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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)

PROFIT WARNING

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. and (iv) Guangzhou Weidong Internet Technology Co., Ltd., 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 of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the Group’s unaudited consolidated management accounts for the six months ended 30 June 2014 (the “**Management Accounts**”), it is expected that the Group may record a net loss of approximately RMB15 million to RMB25 million for the first six months of 2014.

The expected net loss is primarily due to the following factors:

- (i) substantial decrease in revenue due to:
 - a) decrease in revenue of the Group’s existing webgames as they reached mature stages of their product life cycles; and
 - b) delay in launching new webgames due to the Group's strategic decision to invest additional development time and resources to enhance the quality of its webgames. As a result, the Group has not launched key new webgame titles during the first six months of 2014; and
- (ii) a significant part of the Group's cost base is related to employee expenses in maintaining its research, development, publishing and operating capabilities for both mobile and webgame business, and such expenses are not directly linked with revenue. Therefore, despite the decline in revenue, the Group's total cost base has remained relatively stable for the period.

This net loss is smaller than the reported net loss for the first six months of 2013. However, if the one-off fair value loss of convertible redeemable preferred shares of approximately RMB369.4 million was excluded from the net loss for the first six months of 2013, the Group would have recorded a net profit for the first six months of 2013.

As the Company is still in the process of finalising its interim results for the six months ended 30 June 2014, it should be noted that the information contained in this announcement is only based on information currently available to the Group and the Board's preliminary assessment of the Management Accounts which have not been reviewed by the Company's auditors and the audit committee of the Company. Shareholders and potential investors are therefore advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2014 which is expected to be published by the end of August 2014.

Accordingly, Shareholders and potential investors 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, 17 July 2014

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