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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 2014 AND PROPOSED ADOPTION OF SHARE OPTION SCHEME

FINANCIAL HIGHLIGHTS	Nine months ended		Year-on-year change
	30 September 2014 RMB'000 (Unaudited)	30 September 2013 RMB'000 (Unaudited)	
Revenue	337,066	146,840	+129.5%
Profit attributable to equity holders of the Company	68,145	8,099	+741.4%
Non-IFRS adjusted net profit*	106,302	9,603	+1007.0%
Attributable to equity holders of the Company	106,300	8,424	+1161.9%
Attributable to non-controlling interests	2	1,179	-99.8%

	Three months ended				
	30 September 2014 RMB'000 (Unaudited)	30 September 2013 RMB'000 (Unaudited)	Year-on-year change	30 June 2014 RMB'000 (Unaudited)	Quarter-on- quarter change
Revenue	129,781	59,340	+118.7%	114,296	+13.5%
Profit attributable to equity holders of the Company	34,942	7,833	+346.1%	11,651	+199.9%
Non-IFRS adjusted net profit*	43,667	8,886	+391.4%	32,455	+34.5%
Attributable to equity holders of the Company	43,667	7,734	+464.6%	32,455	+34.5%
Attributable to non-controlling interests	—	1,152	-100.0%	—	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**”).

	Nine months ended		Year-on-year change
	30 September 2014 RMB'000 (Unaudited)	30 September 2013 RMB'000 (Unaudited)	
PC games			
Self-developed PC games			
— Texas Hold'em	86,291	41,471	+108.1%
— Mahjong	66,910	40,441	+65.5%
— Fight the Landlord	29,799	17,703	+68.3%
— Other self-developed games	21,648	11,224	+92.9%
Self-developed games total	204,648	110,839	+84.6%
Licensed games	13,840	12,975	+6.7%
Third-party operated games	9,080	10,727	-15.4%
PC games total	227,568	134,541	+69.1%
Mobile games	103,770	8,343	+1143.8%
Total game revenue	331,338	142,884	+131.9%
Total revenue⁽¹⁾	337,066	146,840	+129.5%

	Three months ended				
	30 September 2014 RMB'000 (Unaudited)	30 September 2013 RMB'000 (Unaudited)	Year-on-year change	30 June 2014 RMB'000 (Unaudited)	Quarter-on- quarter change
PC games					
Self-developed PC games					
— Texas Hold'em	30,231	17,268	+75.1%	27,859	+8.5%
— Mahjong	23,106	16,777	+37.7%	21,368	+8.1%
— Fight the Landlord	10,770	7,360	+46.3%	9,631	+11.8%
— Other self-developed games	<u>7,823</u>	<u>4,938</u>	+58.4%	<u>7,369</u>	+6.2%
Self-developed games total	71,930	46,343	+55.2%	66,227	+8.6%
Licensed games	3,508	4,140	-15.3%	4,137	-15.2%
Third-party operated games	<u>2,879</u>	<u>2,931</u>	-1.8%	<u>4,163</u>	-30.8%
PC games total	78,317	53,414	+46.6%	74,527	+5.1%
Mobile games	<u>48,809</u>	<u>4,266</u>	+1044.1%	<u>37,647</u>	+29.6%
Total game revenue	<u>127,126</u>	<u>57,680</u>	+120.4%	<u>112,174</u>	+13.3%
Total revenue⁽¹⁾	<u>129,781</u>	<u>59,340</u>	+118.7%	<u>114,296</u>	+13.5%

