THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold or transferred all your shares in Forgame Holdings Limited, you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Forgame Holdings Limited
雲遊控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 00484)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 54.54% OF THE ENTIRE ISSUED SHARE CAPITAL OF JLC INC.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular. A letter from the Board is set out on pages 5 to 22 of this circular.

Notice of the EGM to be held at 7/F, Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on Monday, 29 July 2019 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

12 July 2019

CONTENTS

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

"associates"	shall have the same meaning as ascribed to it under the Listing Rules
"AP China SPC"	AP China Unicorn Fund SPC, a closed-ended exempted segregated portfolio company incorporated with limited liability pursuant to the laws of the Cayman Islands
"Best Hero"	Best Hero Investments Limited, a company incorporated with limited liability pursuant to the laws of the Hong Kong
"Blue Whale"	The Blue Whale Tech Ltd., a company incorporated in the British Virgin Islands with limited liability
"Board"	the board of Directors
"Business Day"	a day, other than Saturday, Sunday or other day on which commercial banks in Hong Kong and the PRC are authorised or required by applicable law to close
"Company"	Forgame Holdings Limited, an exempted company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	completion of the Disposal Agreement in accordance with its terms and conditions
"Director(s)"	director(s) of the Company
"Disposal"	the disposal by the Company of the Sale Shares to the Purchasers pursuant to the Disposal Agreement
"Disposal Agreement"	the share transfer agreement dated 26 April 2019 entered into by and among the Company, the Purchasers and the Target Company in relation to the disposal of the Sale Shares to the Purchasers from the Company, and as supplemented and amended by the Supplemental Agreement
"EGM"	the extraordinary general meeting of the Company to be held at 7/F, Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on Monday, 29 July 2019 at 2:00 p.m. or any adjournment thereof and notice of which is set out on pages EGM-1 to EGM-2 of this circular, for, among others, considering, and if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder

"Group"	the Company and its subsidiaries
"HK$" or "HK Dollars"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
"Jianlicai Group"	JLC (VIE), Laijin and Weilaijin
"JLC PRC Equity Owners"	Mr. Guo Yong and Ms. Qiu Zengzhen, who beneficially own as to 95% and 5%, respectively, of the equity interest of the JLC Registered Shareholder
"JLC Registered Shareholder"	金未來(廣州)投資諮詢有限公司 (Jinweilai (Guangzhou) Investment Consultancy Co., Ltd.*), a limited liability company established in the PRC, the entire equity interest of which is held by the JLC PRC Equity Owners
"JLC (HK)"	Jianlc (HK) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
"JLC (VIE)" or "Jinweilai"	北京金未來金融信息服務有限公司 (Beijing Jinweilai Financial Information Service Company Limited*), a limited liability company established in the PRC, the entire equity interest of which is held by the JLC Registered Shareholder
"JLC (WFOE)"	新谷原信息技術(天津)有限公司 (New Goround Network Technology (Tianjin) Co., Ltd.*), a limited liability company established in the PRC, the entire equity interest of which is held by the JLC (HK)
"Laijin"	北京來金投資基金管理有限公司 (Beijing Laijin Investment Fund Management Company Limited*), a limited liability company established in the PRC, the entire equity interest of which is held by JLC (VIE)
"Latest Practicable Date"	7 July 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
"Purchasers"	Blue Whale and Best Hero
"RMB"	Renminbi, the lawful currency of the PRC
"Sale Shares"	the 54,544,421 shares in the Target Company to be transferred by the Company to the Purchasers upon Completion, representing 54.54% of the entire issued share capital of the Target Company and being the entire equity interest of the Target Company held by the Company as of the date of the Disposal Agreement
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of US$0.0001 each in the capital of the Company
"Share Mortgage Agreement"	the share mortgage agreement to be entered into by Blue Whale and Best Hero in favour of the Company, pursuant to which Blue Whale and Best Hero shall pledge 70% of the Sale Shares held by them as at Completion as security for their payment obligations under the Disposal Agreement
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	shall have the same meaning as ascribed to it under the Listing Rules

"Supplemental Agreement"	the agreement dated 9 July 2019 entered into by and among the Company, AP China SPC, Blue Whale, Best Hero and the Target Company, pursuant to which (i) AP China SPC agreed to assign to Best Hero all its rights, privileges, power, title, interest, protections and all benefits accruing to AP China SPC under the Disposal Agreement, together with all its obligations thereunder, to the effect as if Best Hero had been an original party to the Disposal Agreement since the date of the Disposal Agreement; and (ii) each of Blue Whale and Best Hero agreed to enter into the Share Mortgage Agreement to pledge 70% of the Sale Shares held by them as at Completion as security for their payment obligation under the Disposal Agreement
"Target Company"	Jlc Inc., an exempted company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands
"Target Group"	the Target Company, JLC (HK), JLC (WFOE), JLC Registered Shareholder and Jianlicai Group
"United States"	United States of America
"US$" or "US Dollars"	United States dollar(s), the lawful currency of the United States
"Valuer"	AVISTA Valuation Advisory Limited, an independent professional valuer
"Weilaijin"	北京未來金科技有限公司 (Beijing Weilaijin Technology Co., Ltd.*), a limited liability company established in the PRC, the entire equity interest of which is held by JLC (VIE)
"%"	percent.

Forgame Holdings Limited
雲遊控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 00484)

Executive Directors:
Mr. WANG Dongfeng
(Chairman and Chief Executive Officer)
Ms. LIANG Na
(Chief Financial Officer)
Ms. LI Luyi
(Chief Operations Officer)

Non-executive Director:
Mr. ZHANG Qiang

Independent Non-executive Directors:
Mr. HOW Sze Ming
Mr. ZHAO Cong Richard
Mr. WAN Joseph Jason

Registered Office:
Suite #4-210, Governors Square
23 Lime Tree Bay Avenue
P.O. Box 32311
Grand Cayman KY1-1209
Cayman Islands

Head Office:
Room 01–02, 60/F,
International Metropolitan Plaza
68 Huacheng Avenue
Guangzhou
PRC

Principal Place of Business in Hong Kong:
16/F, Man Yee Building
60–68 Des Voeux Road Central
Central
Hong Kong

12 July 2019

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 54.54% OF THE ENTIRE ISSUED SHARE CAPITAL OF JLC INC.

INTRODUCTION

Reference is made to the announcements of the Company dated 26 April 2019, 31 May 2019, 28 June 2019 and 9 July 2019 in relation to the Disposal. On 26 April 2019, the Company entered into the Disposal Agreement with the Purchasers and the Target Company, pursuant to which the Company has agreed to sell and the Purchasers have agreed to purchase the Sale Shares, being 54.54% of the entire issued share capital of Target Company, at a cash consideration of RMB47,433,000 (or an equivalent amount in US Dollars or HK Dollars) (the

"**Transaction**"). Shortly after the signing of the Disposal Agreement, the Company was informed by AP China SPC, one of the Purchasers, that it would exit the Transaction due to certain internal requirement, upon which, the Company and AP China SPC engaged in active discussion in order to ensure that the Transaction will proceed with minimal disruption. Whilst there was no business dealing, the Company, AP China SPC and Best Hero have always been acquainted with each other through industry network. Upon learning that Best Hero would also be interested in the Transaction, the Company, AP China SPC, Blue Whale, Best Hero and the Target Company, entered into the Supplemental Agreement on 9 July 2019, pursuant to which AP China SPC agreed to assign to Best Hero all its rights, privileges, power, title, interest, protections and all benefits accruing to AP China SPC under the Disposal Agreement, together with all its obligations thereunder, to the effect as if Best Hero had been an original party to the Disposal Agreement since the date of the Disposal Agreement. The purpose of this circular is to provide, among others, (i) further information on the Disposal; (ii) other information required to be disclosed under the Listing Rules; and (iii) a notice of the EGM.

BACKGROUND OF THE DISPOSAL

On 16 August 2017, the Company completed the acquisition of the Target Company (the "**Acquisition**"), in consideration of the cancellation of the convertible bonds in the principal amount of RMB300.0 million.

As disclosed in the Company's annual results announcement dated 27 March 2018, the investment payment in relation to the Acquisition made by the Company was subject to a profit guarantee (the "**Profit Guarantee**") linked to the adjusted audited net income (the "**Adjusted Net Income**") of the Target Group for the year ended 31 December 2017. The Target Group's Adjusted Net Income has exceeded RMB60.0 million and therefore the Profit Guarantee of not less than RMB60.0 million has been fulfilled for the year ended 31 December 2017.

However, under the tightening liquidity resulting from the drastic change in the fintech industry and the stricter industrial regulation in 2018, Jianlicai (as defined below), as a financial information service agency, decided to adjust its business model to discontinue and gradually decrease its "Wealth Management Plan" products in July 2018, resulting in a gradual decrease in revenue. Meanwhile, new standardised asset products were launched.

As mentioned in the Company's 2018 interim report, the Group adopted a discounted cash flow ("**DCF**") method to determine the recoverable amount of the goodwill and identifiable intangible assets arising from the Acquisition, and in light of the actual operating performance after the above mentioned business adjustments, the Group adjusted the financial projection of the existing "Wealth Management Plan" business model. Besides, the new standardised asset products are in the early stages of their life cycles, and cannot provide sufficient information to support their future operating performance in such a short period. Therefore, the Group did not include the financial projection of the new standardised asset products in the DCF. After conducting careful deliberations with its external consultants, the Group recorded an impairment on the goodwill and identifiable intangible assets arising from the Acquisition amounting to RMB349.1 million (after tax amounting to approximately RMB320.5 million).

Further, as disclosed in the Company's 2018 annual report, the actual operating performance of the Target Group in the second half of 2018 showed that (i) the revenue generated from the existing ''Wealth Management Plan'' business model decreased significantly, and (ii) the Group did not record any income from the new standardised asset products as they were in the early stages.

For details, please also refer to the Company's announcements dated 27 March 2018, 29 July 2018, 17 August 2018, 10 January 2019, 2018 interim report published on 20 September 2018 and 2018 annual report published on 23 April 2019.

THE DISPOSAL AGREEMENT

Date:	26 April 2019
Parties:	
Vendor:	the Company
Purchasers:	Blue Whale and Best Hero
Target Company:	Jlc Inc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchasers and the ultimate beneficial owner of the Purchasers are Independent Third Parties.

