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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)**

**CONNECTED TRANSACTION  
FINANCIAL ASSISTANCE**

**LOAN AGREEMENT**

On 19 September 2019 (after trading hours), Xigua Huyu and Tianjin Wanke (indirect non-wholly owned subsidiaries of the Company) as the borrowers, Beijing Yidong and KongZhong Youyi as the guarantors, and Yunke as the lender entered into the Loan Agreement pursuant to which (i) Yunke has agreed to provide the Loan with principal amount of RMB15,000,000, at an interest rate of 12% per annum for a term of 12 months to Xigua Huyu and Tianjin Wanke; (ii) Beijing Yidong and KongZhong Youyi have agreed to provide the Corporate Guarantee in favour of Yunke; and (iii) Xigua Huyu and Tianjin Wanke shall pledge their trade receivables in the total amount of approximately RMB30,300,000 in favour of Yunke.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, both Beijing Yidong and KongZhong Youyi are companies controlled by KongZhong Xintong by contractual arrangements. KongZhong Xintong is wholly owned by KongZhong Corporation, which in turn is interested in 32,471,076 Shares, representing approximately 20.37% of the issued share capital of the Company. Accordingly, Beijing Yidong and KongZhong Youyi are connected persons of the Company. As such, the entering into of the Transactional Documents and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Transactional Documents exceed 0.1% but are less than 5%, the entering into of the Transactional Documents and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

On 19 September 2019 (after trading hours), Xigua Huyu and Tianjin Wanke (indirect non-wholly owned subsidiaries of the Company) as the borrowers, Beijing Yidong and KongZhong Youyi as the guarantors, and Yunke as the lender entered into the Loan Agreement pursuant to which (i) Yunke has agreed to provide the Loan with principal amount of RMB15,000,000, at an interest rate of 12% per annum for a term of 12 months to Xigua Huyu and Tianjin Wanke; (ii) Beijing Yidong and KongZhong Youyi have agreed to provide the Corporate Guarantee in favour of Yunke; and (iii) Xigua Huyu and Tianjin Wanke shall pledge their trade receivables in the total amount of approximately RMB30,300,000 in favour of Yunke.

## **THE LOAN AGREEMENT**

The principal terms of the Loan Agreement are summarised below:

### **Date**

19 September 2019 (after trading hours)

### **Parties**

Lender: Yunke

Borrowers: (1) Xigua Huyu  
(2) Tianjin Wanke

Guarantors: (1) Beijing Yidong  
(2) KongZhong Youyi

### **Principal amount**

RMB15,000,000

### **Term**

12 months commencing from the Drawdown Date

### **Interest rate**

12% per annum with interest payable in monthly intervals and which shall be calculated on the actual number of days elapsed on the basis of 360-day year commencing from the Drawdown Date.

If the Borrowers default in repayment on the due date of any sum, interest or other amounts payable under the Loan Agreement, it shall pay interest on such overdue sums from the due date until payment in full at the rate of 18% per annum.

## **Usage of the Loan**

The Loan shall be applied and used by the Borrowers for extending the network of VR experience stores and general working capital.

## **Repayment arrangement**

The Borrowers shall repay the principal amount of the Loan in full on the Repayment Date together with all interest accrued and unpaid thereon.

The Borrowers may make an early repayment of all or part of the outstanding balance of the Loan together with all interest accrued and unpaid thereon by giving prior written notice of not less than seven (7) working days to the Lender and subject to the consent of the Lender.

## **Security for the Loan**

The Guarantors shall jointly and severally provide the Corporate Guarantee in favour of the Lender as security for the due and punctual performance of the Borrowers under the Loan Agreement, the scope of which shall be all debts of the Borrowers under the Loan Agreement, including but not limited to the principal, interest, penalty interest, liquidated damages and other relevant expenses in respect of the Loan under the Loan Agreement. The Corporate Guarantee will remain in force and effect until two (2) years after the expiration date of the loan term of the Borrowers under the Loan Agreement.

Xigua Huyu and Tianjin Wanke shall, as chargors, provide the Pledge to pledge their trade receivables in the total amount of approximately RMB 30,300,000 in favour of the Lender as chargee, such that the Loan will be secured by the trade receivables so pledged as collateral.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

The Directors consider that the entering into of the Transactional Documents will enable Xigua Huyu and Tianjin Wanke to obtain additional capital for extending the network of VR experience stores and general working capital. The terms of the Transactional Documents, including the interest rate applicable, were arrived at after arm's length negotiations between the Borrowers and the Lender and taking into account, among others, the prevailing market interest rates and practices.

Having reviewed the terms of the Transactional Documents, the Directors (including the independent non-executive Directors) are of the view that the terms of the Transactional Documents are fair and reasonable and on normal commercial terms and that the entering into of the Transactional Documents is made in the ordinary course of business of the Group and on normal commercial terms and is in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, both Beijing Yidong and KongZhong Youyi are companies controlled by KongZhong Xintong by contractual arrangements. KongZhong Xintong is wholly owned by KongZhong Corporation, which in turn is interested in 32,471,076 Shares, representing approximately 20.37% of the issued share capital of the

Company. Accordingly, Beijing Yidong and KongZhong Youyi are connected persons of the Company. As such, the entering into of the Transactional Documents and the transactions contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As at the date of this announcement, Yunke is a wholly-owned subsidiary of Feiyin where Feiyin is contractually controlled by the Group through a series of contractual arrangements.

Since all the applicable percentage ratios as defined in Rule 14.07 of the Listing Rules in respect of the Transactional Documents exceed 0.1% but are less than 5%, the entering into of the Transactional Documents and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The entering into of the Transactional Documents has been approved by the Board.

