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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)**

### **ISSUE OF CONVERTIBLE NOTE UNDER GENERAL MANDATE**

#### **ISSUE OF THE CONVERTIBLE NOTE**

On 12 July 2017, the Company and the Subscriber entered into the 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 RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate).

As at the date of this announcement, the Company has a total of 786,923,374 Shares in issue. Based on the Conversion Price of RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share, a maximum number of 45,011,252 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Note in full, which represent:

- (i) approximately 5.72% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Note in full (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares).

No listing of the Convertible Note will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

## **GENERAL MANDATE**

The Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting held on 19 May 2017 and will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date. Pursuant to the General Mandate, the Directors were authorised to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 19 May 2017, being 157,384,674 Shares. As at the date of this announcement, no Shares have been issued under the General Mandate.

## **USE OF PROCEEDS**

The gross proceeds from the issue of the Convertible Note will be RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate). The net proceeds from the issue of the Convertible Note, after deducting all relevant costs and expenses, are estimated to be approximately RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate). The Company intends to use the net proceeds for the purpose of business growth and expansion. The net price per Conversion Share to be issued is approximately HK\$2.666.

## **LISTING RULES IMPLICATIONS**

The Conversion Shares will be issued pursuant to the General Mandate. The issue of the Convertible Note is not subject to the approval of the Shareholders.

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information.**

**As the Subscription Agreement may or may not complete, the Convertible Note may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

On 12 July 2017, the Company and the Subscriber entered into the 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 RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate). Details of the Subscription Agreement and the terms of the Convertible Note are described below.

## **THE SUBSCRIPTION AGREEMENT**

### **Date**

12 July 2017

## **Parties**

Issuer: The Company

Subscriber: The Subscriber

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Subscriber and its ultimate beneficial owners are third parties independent from the Group and connected persons of the Group.

## **Subscription**

Subject to the fulfilment of the conditions precedent set out below, the Subscriber shall subscribe for, and the Company shall issue, the Convertible Note in the aggregate principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate) and the said amount shall be satisfied in cash.

## **Conditions precedent**

The Subscriber's obligation to subscribe for the Convertible Note at the Completion is subject to the satisfaction (or waiver by the Subscriber at its sole discretion), at or prior to the Completion, of the following conditions:

- (1) the Stock Exchange having granted the listing of, and permission to deal in, the Shares to be issued upon the conversion of the Convertible Note (and such listing and permission not having been subsequently revoked by the Stock Exchange prior to Completion); and
- (2) the Stock Exchange having approved the issuance of the Convertible Note (and such approval not having been subsequently revoked by the Stock Exchange prior to Completion).

If the above conditions precedent are not fulfilled or waived within six (6) months of the date of the Subscription Agreement (or such later date as may be agreed by the Company and the Subscriber in writing), either the Company or the Subscriber may by notice to the other party terminate the Subscription Agreement. Upon termination, the Subscription Agreement would be of no further effect and neither party to the Subscription Agreement shall have any claim against or liability or obligation to the other party under the Subscription Agreement.

## **Completion**

Subject to the fulfillment of the above conditions precedent, completion of the Subscription shall take place on the first Business Day next following the date of fulfillment of each of the conditions precedent (or such later date as the Company and the Subscriber may agree, either orally or in writing).

**Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section headed “The Subscription Agreement” below for further information.**

**As the Subscription Agreement may or may not complete, the Convertible Note may or may not be issued and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

#### **PRINCIPAL TERMS OF THE CONVERTIBLE NOTE**

The principal terms of the Convertible Note were arrived at after arm’s length negotiations between the Company and the Subscriber and are summarised as follows:

**Aggregate Principal Amount:** RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate)

**Issue Price:** 100% of the principal amount of the Convertible Note

**Denomination:** The Convertible Note will be issued in registered form and in the denomination of RMB4,336,513.443 (equivalent to HK\$5,000,000 based on the Fixed Exchange Rate) each or a multiple thereof.

