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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)

### FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2015

#### FINANCIAL HIGHLIGHTS

	Three months ended		Changes
	2015	2014	
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
<b>Revenue</b>	<b>164,149</b>	92,989	+76.5%
<b>Profit attributable to equity holders of the Company</b>	<b>28,219</b>	21,552	+30.9%
<b>Non-IFRS adjusted net profit*</b>	<b>40,325</b>	30,180	+33.6%
Attributable to equity holders of the Company	<b>40,325</b>	30,178	+33.6%
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.

	<b>Three months ended</b>		Changes
	<b>31 March</b>		
	<b>2015</b>	2014	
	<b>RMB'000</b>	<i>RMB'000</i>	
	<b>(Unaudited)</b>	(Unaudited)	
<b>PC games revenue</b>			
Self-developed PC games			
— Texas Hold'em	<b>26,544</b>	28,201	-5.9%
— Mahjong	<b>20,422</b>	22,436	-9.0%
— Fight the Landlord	<b>9,031</b>	9,398	-3.9%
— Other self-developed games	<b>5,518</b>	6,456	-14.5%
Self-developed games total	<b>61,515</b>	66,491	-7.5%
Licensed games	<b>4,720</b>	6,195	-23.8%
Third-party operated games	<b>1,628</b>	2,038	-20.1%
<b>Total PC games revenue</b>	<b>67,863</b>	74,724	-9.2%
<b>Mobile games revenue</b>			
— Texas Hold'em	<b>10,355</b>	—	+100.0%
— Mahjong	<b>18,280</b>	2,966	+516.3%
— Fight the Landlord	<b>62,372</b>	9,272	+572.7%
— Other games	<b>4,272</b>	5,076	-15.8%
<b>Total Mobile games revenue</b>	<b>95,279</b>	17,314	+450.3%
<b>Total games revenue</b>	<b>163,142</b>	92,038	+77.3%
<b>Total revenue<sup>(1)</sup></b>	<b>164,149</b>	92,989	+76.5%

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

## OPERATIONAL HIGHLIGHTS

	Three months ended		Changes
	31 March		
	2015	2014	
	(Unaudited)	(Unaudited)	
<b>Monthly active users (“MAUs”) (in thousands):</b>			
Self-developed PC games			
— Texas Hold'em	109	108	+0.9%
— Mahjong	1,907	1,888	+1.0%
— Fight the Landlord	3,412	3,354	+1.7%
— Other self-developed games	4,201	4,486	-6.4%
Mobile games			
— Texas Hold'em	405	—	+100.0%
— Mahjong	3,025	2,215	+36.6%
— Fight the Landlord	16,354	11,848	+38.0%
— Other games	<u>1,640</u>	<u>56</u>	+2828.6%
Total	<u><u>31,053</u></u>	<u><u>23,955</u></u>	+29.6%
<b>Monthly paying users (“MPUs”) (in thousands):</b>			
Self-developed PC games			
	316	309	+2.3%
Mobile games <sup>(2)</sup>	<u>1,515</u>	<u>259</u>	+484.9%
Total	<u><u>1,831</u></u>	<u><u>568</u></u>	+222.4%
<b>Monthly average revenue per paying user (“ARPPU”) (in RMB):</b>			
Self-developed PC games			
	64.9	71.7	-9.5%
Mobile games <sup>(2)</sup>	21.0	15.7	+33.8%

<sup>(2)</sup> 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 first quarterly results (the “**First Quarterly Results**”) of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2015 (the “**Period**”). The First 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 first quarter of 2015, we continued to execute on our mind sports ecosystem strategy and enhancing games user experience across our platform, and once again achieved strong overall growth compared with the same period in 2014. The Group’s revenue increased by 76.5% from RMB93.0 million for the three months ended 31 March 2014 to RMB164.1 million for the three months ended 31 March 2015. Our profit attributable to equity holders of the Company increased by 30.9% from RMB21.6 million for the three months ended 31 March 2014 to RMB28.2 million for the three months ended 31 March 2015. Our non-IFRS adjusted net profit\* increased by 33.6% from RMB30.2 million for the three months ended 31 March 2014 to RMB40.3 million for the three months ended 31 March 2015. Our overall MAUs have increased to 31.1 million for the three months ended 31 March 2015, from 24.0 million for the three months ended 31 March 2014.

Our revenue from the PC platform decreased by 9.2% from RMB74.7 million for the three months ended 31 March 2014 to RMB67.9 million for the three months ended 31 March 2015. Our major games were under new version upgrade development and no major new versions or events were launched during this Period and it’s further impacted to some extent by seasonality due to Chinese New Year and a shorter February.

