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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent and Bookrunner



BOCOM International Securities Limited

On 22 May 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, as placing agent and bookrunner and on a best efforts basis, for subscription of up to 19,042,000 Placing Shares (representing approximately 14.96% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.01% of the issued share capital of the Company as enlarged by the Placing Shares) by not less than six Placées at the Placing Price of HK\$16.50 per Placing Share.

The Placing Price of HK\$16.50 per Placing Share was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Placing Price of HK\$16.50 per Placing Share represents (i) a discount of approximately 13.16% to the closing price of HK\$19.00 per Share as quoted on the Stock Exchange on 22 May 2015, being the date of the Placing Agreement; (ii) a discount of approximately 13.25% to the average closing price of approximately HK\$19.02 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement; and (iii) a discount of approximately 6.94% to the average closing price of approximately HK\$17.73 per Share as quoted on the Stock Exchange for the twenty trading days immediately preceding the date of the Placing Agreement.

Assuming all of the 19,042,000 Placing Shares are successfully placed at the Placing Price of HK\$16.50 per Placing Share, the gross proceeds from the Placing will amount to HK\$314,193,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$310,235,000, representing a net issue price of approximately HK\$16.292 per Placing Share.

The Company expects to use the net proceeds from the Placing for any potential mergers and acquisitions transactions of the Group related to domestic internet businesses and/or international game-related businesses as and when appropriate investment opportunities arise, as well as for additional working capital of the Group.

The allotment and issue of the Placing Shares will be made under the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 27 May 2014. No Shareholders' approval is required for the allotment and issue of the Placing Shares.

Pursuant to the terms and conditions in the Placing Agreement, the Placing Agent may terminate the Placing Agreement at any time prior to 8:30 a.m. (Hong Kong time) on the Closing Date if a specified event develops, occurs or comes into force, and completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

22 May 2015 (after trading hours)

- (a) the Company; and
- (b) the Placing Agent.

To the best of the Directors' knowledge, information and belief having made reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Persons.

The Placing

On 22 May 2015 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, as placing agent and bookrunner and on a best efforts basis, for subscription of up to 19,042,000 Placing Shares by not less than six Placees at the Placing Price of HK\$16.50 per Placing Share.

Placees

It is expected that the Placing Shares will be placed to not less than six Placees who will be Independent Persons. It is also expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing. If any of the Placees becomes a new substantial shareholder of the Company immediately after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

Up to 19,042,000 Placing Shares will be placed by the Placing Agent on a best efforts basis.

Assuming the Placing Shares are fully placed, the Placing Shares will represent approximately 14.96% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.01% of the entire issued share capital of the Company as enlarged by the Placing Shares.

The maximum aggregate nominal value of the Placing Shares will be US\$1,904.2.

Ranking of Placing Shares

The Placing Shares, when allotted and fully paid, will rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company on the Closing Date including the rights to all dividends and other distributions declared, made or paid the record date of which falls on or after the date of allotment.

Placing Price

The Placing Price of HK\$16.50 per Placing Share was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

The Placing Price of HK\$16.50 per Placing Share represents:

- (i) a discount of approximately 13.16% to the closing price of HK\$19.00 per Share as quoted on the Stock Exchange on 22 May 2015, being the date of the Placing Agreement;
- (ii) a discount of approximately 13.25% to the average closing price of approximately HK\$19.02 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement; and
- (iii) a discount of approximately 6.94% to the average closing price of approximately HK\$17.73 per Share as quoted on the Stock Exchange for the twenty trading days immediately preceding the date of the Placing Agreement.

Placing commission

In consideration of the services of the Placing Agent in relation to the Placing, the Placing Agent will receive a placing commission of 1.2% of the amount equal to the Placing Price multiplied by the number of Placing Shares placed by the Placing Agent as at the close of the Placing Period.

Conditions Precedent

Completion of the Placing shall be conditional upon:

- (a) there shall not have occurred any material breach of the representations and warranties given by the Company in the Placing Agreement at and as of the Closing Date;

- (b) the Placing Agent having received a copy of the resolutions of the Board approving, *inter alia*, (i) the Placing; and (ii) the entering into and performance of the Company's obligations under the Placing Agreement on or before the Business Day immediately preceding the Closing Date; and
- (c) the listing committee of the Stock Exchange having granted listing of and permission to deal in the Placing Shares on the Stock Exchange (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Placing Shares).