**Interest Rate:** The Convertible Note bears interest from and including the Issue Date at the rate of 6% per annum. Interest is payable quarterly in arrears from the Issue Date. All interest payments shall be in HK\$ based on the Fixed Exchange Rate. The Convertible Note will cease to bear interest on the preceding date when (a) the Conversion Right attached to it shall have been exercised; or (b) where the Convertible Note is redeemed or repaid from the due date for redemption or repayment thereof.

**Maturity Date:** Unless previously converted or cancelled as provided in the Conditions, the Company will redeem the Convertible Note at 100% of their principal amount together with any accrued but unpaid interest on the day prior to the date falling 30 months from the Issue Date (the “**Maturity Date**”). The Company and the Noteholder may agree in writing no later than five business days prior to the Maturity Date to extend the Maturity Date.

**Conversion:** Subject to the Conditions, the Noteholder shall have the right to convert the Convertible Note in whole, or in part, into Shares (provided that the part converted is in the denomination of RMB4,336,513.443 (equivalent to HK\$5,000,000 based on the Fixed Exchange Rate)) after the Issue Date to the close of business on the date falling seven days prior to the Maturity Date (both days inclusive).

**Conversion Price:**

The price at which Conversion Shares will be issued upon conversion shall be RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share, based on 125% of the volume weighted average price per Share over the 20 trading days as quoted on the Stock Exchange immediately before the signing of the subscription agreement in respect of the issuance of the Convertible Note.

The Conversion Price is subject to customary adjustments upon occurrence of certain events, including, among other matters, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, issuance of securities below the Conversion Price, rights issues of Shares or options over Shares, and the employee share option scheme.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

The Directors (including the independent non-executive Directors) are of the opinion that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Transfer:**

The Noteholder may not transfer the Convertible Note in whole or in part without the written consent of the Company.

**Status of the  
Convertible Note:**

The Convertible Note constitutes general unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company, except for obligations accorded preference by mandatory provisions of applicable law.

**Conversion Shares:** Based on the Conversion Price of RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share, a maximum number of 45,011,252 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Note in full, which represent:

- (i) approximately 5.72% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 5.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Note in full (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares).

**Ranking of the Conversion Shares:** The Conversion Shares, when allotted and issued, will be fully paid and will rank *pari passu* in all respects with, and within the same class as, the Shares in issue as at the date of allotment and issue of the Conversion Shares.

**Voting:** The Noteholder will not be entitled to receive notices of, attend or vote at any meetings of the Company by reason only of being the holder of a Convertible Note.

**Events of Default:** If any of the following events (“**Events of Default**”) occurs, the Noteholder may give notice to the Company that the Convertible Note is immediately due and payable (in which event it shall become immediately due and payable) at its principal amount together with any accrued but unpaid interest (if any) to the date of payment:

- (i) *Non-Payment*: the Company fails to pay the principal of or any premium or interest on the Convertible Note when due; or
- (ii) *Failure to deliver Shares*: any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following a Conversion Notice; or

- (iii) *Breach of Other Obligations*: the Company does not perform or comply with any one or more of its other obligations in the Convertible Note or other transaction documents with respect to the issuance of the Convertible Note which default is incapable of remedy or, if capable of remedy, is not remedied within five business days after written notice of such default shall have been given to the Issuer by the Noteholder; or
- (iv) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Company; or
- (v) *Insolvency*: the Company is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of or a substantial part (or all or a substantial part of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any substantial part of such debts or a moratorium is agreed or declared in respect of or affecting all or any substantial part of (or of a particular type of) the debts of the Company; an administrator or liquidator of the Company or the whole or any substantial part of the assets and turnover of the Company is appointed; or
- (vi) *Nationalisation*: (a) any step is lawfully taken by any competent governmental authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Company; or (b) the Company is prevented by any competent governmental authority from exercising normal control over all or a substantial part of its property, assets and turnover.

