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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2015

FINANCIAL HIGHLIGHTS

	Nine months ended 30 September		Changes	Three months ended 30 September		Changes
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)	
Revenue	532,536	337,066	+58.0%	207,468	129,781	+59.9%
Profit attributable to equity holders of the Company	96,426	68,145	+41.5%	33,881	34,942	-3.0%
Non-IFRS adjusted net profit*	129,766	106,302	+22.1%	45,387	43,667	+3.9%
Attributable to equity holders of the Company	129,766	106,300	+22.1%	45,387	43,667	+3.9%
Attributable to non-controlling interests	—	2	-100.0%	—	—	—

* Non-IFRS adjusted net profit was derived from the unaudited profit for the period excluding (i) share-based compensation expense; and (ii) expenses relating to the listing of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2014 (if any).

	Nine months ended		Changes	Three months ended		Changes
	30 September			30 September		
	2015	2014		2015	2014	
	RMB'000	RMB'000		RMB'000	RMB'000	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
PC games revenue						
Self-developed PC games						
— Texas Hold'em	107,955	86,291	+25.1%	45,451	30,231	+50.3%
— Mahjong	65,677	66,910	-1.8%	21,337	23,106	-7.7%
— Fight the Landlord	29,619	29,799	-0.6%	9,625	10,770	-10.6%
— Other self-developed games	17,083	21,648	-21.1%	5,457	7,823	-30.2%
Self-developed games total	220,334	204,648	+7.7%	81,870	71,930	+13.8%
Licensed games	9,816	13,840	-29.1%	2,293	3,508	-34.6%
Third-party operated games	4,205	9,080	-53.7%	1,370	2,879	-52.4%
Total PC games revenue	234,355	227,568	+3.0%	85,533	78,317	+9.2%
Mobile games revenue						
— Texas Hold'em	27,695	—	+100.0%	9,327	—	+100.0%
— Mahjong	50,811	25,266	+101.1%	17,012	15,290	+11.3%
— Fight the Landlord	173,943	69,527	+150.2%	59,196	33,519	+76.6%
— Other games	12,241	8,977	+36.4%	4,143	—	+100.0%
Total mobile games revenue	264,690	103,770	+155.1%	89,678	48,809	+83.7%
Total games revenue	499,045	331,338	+50.6%	175,211	127,126	+37.8%
Total revenue⁽¹⁾	532,536	337,066	+58.0%	207,468	129,781	+59.9%

(1) Total revenue includes income from sponsorship and third-party advertising income.

OPERATIONAL HIGHLIGHTS

	Nine months ended		Changes	Three months ended		Changes
	30 September			30 September		
	2015	2014		2015	2014	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Monthly active users (“MAUs”)						
(in thousands):						
Self-developed PC games						
— Texas Hold'em	151	109	+38.5%	209	111	+88.3%
— Mahjong	2,064	1,988	+3.8%	2,183	2,086	+4.7%
— Fight the Landlord	3,475	3,601	-3.5%	3,521	3,691	-4.6%
— Other self-developed games	4,238	4,752	-10.8%	4,203	5,001	-16.0%
Mobile games						
— Texas Hold'em	360	—	+100.0%	365	—	+100.0%
— Mahjong	2,850	2,447	+16.5%	2,893	2,659	+8.8%
— Fight the Landlord	14,621	12,282	+19.0%	14,309	12,984	+10.2%
— Other games	1,526	53	+2,779.2%	1,517	52	+2,817.3%
Total	29,285	25,232	+16.1%	29,200	26,584	+9.8%
Monthly paying users (“MPUs”)						
(in thousands):						
Self-developed PC games						
	346	320	+8.1%	373	333	+12.0%
Mobile games ⁽¹⁾	1,449	534	+171.3%	1,449	772	+87.7%
Total	1,795	854	+110.2%	1,822	1,105	+64.9%
Monthly average revenue per paying user (“ARPPU”)						
(in RMB):						
Self-developed PC games						
	70.8	71.1	-0.4%	73.2	72.0	+1.7%
Mobile games ⁽¹⁾	20.3	19.7	+3.0%	20.6	21.1	-2.4%

(1) The calculation of MPUs and ARPPU of mobile games does not include mobile games on non-smart devices and third-party operated mobile games, for which data are not available.

