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## OURGAME INTERNATIONAL HOLDINGS LIMITED

### 聯眾國際控股有限公司\*

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock code: 6899)

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

#### FINANCIAL HIGHLIGHTS

	Six months ended		Changes	Three	Three	Changes
	30 June			months	months	
	2017	2016		ended	ended	
	RMB'000	RMB'000		30 June	31 March	
	(Unaudited)	(Unaudited)		2017	2017	
				RMB'000	RMB'000	
				(Unaudited)	(Unaudited)	
<b>Revenue</b>	<b>272,313</b>	415,883	-34.5%	<b>152,682</b>	119,631	+27.6%
PC games revenue	<b>121,922</b>	205,406	-40.6%	<b>71,384</b>	50,538	+41.2%
Mobile games revenue	<b>120,093</b>	166,502	-27.9%	<b>64,280</b>	55,813	+15.2%
Others	<b>30,298</b>	43,975	-31.1%	<b>17,018</b>	13,280	+28.1%
<b>(Loss)/Profit attributable to equity holders of the Company</b>	<b>(68,424)</b>	75,998	-190.0%	<b>(23,700)</b>	(44,724)	-47.0%
<b>Non-IFRS adjusted net (loss)/profit*</b>	<b>(60,339)</b>	96,147	-162.8%	<b>(20,028)</b>	(40,311)	-50.3%
Attributable to equity holders of the Company	<b>(54,757)</b>	96,979	-156.5%	<b>(15,714)</b>	(39,043)	-59.8%
Attributable to non-controlling interests	<b>(5,582)</b>	(832)	+570.9%	<b>(4,314)</b>	(1,268)	+240.2%

\* Non-IFRS adjusted net (loss)/profit was derived from the unaudited net (loss)/profit for the period excluding share-based compensation expense.

## REVENUE BY GAMES

	Six months ended		Changes	Three	Three	Changes
	30 June			months	months	
	2017	2016		ended	ended	
	RMB'000	RMB'000		30 June	31 March	
	(Unaudited)	(Unaudited)		2017	2017	
				RMB'000	RMB'000	
				(Unaudited)	(Unaudited)	
<b>Games revenue</b>						
Self-developed games						
— Texas Hold'em	<b>84,640</b>	151,595	-44.2%	<b>50,204</b>	34,436	+45.8%
— Mahjong	<b>57,874</b>	77,954	-25.8%	<b>31,816</b>	26,058	+22.1%
— Fight the Landlord	<b>88,925</b>	119,341	-25.5%	<b>48,118</b>	40,807	+17.9%
— Other self-developed games	<b>9,965</b>	15,285	-34.8%	<b>5,281</b>	4,684	+12.7%
Self-developed games total	<b>241,404</b>	364,175	-33.7%	<b>135,419</b>	105,985	+27.8%
Others	<b>611</b>	7,733	-92.1%	<b>245</b>	366	-33.1%
<b>Total games revenue</b>	<b>242,015</b>	371,908	-34.9%	<b>135,664</b>	106,351	+27.6%
<b>Non-Games revenue<sup>(1)</sup></b>	<b>30,298</b>	43,975	-31.1%	<b>17,018</b>	13,280	+28.1%
<b>Total revenue</b>	<b>272,313</b>	415,883	-34.5%	<b>152,682</b>	119,631	+27.6%

(1) Non-Games revenue mainly consists of miscellaneous revenue derived from tournaments and events organised by the Group, which includes sponsorship and advertising income received.

## REVENUE BY GEOGRAPHICAL AREAS

	Six months ended		Changes	Three	Three	Changes
	30 June			months	months	
	2017	2016		ended	ended	
	<i>RMB'000</i>	<i>RMB'000</i>		30 June	31 March	
	(Unaudited)	(Unaudited)		2017	2017	
				<i>RMB'000</i>	<i>RMB'000</i>	
				(Unaudited)	(Unaudited)	
PRC <sup>(2)</sup>	<b>230,078</b>	355,727	-35.3%	<b>130,604</b>	99,474	+31.3%
Outside the PRC <sup>(3)</sup>	<u><b>42,235</b></u>	<u>60,156</u>	-29.8%	<u><b>22,078</b></u>	<u>20,157</u>	+9.5%
<b>Total revenue</b>	<u><b>272,313</b></u>	<u>415,883</u>	-34.5%	<u><b>152,682</b></u>	<u>119,631</u>	+27.6%

(2) For the purpose of this interim results announcement, the revenue from the PRC does not include those from Hong Kong, Macau and Taiwan (if any).

(3) The revenue outside the PRC was primarily derived from Peerless Media Limited and its subsidiaries (the “**Peerless Group**”) which were acquired by the Group at the end of June 2015. The Peerless Group is engaged in the business of television production, brand licensing, online service and tour management producing poker and online entertainment content under the World Poker Tour (“**WPT**”) global brand (“**WPT Branded Business**”).

## OPERATIONAL HIGHLIGHTS

	Six months ended 30 June		Changes	Three months ended 30 June	Three months ended 31 March	Changes
	2017 (Unaudited)	2016 (Unaudited)		2017 (Unaudited)	2017 (Unaudited)	
<b>MAUs (in thousands):</b>						
Self-developed games						
— Texas Hold'em	517	871	-40.6%	571	463	+23.3%
— Mahjong	3,772	5,283	-28.6%	4,106	3,438	+19.4%
— Fight the Landlord	13,571	17,032	-20.3%	14,520	12,622	+15.0%
— Other self-developed games	<u>3,261</u>	<u>4,923</u>	-33.8%	<u>3,392</u>	<u>3,131</u>	+8.3%
<b>Total</b>	<b><u>21,121</u></b>	<b><u>28,109</u></b>	-24.9%	<b><u>22,589</u></b>	<b><u>19,654</u></b>	+14.9%
<b>MPUs (in thousands):</b>						
Self-developed games	1,339	1,785	-25.0%	1,447	1,231	+17.5%
<b>ARPPU (in RMB):</b>						
Self-developed games	30	34	-11.8%	31	29	+6.9%

## BUSINESS REVIEW

The board (the “**Board**”) of directors (the “**Directors**”) of Ourgame International Holdings Limited (the “**Company**” or “**Ourgame**”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017. The interim results have been reviewed and approved by the Company’s audit committee (the “**Audit Committee**”).

The first half of 2017 has been a challenging period. While we continued to make progress in our eSports, mind-sports and other businesses, we encountered intensified competition and challenges in our China domestic card and board games business. Intense competition from new apps that provide online game room cards (開房卡) function, coupled with adverse payment policy changes in the Company’s main mobile carrier payment partners, caused a significant negative impact to both our PC and mobile China domestic card and board game businesses, particularly in the first quarter of 2017. As a result, we witnessed a fairly substantial downturn in revenue and profitability in the first half of 2017.

We have taken active steps to address and mitigate these challenges. We have significantly expanded our online/offline tournaments offerings, with newer WPT events and new weekly online only tournaments to attract and retain users to our platform. We have started to revamp our mobile product portfolio and incorporated more Alipay, weChat and other third party payment options. We have also been actively streamlining and optimizing our cost structure to drive efficiency and savings. We believe that these measures are working and we are seeing recovery and improvements in the second quarter of 2017 in key impacted business areas. Revenue in the second quarter of 2017 was RMB152.7 million, a 27.6% increase from the first quarter of 2017, with PC revenue in the second quarter of 2017 reaching RMB71.4 million, a 41.2% increase from the first quarter of 2017, and with mobile revenue and other revenue in the second quarter of 2017 both reached double digit increases over the first quarter of 2017. Loss attributed to equity holders of the Company was RMB23.7 million in the second quarter of 2017, also significantly less than the loss of RMB44.7 million in the first quarter of 2017.

Other businesses among the Group continued to make progress in the first half of 2017. The China mind-sports business managed by our invested company Tianjin Zhongqi Weiye Sports Development Co., Ltd. (天津中棋惟業體育發展有限公司) (“**Zhongqi Weiye**”) had another six sportified card and board games approved by the General Sports Administration as official sports, bringing the total to ten. All ten sports titles were open to the industry for commercial development bidding and are now under development by bid winning companies. With more sportified games being approved and more games becoming online, Zhongqi Weiye (中棋惟業) is already profitable in the first half of 2017 and is set to accelerate its growth.