Supplemental Agreement

The Disposal Agreement was originally entered into by and among the Company, AP China SPC, Blue Whale and the Target Company, where AP China SPC was one of the purchasers. On 9 July 2019, the Company, AP China SPC, Blue Whale, Best Hero and the Target Company, entered into the Supplemental Agreement, pursuant to which AP China SPC agreed to assign to Best Hero all its rights, privileges, power, title, interest, protections and all benefits accruing to AP China SPC under the Disposal Agreement, together with all its obligations thereunder, to the effect as if Best Hero had been an original party to the Disposal Agreement since the date of the Disposal Agreement.

Upon the entering of the Supplemental Agreement, all the rights and obligations of AP China SPC under the Disposal Agreement shall be terminated and each party to the Disposal Agreement does not have any claims or rights of action against AP China SPC under the Disposal Agreement.

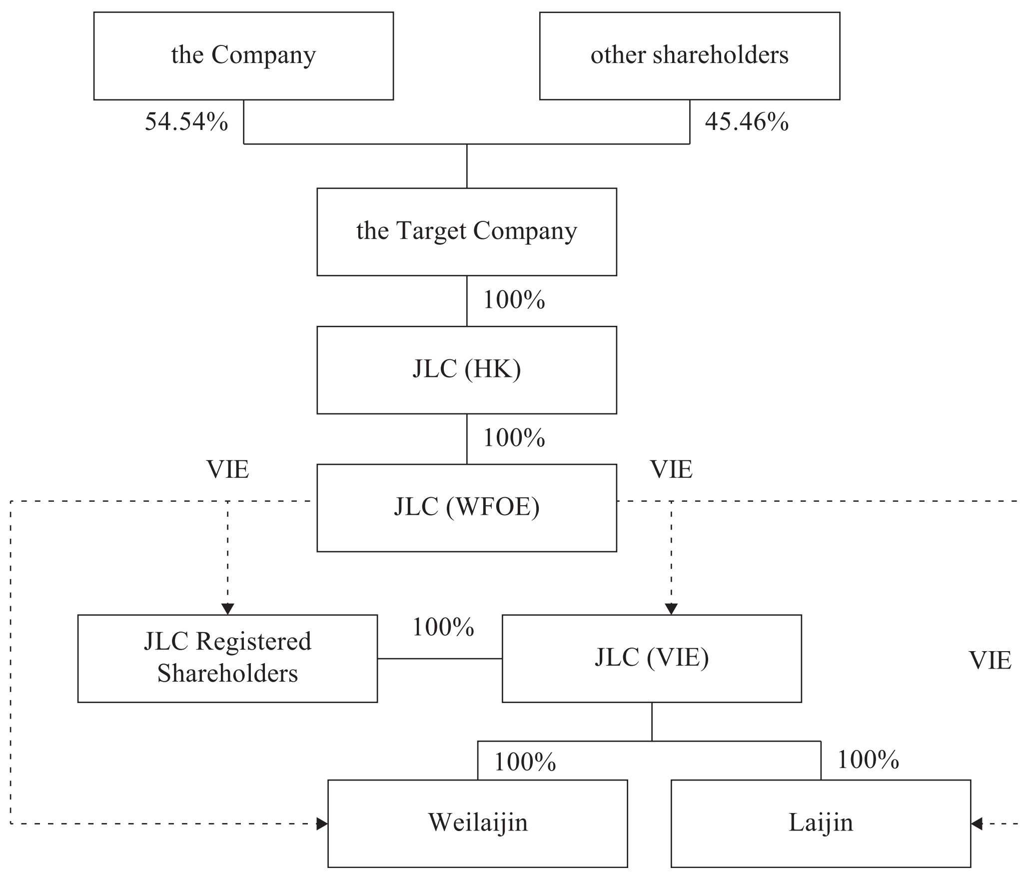
Further, pursuant to the Supplemental Agreement, Blue Whale and Best Hero agreed to enter into the Share Mortgage Agreement in favour of the Company on or immediately after the Completion, pursuant to which Blue Whale and Best Hero shall pledge 70% of the Sale Shares held by them (i.e. 24,181,095 shares in the Target Company to be held by Blue Whale upon Completion and 14,000,000 shares in the Target Company to be held by Bets Hero upon Completion) as at Completion as security for their payment obligations under the Disposal Agreement.

Assets to be disposed of

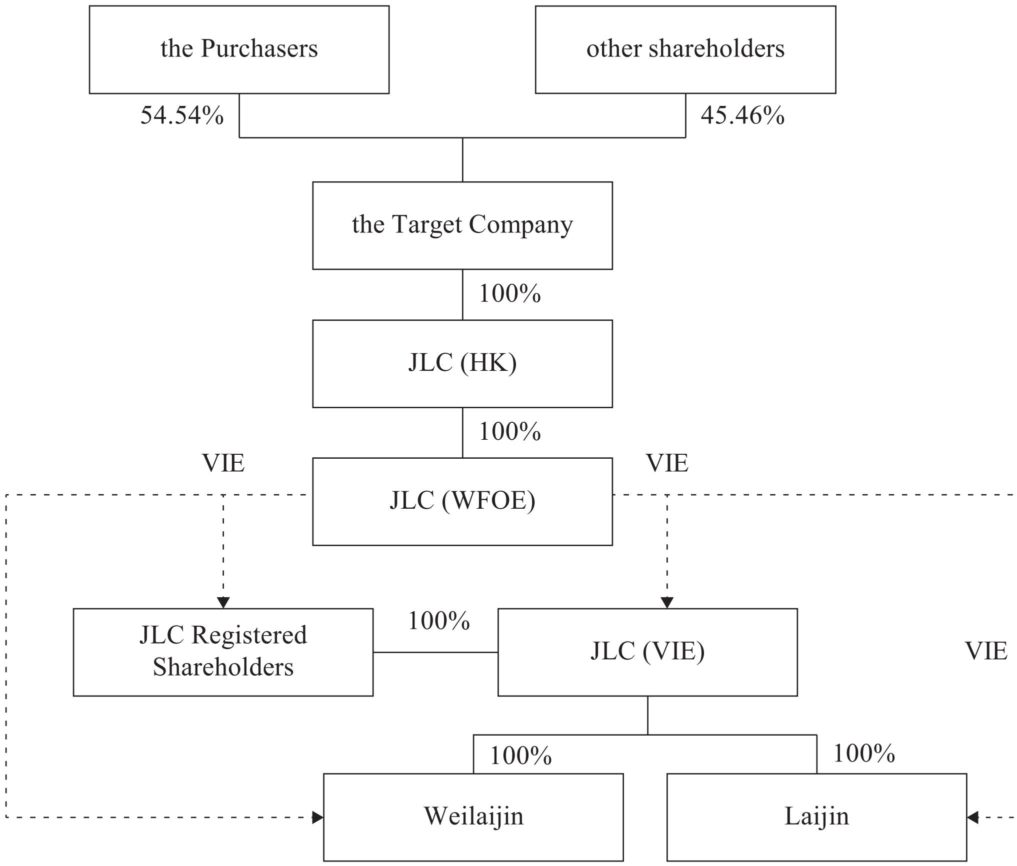
Sale Shares:	the 54,544,421 shares in the Target Company to be transferred by the Company to the Purchasers upon Completion, representing 54.54% of the entire issued share capital of the Target Company and being the entire equity interest of the Target Company held by the Company as of the date of the Disposal Agreement

Set forth below the shareholding structure chart of the Target Group before and after the Completion.

Before the Completion



After the Completion



Consideration for the Sale Shares

The consideration for the Sale Shares (the "**Consideration**") shall be RMB47,433,000 (or an equivalent amount in US Dollars or HK Dollars) in cash and each Purchaser shall pay to the Company 30% of its applicable amount of its Consideration on the date of Completion and 70% of its applicable amount of the Consideration within six (6) months of the date of Completion. At the time of the entering of the Disposal Agreement, the Purchasers indicated that additional time is required to arrange the necessary funding for the Disposal. Upon arm's length negotiation, having discussed and taken into consideration the funding means of the Purchasers, the parties agreed that 70% of its applicable amount of the Consideration within six (6) months of the date of Completion.

If any Purchaser fails to pay any sum of its applicable amount of the Consideration on the due date of such payment as provided in the Disposal Agreement, the overdue part of such Consideration shall bear an interest of 0.2% per day from the due date until such Consideration is fully paid. In the event that the Purchasers fail to pay the interest under such circumstance, the Company is entitled to commence litigation against the Purchasers in the PRC, which will adversely affect the Purchasers' reputation within the industry. Having taken into consideration of the background of the Purchasers, the Company is of the view that the possibility that the Purchasers would not honor its contractual commitment is relatively low.

Based on the latest discussion with the Purchasers and having discussed the status of their respective funding plan as at the Latest Practicable Date, the Company expects that the remaining 70% of the Consideration will be paid to the Company within the six (6) months period after Completion in accordance with the Disposal Agreement. Accordingly, having taken into consideration of the background of the Purchasers, the penalty mechanism as well as the security to be provided under the Share Mortgage Agreement, the Company is of the view that the payment mechanism is fair and reasonable.

Basis of the Consideration

The consideration of RMB47,433,000 (or equivalent US Dollars or HK Dollars) was arrived at after arm's length negotiations between the Company and the Purchasers. In determining the Consideration, the Directors considered, among other things:

(a) the significant change in the regulatory environment of the fintech industry in the PRC since July 2018;

(b) the financial conditions and business prospects of the Target Company deteriorated in the second half of the year 2018, as the revenue generated from the existing "Wealth Management Plan" business model decreased significantly and the Group did not record any income from the new standardised asset products as they were in the early stages;

(c) the Group recorded an impairment on the goodwill and identifiable intangible assets arising from the Acquisition amounting to RMB349.1 million for the year ended 31 December 2018;

(d) the valuation of the Target Group, being RMB86,969,000 as of 31 December 2018, prepared on the basis of fair value of the Target Group using asset based approach by a professional third party valuer independent of the Company and its connected persons. The asset based approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history; and

(e) the Disposal allows the Company to free up its resources from the Target Company and focus on the investments in new businesses with higher potential.

In view of the above, the Directors are of the opinion that the Consideration and the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the fulfilment, or waiver by the party or parties entitled to the benefit of the condition, of the following conditions (collectively, the "**Conditions**"):

1. *Conditions to Obligations of the Purchasers and the Company.* The obligations of Purchasers and the Company to consummate the Completion are subject to the satisfaction of the following conditions:

   (a) No applicable law shall prohibit the consummation of the Completion.

   (b) All consents of any competent governmental authority or of any other person that are required to be obtained in connection with the consummation of the Transaction that are required to be consummated prior to the Completion shall have been duly obtained and effective as of the Completion.

   (c) All corporate and other proceedings of the Target Company, the Purchasers and the Company in connection with the Transaction to be completed at the Completion and all documents incident thereto, shall have been completed.

