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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: 484)

INSIDE INFORMATION
EXPECTED DECREASE IN LOSS FOR THE YEAR ENDED
31 DECEMBER 2020

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

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the current unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the “**Reporting Period**”) and all information currently available to the Board, the Group is expected to record a decrease in loss for the year of approximately 70% to 80% for the Reporting Period, as compared to that of RMB260.2 million for the year ended 31 December 2019 (the “**Comparison Period**”). The expected decrease in loss during the Reporting Period is mainly attributable to the following factors:

- (i) there is a substantial decrease in impairment loss on financial assets measured at amortised cost of approximately RMB127.6 million for the Reporting Period as compared to that of the Comparison Period. Such decrease was due to: (a) the impairment loss associated with the outstanding loan receivables of the internet micro-credit business of the Group was substantially reduced; and (b) there was no impairment of proceeds receivables recorded from the disposal of the equity interest in Jlc Inc. and its subsidiaries by the Group during the Reporting Period;
- (ii) there is a substantial decrease in loss from discontinued operations of approximately RMB160.5 million for the Reporting Period as compared to that of the Comparison Period. During the Comparison Period, the discontinued operations included the financial results of (a) Jlc Inc. and its subsidiaries, which had been disposed of by the Company within the Comparison Period; and

- (b) Beijing Xigua Huyu Technology Co., Ltd. (“**Beijing Xigua**”), which was then disposed of by the Company within the Reporting Period. In contrast, during the Reporting Period, the discontinued operations only included the financial results of Beijing Xigua; and
- (iii) the above-mentioned factors were partially offset by a decrease in revenue and gross profit recognised from the Group’s continuing operations during the Reporting Period. The Group is expected to recognise gross profit of approximately RMB19.8 million for the Reporting Period, representing a decrease of approximately 73% as compared to the gross profit recognised in the Comparison Period.

The Company is in the process of preparing and finalising the consolidated annual results of the Group for the Reporting Period. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the current unaudited consolidated financial information of the Group for the Reporting Period and all information currently available to the Board, which have not been audited or reviewed by the independent auditors and the audit committee of the Company and may be subject to adjustments upon further review and audit. Details of the consolidated annual results of the Group for the Reporting Period are expected to be announced by the end of March 2021.

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

By order of the Board
Forgame Holdings Limited
ZHANG Qiang
Chairman

Hong Kong, 1 March 2021

As at the date of this announcement, the executive directors are Mr. HAN Jun, Mr. DIAO Guoxin and Mr. ZHU Liang; the non-executive director is Mr. ZHANG Qiang; the independent non-executive directors are Mr. WANG Dong, Mr. WONG Chi Kin, Mr. CUI Yuzhi and Mr. LU Xiaoma.