The first half of 2017 has been a period of rapid growth for our eSports subsidiary, Tianjin Allied eSports Technology Development Co., Ltd. (“**AES**”). AES entered into an agreement with the MGM Group to open its global flagship arena at the MGM Luxor Casino and Hotel at Las Vegas, USA, of which the MGM Group will be providing substantial marketing and other support. With the introduction of this flagship arena, AES achieved a critical milestone in completing the creation of our global arena network. With this global arena network, we have now established the necessary foundation to accelerate the building of our own unique global tournaments and other critical IPs and assets. AES also made significant progress in building its own branded IP tournaments as well as establishing further partnerships. AES continued to hold highly successful branded tournaments,

including its Legend Series — CS:Go tournament in Germany in April 2017 which attracted more than 500 teams to compete. AES has entered into a strategic cooperative agreement with Perfect World of China and the two companies will work closely on eSports venues, tournaments and co-marketing around some of the key Perfect World titles such as CS:Go and DOTA in China. AES has won the exclusive rights for China from Blizzard to hold the Overwatch Open Division tournaments in China, which is one of the most exciting new global tournaments and will put AES further on the map of the eSports world. The work AES has completed so far has given it a meaningful first mover advantage in the global eSports industry.

In the first quarter of 2017, the sponsorship contract with one of WPT's largest sponsors expired, resulting in WPT experiencing a drop in sponsorship revenue. Other than this, WPT's other businesses remained stable and are poised to grow. WPT's TV programs reached more than 140 million households worldwide as of 30 April 2017. With the launch of PlayWPT on iOS in the first quarter of 2017, PlayWPT's launch is now completed and is available across PC, Android and iOS platforms and continuing to enhance and optimize the online games products to better monetize WPT's global user base.

The cooperation with iRena Inc. (體窗聯眾) was our entry in creating a new category of businesses around sports based games. It has completed the development of its new sports based games and was test launching with major Internet partners in June 2017 with good initial results. With further enhancement, it will be launching its games officially in the second half of this year. Furthermore, the Company invested in Spoville Inc. of Korea, which exclusively holds the Korean government sanctioned license to conduct sports betting games using game virtual currency through its portfolio of games on football, basketball and baseball in Korea. We believe the expertise and Korean market presence of Spoville Inc. will bring significant synergy and become a key part of our global efforts in this business going forward.

## **FUTURE PROSPECTS**

We have confidence in our business model, strategy and the progress and future of our various business platforms. Some of the measures we have been taking to mitigate the challenges in our China domestic card and board games business have shown signs of early results in the second quarter of 2017, but it is still in progress and we will continue to focus on execution of the business plan to further the business recovery.

In the second half of 2017, we will continue to focus on revamping our China card and board game businesses. The online/offline tournament led model has been working, and we will do more in the second half of 2017. We will revamp our entire mobile product portfolio to pivot toward non-mobile carrier payment methods. We will focus on cutting costs and drive for efficiency throughout this process.

In the second half of 2017, we will be completing the AES Las Vegas flagship arena and taking it to the market in early 2018 and setting up a new venue model and revenue stream. AES will focus on further developing its branded IP tournaments and signing up more partners. We will be accelerating AES' growth by exploring bringing in new global strategic investors.

In the second half of 2017, we will explore bringing in new partners for both Zhongqi Weiye and WPT to strengthen their business and accelerate their growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### 1. *Overview*

The loss attributable to equity holders of the Company amounted to RMB68.4 million for the six months ended 30 June 2017, as compared with profit attributable to equity holders of the Company of RMB76.0 million for the six months ended 30 June 2016. Non-IFRS adjusted net loss\* attributable to equity holders of the Company amounted to RMB54.8 million for the six months ended 30 June 2017, as compared with non-IFRS adjusted net profit attributable to equity holders of the Company of RMB97.0 million for the six months ended 30 June 2016.

\* Non-IFRS adjusted net (loss)/profit was derived from the unaudited (loss)/profit for the period excluding share-based compensation expense.

#### 2. *Revenue*

For the six months ended 30 June 2017, revenue of the Group amounted to RMB272.3 million, representing a decrease of RMB143.6 million or 34.5% as compared with RMB415.9 million for the corresponding period of 2016. The decrease was mainly due to unexpected changes in our market environment.

For the six months ended 30 June 2017, the revenue from PC games amounted to RMB121.9 million, representing a decrease of RMB83.5 million or 40.6% as compared with RMB205.4 million for the corresponding period of 2016. Other revenue amounted to RMB30.3 million for the six months ended 30 June 2017, representing a decrease of RMB13.7 million or 31.1% as compared with RMB44.0 million for the corresponding period of 2016.

#### 3. *Cost of Revenue and Gross Profit Margin*

For the six months ended 30 June 2017, cost of revenue of the Group amounted to RMB141.9 million, representing a decrease of RMB36.9 million or 20.6% as compared with RMB178.9 million for the corresponding period of 2016. The resulting gross profit margin decreased from 57.0% for the six months ended 30 June 2016 to 47.9% for the six months ended 30 June 2017. The decrease was mainly due to the decrease in revenue and fixed costs remain stable during the period.

#### 4. *Other Income*

For the six months ended 30 June 2017, other income of the Group amounted to RMB7.6 million, representing a decrease of RMB13.8 million or 64.6% as compared with RMB21.4 million for the corresponding period of 2016. This was primarily due to the recognition of the gain on deemed disposal of partial interest in an associate for the six months ended 30 June 2016.

## **5. *Selling and Marketing Expenses***

For the six months ended 30 June 2017, selling and marketing expenses of the Group amounted to RMB104.1 million, representing an increase of RMB18.5 million or 21.6% from RMB85.7 million over the corresponding period of 2016. The increase for the period was mainly due to additional costs incurred for the increase in marketing activities for game tournaments organised by the Group.

## **6. *Administrative Expenses***

For the six months ended 30 June 2017, administrative expenses of the Group amounted to RMB70.5 million, representing an increase of RMB10.1 million or 16.8% as compared with RMB60.4 million for the corresponding period of 2016. The increase for the period was mainly due to the increase in professional fees and depreciation expenses.

## **7. *Research and Development Expenses***

For the six months ended 30 June 2017, research and development expenses of the Group amounted to RMB23.7 million, representing an increase of RMB5.6 million or 31.3% as compared with RMB18.0 million for the corresponding period of 2016. The increase in research and development expenses for the period was mainly due to the preparation for new mobile games and additional costs incurred in research and development activities.

## **8. *(Loss)/Profit Attributable to Equity Holders of the Company***

The loss attributable to equity holders of the Company amounted to RMB68.4 million for the six months ended 30 June 2017, as compared with profit attributable to equity holders of the Company of RMB76.0 million for the six months ended 30 June 2016. The decrease was primarily due to the significant decrease in revenue.

## **9. *Non-IFRS Measure — Adjusted Net (Loss)/Profit***

To supplement this interim results announcement which is presented in accordance with the International Financial Reporting Standards (“IFRS”), we also use unaudited non-IFRS adjusted net (loss)/profit\* attributable to equity holders of the Company as an additional financial measure to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business.

For the six months ended 30 June 2017, the unaudited non-IFRS adjusted net loss attributable to equity holders of the Company amounted to RMB54.8 million, as compared with unaudited non-IFRS adjusted net profit attributable to equity holders of the Company of RMB97.0 million for the six months ended 30 June 2016. The decrease was primarily due to the significant decrease in revenue. Our unaudited non-IFRS adjusted net (loss)/profit attributable to equity holders of the Company for the six months ended 30 June 2017 and 2016 was derived from (loss)/profit

attributable to equity holders of the Company for the period excluding share of share-based compensation expense (six months ended 30 June 2017: RMB13.7 million; six months ended 30 June 2016: RMB21.0 million).

