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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

On March 15, 2013, Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang, as the settlor and protector established the Wang Trust, Keith Huang Trust, Hao Dong Trust and ZHUANGJG Trust, respectively, with Managecorp Limited acting as the trustee. On the same day, Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang transferred by way of gift at no consideration to Managecorp Limited all their shareholding interests in Foga Group, Foga Networks, Foga Holdings and Foga Development, which in turn held approximately 20.94%, 12.37%, 17.13% and 20.94% (in aggregate, approximately 71.39%), respectively, of the then-issued share capital of the Company. Pursuant to the Family Trusts, Managecorp Limited holds the shares on trust for the benefit of Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang and certain of their respective family members, as the case may be. Immediately upon the completion of the Global Offering, Managecorp Limited will directly hold on trust an aggregate of 68,372,940 Shares, representing approximately 54.50% of the issued share capital of our Company, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of Pre-IPO Share Options and Post-IPO Share Options and any Shares to be issued pursuant to the RSU Scheme. Please refer to the section headed “Our History and Reorganization—Establishment of Family Trusts” for details of the Family Trusts.

Foga Group, Foga Networks, Foga Holdings, Foga Internet Development and Foga Development were established by Mr. Wang, Mr. Huang, Mr. Liao, Mr. Yang and Mr. Zhuang (together, our “Controlling Shareholders”) respectively. The Controlling Shareholders have been jointly managing our Group during the Track Record Period and the voting rights held by our Controlling Shareholders in our Company, our subsidiaries and our PRC Operational Entities, were exercised collectively by them or through the companies controlled by them (by and on behalf of each of them).

Our Founders were the ultimate owners of the Group and operated the game business through the PRC Operational Entities. On January 5, 2013, Mr. Wang, Mr. Huang, Mr. Liao, Mr. Yang and Mr. Zhuang executed the Memorandum, where among other things, they confirmed:

- (i) the previous oral agreement entered into by our Controlling Shareholders upon their acquisition of equity interests in Feiyin and Weidong in September 2009 to exercise common control over Feiyin and Weidong at that time and subsequently our Company, our subsidiaries and our PRC Operational Entities. Our PRC legal advisers, Jingtian & Gongcheng, have advised us that the previous oral agreement is legal, valid and enforceable under the applicable PRC laws and regulations;
- (ii) that during the Track Record Period, each party in their capacities as shareholders exercised common control over our Company, our subsidiaries and our PRC Operational Entities where they cooperated with each other to reach consensus on all important corporate decisions relating to our operations at the shareholders and board levels;
- (iii) that each party has, either themselves or through their respective representatives, participated in shareholders meetings and board meetings on important operational and financial decisions regarding our Company, our subsidiaries and our PRC Operational Entities, and they have reached a unanimous decision on every occasion;
- (iv) in the event there was any difference in opinion concerning material issues of our Company, our subsidiaries and our PRC Operational Entities, each Controlling Shareholder has, either themselves or through their respective representatives, together engaged in thorough discussion which took into account the views of every party and ultimately reached a final, unanimous decision which was then adopted and implemented according to the relevant resolutions;
- (v) that during the Track Record Period to the Latest Practicable Date, no party had raised any objection or disputes regarding the subject matter of the Memorandum;

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In addition, the Controlling Shareholders also confirmed that the common control over the Group would continue from the date of the Memorandum except where the following occur:

- an offshore listing of interests in our Company, or any entity with interest in our subsidiaries or our PRC Operational Entities; or
- a material change in the ownership of the equity interests in our Company, our subsidiaries or our PRC Operational Entities,

upon the occurrence of which the parties to the Memorandum will revisit the common control arrangement, and will enter into an agreement to re-confirm their common control arrangement as they see fit. The parties confirm that they do not intend to exercise any common control over the Group after the Listing and accordingly, the common control arrangement will automatically lapse upon the Listing.

Our PRC legal advisers, Jingtian & Gongcheng, have advised us that the Memorandum is legal, valid and enforceable under the applicable PRC laws and regulations.