   (d) the Shareholders having approved at the General Meeting the transactions contemplated under the Disposal Agreement, including the disposal of the Sale Shares to the Purchasers.

2. *Conditions to Obligation of the Purchasers.* The obligation of each Purchaser to consummate the Completion is subject to the satisfaction of the following further conditions, unless otherwise waived in writing by an authorised representative of such Purchaser:

   (a) Each of the covenants, conditions and obligations that the Company are required to fulfill or comply with pursuant to the Disposal Agreement on or prior to the date of Completion shall have been duly performed and complied with in all material respects.

   (b) The representations and warranties of the Company and the Target Company contained in the Disposal Agreement shall be true, complete, accurate and not misleading in all material respects at and as of the date of the Completion as if made at and as of such time.

   (c) There has not occurred any material breach or default under the Disposal Agreement by other parties.

   (d) All actions by or in respect of or filings with any governmental authority required to permit the consummation of the Completion shall have been taken, made or obtained.

   (e) The Company shall have obtained all approvals, consents, permits and/or waivers required by the applicable laws at its jurisdiction or by any third party necessary for the consummation of the transactions contemplated by the Disposal Agreement, if applicable.

(f) There shall not be any action taken, or any applicable law proposed, enacted, enforced, promulgated or issued by any governmental authority that would have adverse impact on the Transaction.

(g) No event, development, occurrence, change, effect or condition of any character shall have occurred following the date of the Disposal Agreement that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect under the Disposal Agreement.

3. *Conditions to Obligation of the Company.* The obligation of the Company to consummate the Completion is subject to the satisfaction of the following further conditions, unless otherwise waived in writing by an authorised representative of the Company:

(a) (i) Each Purchaser shall have performed in all material respects all of its obligations under the Disposal Agreement required to be performed by it at or prior to the date of Completion and (ii) the representations and warranties of each Purchaser and the Target Company contained in the Disposal Agreement pursuant thereto shall be true, complete, accurate and not misleading in all material respects at and as of the date of the Completion, as if made at and as of such date.

(b) The Company shall have received all documents it may reasonably request relating to the existence of each Purchaser.

(c) There has not occurred any material breach or default under the Disposal Agreement by other parties.

(d) All actions by or in respect of or filings with any governmental authority required to permit the consummation of the Completion shall have been taken, made or obtained.

(e) Each Purchaser shall have obtained all approvals, consents, permits and/or waivers required by the applicable laws at its jurisdiction or by any third party necessary for the consummation of the transactions contemplated by the Disposal Agreement, if applicable.

(f) There shall not be any action taken, or any applicable law proposed, enacted, enforced, promulgated or issued by any governmental authority that would have adverse impact on the Transaction.

(g) No event, development, occurrence, change, effect or condition of any character shall have occurred following the date of the Disposal Agreement that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect under the Disposal Agreement.

(h) The Share Mortgage Agreement having been executed and delivered to the Company by the Purchasers.

Based on the existing shareholders' agreement of the Target Company, at any time any shareholder and its affiliates as a whole hold, directly or indirectly, more than 50% of all the issued shares of the Target Company and if such shareholder intends to carry out a transfer of shares of the Target Company which will result in it and its affiliates as a whole, not holding, directly or indirectly, more than 50% of the Target Company, such transfer shall be approved by other shareholders in writing, and each of the shareholders of the Target Company shall have the right of first refusal to such transfer. Accordingly, approval in writing and waiver of other shareholders of the Target Company (other than the Company) are required to be obtained for the transaction as contemplated under the Disposal Agreement. To the best of the information and knowledge of the Directors and upon reasonable enquiry being made, save for the aforesaid approval and waiver to be obtained from the other shareholders of the Target Company, there are no other approval, consents, permits, filings and/or waivers required for the transaction contemplated under the Disposal Agreement with regards to condition (b) to the obligations of the Purchasers and the Company, conditions (d) and (e) to the obligations of the Purchasers and conditions (d) and (e) to the obligations of the Company.

Save for the conditions to obligations of the Purchasers and the Company, the conditions to obligation of the Purchasers and the conditions to obligations of the Company are waivable by the Purchaser and the Company, respectively.

As at the Latest Practicable Date, save for condition (a) to conditions to obligations of the Purchasers and the Company, none of the other conditions has been fulfilled and/or waived.

Long Stop Date

The Disposal Agreement may be terminated at any time prior to the Completion by the Company or the Purchasers if the Completion shall not have been consummated on or before a date that is 180 days after the date of the Disposal Agreement or any other date as mutually agreed by the Company and the Purchasers (the "**Long Stop Date**"); provided that the party seeking to terminate the Disposal Agreement is not in material breach of any of its obligations under the Disposal Agreement and the right to terminate the Disposal Agreement shall not be available to such party if its failure to fulfill any obligation thereunder shall have been in any material respect, the cause of, or resulted in the failure of Completion to occur prior to the Long Stop Date.

Completion

Completion will take place at the places as the Company and the Purchasers may agree, no later than ten (10) Business Days after satisfaction or, to the extent permissible, waiver by the party or parties entitled to the benefit of the Conditions (other than conditions that by their nature are to be satisfied at the Completion, but subject to the satisfaction or, to the extent permissible, waiver of those conditions at the Completion).

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT THE PURCHASERS

The Purchasers are Blue Whale and Best Hero.

Blue Whale, is a company incorporated in the British Virgin Islands with limited liability. Blue Whale is an investment holding company. As at the Latest Practicable Date, Blue Whale is wholly-owned by Mr. Li Qi, a PRC individual specializes in the fintech area and an Independent Third Party.

Best Hero, is a limited company incorporated in Hong Kong. As at the Last Practicable Date, Best Hero is 90% owned by Ms. Yip Ching Tsz and 10% owned by Mr. Chan Ka Yin Richard, both of which are individuals who participate in operation of a sport and entertainment company and each an Independent Third Party.

INFORMATION ABOUT THE TARGET GROUP

The Target Company is an investment holding company incorporated in the Cayman Islands on 17 November 2016 with limited liability and, through its wholly-owned subsidiaries and the JLC Contractual Arrangements (as defined below) (primarily, Jianlicai Group), principally engaged in the financial information service in the PRC through the operations of websites and mobile phone applications under the "Jianlicai" ("簡理財") brand ("**Jianlicai**"). The primary assets of the Target Group constitute the Jianlicai brand which provides online financial assets information to the investing users in the PRC.

The Target Group's consolidated financial information for the years ended 31 December 2016, 2017 and 2018 are set out below:

	For the year ended 31 December 2016 *(RMB'000)* (unaudited)	**For the year ended 31 December 2017** *(RMB'000)* (audited)	**For the year ended 31 December 2018** *(RMB'000)* (unaudited)
Profit/(Loss) before taxation	(28,349)	62,646	52,993
Profit/(Loss) after taxation	(28,779)	58,828	50,411

Based on the unaudited consolidated financial statement of the Target Group, the net assets of the Target Group as at 31 December 2018 was approximately RMB86,969,000.

JLC (HK) is an investment holding company incorporated in Hong Kong on 25 November 2016 with limited liability and a wholly-owned subsidiary of the Target Company. JLC (WFOE) is a company incorporated under the laws of PRC on 27 June 2017 with limited liability, wholly owned by JLC (HK) and principally engaged in software development and the provision of information technology services in the PRC.

Jianlicai Group are companies incorporated under the laws of PRC with limited liability and principally engaged in the provision of financial information technology services, investment consulting services, finance consulting services and technology services in the PRC. JLC (VIE), which is wholly owned by the JLC Registered Shareholder, owns 100% of the equity interest in each of Weilaijin and Laijin.

INFORMATION ABOUT THE JLC REGISTERED SHAREHOLDER AND JLC PRC EQUITY OWNERS

The JLC Registered Shareholder is a company incorporated under the laws of PRC with limited liability, the entire equity interest of which is held by the JLC PRC Equity Owners.

The JLC PRC Equity Owners are Mr. Guo Yong and Ms. Qiu Zengzhen, who beneficially own as to 95% and 5%, respectively, of the equity interest of the JLC Registered Shareholder. The JLC PRC Equity Owners are Independent Third Parties.

INFORMATION ABOUT THE JLC CONTRACTUAL ARRANGEMENTS

Pursuant to the applicable PRC laws, the value-added telecommunications business (Information Service via Internet and mobile network) of the Target Group is subject to restriction on foreign investment. As such, each of Jianlicai Group, the JLC Registered Shareholder and their respective shareholders, and JLC (WFOE) had entered into a series of contractual arrangements (collectively, the "**JLC Contractual Arrangements**") to enable the financial results, the entire economic benefits and risks of the businesses of Jianlicai Group to flow into JLC (WFOE) and to enable JLC (WFOE) to gain the controlling right of Jianlicai Group. Further details of the JLC Contractual Arrangements had been set out in the Company's announcement dated 25 June 2017 and on pages 22 to 24 of the Company's 2017 annual report.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company, and their financial results will cease to be consolidated to the Group's financial statements.

Earnings

Subject to final audit, it is expected that the Group will realise a net gain on the Disposal of approximately RMB2,543,000, which is calculated by reference to the difference between the consideration for the Disposal of RMB47,433,000 (or equivalent US Dollars or HK Dollars) and 54.54% of the net asset value of the Target Company of RMB82,306,000 based on the unaudited consolidated financial information of Target Company as at 31 March 2019.

Assets and Liabilities

As disclosed in the annual report of the Company for the year ended 31 December 2018, the Group recorded total assets and total liabilities of approximately RMB989,640,000 and RMB141,953,000 as at 31 December 2018, respectively. As at 31 March 2019, the unaudited total assets and total liabilities of the Group are approximately RMB964,154,000 and

RMB105,226,000, respectively. It is estimated that upon Completion, the total assets and total liabilities would decrease by RMB66,921,000 and RMB32,048,000 to approximately RMB897,233,000 and RMB73,178,000, respectively.