\* Non-IFRS adjusted net (loss)/profit was derived from the unaudited (loss)/profit for the period excluding share-based compensation expense.

## **10. *Income Tax Credit***

For the six months ended 30 June 2017, income tax credit of the Group amounted to RMB0.6 million, representing a decrease of RMB1.2 million or 65.5% from RMB1.8 million over the corresponding period of 2016. The decrease of income tax credit was primarily due to decrease in deferred tax credit arising from the fair value adjustment on acquisition of Peerless Group.

## **11. *Liquidity and Source of Funding and Borrowing***

As at 30 June 2017, the Group's total bank balances and cash decreased by 32.4% from RMB283.6 million as at 31 December 2016 to RMB191.6 million. The decrease of total bank balances and cash for the period primarily was a result of the cash payments for our acquisition of intangible assets and property, plant and equipment and addition in development costs for approximately RMB57.2 million, as well as payments in investment activities during the six months ended 30 June 2017.

As at 30 June 2017, the current assets of the Group amounted to RMB560.6 million, including RMB211.6 million in bank balances and cash and available-for-sale financial assets, and other current assets of RMB349.0 million. Current liabilities of the Group amounted to RMB140.3 million, of which RMB71.8 million were trade payables and deferred revenue, and other current liabilities of RMB68.5 million. As at 30 June 2017, the current ratio (the current assets to current liabilities ratio) of the Group was 4.0 as compared to 4.5 as at 31 December 2016. Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group did not have any bank borrowings or debt financing obligations as at 30 June 2017 and the resulting gearing ratio is nil (2016: nil). The Group currently intends to finance future expansion, investments and business operations primarily with internal resources, but may explore other financing sources in appropriate circumstances.

## **12. *Material Investments***

The Group did not have any material investment during the six months ended 30 June 2017.

## **13. *Material Acquisitions***

The Group did not have any material acquisitions of subsidiaries or associated companies during the six months ended 30 June 2017.

#### **14. *Material Disposals***

The Group did not have any material disposals of subsidiaries or associated companies during the six months ended 30 June 2017.

#### **15. *Pledge of Assets***

As at 30 June 2017, none of the Group's assets were pledged (31 December 2016: nil).

#### **16. *Contingent Liabilities***

As at 30 June 2017, the Group had a contingent consideration of RMB12.9 million payable in relation to the acquisition of a subsidiary, which settlement will be based on the post-acquisition revenue generated from asset acquired (31 December 2016: RMB18.9 million).

#### **17. *Foreign Exchange Exposure***

During the six months ended 30 June 2017, the Group mainly operated in China and in the United States of America and the majority of its transactions were settled in Renminbi (“**RMB**”) or USD, being the functional currencies of the group entities to which the transactions relate. As at 30 June 2017, the Group did not have significant foreign currency exposure from its operations.

#### **18. *Employee's Remuneration and Policy***

As at 30 June 2017, the Group had 525 employees (including WPT Staff), 161 of which were responsible for game development and maintenance, 203 for game operation and offline events organization, 72 for general administration and corporate management and 89 for WPT production. The total remuneration expenses, excluding share-based compensation expense, for the six months ended 30 June 2017 were RMB61.6 million, representing a decrease of 13.5% as compared to RMB71.2 million for the corresponding period of 2016.

We provide external and internal training programs to our employees. As required by PRC law, we participate in various employee benefit plans, including housing pension, medical, basic pension and unemployment benefit plans, occupational injury and maternity leave insurance. Pursuant to the share option scheme adopted on 19 November 2014 (the “**2014 Share Option Scheme**”), 1,440,000 share options were granted to the senior management of the Group during the six months ended 30 June 2017.

The Group's share-based compensation expense for the six months ended 30 June 2017 amounted to RMB13.7 million, representing a decrease of RMB7.3 million as compared with RMB21.0 million for the corresponding period of 2016.

**19. *Events occurred since the end of the six months ended 30 June 2017***

On 12 July 2017, the Company and Alpha Lion Investments Limited (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, the convertible note in the aggregate principal amount of approximately RMB104,076,000 (equivalent to HK\$120,000,000 based on the fixed exchange rate of RMB1: HK\$1.153). The issuance and subscription were completed on 28 July 2017. Please refer to the Company’s announcements dated 12 July 2017 and 28 July 2017 for further details of the issuance and subscription.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all shareholders of the Company (the "Shareholders").

### **1. Compliance with the Code on Corporate Governance Practices**

During the six months ended 30 June 2017, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for a deviation from code provision A.2.1 which requires that the roles of chairman and chief executive to be separate and not be performed by the same individual. Mr. Yang Eric Qing ("Mr. Yang") is the chairman and co-chief executive officer of the Company. Mr. Yang joined our Group in December 2010 and is responsible for general operation, strategy and information technology of the Company and is instrumental to the Company's growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in Mr. Yang is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Yang), four non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance practices of the Company.

### **2. Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules to govern securities transactions by its Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they strictly complied with the required standard set out in the Model Code during the six months ended 30 June 2017.

### **3. Audit Committee**

The Company has established the Audit Committee in accordance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's internal control and financial reporting process and to maintain an appropriate relationship with the Company's independent auditors. The Audit Committee comprises three members, namely, Mr. Cheung Chung Yan David (independent non-executive Director), Mr. Fan Tai (non-executive Director) and Mr. Ge Xuan (independent non-executive Director). Mr. Cheung Chung Yan David is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2017. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

**4. Purchase, Sale or Redemption of the Company's Listed Securities**

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

**5. Material Litigation**

As at 30 June 2017, the Group was not involved in any material litigation or arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatening against the Group.

**6. Interim Dividend**

The Board does not declare any interim dividend to the Shareholders for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

## INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. The interim results have been reviewed by the Audit Committee and the Company's auditors, Grant Thornton Hong Kong Limited.

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	3	<b>272,313</b>	415,883
Cost of revenue		<u>(141,929)</u>	<u>(178,861)</u>
<b>Gross profit</b>		<b>130,384</b>	237,022
Other income	4	7,572	21,396
Selling and marketing expenses		(104,133)	(85,669)
Administrative expenses		(70,536)	(60,398)
Share-based compensation expense	18	(13,667)	(20,981)
Research and development expenses		(23,656)	(18,012)
Share of loss of associates	11	<u>(593)</u>	<u>—</u>
<b>(Loss)/Profit before income tax</b>		<b>(74,629)</b>	73,358
Income tax credit	6	<u>623</u>	<u>1,808</u>
<b>(Loss)/Profit for the period</b>	5	<b><u>(74,006)</u></b>	<b><u>75,166</u></b>
<b>Other comprehensive (loss)/income for the period</b>			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		<u>(6,144)</u>	<u>5,319</u>
<b>Total comprehensive (loss)/income for the period</b>		<b><u>(80,150)</u></b>	<b><u>80,485</u></b>
<b>(Loss)/Profit for the period attributable to:</b>			
Equity holders of the Company		(68,424)	75,998
Non-controlling interests		<u>(5,582)</u>	<u>(832)</u>
		<b><u>(74,006)</u></b>	<b><u>75,166</u></b>

