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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)

**SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY**

**SUPPLEMENTAL AGREEMENT INVOLVING
ISSUE OF CONSIDERATION SHARES UNDER GENERAL MANDATE**

Reference is made to the announcement of Forgame Holdings Limited (the “**Company**”) dated 22 October 2020 in relation to the Acquisition (the “**Announcement**”). Unless as defined in this announcement or the context otherwise requires, the capitalised terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

On 22 October 2020, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor and the Guarantors pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, representing the entire issued share capital of the Target Company, in cash at the Consideration of RMB24,000,000 (equivalent to approximately HK\$28,075,101).

SUPPLEMENTAL SPA

On 13 November 2020 (after trading hours), the Purchaser, the Vendor and the Guarantors entered into a supplemental agreement to the Sale and Purchase Agreement (the “**Supplemental SPA**”) to amend, among other things, the payment terms of the Consideration as follows:

In the event that the Listing Committee having granted the Listing Approval for the Consideration Shares on or before the Determination Date (as defined below), the total Consideration of RMB24,000,000 (equivalent to approximately HK\$28,075,101) shall be paid and settled by:

- (i) RMB6,000,000 (equivalent to approximately HK\$7,018,775) in cash (the “**Cash Consideration**”); and
- (ii) RMB18,000,000 (equivalent to approximately HK\$21,056,326) by the allotment and issuance of 9,614,760 Consideration Shares under the General Mandate at the Issue Price of HK\$2.19 by the Company to Ms. Gu, as the designated nominee of the Vendor.

The Cash Consideration and Consideration Shares shall be payable by the Company within seven (7) Business Days after the earlier of (i) the issuance of the audited accounts of Shenzhen Xingyun for the year ending 31 December 2020 with net profit stated therein being RMB2,200,000 or above; or (ii) the Purchaser not exercising the Put Option on or before the expiry of the Option Period (the “**Determination Date**”).

In the event that the Listing Approval has not been obtained on or before the Determination Date, the total Consideration of RMB24,000,000 shall be paid and settled by the Company in cash within seven (7) Business Days after the Determination Date.

The Consideration will no longer be held in escrow as the Consideration will be paid after the Determination Date instead of upon the Completion Date.

Save for the above, all other terms of the Sale and Purchase Agreement shall remain in force and legally binding.

Consideration Shares

The number of the Consideration Shares to be issued represents (i) approximately 6.03% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 5.69% of the issued share capital of the Company as enlarged by the allotment and issuance of the Consideration Shares.

The Consideration Shares will be allotted and issued at the Issue Price, which represents:

- (i) the closing price of HK\$2.19 per Share as quoted on the Stock Exchange on the date of the Supplemental SPA; and
- (ii) a discount of approximately 10.32% to the average closing price of HK\$2.442 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Supplemental SPA.

The Consideration Shares to be allotted and issued shall be credited as fully paid and rank *pari passu* with all other Shares in issue in the share capital of the Company. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares will be allotted and issued under the General Mandate. The Directors were authorised to allot and issue up to 31,875,847 new Shares pursuant to the General Mandate. Up to the date of this announcement, no Shares have been issued under the General Mandate. Accordingly, the issue of the Consideration Shares is within the limit of the General Mandate and is not subject to approval by the Shareholders.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL SPA

The Directors consider the terms of the Supplemental SPA including the Issue Price are entered into on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole for the following reasons:

- (i) it is estimated that the COVID-19 pandemic will continue to exert negative impact on the overall economy as well as the operation and the financing activities of the Group in the short term. It is in the interest of the Company to preserve its financial resources for the business development of the Group. The issue of Consideration Shares as partial payment of the Consideration would reduce cash outflow of the Group and is beneficial and in the interest of the Company; and
- (ii) the Issue Price was arrived at after arm's length negotiation between the Company and the Vendor with reference to the prevailing market prices of the Shares.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately following the allotment and issuance of the Consideration Shares:

Name of Shareholder	As at the date of this announcement		Immediately following the allotment and issuance of the Consideration Shares	
	No. of Shares	approx.	No. of Shares	approx.
Foga Group Ltd. ^{(1) (7)}	21,673,338	13.60%	21,673,338	12.83%
WANG Dongfeng ⁽²⁾	1,650,800	1.04%	1,650,800	0.98%
Foga Holdings Ltd. ⁽¹⁾	<u>7,763,997</u>	<u>4.87%</u>	<u>7,763,997</u>	<u>4.59%</u>
<i>Subtotal — Foga Group Ltd. and its concert parties</i>	<i>31,088,135</i>	<i>19.51%</i>	<i>31,088,135</i>	<i>18.40%</i>
Foga Internet Development Ltd. ⁽⁴⁾	7,785,700	4.89%	7,785,700	4.61%
YANG Tao	<u>1,340,000</u>	<u>0.84%</u>	<u>1,340,000</u>	<u>0.79%</u>
<i>Subtotal — Foga Internet Development Ltd. and its concert party</i>	<i>9,125,700</i>	<i>5.73%</i>	<i>9,125,700</i>	<i>5.40%</i>
KongZhong Corporation ⁽³⁾	10,202,168	6.40%	10,202,168	6.03%
Shanghai Dacheng Network Technology Co., Ltd.* (上海大承網絡技術有限公司) (“Shanghai Dacheng”) ⁽³⁾	<u>22,268,908</u>	<u>13.97%</u>	<u>22,268,908</u>	<u>13.18%</u>
<i>Subtotal — KongZhong Corporation and its concert party</i>	<i>32,471,076</i>	<i>20.37%</i>	<i>32,471,076</i>	<i>19.21%</i>
China Create Capital Limited ⁽⁶⁾	9,584,000	6.01%	9,584,000	5.67%
ZHANG Qiang ⁽⁸⁾	93,333	0.06%	93,333	0.06%
Ms. Gu	6,073,000	3.81%	15,687,760	9.28%
Other public Shareholders	<u>70,943,994</u>	<u>44.51%</u>	<u>70,943,994</u>	<u>41.98%</u>
TOTAL:	<u>159,379,238</u>	<u>100%</u>	<u>168,993,998</u>	<u>100%</u>

Notes:

- (1) Foga Group Ltd. is wholly-owned by Managecorp Limited as the trustee of Wang Trust. Wang Trust is a discretionary trust set up by Mr. WANG Dongfeng, who is its settlor and protector, with Managecorp Limited as trustee on 15 March 2013. The beneficiaries of Wang Trust include Mr. WANG Dongfeng and certain of his family members. Mr. WANG Dongfeng and Managecorp Limited are taken to be interested in 21,673,338 Shares held by Foga Group Ltd.. In addition, Foga Holdings Ltd. is wholly-owned by Managecorp Limited as the trustee of Hao Dong Trust. Hao Dong Trust is a discretionary trust set up by Mr. LIAO Dong, who is its settlor and protector, with Managecorp Limited as trustee on 15 March 2013. The beneficiary of Hao Dong Trust is Mr. LIAO Dong himself. Mr. LIAO Dong and Managecorp Limited are taken to be interested in 7,763,997 Shares held by Foga Holdings Ltd.
- (2) Mr. WANG Dongfeng was granted 500,000 RSUs under the RSU Scheme in 2016, all of which vested during the period from 1 December 2016 to 1 June 2018. Mr. WANG Dongfeng bought an aggregate of 850,800 Shares during the period from 26 June to 13 July 2017. He was further granted 300,000 RSUs under the RSU Scheme in 2018, 50,000 of which vested on 1 December 2018 and 250,000 of which were cancelled on 30 June 2019. The Company further granted 250,000 RSUs to Mr. WANG Dongfeng under the RSU Scheme in 2019, 50,000 of which vested on 1 July 2019 and 50,000 vested on 1 January 2020. Mr. WANG Dongfeng resigned from executive Director with effect from 30 September 2019. Given that 1 RSU represents 1 Share upon vesting, the figure of 1,650,800 comprising 1,500,800 Shares and 150,000 uncanceled RSUs as well is considered as a prudent and complete disclosure by the Company of Mr. WANG Dongfeng's interests in the Company.
- (3) Shanghai Dacheng is owned as to 98.54% by KongZhong China Co., Ltd* (空中(中國)有限公司) (“**KongZhong China**”) by way of certain contractual arrangements, which is in turn 100% owned by KongZhong Corporation. By virtue of the SFO, KongZhong China and KongZhong Corporation are taken to be interested in the 22,268,908 Shares held by Shanghai Dacheng.
- (4) Foga Internet Development Ltd. is wholly-owned by Mr. YANG Tao. Mr. YANG Tao is taken to be interested in the 7,785,700 Shares held by Foga Internet Development Ltd.
- (5) Mr. YANG Tao was granted 1,340,000 RSUs under the RSU Scheme in 2016, all of which vested during the period from 1 December 2016 to 1 June 2018.
- (6) China Create Capital Limited is a company incorporated in the BVI and interested in 9,584,000 Shares in the capacity of a beneficial owner. To the best of the knowledge of the Company, none of the Directors is holding any shares in China Create Capital Limited and China Create Capital Limited is not related to other Shareholders.
- (7) Mr. WANG Dongfeng, Mr. LIAO Dong and Mr. YANG Tao are co-founders of the Group. For further details of their relationship, please refer to the sections headed “Our History, Reorganization and Corporate Structure” and “Directors and Senior Management” of the prospectus of the Company dated 19 September 2013.
- (8) As at the date of this announcement, Mr. ZHANG Qiang holds 93,333 Shares in the capacity as a beneficial owner, representing approximately 0.06% of the issued share capital of the Company. Mr. ZHANG Qiang was granted 100,000 RSUs, all of which vested during the period from 1 December 2016 to 1 June 2018. He was further granted 50,000 RSUs, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled on 30 June 2019. Mr. ZHANG Qiang sold 75,000 Shares on 17 January 2019. The Company further granted 60,000 RSUs to Mr. ZHANG Qiang, of which 12,000 vested on 1 July 2019, 12,000 vested on 1 January 2020 and 12,000 vested on 1 July 2020. Given that 1 RSU represents 1 Share upon vesting, the figure of 93,333 comprising 69,333 Shares and 24,000 uncanceled RSUs as well is considered as a prudent and complete disclosure by the Company of Mr. ZHANG Qiang's interests in the Company.

As Completion is conditional upon fulfilment (or, if applicable, waiver) of the conditions precedent set out in the Agreements, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless defined above or below or the context otherwise requires, the capitalised terms used in this announcement shall have the same meaning as defined in the Announcement:

“Agreements”	collectively, the Sale and Purchase Agreement and the Supplemental SPA
“Consideration Shares”	9,614,760 new Shares to be allotted and issued to Ms. Gu at the Issue Price under the General Mandate
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 30 September 2020 to allot and issue up to 31,875,847 Shares, representing 20% of the total number of Shares in issue as at the date of passing such resolution
“Issue Price”	HK\$2.19, being the issue price per Consideration Share
“Listing Approval”	the approval for the listing of, and the permission to deal in, the Consideration Shares to be granted by the Listing Committee
“Listing Committee”	the listing committee of the Stock Exchange
“RSU”	restricted share unit(s) granted pursuant to the RSU Scheme
“RSU Scheme”	the scheme conditionally approved and adopted by the Company on 1 September 2013 for the grant of RSUs to RSU participants following the completion of initial public offering of the Shares on the Stock Exchange

By order of the Board
Forgame Holdings Limited
ZHANG Qiang
Chairman

Hong Kong, 13 November 2020

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1 to RMB0.85485. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

As at the date of this announcement, the executive Directors are Mr. HAN Jun, Mr. DIAO Guoxin and Mr. ZHU Liang; the non-executive Director is Mr. ZHANG Qiang; the independent non-executive Directors are Mr. WANG Dong, Mr. WONG Chi Kin, Mr. CUI Yuzhi and Mr. LU Xiaoma.