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Forgame Holdings Limited

雲遊控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00484)

**INSIDE INFORMATION — IMPAIRMENT ON GOODWILL AND
INTANGIBLE ASSETS ARISING FROM THE ACQUISITION OF
JIANLICAI GROUP AND PROFIT WARNING**

This announcement is made by Forgame Holdings Limited (the “**Company**”, together with its subsidiaries, collectively, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcement of the Company dated 25 June 2017 in respect of the discloseable transaction regarding the acquisition of Jianlicai Group, the announcement of the Company dated 20 May 2018 in respect of the positive profit alert of the Group (the “**May Positive Profit Alert Announcement**”) and the announcement of the Company dated 29 July 2018 in respect of the business adjustments made in connection with the business model of “Wealth Management Plan” by the Group’s brand “Jianlicai” with reference to the latest industry trend and in response to related documents issued by the Beijing Internet Finance Association (the “**July Business Adjustments Announcement**”) (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

In the July Business Adjustments Announcement, the Group elaborated on the comprehensive adjustments in the business model of the “Wealth Management Plan” after the Beijing Internet Finance Association issued the related documents. “Wealth Management Plan” was a business model Jianlicai previously developed to offer users products which were mainly non-standard assets. Following the issuance of the

July Business Adjustments Announcement, Jianlicai actively adjusted its business by gradually reducing the stock of non-standard assets while developing and launching standard asset products.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that, currently the PRC fintech industry is facing an extremely challenging industry environment and a significant number of fintech companies, including the industry leaders, are required to adjust their businesses in accordance with the requirements of the regulators. In the course of adjusting the business model of “Wealth Management Plan” of Jianlicai, the Group had considered as a whole, the actual circumstances after the July Business Adjustments Announcement, the Group’s continuous communications with regulators and the results from in-depth discussion with the Group’s external consultants, as a result, the Group observed that the original bases of evaluating the value of goodwill and identifiable intangible assets arising from the equity acquisition of the Jianlicai Group have changed because the business model of “Wealth Management Plan”, being one of the bases of evaluating the fair value of goodwill and identifiable intangible assets arising from the equity acquisition of the Jianlicai Group, will not be re-launched in the foreseeable future and the new asset products cannot provide sufficient information to support the original valuation in such a short period. In accordance with the relevant requirements under “International Accounting Standard 36 — Impairment of Assets”, and based on the principle of investor protection, the Group revalued all goodwill and identifiable intangible assets arising from the equity acquisition of the Jianlicai Group and the Board wishes to inform the shareholders and potential investors of the Company that based on the preliminary information available to the Board, the Group is expected to record an impairment on the goodwill and identifiable intangible assets arising from the equity acquisition of the Jianlicai Group in an after tax amount of RMB320.5 million in the 2018 interim results announcement and 2018 the interim report of the Company (the “**Impairment**”).

Since the publication of the July Business Adjustments Announcement, the Group has been closely monitoring the significant changes in regulatory environment and the impact of the adjustments on the business of Jianlicai. According to the current business analysis by the management team of Jianlicai, Jianlicai currently maintains stable liquidity thanks to the Group’s accurate judgment and timely response. Jianlicai is also among the first signatories to the “Beijing Internet Finance Industry Self-discipline Commitment” jointly signed by other leading fintech enterprises,

making a commitment of compliance to the society. As of the date of this announcement, Jianlicai has also developed and launched new asset products to replace the removed “Wealth Management Plan” and cooperated with licensed financial institutions to offer standard fund based asset products to users. Jianlicai still needs more time to complete the transition from the old business model to the new one. The Group will continuously monitor the market response to the new products.

As the above changes in industry and the regulatory adjustments both occurred in late July, the management of the Group was not able to take such changes and adjustments into account nor include such factors in its projection at the time of preparing the May Positive Profit Alert Announcement. Due to the Impairment, it is expected that the upcoming interim results of the Group will not be within the scope of the expected results disclosed in the May Positive Profit Alert Announcement. Based on preliminary information available to the Board, the Group is expected to record a net loss between approximately RMB285.5 million and RMB295.5 million for the six months ending 30 June 2018, as compared to a net loss of approximately RMB17.7 million for the corresponding period in 2017. If the impact of the Impairment is excluded, the Group’s business operation for the first half year of 2018 was stable and its financial performance would have been in line with the Group’s expectation of a net profit ranging from approximately RMB25.0 million to RMB35.0 million as disclosed in the May Positive Profit Alert Announcement. In addition, this Impairment is only made in respect of the Jianlicai brand. The operation of the other fintech brands of the Group such as “Yunke (雲客)” remains normal and is performing to the management’s satisfaction. More details of the Impairment and the actual financial information for the first half of the year will be discussed further in the interim results announcement and the interim report of the Company for the six months ended 30 June 2018 to be published before the end of August 2018 and the end of September 2018 respectively.

It should be noted that the Company has yet to finalise the interim results of the Group for the six months ended 30 June 2018. The information contained in this announcement is only based on the information currently available to the Board and the Board’s preliminary assessment of the Group’s unaudited consolidated management accounts for the same period, all of which require further review by and discussions with the Company’s auditors and the audit and compliance committee of the Board. As such, the actual interim results of the Group for the six months ending 30 June 2018 may differ from what is disclosed in this announcement. Shareholders

and potential investors of the Company are therefore advised to read carefully the interim results announcement and interim report of the Company for the six months ended 30 June 2018 to be published before the end of August 2018 and the end of September 2018 respectively.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Forgame Holdings Limited
WANG Dongfeng
Chairman

Hong Kong, 17 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. WANG Dongfeng, Ms. LIANG Na and Mr. ZHANG Yang; the non-executive director of the Company is Mr. ZHANG Qiang; the independent non-executive directors of the Company are Mr. HOW Sze Ming, Mr. ZHAO Cong Richard and Mr. WAN Joseph Jason.