		<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Equity holders of the Company		<b>(74,367)</b>	81,317
Non-controlling interests		<u><b>(5,783)</b></u>	<u>(832)</u>
		<u><b>(80,150)</b></u>	<u>80,485</u>
<b>(Loss)/Earnings per share attributable to equity holders of the Company</b>			
(expressed in RMB cents per share)			
Basic	8	<u><b>(8.70)</b></u>	<u>9.65</u>
Diluted	8	<u><b>(8.70)</b></u>	<u>9.16</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	<i>Notes</i>	As at <b>30 June 2017</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>RMB'000</i> <b>(Audited)</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	59,729	61,564
Intangible assets	10	318,693	315,857
Goodwill		101,616	104,050
Available-for-sale financial assets	14	114,554	110,759
Interests in associates	11	118,169	75,894
Loans to third parties	12	66,074	52,576
Other non-current receivable	16	14,112	13,759
Deferred tax assets		<u>1,726</u>	<u>1,726</u>
		<u>794,673</u>	<u>736,185</u>
<b>Current assets</b>			
Inventories		879	1,248
Trade and other receivables	13	316,839	311,065
Loans to third parties	12	5,536	1,500
Current portion of other non-current receivable	16	25,746	25,285
Available-for-sale financial assets	14	20,000	70,000
Bank balances and cash		<u>191,582</u>	<u>283,598</u>
		<u>560,582</u>	<u>692,696</u>
<b>Current liabilities</b>			
Trade and other payables	15	91,717	94,450
Current portion of other non-current payable	16	25,746	25,285
Deferred revenue		20,946	21,734
Income tax liabilities		<u>1,900</u>	<u>13,029</u>
		<u>140,309</u>	<u>154,498</u>
<b>Net current assets</b>		<u>420,273</u>	<u>538,198</u>
<b>Total assets less current liabilities</b>		<u>1,214,946</u>	<u>1,274,383</u>

	<i>Notes</i>	<b>As at 30 June 2017 RMB'000 (Unaudited)</b>	<b>As at 31 December 2016 RMB'000 (Audited)</b>
<b>Non-current liabilities</b>			
Other non-current payable	<i>16</i>	<b>14,112</b>	13,759
Deferred tax liabilities		<u><b>5,047</b></u>	<u>6,078</u>
		<u><b>19,159</b></u>	<u>19,837</u>
<b>Net assets</b>		<u><b>1,195,787</b></u>	<u>1,254,546</u>
<b>EQUITY</b>			
Share capital	<i>17</i>	<b>240</b>	240
Reserves		<u><b>1,173,812</b></u>	<u>1,234,198</u>
Equity attributable to equity holders of the Company		<b>1,174,052</b>	1,234,438
Non-controlling interests		<u><b>21,735</b></u>	<u>20,108</u>
<b>Total equity</b>		<u><b>1,195,787</b></u>	<u>1,254,546</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Equity attributable to equity holders of the Company							Sub-total RMB'000 (Unaudited)	Non- controlling interests RMB'000 (Unaudited)	Total equity RMB'000 (Unaudited)
	Share capital RMB'000 (Unaudited)	Share premium RMB'000 (Unaudited)	Statutory reserve RMB'000 (Unaudited)	Translation reserve RMB'000 (Unaudited)	Share option reserve RMB'000 (Unaudited)	Other reserve RMB'000 (Unaudited)	Accumulated profits RMB'000 (Unaudited)			
<b>Balance at 1 January 2016</b>	240	574,723	32,508	14,194	65,541	103,812	228,980	1,019,998	7,269	1,027,267
<b>Total comprehensive income for the period</b>										
Profit for the period	—	—	—	—	—	—	75,998	75,998	(832)	75,166
Other comprehensive income for the period										
Currency translation differences	—	—	—	5,319	—	—	—	5,319	—	5,319
	—	—	—	5,319	—	—	75,998	81,317	(832)	80,485
<b>Transactions with owners</b>										
Share-based compensation (Note 18)	—	—	—	—	19,996	985	—	20,981	—	20,981
Exercise of share option (Note 17(ii))	—	1,037	—	—	(218)	—	—	819	—	819
Transfer upon forfeiture of share options	—	—	—	—	(187)	(67)	254	—	—	—
Appropriation to statutory reserve	—	—	6,504	—	—	—	(6,504)	—	—	—
Disposal of partial interest in a subsidiary without losing control	—	—	—	—	—	7,617	—	7,617	5,283	12,900
<b>Total transactions with owners</b>	—	1,037	6,504	—	19,591	8,535	(6,250)	29,417	5,283	34,700
<b>Balance at 30 June 2016</b>	240	575,760	39,012	19,513	85,132	112,347	298,728	1,130,732	11,720	1,142,452

Equity attributable to equity holders of the Company

	Share capital <i>RMB'000</i> (Unaudited)	Share premium <i>RMB'000</i> (Unaudited)	Statutory reserve <i>RMB'000</i> (Unaudited)	Translation reserve <i>RMB'000</i> (Unaudited)	Share option reserve <i>RMB'000</i> (Unaudited)	Other reserve <i>RMB'000</i> (Unaudited)	Accumulated profits <i>RMB'000</i> (Unaudited)	Sub-total <i>RMB'000</i> (Unaudited)	Non- controlling interests <i>RMB'000</i> (Unaudited)	Total equity <i>RMB'000</i> (Unaudited)
<b>Balance at 1 January 2017</b>	240	574,661	37,956	31,193	105,772	111,787	372,829	1,234,438	20,108	1,254,546
<b>Total comprehensive loss for the period</b>										
Loss for the period	—	—	—	—	—	—	(68,424)	(68,424)	(5,582)	(74,006)
Other comprehensive loss for the period										
Currency translation differences	—	—	—	(5,943)	—	—	—	(5,943)	(201)	(6,144)
	—	—	—	(5,943)	—	—	(68,424)	(74,367)	(5,783)	(80,150)
<b>Transactions with owners</b>										
Share-based compensation (Note 18)	—	—	—	—	12,953	714	—	13,667	—	13,667
Exercise of share option (Note 17(ii))	—	405	—	—	(91)	—	—	314	—	314
Transfer upon forfeiture of share options	—	—	—	—	(339)	—	339	—	—	—
Appropriation to statutory reserve	—	—	255	—	—	—	(255)	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	—	—	7,500	7,500
Disposal of non-controlling interests relating to deregistration of a subsidiary	—	—	—	—	—	—	—	—	(90)	(90)
<b>Total transactions with owners</b>	—	405	255	—	12,523	714	84	13,981	7,410	21,391
<b>Balance at 30 June 2017</b>	<b>240</b>	<b>575,066</b>	<b>38,211</b>	<b>25,250</b>	<b>118,295</b>	<b>112,501</b>	<b>304,489</b>	<b>1,174,052</b>	<b>21,735</b>	<b>1,195,787</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before income tax	(74,629)	73,358
Adjustments for non-cash items	<u>66,772</u>	<u>55,097</u>
Operating (loss)/profit before working capital changes	(7,857)	128,455
Net changes in working capital	<u>(8,715)</u>	<u>(85,919)</u>
Cash (used in)/generated from operations	(16,572)	42,536
Interest received	2,056	8,976
Income tax paid	<u>(11,408)</u>	<u>(13,286)</u>
<b><i>Net cash (used in)/from operating activities</i></b>	<u><b>(25,924)</b></u>	<u>38,226</u>
<b>Cash flows from investing activities</b>		
Increase in time deposits with original maturities over three months	—	(17,978)
Purchase of property, plant and equipment	(15,366)	(14,065)
Proceeds from disposal of property, plant and equipment	—	28
Purchase of intangible assets	(30,911)	(43,323)
Addition in development costs through internal development	(10,888)	(26,302)
Investments in associates	(36,163)	(21,645)
Purchase of available-for-sale financial assets	(34,500)	(54,000)
Proceeds from disposal of available-for-sale financial assets	75,847	20,010
Net outflow from disposal of a subsidiary	—	(465)
Repayment in loans to a related party	—	8,217
Addition in loans to third parties	(15,890)	—
Payment of contingent consideration payables	<u>(5,960)</u>	<u>—</u>
<b><i>Net cash used in investing activities</i></b>	<u><b>(73,831)</b></u>	<u>(149,523)</u>

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares upon exercise of share options	314	819
Proceeds on disposal of partial interests in subsidiaries	—	12,900
Capital contribution from non-controlling interests	<u>7,500</u>	<u>—</u>
<i>Net cash from financing activities</i>	<u>7,814</u>	<u>13,719</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(91,941)</b>	<b>(97,578)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>283,598</b>	<b>155,612</b>
<b>Effect of foreign exchange rate changes on cash and cash equivalents held</b>	<u>(75)</u>	<u>105</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>191,582</b></u>	<u><b>58,139</b></u>
<b>Analysis of balances of cash and cash equivalents:</b>		
Bank balances and cash	191,582	269,174
Less: time deposits with original maturities exceeding three months	<u>—</u>	<u>(211,035)</u>
	<u><b>191,582</b></u>	<u><b>58,139</b></u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2017*

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Ourgame International Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 4 December 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 June 2014 (the “Listing”).