Our mobile games business grew strongly on all financial and operational metrics across the board. Our mobile games’ revenue increased by 450.3% from RMB17.3 million for the three months ended 31 March 2014 to RMB95.3 million for the corresponding period in 2015. Our major self-developed mobile games, namely Texas Hold’em, Mahjong, and Fight the Landlord all achieved significant growth in revenue, each achieving revenue of RMB10.4 million, RMB18.3 million and RMB62.4 million for the Period, respectively. The MPUs of our mobile platform for the three months ended 31 March 2015 reached 1.5 million, representing a 484.9% growth compared with that of last year. The paying ratio for the three months ended 31 March 2015 accelerated to 7.1% from 1.8% for the three months ended 31 March 2014. The results demonstrated the Company’s ability to continuously enhance our mobile games features and deepen monetization, launch successful new mobile games to reach new users and optimize channels effectively.

In the first quarter of 2015, we continued to build out our mind sports eco-system by adding more branded tournaments and other key elements. In January 2015, we successfully launched our China Chess and Cards Competition in Shanghai. The preliminary contests were conducted in 232 internet cafes in Shanghai and attracted approximately 650,000 online entries, and 1,500 contestants for the finals. Moreover, the tournament final was broadcasted in 5 provincial televisions and in 13 internet streaming sites. Among which, the audience rating for Tianjin television is 4.11%, with a corresponding viewership coverage of 11.55%. The outstanding result is an indicator of the Company's ability to generate high-value mind sports content through branded tournaments, then amplifying the impact and return by reaching a large audience through media and broadcasting channels. In March 2015, the Company signed a strategy agreement with the Department of Culture, Radio, Television, Publication and Sports of Hainan province on a wide arrange of cooperation among which Hainan province will provide preferred policies and support to the Company to organize World Poker Tour (“WPT”) and other branded mind sports tournaments in Hainan. In March 2015, we announced our first overseas WPT event location at Jeju Island, Korea since the Company's acquisition of the exclusive licensing of 15 Asian countries and regions from WPT in December 2014. As such, our global business expansion is making new progress.

\* 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.

## **FUTURE PROSPECTS**

Going forward, we will continue to optimize our games portfolio and accelerate the build out of our mind sports eco-system and oversea expansion. We will be launching English and other Asian language version of our popular games overseas. We will continue to explore opportunities to secure and acquire strategy assets and cooperation. We will also continue to add to our O2O destinations through deepened collaboration with Wangyu Wangka (網魚網咖) and other internet café chains.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

	Three months ended	
	31 March	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue</b>	<b>164,149</b>	92,989
Cost of revenue	<u>(81,871)</u>	<u>(31,104)</u>
<b>Gross profit</b>	<b>82,278</b>	61,885
Other income	<b>5,949</b>	471
Selling and marketing expenses	<b>(21,301)</b>	(10,924)
Administrative expenses	<b>(14,648)</b>	(15,632)
Share-based compensation expense	<b>(12,106)</b>	(3,056)
Research and development expenses	<u><b>(8,842)</b></u>	<u>(7,833)</u>
<b>Profit before income tax</b>	<b>31,330</b>	24,911
Income tax expense	<u><b>(3,111)</b></u>	<u>(3,357)</u>
<b>Profit for the period</b>	<u><b>28,219</b></u>	<u>21,554</u>
<b>Attributable to:</b>		
Equity holders of the Company	<b>28,219</b>	21,552
Non-controlling interests	<u>—</u>	<u>2</u>
	<u><b>28,219</b></u>	<u>21,554</u>
<b>Non-IFRS adjusted net profit</b>		
Attributable to equity holders of the Company	<b>40,325</b>	30,178
Attributable to non-controlling interests	<u>—</u>	<u>2</u>
	<u><b>40,325</b></u>	<u>30,180</u>

## **1. Overview**

In the first quarter of 2015, profit attributable to equity holders of the Company increased significantly and amounted to RMB28.2 million, representing an increase of RMB6.7 million from the first quarter of 2014. Non-IFRS adjusted net profit\* attributable to equity holders of the Company amounted to RMB40.3 million, representing an increase of RMB10.1 million or 33.6% as compared with RMB30.2 million for the first 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.

## **2. Revenue**

In the first quarter of 2015, revenue of the Group amounted to RMB164.1 million, representing an increase of RMB71.2 million or 76.5% as compared with RMB93.0 million for the first quarter of 2014. The increase was due to significant increase in revenue from mobile games.