**Listing:**

No application will be made for the listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **GENERAL MANDATE TO ISSUE THE CONVERSION SHARES**

By a resolution of the Shareholders passed at the annual general meeting held on 19 May 2017, the Company granted the General Mandate to the Directors to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting of the Company held on 19 May 2017, being 157,384,674 Shares. At the date of this announcement, no Shares have been issued under the General Mandate.

The Conversion Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting held on 19 May 2017 and will rank *pari passu* in all respects with the Shares then in issue on the relevant Conversion Date.

## **LISTING RULES IMPLICATIONS**

The Conversion Shares will be issued pursuant to the General Mandate. The issue of the Convertible Note is not subject to the approval of the Shareholders.

## **REASONS FOR THE ISSUE OF THE CONVERTIBLE NOTE AND USE OF PROCEEDS**

The Company is principally engaged in the operation of online and offline mind-sports in the PRC and globally. As at the date of this announcement, the Group holds various investments in mind-sports across an array of platforms including PC, mobile and real life tournaments.

The gross proceeds from the issue of the Convertible Note will be RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate). The Company intends to use the net proceeds for the purpose of business growth and expansion. The net price per Conversion Share to be issued is approximately HK\$2.666.

The Directors are of the view that the issue of the Convertible Note will represent a good opportunity for the Company to raise funds to strengthen its financial position as well as to provide further funding to the Group for its development. The issue of the Convertible Note also has the advantage that it will provide the Company with immediate funding without resulting in immediate dilution effect on the shareholding of the existing Shareholders on its issue.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the Convertible Note, which were entered into after arm's length negotiations between the Company and the Subscriber, are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE SUBSCRIBER**

According to the information provided by the Subscriber, the Subscriber is a limited liability company incorporated under the laws of British Virgin Islands. To the best of the Directors' knowledge, information and belief having made reasonable enquiries:

- (i) as at the date of this announcement, the Subscriber does not hold any Shares. Assuming all the conversion rights attaching to the Convertible Note in the principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate) are exercised by the Subscriber in full, the Subscriber will be interested in 45,011,252 Shares, representing approximately 5.72% of the existing issued share capital of the Company as at the date of this announcement, and approximately 5.41% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full exercise of the conversion rights under the Convertible Note pursuant to the Subscription Agreement;
- (ii) as at the date of this announcement, the Subscriber and its ultimate beneficial owners are third parties independent from the Group and connected persons of the Group; and
- (iii) before entering into of the Subscription Agreement, neither the Subscriber nor its associates have any other interests in the Shares or any business dealings with the Group.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 786,923,374 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after the full conversion of the Convertible Note at the Conversion Price of RMB2.312 (equivalent to HK\$2.666 based on the fixed Exchange Rate) (on the assumption that there is no further allotment of Shares from the date of this announcement other than the Conversion Shares), are as follows:

Name of Shareholder	As at the date of this announcement		Immediately after the full conversion of the Convertible Note at the Conversion Price of HK\$2.666	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %
Irena Group Co., Ltd.	226,000,000 <sup>(1)</sup>	28.72%	226,000,000 <sup>(1)</sup>	27.17%
Glassy Mind Holdings Limited	226,000,000 <sup>(1)</sup>	28.72%	226,000,000 <sup>(1)</sup>	27.17%
Mr. Zhang Rongming	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Mr. Liu Jiang	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Elite Vessels Limited	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Sonic Force Limited	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Blink Milestones Limited	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Mr. Shen Dongri	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Prosper Macrococosm Limited	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Ms. Long Qi	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
Golden Liberator Limited	175,343,364 <sup>(2)</sup>	22.28%	175,343,364 <sup>(2)</sup>	21.08%
CMC Ace Holdings Limited	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
CMC Capital Partners, GP, L.P.	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
CMC Capital Partners, GP, Ltd.	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
CMC Capital Partners, L.P.	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
La Confiance Investments Ltd.	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
Le Bonheur Holdings Ltd.	117,600,000 <sup>(3)</sup>	14.94%	117,600,000 <sup>(3)</sup>	14.13%
Subscriber	—	—	45,011,252	5.41%
Other public Shareholders	267,980,010	34.06%	267,980,010	32.21%
<b>Total</b>	<b>786,923,374</b>	<b>100%</b>	<b>831,934,626</b>	<b>100%</b>