The Company is an investment holding company and its subsidiaries (collectively, the “Group”) are principally engaged in the development and operation of online card and board games, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents (collectively, the “Group’s Game Business”) in the People’s Republic of China (the “PRC”). The Group’s Game Business has expanded outside the PRC, primarily in the United States (the “US”) and Gibraltar, upon completion of the acquisition of Peerless Media Limited (“Peerless”) in 2015.

These unaudited condensed consolidated interim financial report (the “Interim Financial Report”) is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the annual financial statements for the year ended 31 December 2016 except for the adoption of the new and amended International Financial Reporting Standards (“IFRSs”) as disclosed below.

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

In the current period, the Group has applied for the first time the new and amended IFRSs issued by IASB, which are relevant to the Group’s operations and effective for the Group’s Interim Financial Information for the annual period beginning on 1 January 2017. The adoption of these new and amended standards had no material impact on how the results and financial position for the current and prior periods have been prepared and presented. The Group has not applied any new or amended IFRS that are not yet effective for the current accounting period.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2016.

### 3. REVENUE AND SEGMENT INFORMATION

#### (a) Revenue

The Group's principal activities are disclosed in Note 1 to these Interim Financial Report. The Group's revenue from external customers recognised during the period is as follows:

	Six months ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
PC games	121,922	205,406
Mobile games	120,093	166,502
Others ( <i>note</i> )	<u>30,298</u>	<u>43,975</u>
	<u><u>272,313</u></u>	<u><u>415,883</u></u>

*Note:* Others mainly represent miscellaneous revenue derived from game tournaments organised by the Group, which includes sponsorship income received.

#### (b) Segment results, assets and liabilities

The chief operating decision-makers (the "CODM") has been identified as the executive directors of the Group. The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The Group's operating activities are previously attributable to a single operating segment focusing primarily on online card and board games development and operation, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents. During the year ended 31 December 2016, the Group strategically restructured its business into three operating segments, namely i) online games business — Lianzhong Group, ii) online games business — Peerless Group and iii) eSports business. The chief operating decision-makers assess the performance of the operating segments mainly based on segment revenue and profit of each operating segment. Segment information below is presented in a manner consistent with the way in which information is reported internally for the purposes of resource allocation and performance assessment. The comparative information of the six months ended 30 June 2016 has been restated to conform with the current period's presentation.

The following describes the operations in each of the Group's reportable segments:

- (i) Online games business — Lianzhong Group: online card and board games business carried out by Lianzhong Group
- (ii) Online games business — Peerless Group: online card and board games business carried out by Peerless Group
- (iii) ESports business: sports e-commerce business and other non-card-and-board games new internet businesses

Segment profit represents profit earned by each segment without allocating income tax expense/credit.

*Segment revenue, segment results and other segment information*

	Six months ended 30 June 2017					
	Online games business — Lianzhong Group RMB'000 (Unaudited)	Online games business — Peerless Group RMB'000 (Unaudited)	ESports business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue						
— From external customers	219,383	42,235	10,695	—	—	272,313
— From other segments	—	3,438	—	—	(3,438)	—
<b>Reportable segment revenue</b>	<b>219,383</b>	<b>45,673</b>	<b>10,695</b>	<b>—</b>	<b>(3,438)</b>	<b>272,313</b>
<b>Reportable segment results</b>	<b>(7,572)</b>	<b>(33,019)</b>	<b>(20,371)</b>	<b>—</b>	<b>—</b>	<b>(60,962)</b>
Share-based compensation expense	(11,575)	(2,092)	—	—	—	(13,667)
Loss before income tax	<b>(19,147)</b>	<b>(35,111)</b>	<b>(20,371)</b>	<b>—</b>	<b>—</b>	<b>(74,629)</b>
Income tax credit						<b>623</b>
Loss for the period						<b>(74,006)</b>
<b>Other information</b>						
Interest income	4,493	—	53	—	—	4,546
Depreciation of property, plant and equipment	10,735	3,018	3,309	—	—	17,062
Amortisation of intangible assets	17,049	17,405	35	—	—	34,489
Share of profit/(loss) of associates	<b>2,176</b>	<b>—</b>	<b>(2,769)</b>	<b>—</b>	<b>—</b>	<b>(593)</b>

	Six months ended 30 June 2016 (Restated)					
	Online games business — Lianzhong Group RMB'000 (Unaudited)	Online games business — Peerless Group RMB'000 (Unaudited)	ESports business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue						
— From external customers	353,053	60,156	2,674	—	—	415,883
— From other segments	—	3,268	79	—	(3,347)	—
<b>Reportable segment revenue</b>	<b>353,053</b>	<b>63,424</b>	<b>2,753</b>	<b>—</b>	<b>(3,347)</b>	<b>415,883</b>
<b>Reportable segment results</b>	105,048	(5,078)	(5,631)	—	—	94,339
Share-based compensation expense	(18,000)	(2,981)	—	—	—	(20,981)
Profit/(Loss) before income tax	<u>87,048</u>	<u>(8,059)</u>	<u>(5,631)</u>	<u>—</u>	<u>—</u>	73,358
Income tax credit						<u>1,808</u>
Profit for the period						<u>75,166</u>
<b>Other information</b>						
Interest income	6,821	—	—	—	—	6,821
Depreciation of property, plant and equipment	6,891	2,891	2,846	—	—	12,628
Amortisation of intangible assets	<u>5,738</u>	<u>36,287</u>	<u>40</u>	<u>—</u>	<u>—</u>	<u>42,065</u>

*Segment assets and liabilities*

	As at 30 June 2017					
	Online games business — Lianzhong Group RMB'000 (Unaudited)	Online games business — Peerless Group RMB'000 (Unaudited)	ESports business RMB'000 (Unaudited)	Unallocated RMB'000 (Unaudited)	Eliminations RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>ASSETS</b>						
Segment assets	<u>1,065,398</u>	<u>349,810</u>	<u>237,504</u>	<u>—</u>	<u>(297,457)</u>	<u>1,355,255</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>93,040</u>	<u>117,978</u>	<u>243,634</u>	<u>—</u>	<u>(295,184)</u>	<u>159,468</u>
<b>Other information</b>						
Non-current assets (other than financial instruments and deferred tax assets), including:						
— Interest in associates	209,003	293,772	95,433	—	—	598,208
	44,309	—	73,860	—	—	118,169
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the six months ended 30 June 2017	<u>38,526</u>	<u>35,513</u>	<u>19,289</u>	<u>—</u>	<u>—</u>	<u>93,328</u>
	As at 31 December 2016					
	Online games business — Lianzhong Group RMB'000 (Audited)	Online games business — Peerless Group RMB'000 (Audited)	ESports business RMB'000 (Audited)	Unallocated RMB'000 (Audited)	Eliminations RMB'000 (Audited)	Total RMB'000 (Audited)
<b>ASSETS</b>						
Segment assets	<u>1,006,642</u>	<u>350,072</u>	<u>118,757</u>	<u>—</u>	<u>(46,590)</u>	<u>1,428,881</u>
<b>LIABILITIES</b>						
Segment liabilities	<u>103,519</u>	<u>80,329</u>	<u>34,846</u>	<u>—</u>	<u>(44,359)</u>	<u>174,335</u>
<b>Other information</b>						
Non-current assets (other than financial instruments and deferred tax assets), including:						
— Interest in associates	191,564	285,894	79,907	—	—	557,365
	12,011	—	63,883	—	—	75,894
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year ended 31 December 2016	<u>135,315</u>	<u>53,246</u>	<u>59,551</u>	<u>—</u>	<u>—</u>	<u>248,112</u>

#### 4. OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Other revenue</b>		
Bank interest income	1,901	4,436
Interest income from loans to third parties	2,645	2,385
Gain on deemed disposal of partial interest in an associate	—	10,349
Gain on disposal of a subsidiary	—	3,399
Gain on disposal of available-for-sale financial assets	2,000	—
	<u>6,546</u>	<u>20,569</u>
<b>Other net income</b>		
Subsidy income from government ( <i>note</i> )	750	763
Sundry income	276	64
	<u>1,026</u>	<u>827</u>
	<u><u>7,572</u></u>	<u><u>21,396</u></u>

*Note:* Subsidy income mainly relates to cash subsidies in respect of operating and development activities from government which are either unconditional grants or grants with conditions having been satisfied.