The board of directors (the “**Board**”) of Ourgame International Holdings Limited (the “**Company**” or “**Ourgame**”) is pleased to announce the unaudited third quarterly results (the “**Third Quarterly Results**”) of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2015 (the “**Period**”). The Third Quarterly Results have not been audited by the independent auditor but have been reviewed by the Company’s audit committee. This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

BUSINESS REVIEW

In the third quarter of 2015, through the well-execution of our online/offline business model and the extension of our mind sports eco-system, we continue to deliver strong financial and operational results. The Group’s revenue increased by 58.0% from RMB337.1 million for the nine months ended 30 September 2014 to RMB532.5 million for the nine months ended 30 September 2015 and increased by 59.9% from RMB129.8 million for the three months ended 30 September 2014 to RMB207.5 million for the three months ended 30 September 2015. The profit attributable to equity holders of the Company increased by 41.5% from RMB68.1 million for the nine months ended 30 September 2014 to RMB96.4 million for the nine months ended 30 September 2015 and decreased by 3.0% from RMB34.9 million for the three months ended 30 September 2014 to RMB33.9 million for the three months ended 30 September 2015. The non-IFRS adjusted net profit increased by 22.1% from RMB106.3 million for the nine months ended 30 September 2014 to RMB129.8 million for the nine months ended 30 September 2015 and increased by 3.9% from RMB43.7 million for the three months ended 30 September 2014 to RMB45.4 million for the three months ended 30 September 2015.

Due to continued enhancement of our games and services’ user experiences, the well-execution of the online/offline model, including WPT National Korea in September 2015 and the qualification tournaments of 2015 WPT National China Sanya Tournament, the increasing penetration and reach of our content broadcasting and the effective integration of WPT, the revenue from PC platform increased by 3.0% from RMB227.6 million for the nine months ended 30 September 2014 to RMB234.4 million for the nine months ended 30 September 2015 and increased by 9.2% from RMB78.3 million for the three months ended 30 September 2014 to RMB85.5 million for the three months ended 30 September 2015. The revenue of Texas Hold’em increased the most by 25.1% from RMB86.3 million for the nine months ended 30 September 2014 to RMB108.0 million for the nine months ended 30 September 2015. The MAUs achieved overall steady growth, among which, the MAUs of Texas Hold’em increased by 38.5% from 109 thousand for the nine months ended 30 September 2014 to 151 thousand for the same period in 2015. The overall PC MPUs increased by 8.1% from 320 thousand for the nine months ended 30 September 2014 to 346 thousand for the same period in 2015. In the meantime, the ARPPU increased by 1.7% from RMB72.0 for the three months ended 30 September 2014 to RMB73.2 for the same period in 2015.

Our mobile games business continued to achieve significant overall operational and financial growth in the third quarter of 2015. Our newest mobile mini portal, The Mahjong World (“**麻將世界**”), was launched and was well received by users and contributed to the overall growth. The revenue from

mobile platform increased by 155.1% from RMB103.8 million for the nine months ended 30 September 2014 to RMB264.7 million for the same period in 2015 and increased by 83.7% from RMB48.8 million for the three months ended 30 September 2014 to RMB89.7 million for the same period in 2015. The MAUs for all the major categories of mobile games, namely Texas Hold'em, Mahjong and Fight the Landlord, all achieved substantial growth, which amounted to 100.0%, 16.5% and 19.0% respectively. Notably, the MAUs of other games from our mobile platform increased by 2,779.2% from 0.05 million for the nine months ended 30 September 2014 to 1.5 million for the corresponding period in 2015. This achievement demonstrated our ability to develop an assortment of successful games and to attract new users through continuously enhancing user experience. The MPUs for mobile platform increased by 171.3% from 534 thousand for the nine months ended 30 September 2014 to 1,449 thousand for the corresponding period in 2015. The mobile paying ratio has thus reached 7.5%. The ARPPU increased by 3.0% from RMB19.7 for the nine months ended 30 September 2014 to RMB20.3 for the same period in 2015.