REASONS AND BENEFITS FOR THE DISPOSAL

Operational Environment for Fintech Business

The environment of the fintech industry in the PRC has significantly changed compared to the time of the Acquisition of the Target Company in 2017. On 19 July 2018, the Beijing Internet Finance Industry Association (北京市互聯網金融行業協會) (the "**Association**") issued a warning letter (the "**Warning Letter**"), pursuant to which the Association emphasized that peer-to-peer online lending platforms are prohibited from offering to investors any wealth management plan of which the term and size are not in compliance with the relevant regulated requirement and any online leading platforms offering such kind of products shall immediately cease to offer such product. In August 2018, the China Banking and Insurance Regulatory Commission issued a notice entitled "Notice on Conducting P2P Network Lending Organization Compliance Checks" (關於開展P2P網絡借貸機構合規檢查工作的通知), which sets forth the Chinese government's rectification campaign against risk within the online finance sector, and highlighted the continued presence of "pronounced compliance risk" amongst certain P2P platforms, including those engaging in operation in breach of regulations without licenses or qualifications. In particular, since the Warning Letter and other regulatory changes during the year 2018, many fintech companies ceased to offer wealth management plan and adjusted their rules for fund transfers, and resulted in the following operational problem faced by many fintech companies:

(1) Increase in compliance costs which weakened the profitability for fintech business

Since the second half of the year 2018, the relevant authority has been strengthening regulation and compliance requirements in fintech industry. The stricter regulation policies increased compliance costs and in turn weakened fintech business' profitability, and therefore brought the increment of operation difficulties to fintech companies.

(2) Decrease in asset size which in turn decreased revenue

The revenue of fintech companies comes from the service fee paid by asset holders or investors, which is computed by the size of asset times the service fee rate. In order to meet the demand of liquidity, the fintech companies have to collect cash as soon as possible by disposing assets. However, since the new standardised asset products are still in the early stages, the business size is still small, so the income generated from the new standardised asset products is not sufficient to cover the loss resulting from the reduction of non-standardised asset products. The decrease of asset size leads to the decrease of revenue.

(3) Imbalance of liquidity lead by the weakening of user confidence in fintech products

Since the second half of the year 2018, many online lending platforms have encountered liquidity issues which was the main reason for the failure of the majority of online lending platforms. According to a research report issued by a third party analyst, this was likely driven by (i) macro credit tightening which triggered rising defaults, especially for corporate or property related loans, (ii) voluntary exit of some online lending platforms in light of rising compliance costs, and (iii) retail investors' panic and a rush of withdrawals, causing a liquidity crunch for platforms with significant duration mismatches and weak capital bases. Such fintech crisis had hugely impacted user confidence, many fintech users issued fund withdrawal requests, including Jianlicai's users. As a result of which, fund outflow outweighed the fund inflow and the costs for obtaining a new client has significantly increased for many fintech companies during the year 2018. In order to ease the imbalance between users and asset providers, Jianlicai also adjusted the rules on funds transfer, and set certain limit on the amount of funds transferred by users. Such adjustments helped Jianlicai successfully pass through the most difficult time. However, the user confidence was affected and some users ceased using Jianlicai's service after they withdrew their funds.

Operational Difficulties faced by Jianlicai

The Group's fintech business consists of two brands, namely Jianlicai and Yunke.

Jianlicai

Jianlicai, as a financial information service agency, assists investors to purchase non-standard credit assets through financial asset exchange, and a large portion of such transaction assets are categorized as "wealth management plan" assets and captured under the Warning Letter. Therefore, in order to embrace the spirit of regulations, Jianlicai's management has decided to comprehensively adjusted its business model (as stated in the announcement of the Company dated 29 July 2018), including:

(i) it has ceased to offer wealth management plan products and gradually reduced the balance of those kind of products (i.e. non-standard assets);

(ii) it developed and launched standard asset products to replace wealth management plan products and other products that may be deemed as non-compliant by the regulators;

(iii) it set a certain limit on the amount of withdrawal to relieve the pressure of liquidity and ensure users orderly transfer of funds;

(iv) it signed the "Beijing Online Lending Industry Self-discipline Commitment" as one of the first batch of enterprises, along with other leading fintech enterprises, and committed itself to comply with the regulations, achieve self-discipline, embrace regulations and be responsible; and

(v) it continued to communicate with the regulators to adjust its business according to the latest regulations, guidelines and advice as promulgated by the government from time to time.

As a result of such changes, "wealth management plan", as the base of Jianlicai's valuation on goodwill and identifiable intangible assets, had ceased and will not be re-launched in the foreseeable future. As stated in the announcement of the Company dated 17 August 2018, an after-tax impairment of RMB320.5 million has been made on Jianlicai's goodwill and identifiable intangible assets.

All of the above market changes, including tightening liquidity, decreasing revenue, and increasing cost, resulted in the increment of Jianlicai's operation difficulties, of which the income was decreased and the expense was increased. From January to March 2019, Jianlicai recorded an unaudited operating loss of approximately RMB4,665,000. Meanwhile, the Group is currently upgrading its game business such as large space virtual reality business which was disclosed in the Company's announcements dated 9 April 2019 and 24 April 2019.

Considering Jianlicai's overall current status and future development, the Group intended to dispose Jianlicai to third parties with business resource advantage to restructure Jianlicai's business and deemed it beneficial to both the Group and Jianlicai.

Remaining business of the Group upon Completion

As at the Latest Practicable Date, the Group's principal businesses consist of game business and fintech business. The game business can be further segmented into domestic game business and overseas game business, and the fintech business includes internet micro-credit business and financial information service business.

Domestic game business

For the year 2018, revenue generated by the domestic game business amounted to RMB45 million, and the main games include many developed and/or published games such as "True King (真王)", "Soul Guardian (凡人修真)", and "Beauty Box (美美小店)" etc.

As at the Latest Practicable Date, two new self-developed H5 games are in the testing process. One of them has been authorized for publishing and received RMB1 million pre-paid revenue allocation, and it is being connected to different distributors and will be available for market in the near future, and the other one is targeted to be published through a well-known distributor.

In the past two years, the Group had optimized its business structure to effectively reduce costs of game business (specifically, reducing marketing expenses and salary expenses) and improve profitability. Going forward, the Group plans to further develop its business by co-operating with other strategic partners on new games.

As at the Latest Practicable Date, the Group has reached a few strategic partners for business negotiation, and the Group expects the aforesaid business model will bring additional revenue and profit to the Group in 2019.

Overseas game business

For the year 2018, revenue generated by overseas game business amounted to RMB46 million, mainly from the game "Liberators".

"Liberators" is a web game that based on the history of World War II. As at the Latest Practicable Date, "Liberators" has daily ARPPU about RMB100 and the retention rate of 97%. By analyzing massive "Liberators" player data including log-in time, retention rate, and payment data for over 3 years operation, the overseas operation team had summarized an effective marketing methodology to retain players and increase the life circle of players.

As stated in the Company's annual report for the year ended 31 December 2018, "Liberators" continued to generate steady monthly gross billings of more than RMB3.0 million without any large-scale promotional campaign since the first quarter of 2017. Since the company started the promotional campaign, "Liberators" has generated a net income of over RMB41.0 million after deducting content cost, distribution cost and promotional expenses. The success reflects the deep understanding of overseas games and the Company's ability to launch overseas advertising campaigns.

Going forward, the Group plans to continue launching online events on "Liberators", such as "Castle Event", "Persian Merchant Event", and "Lucky Tree Event" to maintain the players' interest, meanwhile, the Company will apply such experience and abilities in new launching overseas games, such as "Clothes Forever 2".

As a result, the Company expects that the overall business scale of domestic game business and overseas game business will remain comparable to the year of 2018.

Internet micro-credit business

For the year 2018, revenue generated by the internet micro-credit loan business amounted to RMB39 million.

The Group's internet micro-credit business is operated under the brand name Yunke (雲客). As one of the few licensed internet micro-credit companies in PRC, Yunke is able to legally issue micro-credit loans to customers nationwide through online platform. Currently, PRC has around 260 licensed internet micro-credit companies, and new issuance of such permits is currently forbidden. As at 30 April 2019, Yunke had issued loans accumulated over RMB10.4 billion, generated revenue accumulated over RMB99 million. The strong fintech capability of the company supports Yunke to efficiently and effectively expand its business nationwide without limitation of geography and human resource, which has more potential to be discovered and realized.

Going forward, Yunke plans to further develop its collateralized loans and guaranteed loans business nationwide, including (i) enlarging the base of customers to the higher quality population with financial needs; (ii) issuing new products with different length and quota; and (iii) increasing leverage by operating with financing resources like banks and trusts. Based on the aforesaid, Yunke expects the loan size in the year of 2019 will continue to increase.

*Virtual reality business (the "**VR business**")*

On 24 April 2019, the Group entered into an investment agreement to acquire 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, which principally engaged in offering self-developed games as well as exclusively licensed games in its physical stores that are equipped with space positioning technology and virtual reality devices. The new VR business has different business logic as compared to the Group's existing web game business, and accordingly represents as business upgrade for the Group. For further details in relation to the VR business, please refer to the Company's announcements dated 9 April 2019, 24 April 2019, 24 May 2019 and 26 June 2019. Save as otherwise, the Company has not entered into any discussion negotiation, agreement, arrangement, understanding or undertaking on any acquisition of new business or assets as at the Latest Practicable Date.

As at the Latest Practicable Date, the Company does not have any intention or negotiation or has entered, or proposes to enter into any agreement, arrangement, understanding or undertaking to downsize, cease or dispose of any of the Company's remaining businesses upon Completion.

Based on the aforesaid, the Directors consider that (i) the Disposal will lower the Group's business risk due to the high uncertainty of fintech business since the second half of the year 2018; (ii) the Disposal will allow the Group to allocate its resources to other businesses which may generate higher return (such as large space virtual reality business which was disclosed in the Company's announcements dated 9 April 2019 and 24 April 2019); (iii) the Disposal will eliminate the negative impact of Jianlicai brought from its operating loss that affected the Group's overall financial performance; and (iv) the terms of the Disposal Agreement, including the Consideration, which are determined after arm's length negotiations between the Company and the Purchasers, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The Directors currently intend to apply the proceeds from the Disposal for the purpose of general working capital of the Group, including spending for the Group's daily operational activities in its game business and internet micro-credit business, and should any opportunity for investment in new business with higher potential arises, for example, new technologies for game and fintech businesses which will enable the Group to stay ahead within the industry, of which the potential and increasing possibility to generate positive net profit and cash flow while a new business is in its upward developing stage is higher, the Company may also apply part of the proceeds for such new business investment. Whilst the Company has yet to identify any potential acquisition target of such kind as at the Latest Practicable Date, the Company considered that such kind of business may have higher potential and therefore will be in the interest in the Company as a whole in a long-run.

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are more than 25% but less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Zhang Yang who will abstain voting in the EGM in relation to the Disposal, none of the other Shareholders has any material interest in the Disposal under the Disposal Agreement and therefore none of them or its close associates is required to abstain from voting in the EGM to approve the Disposal Agreement and the Disposal.

