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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)**

### **DISCLOSEABLE TRANSACTION** **ACQUISITION OF SHARES IN MAGIC FEATURE INC.**

The Board wishes to announce that on March 3, 2014, the Company entered into the Sale and Purchase Agreement with the Sellers. Pursuant to the Sale and Purchase Agreement, the Company conditionally agreed to acquire the Sale Shares from the Sellers for a total consideration of US\$70,000,000 (approximately HK\$543,270,000). Further, the Company conditionally agreed to pay an amount of up to US\$4,200,000 (approximately HK\$32,596,000) in the form of the Target Company's dividend upon the Target Company achieving certain profit targets as further set out in this announcement. In addition, the Company conditionally agreed to deposit a sum of US\$20,000,000 (approximately HK\$155,220,000) into the Escrow Account which shall be released to the Sellers subject to certain adjustments as agreed between the parties as further set out in this announcement.

The Target Group is engaged in the business of developing and publishing mobile games. One of its key mobile games is "Tower of Saviors" (神魔之塔), which is distributed in, among others, Hong Kong and Taiwan, with a substantial number of users and high download rates.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the acquisition of the Sale Shares are above 5% but less than 25%, the acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

#### **INTRODUCTION**

The Board wishes to announce that on March 3, 2014, the Company entered into the Sale and Purchase Agreement with the Sellers, pursuant to which the Company conditionally agreed to acquire the Sale Shares (representing 21% of the shareholding of the Target Company (or 20% of the shareholding of the Target Company on a Fully-Diluted basis) as at the date of the Sale and Purchase Agreement) for a total consideration of US\$70,000,000 (approximately HK\$543,270,000). Further, the Company conditionally agreed to pay an amount of up to US\$4,200,000 (approximately HK\$32,596,000) in the form of the Target Company's dividend upon the Target Company achieving certain profit targets as further set out in this announcement. In addition, the Company conditionally agreed to deposit a sum of US\$20,000,000 (approximately HK\$155,220,000) into the Escrow Account which shall be released to the Sellers subject to certain adjustments as agreed between the parties as further set out in this announcement.

# THE SALE AND PURCHASE AGREEMENT

## Date

March 3, 2014

## Parties

Purchaser : the Company

Sellers : each of the Sellers will sell half of the Sale Shares

To the best of the Directors' knowledge, information and belief, and having made reasonable enquiries, the Sellers are third parties independent of the Group and are not connected persons of the Group.

## The Acquisition

Pursuant to the Sale and Purchase Agreement, the Sellers conditionally agreed to sell and the Company conditionally agreed to purchase the Sale Shares, representing 21% of the shareholding of the Target Company (or 20% of the shareholding of the Target Company on a Fully-Diluted basis) as at the date of the Sale and Purchase Agreement. The cash consideration to be payable at Completion by the Company to the Sellers is US\$70,000,000 (approximately HK\$543,270,000). Further, the Company conditionally agreed to pay an amount of up to US\$4,200,000 (approximately HK\$32,596,000) in the form of the Target Company's dividend upon the Target Company achieving certain profit targets as set out in the paragraph below entitled "2014 Cash Profit and Escrow Account". In addition, the Company conditionally agreed to deposit a sum of US\$20,000,000 (approximately HK\$155,220,000) into the Escrow Account which shall be released to the Sellers subject to certain adjustments as agreed between the parties as set out in the paragraph below entitled "2014 Cash Profit and Escrow Account".

The Sellers are the legal and beneficial owners of the Sale Shares.

## Consideration and Payment Terms

At Completion:

- (1) the consideration of US\$70,000,000 (approximately HK\$543,270,000) will be paid to each of the Sellers in equal proportion; and
- (2) a further sum of US\$20,000,000 (approximately HK\$155,220,000) will be paid into the Escrow Account (which shall be released by the Escrow Agent to the Sellers in equal proportions pursuant to the terms and conditions set out in the Sale and Purchase Agreement and the Escrow Agreement)

Further, the Company conditionally agreed to pay an amount of up to US\$4,200,000 (approximately HK\$32,596,000) in the form of the Target Company's dividend upon the Target Company achieving certain profit targets as set out in the paragraph below entitled "2014 Cash Profit and Escrow Account".