No Director has any material interest in the Transactional Documents and the transactions contemplated thereunder. Accordingly, none of the Directors is required to abstain or has abstained from, voting on the relevant Board resolutions to approve the same.

## **INFORMATION ON THE PARTIES TO THE TRANSACTIONAL DOCUMENTS**

### **The Group and the Company**

The Company is an investment holding company. The Group is principally engaged in developing and publishing domestic and overseas webgames and mobile games and providing VR experience services as well as providing internet micro-credit service in the PRC.

### **The Lender**

Yunke, a company established with limited liability in the PRC, is principally engaged in internet micro-credit service business in the PRC. Yunke has obtained the internet micro-credit business licence (《江西省小額貸款公司經營許可證》) from the Jiangxi provincial government.

### **The Guarantors**

Both Beijing Yidong and KongZhong Youyi are companies established in the PRC with limited liability. Both Beijing Yidong and KongZhong Youyi are companies controlled by KongZhong Xintong by contractual arrangements. KongZhong Xintong is in turn wholly owned by KongZhong Corporation.

KongZhong Corporation is a company incorporated under the laws of the Cayman Islands with limited liability and is an investment holding company. KongZhong Group is principally engaged in the business of software development, operation of internet games and mobile games, as well as the provision of computer system and comprehensive technical solutions.

## DEFINITIONS

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

“Beijing Yidong”	北京易動無限網絡科技有限公司 (Beijing Yidong Wuxian Network Technology Co., Ltd*), a company established in the PRC with limited liability and a company controlled by KongZhong Corporation pursuant to contractual arrangements, being a member of the KongZhong Group
“Board”	the board of Directors
“Borrowers”	collectively, Xigua Huyu and Tianjin Wanke
“Company”	Forgame Holdings Limited (Stock Code: 00484), an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it in the Listing Rules
“Corporate Guarantee”	the corporate guarantees given by the Guarantors in favour of the Lender under the Loan Agreement
“Director(s)”	the director(s) of the Company
“Drawdown Date”	the date on which the Loan is drawn down by the Borrowers, being 20 September 2019 or such another date agreed by the parties
“Feiyin”	廣州菲音信息科技有限公司 (Guangzhou Feiyin Information Technology Co., Ltd.*), a company established in the PRC with limited liability and is controlled by the Company pursuant to contractual arrangements
“Group”	collectively, the Company and its subsidiaries
“Guarantors”	collectively, Beijing Yidong and KongZhong Youyi
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“KongZhong Corporation”	KongZhong Corporation, a company incorporated in the Cayman Islands with limited liability. As at the date of this announcement, KongZhong Corporation is interested in 32,471,076 Shares, representing approximately 20.37% of the issued share capital of the Company. Accordingly, KongZhong Corporation is a substantial Shareholder

“KongZhong Group”	collectively, KongZhong Corporation, its subsidiaries and companies controlled by KongZhong Corporation (including Beijing Yidong and KongZhong Youyi)
“KongZhong Xintong”	空中信通信息技術(北京)有限公司 (KongZhong Xintong Information Technology (Beijing) Co., Ltd.*), a company incorporated with limited liability under the laws of the PRC. KongZhong Xintong is owned as to 100% by KongZhong Corporation and a member of KongZhong Group
“KongZhong Youyi”	北京空中優宜信息技術有限公司 (Beijing KongZhong Youyi Information Technology Co., Ltd*), a company established in the PRC with limited liability and a company controlled by KongZhong Corporation pursuant to contractual arrangements, being a member of the KongZhong Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 19 September 2019 entered into between Yunke, Xigua Huyu, Tianjin Wanke, Beijing Yidong and KongZhong Youyi
“Loan”	the term loan in the principal amount of RMB15,000,000 granted by the Lender to the Borrowers pursuant to the Loan Agreement
“Pledge”	the pledge to be provided by the Borrowers over their trade receivables, in the total amount of approximately RMB30,300,000 in favour of Yunke
“PRC”	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Repayment Date”	the repayment date of the Loan, being the date falling 12 months from the Drawdown Date
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of US\$0.0001 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it in the Listing Rules

“substantial shareholder(s)”	has the same meaning ascribed to it in the Listing Rules
“Tianjin Wanke”	天津玩氩科技有限公司 (Tianjin Wanke Technology Co., Ltd.*), a company established with limited liability in the PRC and wholly owned by Xigua Huyu
“Transactional Documents”	collectively the Loan Agreement, the Corporate Guarantee and the Pledge
“Transactions”	the transactions contemplated respectively under the Loan Agreement, the Corporate Guarantee and the Pledge
US\$	U.S. dollars, the lawful currency of the United States of America
“VR”	virtual reality
“Xigua Huyu”	北京西瓜互娛科技有限責任公司 (Beijing Xigua Huyu Technology Co., Ltd.*), a company established with limited liability in the PRC and indirectly owned as to 69.84% by the Company
“Yunke” or “Lender”	九江市雲客網絡小額貸款有限公司 (Jiujiang Yunke Internet Microfinance Co., Ltd.*), a wholly-owned subsidiary of Feiyin, which is licensed to carry out internet micro-credit service business in the PRC
“%”	per cent

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

Hong Kong, 19 September 2019

*As at the date of this announcement, the executive Directors are Mr. WANG Dongfeng, Ms. LIANG Na and Ms. LI Luyi; the non-executive Director is Mr. ZHANG Qiang; the independent non-executive Directors are Mr. HOW Sze Ming, Mr. ZHAO Cong Richard and Mr. WAN Joseph Jason.*

\* For identification purpose only