As such, Mr. Wang, Mr. Huang, Mr. Liao, Mr. Yang and Mr. Zhuang will be together entitled to directly or indirectly exercise or control the exercise of 30% or more of the voting rights at the general meeting of our Company immediately upon completion of the Global Offering, assuming the Over-allotment Option is not exercised and without taking into account any Shares to be issued upon the exercise of Pre-IPO Share Options and Post-IPO Share Options and any Shares to be issued pursuant to the RSU Scheme. Accordingly these parties are considered our Controlling Shareholders immediately following the Global Offering.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, none of our Controlling Shareholders were engaged or had interests, in any business which, directly or indirectly, competes or may compete with our Group's business, i.e. business of game development and game platform operation, which is discloseable under Rule 8.10 of the Listing Rules. Our Founders have each given a non-compete undertaking to us and the Series A Investors whereby each of the Founders undertakes, for so long as he is a director, officer, employee or holds any equity interests directly or indirectly in our Group, for two years after he ceases to be a director, officer, employee or holder of any equity interests in our Group, not to (i) own, manage, engage, operate, control, do business with, maintain any interest in or participate in the ownership, management, operation or control of any business that is related to the business of our Group or otherwise competes with our Group (the "Restricted Business"), provided that such restriction does not prohibit the Founders from acquiring, directly or indirectly, less than 1% of the outstanding share capital of any publicly traded company engaged in a Restricted Business; (ii) solicit any person who is or has been at any time a customer of the Group for offering goods or services similar to or competing with those offered by our Group, or solicit any person who is or has been at any time a supplier, licensor or customer of our Group for the purpose of inducing any such person to terminate its business relationship with our Group; or (iii) solicit or entice away or endeavor to solicit or entice away any director, officer, consultant or employee of our Group. Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing. Our Directors believe that our Group is capable of carrying on its business independent of our Controlling Shareholders without unduly relying upon them, taking into consideration the following factors:

#### Operational Independence

We do not rely on our Controlling Shareholders for our supply, business development, staffing or marketing and sales activities. We have our own headcount of employees for our operations and management for human resources.

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We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

### Management Independence

Our Board of Directors consists of nine Directors, of whom four are Executive Directors, two are Non-executive Directors and three are Independent Non-executive Directors. Please refer to the section headed “Directors and Senior Management” for details. Mr. Wang, Mr. Huang, Mr. Liao and Mr. Zhuang are our Executive Directors while Mr. Yang is a member of our senior management and together are our Controlling Shareholders.

None of our Directors or senior management members holds any position in any of the companies in which our Controlling Shareholders are interested other than those within our Group.

We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (i) each Director is aware of his fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interests;
- (ii) the three Independent Non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Listing Rules to ensure that the decision of the Board are made only after due consideration of independent and impartial opinions;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates (“Conflicting Transaction”), the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum. The interested Director(s) shall not attend any independent board committee meetings comprising our Independent Non-executive Directors only. In the event that there is a Conflicting Transaction which shall be submitted to our Independent Non-executive Directors for their consideration and approval, they shall have extensive experience and knowledge to oversee such a Conflicting Transaction from different aspects;
- (iv) our Company has also established internal control mechanism to identify related party transactions to ensure that our Controlling Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions;
- (v) in order to allow the non-conflicting members of the Board to function properly with the necessary professional advice, our Company will engage a third party professional adviser to advise the Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between our Group and our Directors or their respective associates.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently and manage the business of the Group independently from our Controlling Shareholders after the Listing.

### Financial Independence

Our Group has an independent financial system and make financial decisions according to our own business needs.

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Our Directors confirmed that as of the Latest Practicable Date, none of our Controlling Shareholders or their respective associates had provided any loans, guarantees or pledge to our Group.

Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded by the proceeds from the Global Offering and cash flow from operations.

Based on the above reasons, our Company considered there is no financial dependence on our Controlling Shareholders.

### CORPORATE GOVERNANCE

Our Company has adopted the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “Code”) and will comply with the code provisions in the Code. The Code sets out principles of good corporate governance in relation to, among other matters, directors, the chairman and chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

Our Company is also required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, which provides, among other matters, prohibitions on directors’ dealings in securities and protection of minority shareholders’ rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority shareholders’ rights after the Listing.

Our Company is committed to the view that our Board should include a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Independent Non-executive Directors, details of whom are set out in the section headed “Directors and Senior Management,” individually and together possess the requisite knowledge and experience to be a member of our Board. All of our Independent Non-executive Directors are experienced and will provide impartial and professional advice to protect the interest of our minority Shareholders.

### CONFIRMATION

Except as disclosed above, as of the Latest Practicable Date, neither our Controlling Shareholders nor any of our Directors were interested in the business of game development and game platform operation, other than our Group, which, competes or is likely to compete, either directly or indirectly, with our Group’s business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.