	32,471,076	19.21%	10,202,168	6.95%
China Create Capital Limited ⁽⁶⁾	9,584,000	5.67%	9,584,000	6.53%
ZHANG Qiang ⁽⁸⁾	93,333	0.06%	93,333	0.06%
Baseway Co Ltd ⁽⁹⁾	9,614,760	5.69%	9,614,760	6.55%
GU Wei ⁽⁹⁾	<u>6,073,000</u>	<u>3.59%</u>	<u>6,073,000</u>	<u>4.14%</u>
Subtotal — Baseway and its concert party	15,687,760	9.28%	15,687,760	10.69%
Other Shareholders	<u>70,943,994</u>	<u>41.98%</u>	<u>70,943,994</u>	<u>48.36%</u>
Total	<u>168,993,998</u>	<u>100%</u>	<u>146,725,090</u>	<u>100%</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 uncancelled 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) Shanghai Dacheng is owned as to 98.54% by KongZhong China by way of certain contractual arrangements, which is in turn 100% owned by KongZhong. By virtue of the SFO, the KongZhong Group are taken to be interested in the 22,268,908 Shares held by Shanghai Dacheng.
- (6) 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.
- (7) 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.
- (8) 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 uncancelled RSUs as well is considered as a prudent and complete disclosure by the Company of Mr. ZHANG Qiang's interests in the Company.
- (9) Baseway Co Ltd is wholly-owned by GU Wei. GU Wei is taken to be interested in the 9,614,760 Shares held by Baseway Co Ltd.

COMPLETION OF LOAN ASSIGNMENT AND EQUITY DISPOSAL

The Board is also pleased to announce that the Loan Assignment took place and completed on 24 December 2020 upon the satisfaction of all of the conditions precedents. In addition, the parties to the Transfer Agreement have completed the relevant registration procedures for change (工商變更登記) with respect to the Equity Disposal, and completion of the Equity Disposal took place on 25 December 2020. Therefore, with effect from 25 December 2020, Beijing Xigua has ceased to be a subsidiary of the Company and the Company no longer hold any issues shares of Beijing Xigua. The Group expects to record a gain or loss on the Equity Disposal which will be reflected in the Group's consolidated statement of profit or loss for the year ended 31 December 2020. For further details of the financial effects of the completion of the Loan Assignment and the Equity Disposal, please refer to the section headed "Letter From the Board — Financial Effects of the Transfer" in the Circular.

RECEIPT OF FIRST PAYMENT FOR CASH CONSIDERATION

As disclosed in the section headed "Letter from the Board — Transfer Agreement — Implied Transfer Consideration" in the Circular, KongZhong China (or its designated third party) shall pay a sum of RMB1,000,000 in cash (the "First Payment") within 10 days of the date where all the conditions precedent under the Transfer Agreement have been satisfied or waived (if applicable), or by the end of 31 December 2020, whichever is earlier.

The Company hereby confirms that it has received the First Payment on 30 December 2020.

By Order of the Board
Forgame Holdings Limited
ZHANG Qiang
Chairman

Hong Kong, 19 February 2021

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.

All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.