CANCELLATION OF UNVESTED RESTRICTED SHARE UNITS

Pursuant to the restricted share unit scheme adopted by the Company on 1 September 2013 (the "**RSU Scheme**" or "**Restricted Share Unit Scheme**"), if a grantee's employment or service with the Group is terminated for any reason other than for Cause (as defined in the RSU Scheme), the Board shall determine at its absolute discretion and shall notify such grantee whether any unvested restricted share units (the "**RSUs**") granted to such grantee shall vest and the period within which such RSUs shall vest. If the Board determines that such RSUs shall not vest, such RSUs shall be cancelled automatically with effect from the date on which such grantee's employment or service is terminated. If the Disposal is approved by the Shareholders in the General Meeting, the related employees of the Target Group will no longer be employees of the Group and therefore the unvested RSUs granted to them will be cancelled upon Completion. Accordingly, 1,166,667 RSUs of Target Group's employees and 958,333 RSUs of other grantees will be cancelled because of the Disposal and failure to meet the financial performance target, termination of service as well as other reasons pursuant to the RSU Scheme.

RECOMMENDATION

Having noted and considered (i) the reasons stated under the section headed "Reasons and Benefits for the Disposal"; (ii) that the Disposal and transactions contemplated under the Disposal Agreement represent an opportunity to the Company to reallocate its resources to other businesses that may generate higher returns; and (iii) that the consideration of RMB47,433,000 was arrived at after arm's length negotiations between the Company and the Purchasers with reference to the factors set out in the section headed "The Disposal Agreement — Basis of the Consideration", the Directors considered that the terms of the Disposal Agreement, which were determined after arm's length negotiations between the Company and the Purchasers, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Disposal and the transactions contemplated under the Disposal Agreement.

NOTICE OF EGM AND FORM OF PROXY

Notice of the EGM to be held at 7/F, Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on Monday, 29 July 2019 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment thereof if you so wish.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the EGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular.

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

* *For identification purpose only*

FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for the years ended 31 December 2016, 2017 and 2018 are set out on pages 75 to 166, 91 to 193 and 82 to 166 in the annual reports of the Group for the years ended 31 December 2016, 2017 and 2018, respectively.

Annual report for the year ended 31 December 2016

http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0419/LTN20170419544.pdf

Annual report for the year ended 31 December 2017

http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0418/LTN20180418503.pdf

Annual report for the year ended 31 December 2018

http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0423/LTN20190423945.pdf

The aforementioned financial information of the Group can also be accessed on the website of the Company (www.forgame.com) and the website of the Stock Exchange (www.hkexnews.hk).

INDEBTEDNESS OF THE GROUP

As at the close of business on 31 May 2019, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group did not have: (i) debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured and unsecured; (ii) borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt; (iii) mortgages and charges; and (iv) contingent liabilities or guarantees.

WORKING CAPITAL

After due and careful enquiry, the Directors are of the opinion that after taking into account the present internal financial resources of the Group including cash generated from future operations, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As at the Latest Practicable Date, the Group's principal businesses consist of game business and fintech business. The game business can be further segmented into domestic game business and overseas game business, and the fintech business includes internet micro-credit business and financial information service business.

For the year 2019, the Company expects that the business scale of the domestic game and overseas game businesses will remain at a comparable level as the year 2018, whilst the internet micro-credit business will increase its loan size which in turn will increase the level of revenue to be generated from this segment.

Further, looking forward, The new form of entertainment characterised by e-sports and virtual reality (''**VR**'') is becoming more dominant commercially. In order to prepare for the challenges ahead, the Group acquired approximately 19.99% equity interest in LMDJ, one of China's most well-known e-sports venue brands, at the beginning of 2019 and recently entered into an investment agreement to acquire a company which principally engaged in offering self-developed games as well as exclusively licensed games in its physical stores that are equipped with space positioning technology and virtual reality devices on 24 April 2019 (the transaction was completed on 26 June 2019), which is expected to bring in revenue to the Group in the second half of 2019. In the future, the Group will continue to closely monitor new technologies for game and fintech including VR and blockchain. In order to stay one step ahead of the industry, the Group will invest in the future at the right time to actively upgrade its business to adapt to the increasingly fierce competition in the internet market.

For further details, please also refer to the paragraph headed ''Reasons and benefits for the Disposal — Remaining business of the Group upon Completion'' under the section headed ''Letter from the Board'' of this circular.

Save as disclosed in this circular, the Company has no current intention of further disposal of or scale down or terminate any of other existing business segments of the Group.

The following is the full text of a valuation report as at 31 December 2018 prepared by the Valuer for the purpose of incorporation in this circular.

艾 華 迪 集 團
AVISTA GROUP

Ref. No: J19-0204
1 April 2019

The Board of Directors
Forgame Holdings Limited
16th Floor, Man Yee Building,
60–68 Des Voeux Road Central, Central, Hong Kong.

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interest of Jlc Inc.

In accordance with your instructions, AVISTA Valuation Advisory Limited ("**AVISTA**" or "**we**") has conducted a business valuation in connection with the 100% equity interest of Jlc Inc. ("**Jlc**" or the "**Target**") and its subsidiaries (together with Jlc refer as the "**Target Group**") as of 31 December 2018 (the "**Valuation Date**"). We understand that Forgame Holdings Limited (the "**Company**", "**Forgame**" or "**you**") intends to dispose certain shareholding of the Target Group (the "**Proposed Disposal**").

It is our understanding that this appraisal is strictly addressed to the directors of the Company (the "**Directors**") and used for the Proposed Disposal solely for your internal reference purpose. This report (the "**Report**") does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. We are not responsible for unauthorized use of the Report.

We accept no responsibility for the realisation and completeness of any estimated data, or estimates furnished by or sourced from any third parties which we have used in connection with this Report. We assumed that financial and other information provided to us are accurate and complete.

This Report presents the summary of the business appraised, describes the basis of analysis and assumptions, explains the analysis methodology adopted in this appraisal process to calculate the value, also the additional supporting documentation has been retained as a part of our work papers.

BASIS OF ANALYSIS

We have appraised the fair value of 100% equity interest of the Target Group as of the Valuation Date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

COMPANY BACKGROUND

Forgame established in 2009 and listed on the Hong Kong Stock Exchange on 3 October 2013. It is principally engaged in game business and fintech business. The game business segment develops, publishes, license and operates webgames and mobile games in China, as well as operates a game publishing platform. The fintech business segment provides internet micro-credit services and financial information service in the PRC.

The Target Group is principally engaged in the internet finance business in China through the operation of websites and mobile phone applications under the "Jianlicai" ("簡理財") brands.

We understand that the Company intends to dispose certain equity interest of the Target Group. As such, the Company would like to assess the fair value of the 100% equity interest of the Target Group as of the Valuation Date.

SCOPE OF WORK

In conducting this valuation exercise, we have

- Co-ordinated with the Company's representatives to obtain the required information and documents for our valuation;
- Gathered the relevant information of the Target Group, including the legal documents, financial statements, etc. made available to us;
- Discussed with the Company and the Target Group to understand the history, business model, operations, customer base, business development plan, etc. of the Target Group for valuation purpose;
- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- Studied the information of the Target Group made available to us and considered the basis and assumptions of our conclusion of value;
- Designed an appropriate valuation model to analyze the data and derived the estimated fair value of the Target Group; and
- Compiled this Report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should have been provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by the Company, the Target Group and their authorized representatives.

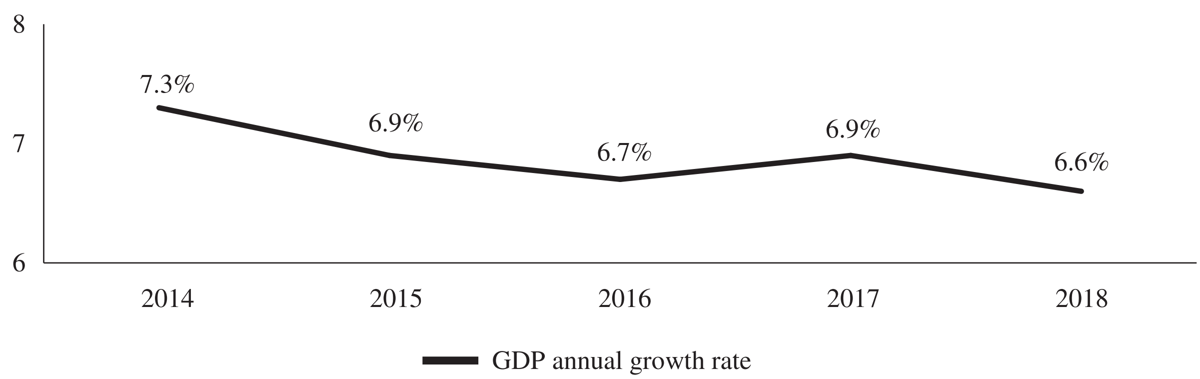
INDUSTRY OVERVIEW

Overview of the China Economy

Gross Domestic Product ("**GDP**") growth of China has been slowing down for years. In 2017, the China economy achieved the first acceleration in seven years, but slowed down again in 2018. According to the National Bureau of Statistics, the GDP growth rate of China has reached 6.6% in 2018, down 0.3% from the previous year and marked the slowest pace since 1990. Despite the economic slowdown, the growth rate of 2018 has beaten the target of around 6.5% set by the government official.

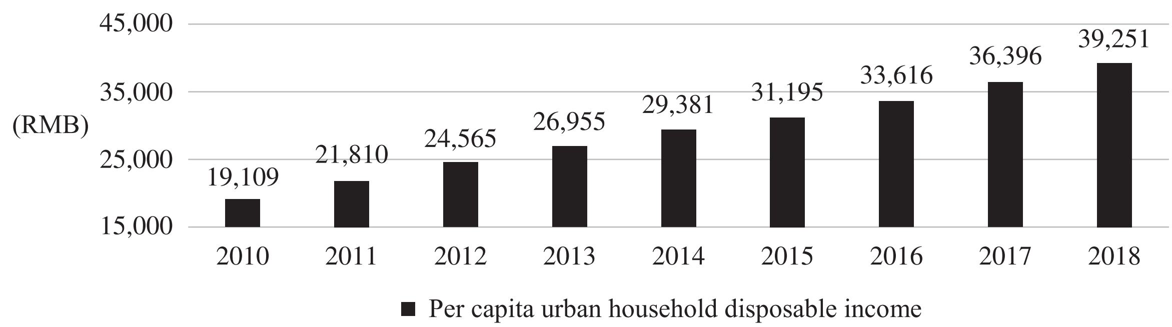
In 2018, the GDP of China reached RMB90.03 trillion, in which the service sector has accounted for more than 50% of the total GDP. The main driver was the strong growth in consumption. According to the National Bureau of Statistics, per capita disposable income of China in 2018 was RMB39,251 with an annual growth rate of 7.8% from 2017 which reflected the increasing purchasing power of Chinese citizens.