#### 5. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/Profit for the period has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Employee benefit expenses</b>		
Salaries, bonus and allowances	54,542	65,324
Retirement benefit scheme contributions	6,712	5,425
Severance payments	348	435
Share-based compensation expense	13,667	20,981
	<u>75,269</u>	<u>92,165</u>
<b>Other items</b>		
Depreciation of property, plant and equipment	17,062	12,628
Amortisation of intangible assets	34,489	42,065
(Gain)/Loss on disposal of available-for-sale financial assets	(2,000)	604
	<u><u>(2,000)</u></u>	<u><u>604</u></u>

## 6. INCOME TAX CREDIT

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Current tax</b>		
PRC enterprise income tax		
— Current period	<b>278</b>	10,050
— Over provision in respect of prior years	<u>—</u>	<u>(8,581)</u>
	<b>278</b>	<b>1,469</b>
Gibraltar income tax		
— Current period	<u>—</u>	<u>1,307</u>
<b>Deferred tax</b>	<b>(901)</b>	<b>(4,584)</b>
<b>Income tax credit</b>	<b>(623)</b>	<b>(1,808)</b>

*Notes:*

### (a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

### (b) Hong Kong profits tax

Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2017 and 2016. Hong Kong profits tax has not been provided as the Group had no estimated assessable profits in Hong Kong for the six months ended 30 June 2017 and 2016.

### (c) PRC enterprise income tax

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. The applicable income tax rate is 25%.

In May 2016, Beijing Lianzhong Co., Ltd. (“Beijing Lianzhong”) was accredited as a “Key Software Enterprise within National Planning Layout” (國家規劃佈局內重點軟件企業). Accordingly, Beijing Lianzhong was retrospectively entitled to a preferential income tax rate of 10% from 2015 and continues to enjoy this preferential income tax rate until it no longer meets the requirements of the qualification.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year (“Super Deduction”). Beijing Lianzhong has made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits the six months ended 30 June 2017 and 2016.

**(d) US profits tax**

Subsidiaries operating in the US are subject to US federal and state tax on its assessable profits. The applicable tax rate for federal tax is 34% whilst the tax rate for state tax of California, the principal place of business of the Company’s major US subsidiaries is 8.84%. US profits tax has not been provided as the Group incurred a loss for taxation purposes for the six months ended 30 June 2017 and 2016.

**(e) Gibraltar profits tax**

Gibraltar profits tax has not been provided as the Group had no estimated assessable profits in Gibraltar for the six months ended 30 June 2017. Gibraltar profits tax has been provided at the rate of 10% on the estimated assessable profits for the six months ended 30 June 2016.

**(f) PRC withholding tax**

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group’s foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

**7. DIVIDENDS**

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

**8. (LOSS)/EARNINGS PER SHARE**

**(a) Basic (loss)/earnings per share**

Basic loss per share for the six months ended 30 June 2017 is calculated by dividing the loss attributable to equity holders of the Company of RMB68,424,000 by the weighted average number of ordinary shares of 786,859,838 shares in issue during the period.

Basic earnings per share for the six months ended 30 June 2016 is calculated by dividing the profit attributable to equity holders of the Company of RMB75,998,000 by the weighted average number of ordinary shares of 787,188,426 shares in issue during the period.

**(b) Diluted (loss)/earnings per share**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>786,859,838</b>	787,188,426
Adjustment for share option schemes	<u>—</u>	<u>42,240,360</u>
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<u><b>786,859,838</b></u>	<u>829,428,786</u>

Diluted loss per share for the six months ended 30 June 2017 equals to the basic loss per share as the potential ordinary shares (share options) were not included in the calculation of diluted loss per share because they are anti-dilutive.

Diluted earnings per share for the six months ended 30 June 2016 is based on the profit attributable to equity holders of the Company of RMB75,998,000 and the weighted average number of ordinary shares of 787,188,426 in issue during the period, adjusted for the effects of 42,240,360 dilutive potential shares on exercise of share options.

**9. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of RMB15,366,000 (six months ended 30 June 2016: RMB14,065,000).

**10. INTANGIBLE ASSETS**

During the six months ended 30 June 2017, additions to intangible assets by acquisition and capitalisation in respect of development costs amounted to RMB30,911,000 (six months ended 30 June 2016: RMB43,323,000) and RMB10,888,000 (six months ended 30 June 2016: RMB26,302,000) respectively.

**11. INTERESTS IN ASSOCIATES**

During the six months ended 30 June 2017, the Group made additional investments in associates of RMB36,163,000 (six months ended 30 June 2016: RMB21,645,000).

During the six months ended 30 June 2017, the Group did not dispose of any of its investments in associates.

The share of loss of associates by the Group for the six months ended 30 June 2017 amounted to RMB593,000 (six months ended 30 June 2016: nil).

**12. LOANS TO THIRD PARTIES**

During the six months ended 30 June 2017, the Group:

- (i) granted loans to third parties of RMB5,000,000, which is interest-bearing at rate of 4.35% per annum, secured by the unlisted equity interest in the company of the debtor and repayable in 2018; and

- (ii) subscribed convertible bonds of RMB10,890,000, which is interest-bearing at rate of 7% per annum and repayable in 2019. The convertible bonds included a conversion option to convert the bonds to the unlisted equity interest of the debtor. The fair value of the conversion option is immaterial as at the subscription date and as at 30 June 2017.

As at 30 June 2017, the loans to third parties of RMB71,610,000 are interest-bearing at rates ranging from 4.35% to 18% (30 December 2016: 12% to 18%) per annum and repayable from 2018 to 2019. Among which loans of RMB60,220,000 are secured by unlisted equity interest in companies of the debtors incorporated in the PRC. The carrying amount of the amounts due approximate its fair value.

### 13. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	As at <b>30 June 2017</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>RMB'000</i> <b>(Audited)</b>
<b>Trade receivables</b>			
From third parties	(a)	<b>166,993</b>	210,066
Less: provision for impairment of trade receivables		<u><b>(10,133)</b></u>	<u>(10,133)</u>
		<u><b>156,860</b></u>	<u>199,933</u>
<b>Other receivables</b>			
Deposits, prepayments and other receivables		<b>111,936</b>	92,417
Advances to employees		<b>22,260</b>	16,780
Amount due from associates		<b>26,783</b>	2,780
Interest receivables		<u>—</u>	<u>155</u>
		<b>160,979</b>	112,132
Less: provision for impairment of other receivables		<u><b>(1,000)</b></u>	<u>(1,000)</u>
		<u><b>159,979</b></u>	<u>111,132</u>
		<u><b>316,839</b></u>	<u>311,065</u>

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

(a) Trade receivables

Trade receivables were arising from the operation of online card and board games. The credit terms of trade receivables granted to distribution channels and payment vendors are usually 30 to 90 days. Ageing analysis based on recognition date of the gross trade receivables at the respective reporting dates is as follows:

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	As at 31 December 2016 <i>RMB'000</i> (Audited)
0–30 days	21,912	71,345
31–60 days	19,792	15,136
61–90 days	9,571	18,666
91–180 days	8,877	54,331
181–365 days	86,201	35,950
Over 1 year	<u>20,640</u>	<u>14,638</u>
	<u><u>166,993</u></u>	<u><u>210,066</u></u>

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	As at 31 December 2016 <i>RMB'000</i> (Audited)
<b>Included in non-current assets</b>		
Unlisted equity investments, at cost less impairment losses	114,554	110,759
<b>Included in current assets</b>		
Unlisted trust funds, at fair value	<u>20,000</u>	<u>70,000</u>
	<u><u>134,554</u></u>	<u><u>180,759</u></u>

The unlisted equity investments are stated at cost less impairment losses as these investments do not have quoted market prices in an active market and the range of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

## 15. TRADE AND OTHER PAYABLES

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	As at 31 December 2016 <i>RMB'000</i> (Audited)
<b>Trade payables</b>		
To third parties	49,300	38,715
To an associate	<u>1,510</u>	<u>1,740</u>
	<u>50,810</u>	<u>40,455</u>
<b>Other payables</b>		
Receipts in advance	231	177
Other payables and accrued charges	16,003	17,226
Other taxes liabilities	1,968	4,151
Staff costs and welfare accruals	9,776	12,802
Contingent consideration payable	12,929	18,889
Deferred income related to government grants	<u>—</u>	<u>750</u>
	<u>40,907</u>	<u>53,995</u>
	<u>91,717</u>	<u>94,450</u>

All amounts are short-term and hence the carrying values of the Group's trade and other payables as at 30 June 2017 and 31 December 2016 were considered to be a reasonable approximation of its fair value.