In the first quarter of 2015, the revenue from self-developed PC games amounted to RMB61.5 million, representing a decrease of RMB5.0 million or 7.5% as compared with RMB66.5 million for the first quarter of 2014. Revenue from mobile games amounted to RMB95.3 million in the first quarter of 2015, representing an increase of RMB78.0 million or 450.3% as compared with RMB17.3 million in the first quarter of 2014. The decrease in self-developed PC games was due to the fact that we did not launch any major games and events in the first quarter of 2015, and to some extent also due to seasonality as the quarter included Chinese New Year and a shorter February. The increase in mobile games was primarily driven by overall steady growth in MAUs, MPUs and ARPPU. In the first quarter of 2015, MPUs for self-developed PC games and mobile games were approximately 316,000 and 1,515,000 respectively, as compared with 309,000 and 259,000 in the first quarter of 2014. In the first quarter of 2015, ARPPU for self-developed PC games and mobile games were RMB64.9 and RMB21.0 respectively, as compared with RMB71.7 and RMB15.7 for the first quarter of 2014.

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

In the first quarter of 2015, cost of revenue of the Group amounted to RMB81.9 million, representing an increase of RMB50.8 million or 163.2% as compared with RMB31.1 million in the first quarter of 2014. The decrease in gross profit ratio to 50.1% for the first quarter of 2015 from 66.6% for the first quarter of 2014 was primarily due to faster growth in revenue derived from the Group's mobile games which had higher channel commission costs than PC games.

## **4. Other Income**

In the first quarter of 2015, other income of the Group amounted to RMB5.9 million, representing an increase of RMB5.5 million or 1163.1% as compared with RMB0.5 million in the first quarter of 2014. This was primarily due to an increase of RMB5.2 million in interest income.

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

In the first quarter of 2015, selling and marketing expenses of the Group amounted to RMB21.3 million, representing an increase of RMB10.4 million or 95.0% from RMB10.9 million in the first quarter of 2014. The increase in selling and marketing expenses during the Period was mainly due to additional costs incurred for the increase in marketing activities and personnel expenses.

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

In the first quarter of 2015, administrative expenses of the Group amounted to RMB14.6 million, representing a small decrease of RMB1.0 million or 6.3% as compared with RMB15.6 million in the first quarter of 2014.

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

In the first quarter of 2015, research and development expenses of the Group amounted to RMB8.8 million, representing an increase of RMB1.0 million or 12.9% as compared with RMB7.8 million in the first quarter of 2014. The increase in research and development expenses during the Period was mainly due to additional costs incurred for the increase in research and development activities and personnel expenses.

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

In the first quarter of 2015, profit attributable to equity holders of the Company amounted to RMB28.2 million as compared with RMB21.6 million in the first quarter of 2014. The increase was primarily due to the significant increase in revenue.

## **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 first quarter of 2015, unaudited non-IFRS adjusted net profit attributable to equity holders of the Company amounted to RMB40.3 million as compared with RMB30.2 million in the first quarter of 2014. The increase was primarily due to the significant increase in revenue. Our unaudited non-IFRS adjusted net profit attributable to equity holders of the Company in the first quarter of 2015 and 2014 were derived from profit attributable to equity holders of the Company for the Period excluding their share of (i) share-based compensation expense of RMB12.1 million (three months ended 31 March 2014: income of RMB3.1 million); and (ii) no expenses relating to the listing of the Company on the Stock Exchange in 2014 (three months ended 31 March 2014: RMB5.6 million).

\* 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.

## **10. *Income Tax Expense***

In the first quarter of 2015, income tax expense of the Group remained stable and amounted to RMB3.1 million as compared with RMB3.4 million in the first quarter of 2014.

## **11. *Change in functional currency***

In prior years, the Directors regarded United States dollars (“USD”) as the functional currency of the Company. Following the completion of the reorganization and the listing of the Company on the Stock Exchange in 2014, the Company has deposited substantially all of its net proceeds from the listing into bank deposits denominated in Renminbi (“RMB”) for continual expansion in both the People’s Republic of China (the “PRC”) and abroad. Since then, the Company’s primary sources of revenues are interest income derived from bank deposits primarily dominated in RMB and dividend income in RMB to be derived from the operation of its major subsidiaries operating in the PRC, whose functionary currency is RMB. Accordingly, the Directors have determined the change of the functional currency of the Company from USD to RMB starting from 1 January 2015. Same as prior years, the Company will continue to present its financial statements in RMB. The change in functional currency of the Company has no material effect on the financial statements of the Group and the Company, and has been accounted for prospectively since 1 January 2015.

## **Other Information**

### ***Material Investments, Acquisitions and Disposals***

Except for the completion of the acquisition of the remaining 5.7143% equity interest in each of Shanghai Wangyu Information Technology Company Limited (上海網魚信息科技有限公司) and Shanghai Wangyu Network Development Company Limited (上海網魚網絡發展有限公司) for an aggregate consideration of approximately RMB20 million in January 2015, the Group did not make any material investments, acquisitions and disposals of subsidiaries or associated companies during the three months ended 31 March 2015.

***Interim Dividend***

The Board does not recommend the payment of any dividend to the shareholders of the Company for the three months ended 31 March 2015.

**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, 26 May 2015

*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, Mr. ZHANG Rongming, 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*