FUTURE PROSPECTS

We will continue to optimize our current games portfolio, such as launching Digging (“挖坑”), in order to accelerate our future growth and attract new players. We hosted the fourth WPT National China as well as the inaugural 2015 World Mahjong Sports Games in Sanya in October. These top global tournaments, as well as other Ourgame organized online/offline tournaments, will further strengthen our leadership position as the leading mind sports company in China. The integration of WPT into the Ourgame family is proceeding with speed and efficiency and WPT's capabilities and global reach will start to benefit the overall Ourgame ecosystem. In November 2015, we will have the grand opening of the first Wanyu E-Sports Arena in Beijing, launching an exciting new online/offline location format of e-sports in China. Going forward, Wanyu will serve as the venue for e-sports tournaments, e-sports broadcasting and venue for card and board game education and certification exams, thus adding a potent new synergistic component into our mind sports ecosystem. We also expect our content broadcasting business to enter the revenue generating stage in the fourth quarter.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	Three months ended	
	30 September	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	207,468	129,781
Cost of revenue	<u>(84,412)</u>	<u>(51,878)</u>
Gross profit	123,056	77,903
Other income	6,778	9,498
Selling and marketing expenses	(38,040)	(17,299)
Administrative expenses	(29,511)	(13,761)
Share-based compensation expense	(11,506)	(8,707)
Research and development expenses	(13,352)	(9,059)
Finance cost	<u>(588)</u>	<u>—</u>
Profit before income tax	36,837	38,575
Income tax expense	<u>(2,956)</u>	<u>(3,633)</u>
Profit for the period	<u>33,881</u>	<u>34,942</u>
Attributable to:		
Equity holders of the Company	33,881	34,942
Non-controlling interests	<u>—</u>	<u>—</u>
	<u>33,881</u>	<u>34,942</u>
Non-IFRS adjusted net profit		
Attributable to equity holders of the Company	45,387	43,667
Attributable to non-controlling interests	<u>—</u>	<u>—</u>
	<u>45,387</u>	<u>43,667</u>

1. Overview

In the third quarter of 2015, profit attributable to equity holders of the Company decreased slightly and amounted to RMB33.9 million, representing a decrease of RMB1.1 million from the third quarter of 2014. Non-IFRS adjusted net profit* attributable to equity holders of the Company amounted to RMB45.4 million, representing an increase of RMB1.7 million as compared with RMB43.7 million for the third quarter of 2014.

* *Non-IFRS adjusted net profit was derived from the unaudited profit for the Period excluding (i) share-based compensation expense; and (ii) expenses relating to the listing of the Company on the Stock Exchange in 2014 (if any).*

2. Revenue

In the third quarter of 2015, revenue of the Group amounted to RMB207.5 million, representing an increase of RMB77.7 million or 59.9% as compared with RMB129.8 million for the third quarter of 2014. The increase was due to significant increase in revenue from mobile games.

In the third quarter of 2015, the revenue from self-developed PC games amounted to RMB81.9 million, representing an increase of RMB9.9 million or 13.8% as compared with RMB71.9 million for the third quarter of 2014. Revenue from mobile games amounted to RMB89.7 million in the third quarter of 2015, representing a significant increase of RMB40.9 million or 83.7% as compared with RMB48.8 million in the third quarter of 2014. The increase in revenue was primarily driven by growth of mobile games and realization of overseas revenue. In the third quarter of 2015, MPUs for self-developed PC games and mobile games were approximately 373,000 and 1,449,000 respectively, as compared with 333,000 and 772,000 in the third quarter of 2014.

