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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: 484)

**SUPPLEMENTAL ANNOUNCEMENT
INSIDE INFORMATION
LEGAL PROCEEDINGS**

This announcement is made by Forgame Holdings Limited (the “**Company**”, together with its 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 (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).

Reference is made to the announcement of the Company dated 14 May 2021 (the “**Announcement**”) in relation to the legal proceedings involving a capital injection agreement allegedly entered into between, among others, the Company and Mr. WANG Dongfeng, a former director of the Company. Unless as defined in this announcement or the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

This announcement serves to provide the shareholders of the Company and potential investors with supplemental information in relation to the legal proceedings disclosed in the Announcement.

A. THE ROLE OF THE COMPANY IN THE CAPITAL INJECTION AGREEMENT AND THE PURCHASE

As advised by the PRC legal adviser of the Company (the “**PRC Legal Adviser**”) that in accordance with the Civil Complaint, it is alleged that the Company was one of the parties to the Capital Injection Agreement, pursuant to which the Defendant 1 was the obligor to the Purchase, and the Company and Mr. Wang were irrevocably and jointly liable for the Defendant 1’s obligation to Purchase.

B. THE REASONS THAT THE COMPANY WAS INVOLVED AND RESPONSIBLE FOR THE PAYMENT OBLIGATIONS RELATING TO THE CAPITAL INJECTION AGREEMENT AND THE PURCHASE

As advised by the PRC Legal Adviser that in accordance with the Civil Complaint, it is alleged by the Plaintiff that under the relevant clause of the Capital Injection Agreement, the Company and Mr. Wang undertook to be irrevocably and jointly liable for the Defendant 1's obligation to Purchase.

Based on the said clause, it is alleged that the Company was involved in and responsible for the obligations of the Defendant 1 to Purchase under the Capital Injection Agreement.

C. THE COMPANY IS NOT CONNECTED TO THE PLAINTIFF, THE DEFENDANT 1 AND THE DEFENDANT 2, AND THE COMPANY DOES NOT AGREE TO ANY OF THE CLAIMS STATED IN THE CIVIL COMPLAINT

Based on the information currently available after making reasonable enquiries, the Directors confirm that to the best of their knowledge and belief, the Company is not connected to the Plaintiff, the Defendant 1 and the Defendant 2 for reasons set out below:

- (a) the Plaintiff: per a preliminary PRC company search conducted by the Company, the Plaintiff is a stated-owned enterprise and 100% held by Pingxiang Economic Development Zone Management Committee (萍鄉經濟開發區管理委員會). The Group has never had any investment, cooperation or any form of business relationship with the Plaintiff, nor with its current or past shareholder or directors.
- (b) the Defendant 1: the Defendant 1 is not a current or past shareholder, Director or chief executive of the Group. In addition, the Defendant 1 has never been an employee of the Group, nor has any business relationship with the Group.
- (c) the Defendant 2: per a preliminary PRC company search conducted by the Company, members of the Group have not been current or past shareholders of the Defendant 2, and the shareholders and directors of the Defendant 2 are not current or past shareholder, Director or chief executive of the Group. The Group has never had any investment, cooperation or any form of business relationship with the Defendant 2.

Based on the above, the Company is of the view that the Company is not connected to the Plaintiff, the Defendant 1 and the Defendant 2.

In addition, based on the information currently available after making reasonable enquiries, the Directors confirm that to the best of their knowledge and belief, the Company does not agree to any of the claims stated in the Civil Complaint for reasons set out below:

- (a) the Company has gone through internal documents or records as well as past announcements (if any) of the Company in relation to the Capital Injection Agreement and the transactions contemplated thereunder, and is unable to locate such documents or records as at the date of this announcement;
- (b) further, the Company has also appointed the PRC Legal Adviser to investigate the former Directors during the material time. All former Directors (except Mr. Wang) confirmed that they have never (i) seen the Capital Injection Agreement; (ii) been aware of the matters and transactions contemplated thereunder; and (iii) discussed, voted for or resolved any matters in relation to the Capital Injection Agreement nor the joint liability to the Purchase. In light of the above, the Company is of the preliminary view that the Company has not resolved to enter into the Capital Injection Agreement, nor has the Company have deliberated the matters and transactions contemplated thereunder; and
- (c) the Company also questions the authenticity of the alleged Company's seal which was affixed to the Capital Injection Agreement, a copy of which is enclosed in the Civil Complaint. As the Company does not possess the original copy of the Capital Injection Agreement as internal documents, the Company is unable to verify the authenticity of the alleged seal of the Company. Nevertheless, the Company is seeking legal advice from the PRC Legal Adviser in relation to the authenticity of the alleged seal of the Company affixed to the Capital Injection Agreement, and is considering to report to the police to initiate criminal proceedings with respect to the possible forgery of the Company's seal.

In light of the above, the Company is of the view that it does not agree to any of the claims stated in the Civil Complaint, in particular the Company's irrevocable and joint liability for the Defendant 1's obligation to Purchase.

D. ACTION TO BE TAKEN BY THE COMPANY TO ASCERTAIN WHETHER ANY DIRECTOR OR EMPLOYEE OF THE COMPANY WAS INVOLVED IN THE CAPITAL INJECTION AGREEMENT AND/OR THE POSSIBLE FORGERY OF COMPANY SEAL

Based on the information and documents currently available to the Company, the Company will take the following actions:

- (i) instruct the PRC legal adviser to enquire and investigate Mr. Wang in order to understand the circumstances and events relevant to the Capital Injection Agreement;
- (ii) instruct the PRC legal adviser to respond to the Civil Complaint, and apply to the court in PRC to perform an authenticity check on alleged affixation of the Company's seal on the Capital Injection Agreement; and
- (iii) instruct the PRC legal adviser to report to the police to initiate criminal proceedings with respect to the possible forgery of the Company's seal.

E. THE BOARD'S ASSESSMENT ON THE EFFECTIVENESS OF THE COMPANY'S INTERNAL CONTROL SYSTEM AND INVESTIGATION AND/OR REMEDIAL MEASURES TO BE UNDERTAKEN IN RELATION THERETO

In March 2015, the Company has established the “Forgame Group Common Seal and Legal Representative Seal Management Policy” (the “**Common Seal Policy**”), which sets out the required application procedures to apply for use of the Company’s seal. The Company’s seal is usually safekept in/by the legal department and cannot be used to affix on any documents unless with the relevant approval or authorisation under the Common Seal Policy. The Company has reviewed the records under the Common Seal Policy, and has found no record of application or approval for use of the Company’s seal affixing to the Capital Injection Agreement. As such, based on the information currently available and to the best of the knowledge and belief of the Directors, as at the date of this announcement, the Company is of the preliminary view that the Company’s seal allegedly affixed on the Capital Injection Agreement may be forged.

The Board has discussed during board meetings regarding the relevant matters in relation to the incident. In particular, the Board has reviewed the Company’s internal control system in place and discussed the investigation actions to be taken by the Company. Based on the above review of the relevant documents and records, the Board is of the preliminary view that the adoption of the Common Seal Policy is appropriate and the internal control system of the Company is effective in relation to the use of Company’s seal. As mentioned above, the Company will instruct its PRC Legal Adviser to take further actions in order to investigate into the Capital Injection Agreement and the possible forgery of the Company’s seal.

Further, the current incident is not related to any current Director. The Board has instructed the PRC Legal Adviser to conduct further investigations and evidence collection, report the possible forgery of the Company’s seal to the police, and request authentication of the Company’s seal by the court. The Company will make further announcement if there is any material update as and when 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
CUI Yuzhi
Chairman

Hong Kong, 8 June 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 Directors are Mr. ZHANG Qiang and Mr. CUI Yuzhi; and the independent non-executive Directors are Mr. WANG Dong, Mr. WONG Chi Kin and Mr. LU Xiaoma.