The consideration and other terms of the Sale and Purchase Agreement were negotiated on an arm's length basis and was determined with reference to factors such as the Target Group's market position, financial performance and user statistics.

## Completion and Conditions Precedent

Completion of the Sale and Purchase Agreement shall take place on the date that is three (3) Business Days after the date on which the last of the conditions precedent is satisfied or waived or such other date as may be agreed between the Company and the Sellers. The major conditions precedent set out in the Sale and Purchase Agreement are:

- (1) all corporate and other proceedings in connection with the transactions to be completed at the Completion and all documents incidental thereto and other transaction documents (as defined in the Sale and Purchase Agreement) and the transactions contemplated thereby shall have been completed;
- (2) all actions by or in respect of or filings with any governmental or regulatory authority or any other third parties required to permit the consummation of the transactions contemplated by the Sale and Purchase Agreement and the other transaction documents (as defined in the Sale and Purchase Agreement) shall have been taken, made or obtained;
- (3) the representations and warranties of the Sellers set out in the Sale and Purchase Agreement or in any certificate or other writing delivered by the Sellers pursuant thereto shall be true, accurate and not misleading in all respects as of the date of the Sale and Purchase Agreement and as of the Completion Date;
- (4) the Company having completed to its reasonable satisfaction due diligence investigation in respect of the Target Group;
- (5) the Sellers shall have delivered to the Company legal opinions on the laws of the BVI, Taiwan, Hong Kong and Luxembourg, respectively, in form and substance satisfactory to the Company;
- (6) the Target Group having taken all necessary actions and obtained all necessary approvals to appoint the person(s) designated by the Company to be the director(s) of the Target Company or the SPV (as the case may be) and the observer(s) on the board of directors of each of the other companies in the Target Group on Completion and in accordance with the Sale and Purchase Agreement and the shareholders agreement (see heading “The Shareholders Agreement” below);
- (7) all parties (other than the Company) to each of the transaction documents (as defined under the Sale and Purchase Agreement, which include, among others, the shareholders agreement (see heading “The Shareholders Agreement” below), the Escrow Agreement and any supplemental agreement(s) in such form to be agreed between the Company and the Sellers) shall have duly, validly and irrevocably executed such transaction documents;
- (8) the Sellers shall have delivered to the Company a certified copy of the Audited Financial Statements, the 2012 Unaudited Management Accounts and the Unaudited Statement of Profit or Loss to the satisfaction of the Company; and
- (9) the Sellers shall have delivered to the Company a disclosure schedule in a form to be agreed between the Company and the Sellers.

### **2014 Cash Profit and Escrow Account**

The Sellers shall cause (i) the Target Company or the SPV (as the case may be) to prepare consolidated financial statements of the Target Group for the year ending December 31, 2014 in accordance with HKFRS/IFRS; and (ii) an independent firm of internationally recognized certified public accountants to be agreed upon by the Company and the Sellers (the “**Reporting Accountants**”) to audit such consolidated financial statements in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants/International Standards on Auditing issued by the International Auditing and Assurance Standards Board as soon as practicable and in any event by no later than March 31, 2015. The Target Company or the SPV (as the case may be) shall determine from such consolidated financial statements the cash profit of the Target Group for the year ending December 31, 2014 (as defined in the Sale and Purchase Agreement) and provide such information to the Company as soon as practicable and in any event by no later than April 30, 2015. The Sellers shall cause the Reporting Accountants to perform certain agreed-upon procedures, as mutually agreed by and between the Sellers and the Company, with respect to the determination of the cash profit of the Target Group for the year ending December 31, 2014 (as defined in the Sale and Purchase Agreement) and report their factual findings resulting from their work to the Sellers and the Company as soon as practicable and in any event by not later than April 30, 2015.

An amount of US\$20,000,000 which shall be paid into the Escrow Account by the Company at Completion shall be released by the Escrow Agent to the Sellers in equal proportions as soon as reasonably practicable after determination of any adjustment which may be required in accordance with the formula stated in the Sale and Purchase Agreement. Such adjustment will be made if (a) the cash profit of the Target Group for the year ending December 31, 2014 (as defined in the Sale and Purchase Agreement) is below US\$80,000,000, and (b) there are damages that may be incurred or suffered by any of the Indemnified Parties arising out of any actual or alleged misrepresentation or actual or alleged breach of the

representations and warranties in the Sale and Purchase Agreement within a period of six months from the Completion Date.

