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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)

POSITIVE PROFIT ALERT

This announcement is made by Forgame Holdings Limited (the “**Company**”, together with its 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 31 October 2017 (the “**Management Accounts**”), the Group’s financial position is expected to improve substantially and to achieve a net profit ranging from approximately RMB56.0 million to RMB76.0 million for the six months ending 31 December 2017, as compared to a net loss of approximately RMB271.9 million for the corresponding period in 2016. In particular:

1. The internet finance business of the Group is expected to realise a net gain ranging from approximately RMB29.0 million to RMB35.0 million for the six months ending 31 December 2017 after excluding the effect of non-cash accounting treatment of amortisation of identifiable intangible assets arising from the Group’s acquisition of a 55% equity interest in Jianlicai (“**Jianlicai**”), a premium fintech platform, in August 2017. The amortisation, net of income tax, is expected to have a negative impact ranging from approximately RMB23.0 million to RMB31.0 million for the period.

The expected gain in the internet finance business of the Group is attributable to the Group’s expansion into the fintech industry through the acquisition of Jianlicai and the rapid organic growth of the Group’s internet micro-lending business.

2. The game business of the Group is expected to realise a net gain ranging from approximately nil to RMB2.0 million for the six months ending 31 December 2017. This improvement is primarily attributable to (i) a stable return on investment (ROI) of the Group's flagship game, "Liberators", as a result of the Group's overseas market expansion plans; and (ii) improved cost management which leads to a reduction in general and administrative costs of the Group.
3. The Group also expects an investment gain ranging from approximately RMB58.0 million to RMB62.0 million for the six months ending 31 December 2017, mainly due to the gain on the disposal (the "**Disposal**") of a 20% equity interest in Beijing Hongruan Xiechuang Communication and Technology Co., Ltd.* (北京虹軟協創通訊技術有限公司), which is expected to be completed by the end of 2017. For details of the Disposal, please refer to the Company's announcement dated 24 May 2017.

It should be noted that the Company has yet to finalise the annual results of the Group for the year ending 31 December 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 and discussions with the Company's auditors and the audit and compliance committee of the Board. As such, the actual annual results of the Group for the year ending 31 December 2017 may differ from what is disclosed in this announcement. Shareholders and potential investors of the Company are therefore advised to read carefully the results announcement of the Company for the year ending 31 December 2017, which is expected to be published by the end of March 2018.

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, 13 November 2017

As at the date of this announcement, the executive directors of the Company are Mr. WANG Dongfeng, Ms. LIANG Na and Mr. ZHANG Yang; 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.

* *For identification purpose only*