China GDP Annual Growth Rate



(Source: The National Bureau of Statistics)

Per Capita Urban Household Disposable Income of China



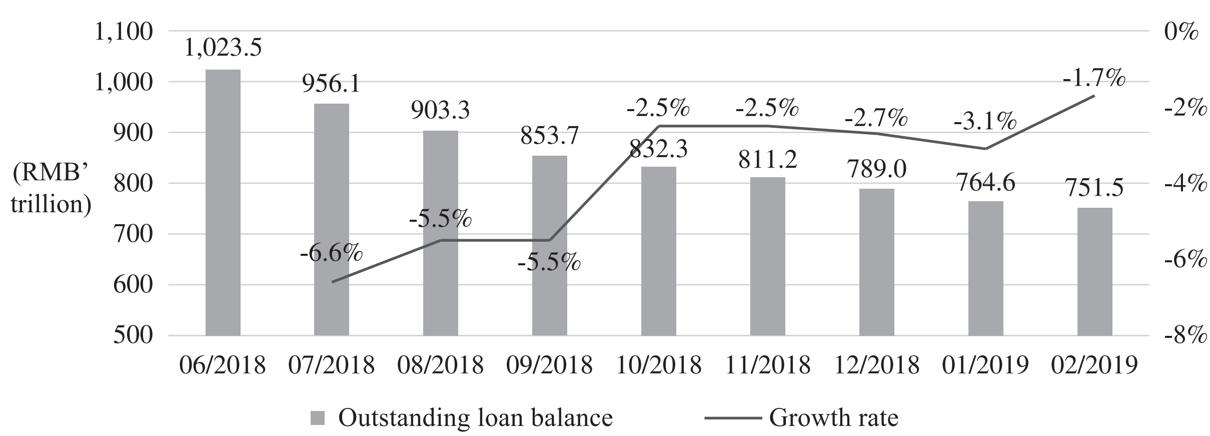
(Source: The National Bureau of Statistics)

Overview of China Internet Finance Market

Despite the growth of the China internet finance market as a whole, the online peer-to-peer ("**P2P**") lending segment was undergoing a massive shake out. As risks have piled up around P2P platforms and the number of underground fund raising and financing activities have grown, the National Online Landing Rectification Office of Chinese government launched regulatory crackdown of the country's P2P industry aiming to reduce the number of P2P platform to a manageable level. On 19 July 2018, the Beijing Internet Finance Industry Association (北京市互聯網金融行業協會) issued a document (the "**19 July Document**") to clarify that peer-to-peer online lending platforms are prohibited from offering investors non-compliant "Wealth Management Plan" products because there may be mismatch of durations and sizes with such products as well as other non-compliances. As a result, many P2P lending platform were being shut down or asked to sign voluntary closing commitments.

According to Wang Dai Zhi Jia ("**WDZJ**"), a board member of National Internet Finance Association of China (中國互聯網金融協會), the total transaction volume of the China P2P lending market was RMB95.46 trillion in February 2019, representing a year-on-year growth rate of *negative* 43.52%. Meanwhile, the outstanding loan balance for online P2P lending platforms dropped since mid-2018, from RMB1,023.5 trillion in June 2018 to RMB751.5 trillion in February 2019.

Outstanding Loan Balance of China P2P Lending Platforms



(Source: WDZJ)

As a financial information service provider, Jlc's management has decided to comprehensively adjust the business model of Jlc's "Wealth Management Plan" in order to better embrace the spirit of the above documents and industry regulatory policies. Such adjustments are in line with the strategic objective of Jlc's management in the expansion in Jlc's standard asset product portfolio, but will intensify the liquidity imbalance between users and asset providers in the short run.

LIMITATIONS OF THE REPORT

The Report is addressed strictly to the Directors for their internal reference only. Accordingly, the Report may not be used nor relied upon in any other connection by, and are not intended to confer any benefit on, any person (including without limitation the respective shareholders of the Company and the Target Group).

The Report does not constitute an opinion on the commercial merits and structure of the Proposed Disposal. The Report does not purport to contain all the information that may be necessary or desirable to fully evaluate the Proposed Disposal. We are not required to and have not conducted a comprehensive review of the business, technical, operational, strategic or other commercial risks and merits of the Proposed Disposal and such remain the sole responsibility of the Directors and the management of the Company.

We have assumed and relied upon, and have not independently verified the accuracy, completeness and adequacy of the information provided or otherwise made available to us or relied upon by us in the Report, whether written or verbal, and no representation or warrant, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information.

VALUATION ASSUMPTIONS OF BUSINESS ENTERPRISE VALUE ANALYSIS

In arriving at our opinion of value, the key assumptions adopted in this appraisal included, but not limited to, the following:

- The information provided and the estimations/representations made by the management of the Target Group regarding the valuation are complete, accurate and reliable;
- The public and statistical information obtained are deemed to be reputable, accurate and reliable;
- There will be no major changes in the existing political, legal, fiscal and economic conditions in the country that the Target Group is operating;
- There are no material changes in the relevant corporate tax rate, interest rate, long-term borrowing rate, and exchange rate from that currently prevailing in the country or district(s) that the Target Group is operating which may significantly impact its business;
- There will be no substantial fluctuation in the economic outlook and specific industry outlook affecting the businesses of the Target Group and the fair values of the underlying shares; and
- There will be no material changes as to the management and business strategies and operational structure, which will continue to be operated under the current existing and expected business model.

VALUATION APPROACH

General Valuation Approaches

There are three generally accepted approaches to appraise the fair value of the equity value of the Target Group, namely Income Approach, Market Approach and Asset Based Approach. All three of them have been considered regarding the valuation of the Target Group:

Income Approach	The income approach provides an indication of value based on the principle that an informed buyer would pay no more than the present value of anticipated future economic benefits generated by the subject asset. The fundamental method for income approach is the discounted cash flow ("**DCF**") method. Under the DCF method, the value depends on the present value of future economic benefits to be derived from ownership of the enterprise. Thus, an indication of the equity value is calculated as the present value of the future free cash flow of a company less outstanding interest-bearing debt, if any. The future cash flow is discounted at the market-derived rate of return appropriate for the risks and hazards of investing in a similar business.
Market Approach	The market approach provides an indication of value by comparing the subject asset to similar assets that have been sold in the market, with appropriate adjustments for the differences between the subject asset and the assets that are considered to be comparable to the subject asset. Under the market approach, the comparable company method computes a price multiple for publicly listed companies that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset. The comparable transaction method computes a price multiple using recent sales and purchase transactions of assets that are considered to be comparable to the subject asset and then applies the result to a base of the subject asset.
Asset Based Approach	The asset based approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence (physical, functional or economical) present, taking into consideration past and present maintenance policy and rebuilding history.

Selected Valuation Approach

Each of the abovementioned approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature. In this appraisal regarding the fair value of the equity value of the Target Group, we applied the Asset Based Approach due to the following reasons:

- Income Approach is not appropriate in the current appraisal as plenty of assumptions were involved in formulating the financial projection of the Target Group, and the assumptions might not be able to reflect the uncertainties in the future performance of the Target Group. Referring to the historical performance of the Target Group before the release of the 19 July Document, its revenue was in growing trend alongside with the booming in China P2P market which was experiencing an annualized growth rate of 14.9% compared to FY2017. After the change in policy enforcement, the revenue of the Target Group in the second half of FY2018 has shrunk by approximately half of the size of its first half year of FY2018. Due to the evolving uncertainties of the market environment, the Management considers that they cannot provide a precise and concrete financial projection on the business. Improper assumptions will impose significant impact on the fair value of the Target Group. Considering the current situation of the China fintech market, together with the loss-making operating performance of the Target Group in January and February of 2019 due to business adjustments and the fact that new asset products of the Target Group have not yet generated stable and sustainable income, it is considered that Income Approach is not applicable in this valuation.

- Market Approach is also considered not appropriate as there are rising uncertainties and instabilities factoring and surrounding to the fintech market in China which would indirectly and negatively impact the future business of the Target Group. According to WDZJ, the outstanding loan balance of China P2P lending platform has entered into a falling trend which shows the market is under consolidation from the aftermath of policy change. Instability and ambiguities are furnishing the China internet finance industry and thus the business of the Target Group. Under such uncertain situation, together with the declining trend in the Target Group's financial performance due to the policy change, neither historical nor forecast financial data of the Target Group is considered reliable to be benchmarked to market multiples of comparable companies in determining the value of the Target Group. Hence, Market Approach is not adopted in this appraisal.

- Fair value arrived from Asset Based Approach is based on the principle that the sum of each asset and liability component represents the overall value of the Target Group. It has assumed that the fair value of the Target Group will be equal to the sum of each of the components of assets and liabilities are individually valued, their sum represents the value of the Target Group. Since Income Approach and Market Approach are both considered not appropriate, while the current value of the Target Group is considered to be best represented by the net asset value of the Target Group, Asset Based Approach is adopted in this valuation.

By adopting Asset Based Approach, we have to adjust the asset and liabilities of the Target Group to their respective appraised fair values, and the net result will be an indication of the value of the 100% equity interest of the Target Group.

Valuation Methodology

In this appraisal, it is assumed that the market values of all assets and liabilities of the Target Group are equal as its book values as of the Valuation Date. According to the Management, the Target Group is not in possession of any other asset, other liability, contingent asset or contingent liability as of the Valuation Date besides its 100% interest in assets and liabilities stated in the below consolidated statement of financial position as of the Valuation Date.

According to the consolidated statement of financial position of the Target Group as of the Valuation Date, the book values of the assets and liabilities of the Target Group are as follows:

As of 31 December 2018	**Book Value**	**Appraised Value**
	RMB'000	*RMB'000*
Current Asset		
Bank Deposit	114,272	114,272
Account Receivable	13,719	13,719
Prepayment and other receivables	6,301	6,301
Total Current Asset	134,292	134,292
Non-current Asset		
Other Receivable	1,296	1,296
Fixed Asset	3,567	3,567
Intangible Asset	2,605	2,605
Total Non-current Asset	7,468	7,468
Total Asset	141,760	141,760
Liabilities		
Account Payable	18,755	18,755
Accrued Expense	12,823	12,823
Other Payable	21,558	21,558
Tax Payable	1,655	1,655
Total Liabilities	54,791	54,791
Net Asset Value	86,969	86,969

Assessment on Assets and Liabilities

Current Asset:

1. *Bank Deposit*

Bank deposit represents liquid cash that was held in the bank. As the bank deposit represents liquid cash with no restriction nor limitation on its usage, its book value is deemed to have fully reflected its market value without any discount or premium to be applied.