In the event that the cash profit of the Target Group for the year ending December 31, 2014 (as defined in the Sale and Purchase Agreement) is in excess of US\$80,000,000 (any such excess referred to as the “**2014 Excess Cash Profit**”), the Sellers shall be entitled to cause (and the Company has agreed to sign such necessary resolutions to cause) the Target Company or the SPV (as the case may be) to declare and distribute a dividend to all the holders of the shares of the Target Company or the SPV (as the case may be), which equals to 70% of the 2014 Excess Cash Profit, provided that the amount of such dividend shall be capped at US\$20,000,000. The Company has agreed to pay to the Sellers an amount equal to the Company’s portion of such dividend (in an amount of up to US\$4,200,000 (approximately HK\$32,596,000) on the basis of the Company’s 21% shareholding in the Target Company) as soon as reasonably practicable after it receives such amount from the Target Company or the SPV (as the case may be). Any 2014 Excess Cash Profit that has not been distributed to the Sellers in the above manner shall be retained by the Target Company or the SPV (as the case may be) and be available for distribution to all the holders of the shares in the Target Company or the SPV (as the case may be) in proportion to their then respective percentage of holdings of the shares in the Target Company or the SPV (as the case may be).

### **Sale and Purchase of Additional Shares**

The Sellers and the Company have agreed to negotiate in good faith and use their best endeavours to agree to the terms of the Definitive Documentation on or before December 31, 2014 for the acquisition of such number of additional shares of the Target Company or the SPV (as the case may be) so that the Company and/or its Affiliates(s) shall, upon completion of the transactions contemplated by the Sale and Purchase Agreement and the Definitive Documentation, become the legal and beneficial owner of 35% of the total issued share capital of the Target Company or the SPV (as the case may be) on a Fully-Diluted basis. The Company and the Sellers have agreed that the form(s) of the Definitive Documentation shall be negotiated in good faith between the parties taking into account relevant legal and regulatory consideration and will be similar to the terms of the Sale and Purchase Agreement. The Company and the Sellers have further agreed that the Definitive Documentation shall include terms to provide that the consideration to be payable by the Company to the Sellers for the acquisition of additional shares in the Target Company or the SPV (as the case may be) shall reflect an implied valuation of the Target Company or the SPV (as the case may be) of at least a value which is equivalent to the product of (i) the closing price of the shares of the Company on a day that is the fifth Business Day immediately prior to the date of signing of the Definitive Documentation as stated in the daily quotation sheets of the Stock Exchange and (ii) a factor of 60,695,583. The Company has undertaken not to engage in any subdivision of its share capital from the date of the Sale and Purchase Agreement until December 31, 2014 or the date of signing of the Definitive Documentation (whichever is earlier).

The Company shall comply with the applicable requirements under the Listing Rules for any acquisition of additional shares of the Target Company or the SPV (as the case may be).

### **Further Arrangements**

The Company and the Sellers have agreed that, in the event that the Target Company or the SPV (as the case may be) pursues an IPO (regardless of whether or not the Definitive Documentation has been entered into), if the valuation of the Target Company or the SPV (as the case may be) as determined by multiplying (i) the price per share to be offered for subscription and/or sale as part of the IPO and (ii) the number of shares outstanding immediately before the completion of the IPO, is equal to or more than US\$675,000,000, the Company shall agree to sell as part of the IPO at least such number of shares as would be necessary to ensure that the Sellers will collectively hold 50.1% of the total issued share capital of the Target Company or the SPV (as the case may be) immediately upon the completion of the IPO.

In the event of a successful IPO, none of the Company and the Sellers shall sell or otherwise transfer or dispose of any shares of the Target Company or the SPV (as the case may be) for a period commencing from the date of completion of the IPO until the expiry of a period of one (1) year commencing from the



date of completion of the IPO.