The Company and the Placing Agent shall use their best endeavours to procure the above conditions precedent to be fulfilled at or before 8:00 a.m. (Hong Kong time) on 8 June 2015. If the above conditions precedent are not fulfilled at or before 8:00 a.m. (Hong Kong time) on 8 June 2015, or such later date as may be agreed between the Company and the Placing Agent, or completion of the Placing does not take place on a date no later than the twelfth Business Day after the date of the Placing Agreement, or such later date as may be agreed between the Company and the Placing Agent, the obligations and liabilities of the Placing Agent and the Company under the Placing shall be null and void and neither the Company nor the Placing Agent shall have any claim against the other for costs, damages, compensation or otherwise.

Completion

Completion of the Placing shall take place on the second Business Day after the date upon which the last of the conditions precedent (as set out in the paragraph headed "Conditions Precedent" above) to be satisfied shall have been so satisfied, provided that it shall be no later than the twelfth Business Day after the date of the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing).

Termination of the Placing Agreement

At any time prior to 8:30 a.m. (Hong Kong time) on the Closing Date, the Placing Agent may terminate the Placing Agreement by giving notice in writing to the Company if any of the following occurs:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation in existing laws or regulations in any relevant jurisdiction which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the financial position of the Company and/or of the Group as a whole;

- (ii) any event, development or change (whether or not forming part of a series of events or changes occurring or continuing before, or and/or after the date of the Placing Agreement and including an event of change in relation to or a development of an existing state of affairs) in local, national or international monetary, economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or would be materially adverse to the success of the Placing;
- (iii) any event, development or change (whether or not forming part of a series of events or changes occurring or continuing before, or and/or after the date of the Placing Agreement and including an event of change in relation to or a development of an existing state of affairs) in local, national or international securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls which in the reasonable judgement of the Placing Agent is or would be materially adverse to the success of the Placing; or makes it impracticable or inadvisable or inexpedient to proceed therewith;
- (iv) a general moratorium on commercial banking activities in Hong Kong, the PRC, London or New York declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, the United Kingdom or the United States;
- (v) a change or development in taxation which constitutes a material adverse effect on the Group as a whole or the Placing Shares or the transfer thereof;
- (vi) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the PRC, the United Kingdom or the United States of a national emergency or war;
- (vii) any suspension of dealings in the Shares for more than ten (10) Business Days (other than as a result of the Placing);
- (viii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, London Stock Exchange plc, New York Stock Exchange, LLC or National Association of Securities Dealers Automated Quotation System (NASDAQ) due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
- (ix) instigation of any litigation or claim of material importance by any third party against any member of the Group; or

- (b) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any respect and any such breach or failure is material or (in the opinion of the Placing Agent) is or would materially and adversely affect the financial position or business of the Company and/or of the Group as a whole or is or would be materially adverse to the success of the Placing, or there has been a material breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
- (c) there is any such adverse change, or development involving a prospective adverse change in the general affairs, condition or results of operations, management, business, stockholders' equity or in the financial or trading position of the Company and/or of the Group as a whole which in the opinion of the Placing Agent is materially adverse to the success of the Placing.

Without prejudice to any other provisions of the Placing Agreement, the Placing Agent shall have the right exercisable at any time by notice in writing to the Company to terminate the Placing Agreement if any of the Placing Shares are not delivered in accordance with the terms and conditions of the Placing Agreement at completion of the Placing.

General Mandate

The allotment and issue of the Placing Shares will be made under the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 27 May 2014 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting plus such number of Shares repurchased by the Company since the date of the annual general meeting, which was 25,609,792 Shares. As at the date of this announcement, the said general mandate has not been utilized and no Shares have been allotted thereunder. The maximum of 19,042,000 Placing Shares to be allotted and issued will utilise approximately 74.35% of the said general mandate. As such, no Shareholders' approval is required for the allotment and issue of the Placing Shares.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND INTENDED USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the development and publishing of webgames and mobile games in China.

Assuming all the 19,042,000 Placing Shares are successfully placed at the Placing Price of HK\$16.50 per Placing Share, the gross proceeds from the Placing will amount to HK\$314,193,000. The net proceeds from the Placing, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$310,235,000, representing a net issue price of approximately HK\$16.292 per Placing Share.

The Company expects to use the net proceeds from the Placing for any potential mergers and acquisitions transactions of the Group related to domestic internet businesses and/or international game-related businesses as and when appropriate investment opportunities arise, as well as for additional working capital of the Group.