Trade payables primarily related to the purchase of services for server custody, outsourcing game development and the revenue sharing of licensed and third-party operated PC games and which is payable to cooperated game developers according to respective cooperation agreements.

The ageing analysis of trade payables based on recognition date is as follows:

	<b>As at 30 June 2017 RMB'000 (Unaudited)</b>	As at 31 December 2016 RMB'000 (Audited)
0–30 days	15,129	18,270
31–60 days	8,039	9,138
61–90 days	1,038	7,869
91–180 days	5,703	2,294
181–365 days	20,099	1,105
Over 1 year	<u>802</u>	<u>1,779</u>
	<b><u>50,810</u></b>	<b><u>40,455</u></b>

#### 16. OTHER NON-CURRENT RECEIVABLE/PAYABLE

	<b>As at 30 June 2017 RMB'000 (Unaudited)</b>	As at 31 December 2016 RMB'000 (Audited)
<b>Non-current receivable</b>		
Current portion	25,746	25,285
Non-current portion	<u>14,112</u>	<u>13,759</u>
	<b><u>39,858</u></b>	<b><u>39,044</u></b>
<b>Non-current payable</b>		
Current portion	25,746	25,285
Non-current portion	<u>14,112</u>	<u>13,759</u>
	<b><u>39,858</u></b>	<b><u>39,044</u></b>

In 2015, the Group has acquired the non-current receivable and payable through the acquisition of Peerless Group. Other non-current payable represents a contingent consideration payable to a third party by Peerless and a subsidiary of bwin.party digital entertainment plc (“bwin.party”) for the then acquisition of the WPT brand in 2009 and subsequent buy-out in 2012 of the contingent revenue share element. Subject to certain conditions, including subsequent changes in legislation in the US, the maximum aggregate contingent consideration payable by Peerless and bwin.party’s subsidiary amounted to US\$6,500,000 (equivalent to approximately RMB42,208,000).

As at 30 June 2017, other non-current payable represents the directors’ current best estimate of the amount payable which they consider is likely to be paid within and after twelve months from the reporting date, after the effects of discounting at the effective interest rate of 10.3% (31 December 2016: 10.3%). The directors of the Group consider that the fair values are not materially different from their carrying amounts. As at 30 June 2017, there has been no

change in the amount recognised since its acquisition (except for unwinding of the discount and exchange differences of approximately RMB1,770,000 and RMB956,000 respectively during the six months ended 30 June 2017) and the non-discounted book value for the contingent consideration amounted to approximately US\$6,119,000 (equivalent to approximately RMB41,453,000).

Pursuant to the relevant share purchase agreement, the selling shareholder of Peerless Group (the “Seller”) and bwin.party (the “Seller’s Guarantor”, a company listed on the London Stock Exchange) had contractually agreed to indemnify the Group against any loss and undertake the repayment of all liabilities in connection with the contingent consideration payable as detailed above. In this respect, the Group has recognised an indemnification asset as other non-current receivable at an amount equivalent to the fair value of the indemnified liability.

## 17. SHARE CAPITAL

The movements in the share capital of the Company are as follows:

	<i>Notes</i>	<b>Number of shares</b>	<b>Nominal value of shares US\$'000</b>	<b>Equivalent nominal value of shares RMB'000</b>
<b>Authorised:</b>				
<i>Ordinary shares of the Company:</i>				
At 31 December 2016 (Audited) and 30 June 2017 (Unaudited)		<u>10,000,000,000</u>	<u>500</u>	
<b>Issued and fully paid:</b>				
<i>Ordinary shares:</i>				
At 1 January 2016		786,912,624	39	240
Repurchased shares cancelled	<i>(i)</i>	(512,000)	—	—
Exercise of share option	<i>(ii)</i>	<u>392,750</u>	<u>—</u>	<u>—</u>
At 31 December 2016 and 1 January 2017 (Audited)		786,793,374	39	240
Exercise of share option	<i>(iii)</i>	<u>130,000</u>	<u>—</u>	<u>—</u>
<b>At 30 June 2017 (Unaudited)</b>		<u>786,923,374</u>	<u>39</u>	<u>240</u>
At 1 January 2016		786,912,624	39	240
Exercise of share option	<i>(iv)</i>	<u>332,750</u>	<u>—</u>	<u>—</u>
At 30 June 2016 (Unaudited)		<u>787,245,374</u>	<u>39</u>	<u>240</u>
<b>(i) Repurchase of shares</b>				

The 512,000 shares repurchased by the Company in 2016 were cancelled on 10 August 2016.

**(ii) Exercise of share option**

During the year ended 31 December 2016, options were exercised to subscribe for 392,750 ordinary shares of the Company at a consideration of RMB959,000, of which approximately RMB100 was credited to share capital account and the balance of RMB959,000 was credited to the share premium account. As a result of the exercise of options, RMB257,000 has been transferred from the share option reserve account to the share premium account.

**(iii) Exercise of share option**

During the six months ended 30 June 2017, options were exercised to subscribe for 130,000 ordinary shares of the Company at a consideration of RMB314,000, of which approximately RMB100 was credited to share capital account and the balance of RMB314,000 was credited to the share premium account. As a result of the exercise of options, RMB91,000 has been transferred from the share option reserve account to the share premium account.

**(iv) Exercise of share option**

During the six months ended 30 June 2016, options were exercised to subscribe for 332,750 ordinary shares of the Company at a consideration of RMB819,000, of which approximately RMB100 was credited to share capital account and the balance of RMB819,000 was credited to the share premium account. As a result of the exercise of options, RMB218,000 has been transferred from the share option reserve account to the share premium account.

**18. SHARE-BASED COMPENSATION TRANSACTIONS**

**(a) The 2014 Replacement Share Options issued by Blink Milestones Limited**

Details of the 2014 Blink Milestones Share Options have been set out in the Group's annual financial statements for the year ended 31 December 2016.

Movements in the number of share options during the six months ended 30 June 2017 are as follows:

Exercisable period	Exercise price per share <i>RMB</i>	Outstanding	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding
		as at 1 January 2017				as at 30 June 2017
Employee 20 February 2014 to 19 February 2024	0.1276	15,229,198	—	—	—	15,229,198

During the six months ended 30 June 2017, there was no movement in number of share options.

**(b) Management Pre-IPO Share Option Scheme of the Company in 2014**

Details of the Management Pre-IPO Share Option Scheme have been set out in the Group's annual financial statements for the year ended 31 December 2016.

Movements in the number of share options during the six months ended 30 June 2017 are as follows:

	Exercisable period	Exercise price per share <i>US\$</i>	Outstanding			Outstanding as at 30 June 2017	
			as at 1 January 2017	Granted during the period	Exercised during the period		
Directors	1 July 2017 to 30 June 2026	0.16714303	41,702,128	—	—	—	41,702,128
Employee	20 February 2016 to 19 February 2024	0.16714303	4,517,801	—	—	—	4,517,801
			<u>46,219,929</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>46,219,929</u>

During the six months ended 30 June 2017, there was no movement in number of share options.