2. *Account Receivable*

Account receivable is mainly referring to the administrative fee income receivable from the suppliers of financial products for providing platform services. For evaluation on the recoverability of account receivable, we have confirmed with the Management that such receivable balance has been assessed for expected credit losses in accordance with the applicable financial reporting standards. Given the current in nature of the account receivable, its net book value is deemed to have fully reflected its market value without any discount or premium to be applied.

3. *Prepayment and other receivables*

Prepayment and other receivables mainly represent the operating expenses that have been prepaid. They include prepayment of rental deposits, promotional expenses, cloud services fee and technical services fee and other miscellaneous expenses. For assessing prepayments and other receivables, we have discussed with the Management to understand the nature of the items as of the Valuation Date. Prepayments and other receivables were mostly made in recent years. No bad debts were caused as a result of bankruptcy, liquidation, death, disappearance or other force majeure of such debtors. The appraised value was recognized at book value as no assets have been identified as unrecoverable.

Non-Current Asset:

4. *Other Receivable*

Other receivable is mainly consisted of prepayment on legal services fee, property administrative fee, insurance for employees etc. No bad debts were caused as a result of bankruptcy, liquidation, death, disappearance or other force majeure of such debtors. The appraised value was recognized at book value as no assets have been identified as unrecoverable.

5. *Fixed Asset*

Fixed Asset is mainly referring to the computers and other office equipment. These assets are purchased from external third parties on arm's length basis, and have been depreciated in accordance with the Target Group's depreciation policies. Its net book value is considered to be fairly close to the respective fair value as of the Valuation Date.

6. Intangible Asset

Intangible Asset is mainly referring to the software use right and the copyright fee of software application of the Target. These assets are purchased from external third parties on arm's length basis, and have been amortized in accordance with the Target Group's amortization policies. Its net book value is considered to be fairly close to the respective fair value as of the Valuation Date.

Liabilities:

7. Account Payable

Account Payable represents the payable to the operating cost of the Target. We have confirmed with the Management that such expenses are required to be settled within one year's period. Given the current in nature of the account payable, its net book value is deemed to have fully reflected its market value without any discount or premium to be applied.

8. Accrued Expense

Accrued Expense is mainly referring to the salary payable to its employees and tax payables. We have confirmed with the Management that such expenses are required to be settled within one year's period. Given the current in nature of the accrued expense items, its net book value is deemed to have fully reflected its market value without any discount or premium to be applied.

9. Other Payable

Other Payable is mainly referring to the payable of margin account for co-operation with other entities and professional fee payable. We have confirmed with the Management that such expenses are required to be settled within one year's period. Given the current in nature of the other payable items, its net book value is deemed to have fully reflected its market value without any discount or premium to be applied.

10. Tax Payable

Tax Payable is the income tax payable to the relevant tax authorities within one year. Given the current in nature of the tax payable, its net book value is deemed to have fully reflected its market value without any discount or premium to be applied.

Valuation Result

	RMB'000
Net Asset Value (Book Value) of the Target Group*	86,969
Assets and Liabilities Adjustments	—
Net Asset Value (Fair Value) of the Target Group	86,969
Estimated 100% Equity Value of the Target Group	86,969

* *The net asset value data is based on the consolidated audited financial statements of the Target Group for FY2018.*

CONCLUSION OF VALUE

Based on our investigation and analysis method employed, it is our opinion that the fair value of the 100% equity interest of the Target Group as of the Valuation Date is RMB86,969,000.

The conclusion of the fair value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in Jlc Inc. nor the value reported.

Yours faithfully,
For and on behalf of
AVISTA Valuation Advisory Limited

Vincent C B Pang
CFA, FCPA (HK), FCPA (Aus.)
Managing Director

Analysed and Reported by:

Ivan K K Lui
CFA, FCPA (HK), LL.M.
Director

Paul K C Hau
HKICPA
Manager

Mos H M Kwan
Analyst

Note: Mr. Vincent Pang is a member of CFA Institute and a fellow member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Vincent has over 20-year experience in financial valuation and business consulting in Hong Kong and China.

APPENDIX — GENERAL LIMITATIONS AND CONDITIONS

This Report was prepared based on the following general assumptions and limiting conditions:

All data, including historical financial data, which we relied upon in reaching opinions and conclusions or set forth in the Report are true and accurate to our best knowledge. Whilst reasonable care has been taken to ensure that the information contained in the Report is accurate, we cannot guarantee its accuracy and we assume no liability for the truth or accuracy of any data, opinions, or estimates furnished by or sourced from any third parties which we have used in connection with the Report.

The value opinion presented in this Report is based on the prevailing or then prevailing economic conditions and on the purchasing power of the currency stated in the Report as of the date of analysis. The date of value on which the conclusions and opinions expressed apply is stated in this Report.

This Report has been prepared solely for the use or uses stated. Except for extraction of or reference to the Report by the Company, its financial advisor and/or its independent financial advisor for their respective work in relation to the Proposed Disposal, it is not intended for any other use or purpose or use by any third parties. We hereby disclaim that we are not liable for any damages and/or loss arisen in connection with any such unintended use.

Prior written consent must be obtained from AVISTA Valuation Advisory Limited for publication of this Report. Except for disclosure in the Circular in relation to the Proposed Disposal, no part of this Report (including without limitation any conclusion, the identity of any individuals signing or associated with this Report or the firms/companies with which they are connected, or any reference to the professional associations or organisations with which they are affiliated or the designations awarded by those organisations) shall be disclosed, disseminated or divulged to third parties by any means of publications such as prospectus, advertising materials, public relations, news.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DIRECTORS' INTERESTS

Interests of Directors in the Company

As at the Latest Practicable Date, the interests and short positions of each Director and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (b) were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Director/ Chief Executive	Capacity/Nature of Interest	Relevant Company (Including Associated Corporation)	Relevant Class of Shares/ Underlying Shares held	Approximate Percentage of Shareholding
WANG Dongfeng (汪東風)	Founder of the Discretionary Trust Interest of Controlled Corporation(1)	The Company	21,673,338 Ordinary Shares (long position)	13.60%
	Beneficial Owner(2)	The Company	1,650,800 Ordinary Shares (long position)	1.04%
ZHAO Cong Richard (趙聰)(3)	Beneficial Owner	The Company	192,733 Ordinary Shares (long position)	0.12%
HOW Sze Ming (侯思明)(4)	Beneficial Owner	The Company	168,333 Ordinary Shares (long position)	0.11%
ZHANG Qiang (張強)(5)	Beneficial Owner	The Company	93,333 Ordinary Shares (long position)	0.06%
LIANG Na (梁娜)(6)	Beneficial Owner	The Company	1,212,222 Ordinary Shares (long position)	0.76%

Name of Director/ Chief Executive	Capacity/Nature of Interest	Relevant Company (Including Associated Corporation)	Relevant Class of Shares/ Underlying Shares held	Approximate Percentage of Shareholding
WAN Joseph Jason (尹宸賢)[7]	Beneficial Owner	The Company	68,333 Ordinary Shares (long position)	0.04%

Notes:

(1) Foga Group 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 beneficiary objects 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 the 21,673,338 Shares held by Foga Group.

(2) Mr. WANG Dongfeng was granted 500,000 RSUs under the Restricted Share Unit Scheme in 2016, 125,000 of which vested on 1 December 2016, 125,000 vested on 1 June 2017, 125,000 vested on 1 December 2017 and 125,000 vested on 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 Restricted Share Unit Scheme in 2018, 50,000 of which vested on 1 December 2018 and 250,000 of which were cancelled. The Company further granted 250,000 RSUs to Mr. WANG Dongfeng under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

(3) Mr. ZHAO Cong Richard was interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 49,400 Shares as at the Latest Practicable Date. He was also granted 100,000 RSUs under the Restricted Share Unit Scheme in 2016, 25,000 of which vested on 1 December 2016, 25,000 vested on 1 June 2017, 25,000 vested on 1 December 2017 and 25,000 vested on 1 June 2018. Mr. ZHAO Cong Richard sold 25,000 Shares vested under the RSU Scheme on 29 June 2017. Mr. ZHAO Cong Richard was further granted 50,000 RSUs under the Restricted Share Unit Scheme in 2018, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled. The Company further granted 60,000 RSUs to Mr. ZHAO Cong Richard under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

(4) Mr. HOW Sze Ming was granted 100,000 RSUs under the Restricted Share Unit Scheme in 2016, 25,000 of which vested on 1 December 2016, 25,000 vested on 1 June 2017, 25,000 vested on 1 December 2017 and 25,000 vested on 1 June 2018. He was further granted 50,000 RSUs under the Restricted Share Unit Scheme in 2018, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled. The Company further granted 60,000 RSUs to Mr. HOW Sze Ming under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

(5) Mr. ZHANG Qiang was granted 100,000 RSUs under the Restricted Share Unit Scheme in 2016, 25,000 of which vested on 1 December 2016, 25,000 vested on 1 June 2017, 25,000 vested on 1 December 2017 and 25,000 vested on 1 June 2018. He was further granted 50,000 RSUs under the Restricted Share Unit Scheme in 2018, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled. Mr. ZHANG Qiang sold 75,000 Shares vested under the RSU Scheme on 17 January 2019. The Company further granted 60,000 RSUs to Mr. ZHANG Qiang under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

(6) Ms. LIANG Na was interested in the options granted under the Pre-IPO Share Option Scheme to subscribe for 25,089 Shares as at the Latest Practicable Date. Ms. LIANG Na was granted 820,000 RSUs under the Restricted Share Unit Scheme in 2016, 205,000 of which vested on 1 December 2016, 205,000 vested on 1 June 2017, 205,000 vested on 1 December 2017 and 205,000 vested on 1 June 2018. Ms. LIANG Na sold 216,200 Shares vested under the RSU Scheme during the period from 18 July 2017 to 4 September 2018. She was further granted 200,000 RSUs under the Restricted Share Unit Scheme in 2018, 33,333 of which vested on 1 December 2018 and 166,667 of which were cancelled. The Company further granted 550,000 RSUs to Ms. LIANG Na under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

(7) Mr. WAN Joseph Jason was granted 50,000 RSUs under the Restricted Share Unit Scheme in 2018, 8,333 of which vested on 1 December 2018 and 41,667 of which were cancelled. The Company further granted 60,000 RSUs to Mr. WAN Joseph Jason under the Restricted Share Unit Scheme on 12 April 2019 (details as set out in the Company's announcement dated 12 April 2019).