The Board considers that the Placing represents an opportunity for the Group to strengthen its capital base and working capital position such that when appropriate businesses or merger and acquisition opportunities arise, the Group can capture them swiftly, while broadening the Company's shareholder base. Accordingly, the Board considers that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not carried out any equity capital raising activities in the twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon completion of the Placing (assuming the Placing Shares are placed in full) is set out as below:

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Foga Group Ltd. (Note 1)	26,755,218	21.02%	26,755,218	18.28%
Foga Holdings Ltd. (Note 2)	13,472,997	10.59%	13,472,997	9.21%
TA FG Acquisitions	13,138,353	10.32%	13,138,353	8.98%
Placees	0	0%	19,042,000	13.01%
Other Shareholders	<u>73,915,481</u>	<u>58.07%</u>	<u>73,915,481</u>	<u>50.52%</u>
Total	<u>127,282,049</u>	<u>100%</u>	<u>146,324,049</u>	<u>100%</u>

Notes

- (1) Foga Group Ltd. is wholly owned by Managecorp Limited as the trustee of a discretionary trust set up by Mr. WANG Dongfeng, the executive Director and chairman of the Board ("**Mr. Wang**") as settlor and protector, and Managecorp Limited as trustee on 15 March 2013 (the "**Wang Trust**"). The beneficiary objects of the Wang Trust include Mr. Wang and certain of his family members. Mr. Wang and Managecorp Limited are taken to be interested in the 26,755,218 Shares held by Foga Group Ltd. pursuant to Part XV of the SFO.
- (2) Foga Holdings Ltd. is wholly-owned by Managecorp Limited as the trustee of a discretionary trust set up by Mr. LIAO Dong ("**Mr. Liao**") as settlor and protector, and Managecorp Limited as trustee on 15 March 2013 (the "**Hao Dong Trust**"). The beneficiary object of the Hao Dong Trust is Mr. Liao himself. Mr. Liao and Managecorp Limited are taken to be interested in 13,472,997 Shares held by Foga Holdings Ltd. pursuant to Part XV of the SFO.

GENERAL

Application will be made by the Company to the listing committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Placing shares on the Stock Exchange.

Pursuant to the terms and conditions in the Placing Agreement, the Placing Agent may terminate the Placing Agreement at any time prior to 8:30 a.m. (Hong Kong time) on the Closing Date if a specified event develops, occurs or comes into force, and completion of the Placing is subject to the fulfillment of conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors from time to time
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Closing Date”	the date on which the Placing is completed pursuant to the terms and conditions of the Placing Agreement, which shall be the second Business Day after the date upon which the last of the conditions precedent (as set out in the paragraph headed “Conditions Precedent” in this announcement) to be satisfied shall have been so satisfied, provided that it shall be no later than the twelfth Business Day after the date of the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“Company”	Forgame Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company from time to time
“Feiyin”	Guangzhou Feiyin Information Technology Co., Ltd.* (also referred to as Guangzhou Feiyin Information Technology Company Limited*) (廣州菲音信息科技有限公司), a limited company established under the laws of the PRC on 12 April 2004
“Group”	the Company, its subsidiaries and the PRC Operational Entities and the expression “ member of the Group ” shall be construed accordingly
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Persons”	persons who are not connected person of the Company and are independent of the Company and connected person of the Company
“Jieyou”	Guangzhou Jieyou Software Co., Ltd.* (also referred to as Guangzhou Jieyou Software Company Limited*) (廣州捷遊軟件有限公司), a limited company established under the laws of the PRC on 7 June 2012
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional and other investor(s) who is an Independent Person whom the Placing Agent procures to subscribe for any of the Placing Shares pursuant to its obligations under the Placing Agreement
“Placing”	the private placing to the Placees procured by the Placing Agent of the Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	BOCOM International Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activity under the SFO, the placing agent and bookrunner of the Placing

“Placing Agreement”	the Placing Agreement dated 22 May 2015 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 4:00 p.m. (Hong Kong time) on the Closing Date (or such later time and date as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$16.50 per Placing Share, the price at which the Placing Shares are to be allotted and issued to the Placees
“Placing Shares”	up to 19,042,000 new Shares to be allotted and issued to the Placees under the Placing pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“PRC Operational Entities”	collectively, Feiyin, Weidong and Jieyou
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value US\$0.0001 each in the issued share capital of the Company
“Shareholders”	holders of the Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“United States”	the United States of America, its territories and possessions, any state of the United States, and the District of Columbia

“US\$”	United States dollar, the lawful currency of the United States
“Weidong”	Guangzhou Weidong Internet Technology Co., Ltd.* (also referred to as Guangzhou Weidong Internet Technology Company Limited*) (廣州維動網絡科技有限公司), a limited company established under the laws of the PRC on 22 January 2007
“%”	per cent

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

Hong Kong, 23 May 2015

As at the date of this announcement, the executive director of the Company is Mr. WANG Dongfeng; the non-executive director of the Company is 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.

** For identification purposes only*