## **Sellers' Dividend**

The Company and the Sellers have agreed that:

(1) the Sellers shall cause the Target Company or the SPV (as the case may be) to prepare the Pre-Completion Accounts and determine from the Pre-Completion Accounts the amount equal to the difference (the "**Difference**") between (i) the cash, checking and savings account balances of the Target Group and (ii) the amount of any reasonably accrued payables or recorded liabilities (excluding the deferred revenue balances) of the Target Group. The Sellers shall, and shall procure the Target Company or the SPV (as the case may be) to, provide to the Company a detailed breakdown and necessary supporting schedules on the calculation of the Difference. Upon the confirmation by the Sellers and the Company of the amount of the Difference, the Sellers shall be entitled to cause the Company or the SPV (as the case may be) to pay an amount equivalent to the Difference minus a sum of US\$20,000,000 as dividend (the "**Dividend**") to the Sellers at any time on or prior to Completion. To the extent that an amount equivalent to the Dividend cannot be distributed by the Target Company or the SPV (as the case may be) to the Sellers on or prior to Completion either in whole or in part, the Company has agreed that the Sellers may cause the Target Company or the SPV (as the case may be) to pay any such amount equivalent to the Dividend that has not been paid on or prior to Completion (the "**Unpaid Dividend**") after Completion as dividend to all the holders of the shares of the Target Company or the SPV (as the case may be) in accordance with applicable laws. After the Company receives from the Target Company or the SPV (as the case may be) an amount equal to its portion of the Unpaid Dividend, it shall pay such portion to the Sellers as soon as reasonably practicable; and

(2) the Target Company or the SPV (as the case may be) shall determine from the Pre-Completion Accounts the amount of receivables due to cash revenue of the Target Group up to January 31, 2014 which the Target Group is legally entitled to receive in cash on or before March 31, 2014 (the "**Receivables**"). The amount of the Receivables shall be confirmed by the Sellers and the Company on a date to be mutually agreed between the Sellers and the Company. Upon such confirmation, the Sellers are entitled to cause the Target Company or the SPV (as the case may be) to pay an amount equivalent to the Receivables (only to the extent such amount has in fact been received in cash by the Target Group on or before March 31, 2014) as dividend to the Sellers as soon as reasonably practicable after March 31, 2014 in accordance with applicable laws. To the extent that the amount equivalent to the Receivables cannot be distributed by the Target Company or the SPV (as the case may be) to the Sellers on or prior to Completion, either in whole or in part, the Company has agreed that the Sellers may cause the Target Company or the SPV (as the case may be) to pay any such amount equivalent to the Receivables that has not been paid on or prior to Completion (the "**Unpaid Receivables Dividend**") after Completion as dividend to all the holders of the shares of the Target Company or the SPV (as the case may be). After the Company receives from the Target Company or the SPV (as the case may be) an amount equal to its portion of the Unpaid Receivable Dividend, it shall pay such portion to the Sellers as soon as reasonably practicable.

## **Other Provisions**

The Sale and Purchase Agreement also contains other provisions on indemnity (including indemnity for certain taxes of the Target Group), representations, warranties and undertakings which are usual and customary for a transaction of this nature and scale.

## **THE SHAREHOLDERS' AGREEMENT**

The Sellers have agreed to enter into a shareholders' agreement with the Company and the Target Company to govern the conduct of the affairs of the Target Group on or before the Completion Date.

The Company and the Sellers have agreed that the shareholders agreement shall consist of the following key terms and other terms to be agreed between the Company and the Sellers:

- (1) With respect to the Target Company or the SPV (as the case may be), the Company shall have the right to appoint one (1) director if the total number of directors (excluding independent non-executive directors) is less than five (5) and two (2) directors if the total number of directors (excluding independent non-executive directors) is five (5) or more. With respect to each of the other companies in the Target Group, the Company shall have the right to appoint one (1) observer to the board of directors of each of such other companies in the Target Group, and each such observer shall have the same rights as a director of each of such other companies in the Target Group (save and except for voting rights);
- (2) Each of the Sellers shall not, either alone or jointly with, through or as adviser to, or agent of, or manager for, any person or entity, directly or indirectly carry on or be engaged, concerned or interested in or assist any online or mobile game business save and except only for their interests in the Target Group for a period commencing from the date of the shareholders agreement until the expiry of a period of one (1) year after the date on which both Sellers are no longer a director, officer or employee of any company in the Target Group or a direct or an indirect holder of (i) any shares of the Target Company or the SPV (as the case may be), securities convertible into or exchangeable for shares of the Target Company or the SPV (as the case may be), and any options, warrants or other rights to acquire shares of the Target Company or the SPV (as the case may be) or (ii) any equity or equity-linked securities of any other company in the Target Group (whichever event is later);
- (3) The Company shall be permitted to disclose any information relating to the Target Group as the Company in its absolute discretion considers appropriate or necessary pursuant to any law or a rule of any relevant Governmental or Regulatory Authority (as defined in the Sale and Purchase Agreement) or for the preparation and audit of the consolidated financial statements of the Company in accordance with the applicable accounting principles;
- (4) Restrictions on the disposal of the Target Company Securities (including such securities of the SPV):
  - a. From the Completion Date until the earlier of (i) the date of completion of the IPO; (ii) December 31, 2015 and (iii) the date of completion of the Definitive Documentation (if applicable),
    - i. the Sellers shall not, and shall procure that none of their respective Affiliate(s) shall, without obtaining the prior written consent of the Company, dispose of any Target Company Securities (including such securities of the SPV), enter into agreements of similar effect, or publicly announce an intention to effect any such transaction; and
    - ii. the Company and/or its Affiliate(s) shall be entitled to dispose of the Target Company Securities (including such securities of the SPV), provided that the Company and/or its Affiliate(s) shall first offer such securities to the Sellers (right of first refusal), and if the Sellers do not accept such offer, the Sellers shall have the right to participate in the disposal of such securities to the third party together with the Company and/or its Affiliates (tag-along right).
  - b. From the date of completion of the Definitive Documentation (if applicable) until the date of completion of the IPO, the Company and/or its Affiliate(s) and the Sellers shall be entitled to dispose of the Target Company Securities (including such securities of the SPV) subject to each other's right of first refusal and tag-along right as described above.

The Company will comply with the applicable requirements under the Listing Rules in connection with any acquisition and/or disposal of the Target Company Securities (including such securities of the SPV);

- (5) Pre-emptive right on new issuance of Target Company Securities (including such securities of the SPV);
- (6) Information and inspection right, including but not limited to access to records relating to the information technology assets, financial and personnel information of each of the companies in the Target Group for the purposes of completing the audit of the consolidated financial statements of the Company;
- (7) Each of the Sellers shall not take any action and shall cause each company in the Target Group not to, nor shall it permit any company in the Target Group to, take any action (including any action by the board of directors, committees or other similar governing body of such company or by the shareholder(s) of such company) with respect to any of the following matters without the prior written consent of the Company:

- a. any amendment, or agreement to amend, the terms of its borrowing or indebtedness in the nature of borrowing or creation, incurrence or agreement to create or incur, borrowing or indebtedness in the nature of borrowing exceeding an agreed amount in the aggregate; and
  - b. any issuance of shares of the Target Company or the SPV (as the case may be), securities convertible into or exchangeable for shares of the Target Company or the SPV (as the case may be), and any options, warrants or other rights to acquire shares of the Target Company or the SPV (as the case may be) (save and except for the establishment of a company employee plan involving the issuance of up to 5% of the total issued share capital of the Target Company or the SPV (as the case may be) as at the date of the Sale and Purchase Agreement), or any equity or equity-linked securities of any other companies in the Target Group; and
- (8) A list of other actions of the companies in the Target Group which shall require the prior written consent of the Company to be agreed by the Company and the Sellers.

## INFORMATION RELATING TO THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability. As at the date of this announcement, the Target Company's entire issued share capital is legally and beneficially owned as to 50% by each of the Sellers.

The Target Group is engaged in the business of developing and publishing mobile games. One of its key mobile games is "Tower of Saviors" (神魔之塔), which game is distributed in, among others, Hong Kong and Taiwan, with a substantial number of users and high download rates.

Based on the unaudited combined statement of financial position of the Target Group as at September 30, 2013 prepared in accordance with HKFRS (being the latest net asset value of the Target Group made available to the Company), the net asset value of the Target Group is approximately HK\$(9,606,000).