Save as disclosed above, as the Latest Practicable Date, none of the Directors or any chief executive of the Company had an interest or short position in any shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests in assets

As disclosed above and as at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up.

Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors is materially interested in contract or arrangement subsisting which is significant in relation to the business of the Group.

Competing business

Ms. LI Luyi holds certain interest in 北京冠城瑞富信息技術有限公司 (Beijing Guancheng Ruifu Information Technology Company Limited*), which is engaged in the provision of inclusive financial information intermediary services.

Save as disclosed above and as at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors and their respective associates were considered to have any interest in business which competed or were likely, either directly or indirectly, with the business of the Group.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group

Name	Capacity/ Nature of Interest	Number and Class of Shares	Approximate Percentage of Shareholding
Managecorp Limited[(1)]	Trustee	29,437,335 Ordinary Shares (long position)	18.47%
Foga Group[(1)]	Beneficial Owner	21,673,338 Ordinary Shares (long position)	13.60%
YANG Tao	Interest of Controlled Corporation[(2)]	7,785,700 Ordinary Shares (long position)	4.89%
	Beneficial Owner[(3)]	1,340,000 Ordinary Shares (long position)	0.84%
KongZhong Corporation[(4)]	Beneficial Owner	32,471,076 Ordinary Shares (long position)	20.37%
Linkedsee Group Limited[(4)]	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
Linkedsee Limited[(4)]	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
WANG LeiLei[(4)]	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%

Name	Capacity/ Nature of Interest	Number and Class of Shares	Approximate Percentage of Shareholding
上海常匯互聯網科技有限公司 (Shanghai Changhui Internet Technology Co., Limited*)(4)	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
北京五星融誠科技有限責任公司 (Beijing Wuxing Rongcheng Technology Co., Limited.*)(4)	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
北京和諧欣榮投資中心(有限合夥) (Beijing Hexie Xinrong Investment Center (Limited Partnership)*)(4)	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
和諧天明投資管理(北京)有限公司 (Hexie Tianming Investment Management (Beijing) Co., Ltd.*)(4)	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
和諧成長二期(義烏)投資中心(有限合夥) (Hexie Chengzhang Phase II (YIWU) Investment Center) (Limited Partnership)*)(4)	Interest of Controlled Corporation	32,471,076 Ordinary Shares (long position)	20.37%
GU Wei	Beneficial Owner	11,790,830 Ordinary Shares (long position)	7.40%
China Create Capital Limited	Beneficial Owner	9,584,000 Ordinary Shares (long position)	6.01%

Notes:

(1) Foga Group 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 beneficiary objects 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. In addition, Foga Holdings 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 object 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.

(2) Foga Internet Development 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.

(3) Mr. YANG Tao was granted 1,340,000 RSUs under the Restricted Share Unit Scheme in 2016, 335,000 of which vested on 1 December 2016, 335,000 vested on 1 June 2017, 335,000 vested on 1 December 2017 and 335,000 vested on 1 June 2018.

(4) KongZhong Corporation is a beneficial owner of 10,202,168 Shares. KongZhong Corporation is 100% owned by Linkedsee Limited, which in turn is 73.13% owned by Linkedsee Group Limited. 上海常匯互聯網科技有限公司 (Shanghai Changhui Internet Technology Co., Limited.*) holds 57.32% of equity interest of Linkedsee Group Limited. 北京五星融誠科技有限責任公司 (Beijing Wuxing Rongcheng Technology Co., Limited.*) 100% holds 上海常匯互聯網科技有限公司 (Shanghai Changhui Internet Technology Co., Limited.*). 北京五星融誠科技有限責任公司 (Beijing Wuxing Rongcheng Technology Co., Ltd.*) is 51.11% owned by Mr. WANG Leilei and 40.89% owned by 和諧成長二期(義烏)投資中心(有限合夥) (Hexie Chengzhang Phase II (YIWU) Investment Center) (Limited Partnership)*). 和諧成長二期(義烏)投資中心(有限合夥) (Hexie Chengzhang Phase II (YIWU) Investment Center) (Limited Partnership)*) is 3% held by 北京和諧欣榮投資中心(有限合夥) (Beijing Hexie Xinrong Investment Center (Limited Partnership)*). 北京和諧欣榮投資中心(有限合夥) (Beijing Hexie Xinrong Investment Center (Limited Partnership)*) is 0.1% owned by 和諧天明投資管理(北京)有限公司 (Hexie Tianming Investment Management (Beijing) Co., Ltd.*).

Save as disclosed in this circular, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, there was no other person who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' SERVICE CONTRACTS

None of the other Directors had entered or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation or claims of material importance pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) the Disposal Agreement;

(b) the Supplemental Agreement;

(c) the investment agreement and the shareholders agreement both dated 24 April 2019 and entered into by (i) 廣州市雲米軟件科技有限公司 (Guangzhou Yunmi Software Technology Co., Ltd.*), a direct wholly-owned subsidiary of the Company, as investor, (ii) the Company, (iii) 上海大承網絡技術有限公司 (Shanghai Dacheng Network Technology Co., Ltd.*) as vendor, (iv) 北京西瓜互娛科技有限責任公司 (Beijing Xigua Huyu Technology Co, Ltd*) as target company, (v) 空中(中國)有限公司 (KongZhong (China) Co., Ltd.*), (vi) KongZhong Corporation, (vii) Mr. WANG Leilei, (viii) 上海網魚網咖投資管理有限公司 (Shanghai Wangyu Wangka Investment Management Co., Ltd.*), (ix) Mr. JIANG Teng and (x) Mr. SHENG Yong, in relation to the investor's acquisition of 69.84% equity interest in the target company at a consideration of RMB150,152,857, details of which are set out in the announcement of the Company dated 24 April 2019; and

(d) (1) the shareholders' agreement dated 16 January 2019 and entered by (i) 廣州維動網絡科技有限公司 (Guangzhou Weidong Internet Technology Co., Ltd.*), a subsidiary of the Company, as investor, (ii) 上海大承網絡技術有限公司 (Shanghai Dacheng Network Technology Co., Ltd.*) as vendor, (iii) 天津聯盟電競互聯網科技有限公司 (Tianjin LMDJ Internet Technology Co., Ltd.*) as target company, (iv) 空中(中國)有限公司 (KongZhong (China) Co., Ltd.*), (v) KongZhong Corporation, (vi) 空中信通資訊技術(北京)有限公司 (KongZhong Xintong Information Technology (Beijing) Co., Ltd.*), (vii) 北京成熙通信息技術有限責任公司 (Beijing Chengxitong Information Technology Co., Ltd.*) and (viii) Mr. WANG Leilei; and (2) the investment agreement dated 16 January 2019 and entered by (i) all the parties to the shareholders' agreement dated 16 January 2019 and (ii) the Company. Pursuant to the shareholders' agreement and the investment agreement both dated 16 January 2019, the investor agreed to acquire 19.99% of the equity interest in the target company at a consideration of RMB22,598,870, details of which are set out in the announcement of the Company dated 16 January 2019.

QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
AVISTA Valuation Advisory Limited	Independent Valuer

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the Valuer does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Valuer does not have any direct or indirect interest in any assets which have been, since 31 December 2018, the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

GENERAL

(a) The registered office of the Company is located at Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands.

(b) The head office of the Company is at Room 01–02, 60/F, International Metropolitan Plaza, 68 Huacheng Avenue, Guangzhou, PRC.

(c) The principal place of business of the Company in Hong Kong is at 16/F, Man Yee Building, 60–68 Des Voeux Road Central, Central, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The company secretary of the Company is Ms. LEE Ka Man ("**Ms. Lee**"). Ms. Lee is an associate member of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

(f) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong, 16/F, Man Yee Building, 60–68 Des Voeux Road Central, Central, Hong Kong, for a period of 14 days from the date of the circular:

(a) the amended and restated memorandum and articles of association of the Company;

(b) the material contracts referred to in the section headed "Material Contracts" of this appendix;

(c) the letters of consent referred to in the section headed "Qualification and Consent of Expert" in this appendix;

(d) the valuation report issued by the Valuer;

(e) the annual reports of the Company for the two years ended 2017 and 2018; and

(f) this circular.

Forgame Holdings Limited
雲遊控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 00484)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**Meeting**") of Forgame Holdings Limited (the "**Company**") will be held at 7/F, Nexxus Building, 77 Des Voeux Road Central, Central, Hong Kong on Monday, 29 July 2019 at 2:00 p.m. for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the share transfer agreement dated 26 April 2019, as supplemented and amended by the supplemental agreement dated 9 July 2019 (the "**Supplemental Agreement**"), (the "**Disposal Agreement**") entered into by and among (i) the Company as vendor, (ii) Best Hero Investments Limited (as assigned pursuant to the Supplemental Agreement) and The Blue Whale Tech Ltd. as purchasers (the "**Purchasers**"), and (iii) Jlc Inc. in relation to the disposal by the Company to the Purchasers of 54,544,421 shares in Jlc Inc., representing 54.54% of the entire issued share capital of Jlc Inc. and being the entire equity interest of Jlc Inc. held by the Company, at a consideration of RMB47,433,000 and subject to and upon the terms and conditions contained in the Disposal Agreement, and all the transactions contemplated thereunder, be and are hereby generally and unconditionally approved, ratified and confirmed; and

(b) the directors of the Company be and are hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents and take all such actions as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Disposal Agreement and any transactions contemplated thereunder."

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

Hong Kong, 12 July 2019

Registered Office:
Suite #4-210, Governors Square
23 Lime Tree Bay Avenue
P.O. Box 32311
Grand Cayman KY1-1209
Cayman Islands

Head Office:
Room 01–02,
60/F, International Metropolitan Plaza
68 Huacheng Avenue
Guangzhou
PRC

Principal Place of Business in Hong Kong:
16/F, Man Yee Building
60–68 Des Voeux Road Central
Central
Hong Kong

Notes:

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it; a proxy need not be a shareholder of the Company. A shareholder who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her/its behalf at the Meeting. On a poll, votes may be given either personally or by proxy.

2. In the case of joint holders, any one of such joint holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders be present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above Meeting or any adjournment thereof.

4. The transfer books and register of members of the Company will be closed from Wednesday, 24 July 2019 to Monday, 29 July 2019, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 July 2019.

5. Completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above Meeting (or any adjourned meeting thereof) if they so wish.

6. The resolution set out in this notice of extraordinary general meeting will be put to shareholders to vote taken by way of a poll.