3. Cost of Revenue and Gross Profit Margin

In the third quarter of 2015, cost of revenue of the Group amounted to RMB84.4 million, representing an increase of RMB32.5 million or 62.7% as compared with RMB51.9 million in the third quarter of 2014. The resulting gross profit ratios remained relatively stable at 59.3% and 60.0% in the third quarter of 2015 and 2014 respectively.

4. Other Income

In the third quarter of 2015, other income of the Group amounted to RMB6.8 million, representing a decrease of RMB2.7 million or 28.6% as compared with RMB9.5 million in the third quarter of 2014. This was primarily due to a decrease of RMB3.9 million in exchange gain as the Company changed its functional currency from United States dollars to Renminbi starting from 1 January 2015 and therefore was no longer subject to foreign exchange differences on its Renminbi bank deposits held in Hong Kong during the Period.

5. *Selling and Marketing Expenses*

In the third quarter of 2015, selling and marketing expenses of the Group amounted to RMB38.0 million, representing an increase of RMB20.7 million or 119.9% from RMB17.3 million in the third quarter of 2014. The increase in selling and marketing expenses for the Period was mainly due to the first three-month consolidation of the operating results of Peerless Media Limited and its subsidiaries (the “**Peerless Group**”) which the Group acquired at the end of June 2015 and due to additional costs incurred for the increase in marketing activities and personnel expenses.

6. *Administrative Expenses*

In the third quarter of 2015, administrative expenses of the Group amounted to RMB29.5 million, representing an increase of RMB15.8 million or 114.5% as compared with RMB13.8 million in the third quarter of 2014. The increase in administrative expenses for the Period was mainly due to consolidation of the operating results of the Peerless Group for the first three months since the acquisition and due to the increase in office rental for expansion of office space, professional fees and personnel expenses.

7. *Research and Development Expenses*

In the third quarter of 2015, research and development expenses of the Group amounted to RMB13.4 million, representing an increase of RMB4.3 million or 47.4% as compared with RMB9.1 million in the third quarter of 2014. The increase in research and development expenses for the Period was mainly due to the preparation for overseas expansion and new mobile games and due to additional costs incurred in research and development activities and personnel expenses.

8. *Profit Attributable to Equity Holders of the Company*

In the third quarter of 2015, profit attributable to equity holders of the Company remained stable at RMB33.9 million as compared with RMB34.9 million in the third quarter of 2014.

9. *Non-IFRS Measure — Adjusted Net Profit*

To supplement this quarterly results announcement which is presented in accordance with the International Financial Reporting Standards (“**IFRS**”), we also use unaudited non-IFRS adjusted net 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.

In the third quarter of 2015, unaudited non-IFRS adjusted net profit attributable to equity holders of the Company remained stable at RMB45.4 million as compared with RMB43.7 million in the third quarter of 2014. This was primarily due to the significant increase in revenue and offset by our increase in selling and marketing expenses and administrative expenses for our business expansion. Our unaudited non-IFRS adjusted net profit attributable to equity holders of the Company in the third quarter of 2015 was derived from profit attributable to equity holders of the Company for the Period excluding their share of (i) share-based compensation expense of RMB11.5 million (three months ended 30 September 2014: RMB8.7 million); and (ii) no expense relating to the listing of the Company on the Stock Exchange during the Period (three months ended 30 September 2014: RMB18,000).

* *Non-IFRS adjusted net profit was derived from the unaudited profit for the Period excluding (i) share-based compensation expense; and (ii) expenses relating to the listing of the Company on the Stock Exchange in 2014 (if any).*

The Board wishes to remind investors that the above financial information is based on the Group's unaudited management accounts. Investors are cautioned not to unduly rely on such information and are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 23 November 2015

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

* *For identification purpose only*