The following financial information is extracted from the unaudited combined statement of profit or loss for the financial year ended December 31, 2013 of the Target Group prepared in accordance with HKFRS:

	For the financial year ended December 31, 2013 (HK\$'000)
Net profit/(loss) before taxation and extraordinary items	46,736
Net profit/(loss) after taxation and extraordinary items	38,591

The following financial information is extracted from the unaudited combined management accounts for the period from November 23, 2011 to December 31, 2012 of the Target Group prepared in accordance with HKFRS. The Sellers have confirmed that the Target Company, as at the date of this announcement, has only prepared the combined management accounts for the entire period from November 23, 2011 to December 31, 2012 of the Target Group, without separating the financial results for the year ended December 31, 2012 from such combined management accounts.

	For the period from November 23, 2011 to December 31, 2012 (HK\$'000)
Net profit/(loss) before taxation and extraordinary items	(4,338)
Net profit/(loss) after taxation and extraordinary items	(3,630)

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is a leading developer and publisher of webgames in China and is principally engaged in developing and publishing webgames and has now further expanded into the mobile games market.

Given the strong management team of the Target Group, as demonstrated by the popularity of the mobile

game “Tower of Saviors” (神魔之塔), the Target Company represents a valuable investment opportunity to expand the Group’s market reach outside of mainland China and in mobile games by leveraging on the Target Group’s (i) research and development resources, (ii) publishing and operation experience, and (iii) overseas user base.

The Directors, including the independent non-executive Directors, consider that the Sale and Purchase Agreement has been entered into in the ordinary and usual course of business of the Group on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the acquisition of the Sale Shares are above 5% but less than 25%, the acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“2012 Unaudited Management Accounts”	the unaudited combined management accounts of the companies comprising the Target Group as at the date of the Sale and Purchase Agreement for the period from November 23, 2011 to December 31, 2012, which comprise the statement of financial position as at December 31, 2012, and the statement of profit or loss and the statement of cash flows for the period from November 23, 2011 to December 31, 2012
“Affiliate(s)”	with respect to any Person, such Person’s Associates, any other Person directly or indirectly Controlling, Controlled by or under common Control with such Person
“Audited Financial Statements”	the audited financial statements of Mad Head Limited, a wholly-owned subsidiary of the Target Company in Hong Kong, which comprise the statement of financial position of Mad Head Limited as at December 31, 2012, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows of Mad Head Limited for the period from November 23, 2011 (date of incorporation) to December 31, 2012, audited by Ernst & Young
“Board”	the board of Directors
“Business Day”	a day other than a Saturday or Sunday or public holiday in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Forgame Holdings Limited (雲遊控股有限公司), a company incorporated in the Cayman Islands with limited liability, and the shares of which are listed on the Stock Exchange
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Completion Date”	the date on which Completion occurs



“Control”	when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “ <b>Controlling</b> ” and “ <b>Controlled</b> ” have correlative meanings
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Definitive Documentation”	an agreement(s) between the Sellers and the Company and/or its Affiliate(s) whereby the legal effect of such agreement(s) is for the Company and/or its Affiliate(s) to acquire from the Sellers additional shares of the Target Company or the SPV (as the case may be) such that, upon completion of the transactions contemplated by the Sale and Purchase Agreement and such agreement(s), the Company and/or its Affiliate(s) will become the legal and beneficial owner of 35% of the total issued share capital of the Target Company or the SPV (as the case may be) on a Fully-Diluted basis
“Director(s)”	the director(s) of the Company
“Escrow Account”	the account maintained by the Escrow Agent as specified in the Escrow Agreement
“Escrow Agent”	JPMorgan Chase & Co. or its Affiliate(s), or such other entity to be mutually agreed by the Company and the Sellers
“Escrow Agreement”	the escrow agreement to be entered into among the Company, the Sellers and the Escrow Agent in relation to the release of part of the consideration for the Sale Shares to the Sellers
“Feiyin”	Guangzhou Feiyin Information Technology Co., Ltd.* (廣州菲音信息科技有限公司), a limited company established under the laws of the PRC
“Fully-Diluted”	at the relevant time, all outstanding shares of the Target Company or the SPV (as the case may be), all shares issuable in respect of all approved or outstanding securities convertible into or exchangeable for shares of the Target Company or the SPV (as the case may be), all shares issuable in respect of all approved or outstanding options, warrants and other rights to acquire shares of the Target Company or the SPV (as the case may be) (including such options approved and granted under any company employee plan as permitted in the Sale and Purchase Agreement) and, to the extent that the company employee plan referred to in the Sale and Purchase Agreement has not yet been approved, for the purpose of this definition, options amounting to 5% of the total issued share capital of the Target Company or the SPV (as the case may be) shall be deemed to have been approved and issued
“Group”	the Company, its subsidiaries and the PRC Operational Entities (the financial results of which have been consolidated and accounted for as the subsidiaries of the Company by virtue of certain contractual agreements)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong

Institute of Certified Public Accountants

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Indemnified Parties”	the Company, its Affiliates and their respective successors and assignees and each member of the Target Group and their respective successors and assignees
“IPO”	an initial public offering to be undertaken by the Target Company or the SPV involving a listing of all of the equity shares of such company on the Stock Exchange or such other internationally recognized stock exchange as agreed between the Company and the Sellers
“Jieyou”	Guangzhou Jieyou Software Co., Ltd.* (廣州捷遊軟件有限公司), a limited company established under the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Person”	an individual, corporation, company, limited liability company, partnership, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof, and their respective successors and permitted assigns
Pre-Completion Accounts	a consolidated statement of financial position for the Target Group as of January 31, 2014 on a basis consistent with the accounting policies adopted in the preparation of the Audited Financial Statements, as appropriate
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“PRC Operational Entities”	collectively refers to Feiyin, Weidong and Jieyou
“Sale and Purchase Agreement”	the sale and purchase agreement dated March 3, 2014 and entered into between the Company and the Sellers
“Sale Shares”	10,500 ordinary shares of the Target Company, representing 21% of the shareholding of the Target Company (or 20% of the shareholding of the Target Company on a Fully-Diluted basis) as at the date of the Sale and Purchase Agreement
“Sellers”	Tsang Kin Ho and Tsang Kin Chung Terry
“SPV”	a special purpose vehicle to be incorporated as a listing vehicle owning the business of the Target Company and/or its subsidiaries for the purpose of the IPO
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Magic Feature Inc., a company incorporated in the BVI with limited liability, the entire issued share capital of which is legally and beneficially owned as to 50% by each of the Sellers as at the date of this announcement
“Target Company Securities”	(i) shares or voting securities of the Target Company, (ii) securities of the Target Company convertible into or exchangeable for shares or voting securities of the Target Company or (iii) options or other rights to acquire from the Target Company, or other obligation of the Target Company to issue, any shares, voting securities or securities convertible into or exchangeable for shares or voting securities of the Target Company
“Target Group”	the SPV (immediately upon its incorporation), the Target Company and its subsidiaries
“Unaudited Statement of Profit or Loss”	the unaudited combined statement of profit or loss of the companies comprising the Target Group as at the date of the Sale and Purchase Agreement for the year ended December 31, 2013
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Weidong”	Guangzhou Weidong Internet Technology Co., Ltd.* (廣州維動網絡科技有限公司), a limited company established under the laws of the PRC
“%”	percent

\*The English name is translated for reference purpose only in this announcement.

In this announcement, US\$ has been converted to HK\$ at the rate of US\$1=HK\$7.761 for illustration purpose only and should not be taken as a representation that US\$ could actually be converted into HK\$ at that rate or at all.

By order of the Board of  
**Forgame Holdings Limited**  
**WANG Dongfeng**  
*Chairman*

Hong Kong, March 3, 2014

*As at the date of this announcement, the Executive Directors are Mr. WANG Dongfeng, Mr. HUANG Weibing, Mr. LIAO Dong and Mr. ZHUANG Jieguang; the Non-executive Directors are Mr. TAN Hainan, Mr. TUNG Hans; the Independent Non-executive Directors are Mr. LEVIN Eric Joshua, Ms. POON Philana Wai Yin and Mr. ZHAO Cong Richard.*