(c) **Share Option Scheme adopted by the Company in November 2014**

Details of the 2014 Share Option Scheme have been set out in the Group's annual financial statements for the year ended 31 December 2016.

Movements in the number of share options during the six months ended 30 June 2017 are as follows:

	Exercisable period	Exercise price per share <i>HK\$</i>	Outstanding		Granted during the period	Exercised during the period	Forfeited during the period	Outstanding	
			as at 1 January 2017					as at 30 June 2017	
Directors	1 July 2017 to 30 June 2026	2.67	23,520,000	—	—	—	—	23,520,000	
	1 July 2017 to 30 June 2026	5.506	7,840,000	—	—	—	—	7,840,000	
Employee	5 January 2016 to 4 January 2025	2.67	22,489,750	—	(130,000)	(295,000)		22,064,750	
	9 July 2016 to 8 July 2025	4.402	22,365,000	—	—	(200,000)		22,165,000	
	17 May 2017 to 16 May 2026	3.684	2,620,000	—	—	—		2,620,000	
	7 September 2017 to 6 September 2026	3.95	1,850,000	—	—	—		1,850,000	
	28 April 2018 to 27 April 2027	2.886	—	1,440,000	—	—		1,440,000	
			<u>80,684,750</u>	<u>1,440,000</u>	<u>(130,000)</u>	<u>(495,000)</u>		<u>81,499,750</u>	

During the six months ended 30 June 2017, 1,440,000 options were granted on 28 April 2017 with estimated total fair value of approximately RMB1,541,000. The closing price of the Company's shares immediately before the date on which the options granted was HK\$2.82. The exercise price of the share options granted is HK\$2.886 per share. The share options are valid for a period of 10 years and subject to a vesting scale in equal proportions of 25% on every anniversary date of the date of grant, starting from the first anniversary date until the fourth.

The fair values of the share options granted during the period were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	<b>28 April 2017</b>
Exercise price	HK\$2.886
Expected volatility	50%
Expected life	10 years
Risk-free rate	1.48%
Expected dividend yield	—

**(d) Share Award Scheme adopted by the Company in May 2017**

Pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 19 May 2017, a share award scheme was adopted by the Company (the “Share Award Scheme”).

The purpose of the Share Award Scheme is to align the interests of eligible participants with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, and to encourage and retain eligible participants to make contributions to the long-term growth and profits of the Group. All directors, full-time employees and any other person who, in the sole discretion of the board of directors, have contributed or will contribute to the Group are eligible to participate in the Share Award Scheme. Each grant of award to any director of the Company, the chief executive officer or substantial shareholder of the Company must first be approved by the independent non-executive directors of the Company.

The maximum number of shares to be granted must not exceed 7% of the issued share capital of the Company from time to time (the “Share Award Scheme Limit”).

The Share Award Scheme Limit may be refreshed at any time by obtaining approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

At the time of grant of the awards, the Company may specify any minimum performance target(s) that must be achieved, before the awards can be vested in whole or in part.

No award was granted under the Share Award Scheme during the six months ended 30 June 2017.

- (e)** The Group recognised a total expense of RMB13,667,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB20,981,000) in relation to the above share awards or share options granted by the shareholders or the Company, and the share-based compensation expense were shown as a separate item on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

## 19. COMMITMENTS

### (a) Capital commitments

At the reporting date, the Group had the following capital commitments:

	As at <b>30 June</b> <b>2017</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>RMB'000</i> <b>(Audited)</b>
Contracted but not provided for:		
Expenditure in respect of acquisition of intangible assets	<b>46,414</b>	130,637
Expenditure in respect of investments in associates	<b>17,328</b>	15,168
Expenditure in respect of investments in available-for-sale financial assets	<u>—</u>	<u>12,000</u>
	<b><u>63,742</u></b>	<b><u>157,805</u></b>

### (b) Operating lease commitments

The Group leases its servers, lines, office and various residential properties under non-cancellable operating lease agreements. The leases have varying lease terms and renewal rights. At the reporting date, the total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	As at <b>30 June</b> <b>2017</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2016 <i>RMB'000</i> <b>(Audited)</b>
Within one year	<b>10,413</b>	14,431
In the second to fifth year inclusive	<u><b>14,217</b></u>	<u>24,921</u>
	<b><u>24,630</u></b>	<b><u>39,352</u></b>

## 20. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the Interim Financial Report, during the period, the Group had the following material transactions with related parties:

### Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Basic salaries and allowances	1,422	1,194
Discretionary bonus	524	853
Retirement benefit scheme contributions	80	98
Share-based compensation expense	<u>5,896</u>	<u>11,875</u>
	<u>7,922</u>	<u>14,020</u>

## 21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

The financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position are grouped into the fair value hierarchy as follows:

**As at 30 June 2017 (Unaudited)**

	<i>Notes</i>	<b>Level 1</b> <i>RMB'000</i>	<b>Level 2</b> <i>RMB'000</i>	<b>Level 3</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Assets</b>					
Available-for-sale financial assets					
Unlisted trust funds	(a)	—	20,000	—	20,000
<b>Liabilities</b>					
Contingent consideration payable	(b)	—	—	(12,929)	(12,929)
<b>Net fair values</b>		<u>—</u>	<u>20,000</u>	<u>(12,929)</u>	<u>7,071</u>

**As at 31 December 2016 (Audited)**

	<i>Note</i>	<b>Level 1</b> <i>RMB'000</i>	<b>Level 2</b> <i>RMB'000</i>	<b>Level 3</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Assets</b>					
Available-for-sale financial assets					
Unlisted trust funds	(a)	—	70,000	—	70,000
<b>Liabilities</b>					
Contingent consideration payable	(b)	—	—	(18,889)	(18,889)
<b>Net fair values</b>		<u>—</u>	<u>70,000</u>	<u>(18,889)</u>	<u>51,111</u>

During the six months ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (six months ended 30 June 2016: nil).

*Notes:*

**(a) Unlisted trust funds**

The fair value of unlisted trust funds is determined by reference to the net asset value of the underlying investment in the equity fund.

**(b) Contingent consideration payable**

The information about the fair value of contingent consideration payable categorised under Level 3 fair value hierarchy are described below:

	<b>Valuation technique</b>	<b>Unobservable input</b>	<b>Range</b>
Contingent consideration payable	Discounted cash flow	Probability of meeting target	100%

The fair value of contingent consideration payable is estimated using present value technique. As at 30 June 2017, the fair value of RMB12,930,000 (31 December 2016: RMB18,889,000) is estimated by the probability weighting the estimated future cash flows of the earn-out arrangement and discounting at 4.9% (31 December 2016: 4.9%).

**22. EVENT AFTER THE REPORTING DATE**

On 12 July 2017, the Company and Alpha Lion Investments Limited (the “**Subscriber**”) entered into a subscription agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the convertible note in the aggregate principal amount of approximately RMB104,076,000 (equivalent to HK\$120,000,000 based on the fixed exchange rate of RMB1: HK\$1.153). The issuance and subscription were completed on 28 July 2017. Please refer to the Company’s announcements dated 12 July 2017 and 28 July 2017 for further details of the issuance and subscription.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement has been published on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ourgame.com/www.lianzhong.com](http://www.ourgame.com/www.lianzhong.com). The interim report of the Group for the six months ended 30 June 2017 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By Order of the Board  
**Ourgame International Holdings Limited**  
**YANG Eric Qing**  
*Chairman and Executive Director*

Hong Kong, 28 August 2017

*As at the date of this announcement, the executive Directors are Mr. YANG Eric Qing and Mr. NG Kwok Leung Frank; the non-executive Directors are Mr. LIU Jiang, Ms. FU Qiang, Mr. FAN Tai and Mr. CHEN Xian; the independent non-executive Directors are Mr. GE Xuan, Mr. LU Zhong and Mr. CHEUNG Chung Yan David.*

\* *For identification purpose only*