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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)

UPDATE ON THE FINANCIAL PERFORMANCE OF THE GROUP

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)(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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, based on the information currently available to the Board and a preliminary assessment of the Group’s unaudited consolidated management accounts for the four months ended 30 April 2017 (the “**Management Accounts**”), the Group expects a substantial improvement in its net operational loss position of approximately 75% to 79% for the six months ending 30 June 2017. The expected operational net loss ranges from approximately RMB14.0 million to RMB16.0 million, as compared to a net operational loss of RMB65.3 million for the six months ended 30 June 2016. Such expected improvement in net operational loss position is primarily attributable to (i) an increase in ROI (return on investment) of the Group’s flagship game, Liberators; and (ii) improved cost management which leads to a reduction in general and administrative costs of the Group. The Group also expects to record a much smaller net investment loss for the six months ending 30 June 2017 ranging from nil to approximately RMB2.0 million, as compared to RMB59.3 million of the corresponding period in 2016. Taking into account the expected decreases in both operational and investment net losses for the six months ending 30 June 2017 as a

whole, the Group is expected to record a net loss ranging from approximately RMB14.0 million to RMB18.0 million for the six months ending 30 June 2017 (as compared to a net loss of RMB124.6 million for the six months ended 30 June 2016), which represents an approximately 86% to 89% improvement.

It should be noted that the Company has yet to finalise the interim results of the Group for the six months ending 30 June 2017. The information contained in this announcement is only based on the information currently available to the Board and the Board's preliminary assessment of the Management Accounts, all of which require further review by the Company's auditors. As such, the actual interim results of the Group for the six months ending 30 June 2017 may differ from what is disclosed in this announcement. Shareholders and potential investors of the Company are therefore advised to read carefully the interim results announcement of the Company, which is expected to be published in late August 2017.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

Hong Kong, 19 May 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.