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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)

TERMINATION OF DISCLOSEABLE TRANSACTION AND SIGNING OF NON-BINDING MEMORANDUM OF UNDERSTANDING

Reference is made to the announcement (the “**Announcement**”) of Forgame Holdings Limited (the “**Company**”) dated 3 March 2014 in relation to a discloseable transaction of the Company relating to, inter alia, the proposed acquisition of 21% of the issued share capital of Magic Feature Inc. (“**Magic Feature**”) and the announcement of the Company dated 18 May 2014 regarding a further update in relation to such proposed acquisition (the “**Update Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement and Update Announcement.

TERMINATION OF THE ACQUISITION

As disclosed in the Update Announcement, the Company has been informed by one of the Sellers that pursuant to an interview invitation from the Industry Bureau to Mad Head Limited in relation to the Acquisition, one of the Sellers attended an interview with the Industry Bureau and had received preliminary information from the Industry Bureau outlining certain laws and regulations in Taiwan relating to operating online and mobile game publishing companies in Taiwan, which was communicated to such Seller by way of summary meeting minutes and emails. In particular, such minutes and emails referred to prohibitions on PRC investors from operating online and mobile game publishing business in Taiwan.

Since the publication of the Update Announcement, the Company (with the reasonable assistance from the Sellers) have been seeking further clarification from the Industry Bureau and legal advice on the implications of such prohibitions. Based on such clarification and legal advice, the Sellers and the Company assessed the legal and regulatory risks associated with the Acquisition in view of the laws and regulations in Taiwan relating to prohibitions on PRC investors from operating online and mobile game publishing business in Taiwan.

Having considered the risks involved, the Sellers and the Company have in good faith (i) entered into a deed of termination and release to mutually terminate the Sale and Purchase Agreement on 21 August 2014 and (ii) decided to focus on exploring other joint-development efforts and business cooperation opportunities.

NON-BINDING MEMORANDUM OF UNDERSTANDING FOR THE JOINT DEVELOPMENT OF A MOBILE GAME

The Board wishes to announce that on 21 August 2014, Foga Tech Limited (“**Foga Tech**”), a wholly owned subsidiary of the Company, entered into a non-binding memorandum of understanding (the “**MOU**”) for the joint development of a game for mobile devices (the “**Mobile Game**”) with Magic Feature. According to the MOU, Foga Tech and/or its affiliate(s) and Magic Feature and/or its affiliate(s) wish to co-operate in the joint development of a mobile game to be published on a worldwide basis. Magic Feature is the producer of the game and will contribute art and design resources, Foga Tech will contribute source coding resources, and both parties will jointly provide mobile game development resources.

Foga Tech and/or its affiliate(s) will have an exclusive and non-transferrable right to publish, distribute, advertise, market and publicly display the simplified Chinese version of the Mobile Game in the PRC, and Magic Feature and/or its affiliate(s) will have all remaining rights to publish, distribute, advertise, marketing and publicly display the Mobile Game irrespective of languages and geographical limit (which for the avoidance of doubts, excludes the PRC). Both Foga Tech and/or its affiliate(s) and Magic Feature and/or its affiliate(s) will share the proceeds of sale of virtual currency of such Mobile Game in the PRC and outside of the PRC, respectively, with each other.

It is expected that beta testing of the Mobile Game will be conducted in 2015. Foga Tech and Magic Feature will negotiate in good faith with a view to enter into a game development agreement incorporating all the material terms and conditions of the MOU within ninety (90) days after the execution of the MOU, or such extension as Foga Tech and Magic Feature may agree. The game development agreement will include customary provisions which are typical to a mobile gaming development agreement.

As the matters contemplated under the MOU may or may not materialize as described or at all, Shareholders of and potential investors in the Company are therefore reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 21 August 2014

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