Notes:

- (1) The 226,000,000 Shares represent the same block of Shares.
- (2) The aggregate number of Shares held by the concert parties under the Concert Party Agreement.
- (3) The 117,600,000 Shares represent the same block of Shares held by a chain of ownership involving CMC Capital Partners.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Save for the proposed issue of Convertible Note disclosed in this announcement, the Company has not conducted any fund raising activities in the past twelve months immediately prior to the date of this announcement.

## **PUBLIC FLOAT**

The Company will monitor closely and will ensure that it maintains the minimum public float percentage as prescribed under the Listing Rules from time to time. The Company's public float will not fall below the minimum prescribed percentage under the Listing Rules upon the conversion of the Convertible Note.

## **GENERAL**

No application will be made by the Company to the Stock Exchange for the listing of the Convertible Note. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“Business Day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are generally open for business
“Company”	Ourgame International Holdings Limited, a company incorporated in the Cayman Islands on 4 December 2013
“Concert Party Agreement”	the agreement entered into among Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, Mr. Li Jianhua, Ms. Long Qi and Beijing Tongshengcheng Investment Management Center (LLP) on 22 February 2014, pursuant to which Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, and Ms. Long Qi undertook to vote unanimously for any resolution proposed at board and shareholders meetings of our Company and Lianzhong
“Conditions”	the terms and conditions constituting the Convertible Note
“connected persons”	has the meaning ascribed thereto under the Listing Rules

“Conversion Date”	a date on which a notice is given for exercising the conversion rights attaching to the Convertible Note pursuant to the Conditions
“Conversion Price”	the price per Share at which the Convertible Note may be converted into Shares, which was set at RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share
“Conversion Share(s)”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the 6% convertible note due 2020 in the aggregate principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate) to be issued by the Company pursuant to the Subscription Agreement
“Directors”	the director(s) of the Company
“Fixed Exchange Rate”	the fixed exchange rate of RMB1:HK\$1.153
“General Mandate”	the general mandate of the Company granted to the Directors at the annual general meeting held on 19 May 2017 to allot, issue and deal with up to 20% of the total number of issued Shares as at the date of the annual general meeting, being 157,384,674 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of China
“Issue Date”	the date of issue of the Convertible Note
“Lianzhong”	Beijing Lianzhong Co., Ltd., a company incorporated under the laws of the PRC on 23 March 1998, the financial results of which have been accounted for as a subsidiary of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Noteholder”	holder of the Convertible Note from time to time
“PRC” or “China”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of Peoples’ Republic of China
“Share(s)”	ordinary share(s) of the Company with a par value of US\$0.00005 each

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Alpha Lion Investments Limited 領獅投資有限公司, a limited liability company incorporated under the laws of British Virgin Islands and ultimately owned as to 24.5%, 25.5% and 50%, respectively, by Mr. Xu Rongta (徐榮塔), Mr. Huang Xianqin (黃顯勤) and Ms. Han Lei (韓蕾) who are all independent third parties
“Subscription”	the subscription for the Convertible Note by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 12 July 2017 and entered into between the Company and the Subscriber in relation to the Subscription
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board  
**Ourgame International Holdings Limited**  
**Yang Eric Qing**  
*Chairman and Co-Chief Executive Officer*

Beijing, 12 July 2017

*As at the date of this announcement, the Board comprises Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank as executive Directors; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Fan Tai and Mr. Chen Xian as non-executive Directors; and Mr. Ge Xuan, Mr. Lu Zhong and Mr. Cheung Chung Yan David as independent non-executive Directors.*

\* *For identification purpose only*