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

OPERATIONAL HIGHLIGHTS

	Nine months ended		Year-on-year change
	30 September 2014 (Unaudited)	30 September 2013 (Unaudited)	
Monthly active users (“MAUs”) (in thousands):			
Self-developed PC games			
— Texas Hold'em	109	38	+186.8%
— Mahjong	1,988	1,436	+38.4%
— Fight the Landlord	3,601	3,233	+11.4%
— Other self-developed games	4,752	5,205	-8.7%
Mobile games	<u>14,782</u>	<u>10,314</u>	+43.3%
Total	<u><u>25,232</u></u>	<u><u>20,226</u></u>	+24.8%
Monthly paying users (“MPUs”) (in thousands):			
Self-developed PC games	320	237	+35.0%
Mobile games ⁽²⁾	<u>534</u>	<u>57</u>	+836.8%
Total	<u><u>854</u></u>	<u><u>294</u></u>	+190.5%
Monthly average revenue per paying user (“ARPPU”) (in RMB):			
Self-developed PC games	71.1	51.9	+37.0%
Mobile games ⁽²⁾	19.7	10.0	+97.0%

	Three months ended				
	30 September 2014 (Unaudited)	30 September 2013 (Unaudited)	Year-on-year change	30 June 2014 (Unaudited)	Quarter-on- quarter change
Monthly active users					
(“MAUs”)					
(in thousands):					
Self-developed PC games					
— Texas Hold'em	111	60	+85.0%	108	+2.8%
— Mahjong	2,086	1,504	+38.7%	1,989	+4.9%
— Fight the Landlord	3,691	3,247	+13.7%	3,758	-1.8%
— Other self-developed games	5,001	5,456	-8.3%	4,766	+4.9%
Mobile games	<u>15,695</u>	<u>12,499</u>	+25.6%	<u>14,533</u>	+8.0%
Total	<u><u>26,584</u></u>	<u><u>22,766</u></u>	+16.8%	<u><u>25,154</u></u>	+5.7%
Monthly paying users					
(“MPUs”)					
(in thousands):					
Self-developed PC games	333	276	+20.7%	317	+5.0%
Mobile games ⁽²⁾	<u>772</u>	<u>111</u>	+595.5%	<u>570</u>	+35.4%
Total	<u><u>1,105</u></u>	<u><u>387</u></u>	+185.5%	<u><u>887</u></u>	+24.6%
Monthly average revenue					
per paying user					
(“ARPPU”) (in RMB):					
Self-developed PC games	72.0	55.9	+28.8%	69.6	+3.4%
Mobile games ⁽²⁾	21.1	10.0	+111.0%	19.8	+6.6%
(2) 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 2014 (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 2014, through continued enhancement of our game portfolio and launching of new game titles, expansion of our integrated online/offline tournaments and deepened channel cooperation, we continue to deliver strong growth in substantially all major financial and operational metrics compared with the same period last year. The Group’s revenue increased by 129.5% from RMB146.8 million for the nine months ended 30 September 2013 to RMB337.1 million for the Period and increased by 118.7% from RMB59.3 million for the three months ended 30 September 2013 to RMB129.8 million for the three months ended 30 September 2014. Our net profit attributable to equity holders of the Company increased by 741.4% from RMB8.1 million for the nine months ended 30 September 2013 to RMB68.1 million for the Period and increased by 346.1% from RMB7.8 million for the three months ended 30 September 2013 to RMB34.9 million for the three months ended 30 September 2014. Our non-IFRS adjusted net profit* increased by 1007.0% from RMB9.6 million for the nine months ended 30 September 2013 to RMB106.3 million for the Period and increased by 391.4% from RMB8.9 million for the three months ended 30 September 2013 to RMB43.7 million for the three months ended 30 September 2014.

Due to continued enhancement of our user experience, game features and solid execution of our integrated online/offline strategy, our revenue from the PC platform increased by 69.1% from RMB134.5 million for the nine months ended 30 September 2013 to RMB227.6 million for the Period and increased by 46.6% from RMB53.4 million for the three months ended 30 September 2013 to RMB78.3 million for the three months ended 30 September 2014. The revenue of our major self-developed PC games categories, namely Texas Hold’em, Mahjong and Fight the Landlord, all achieved significant growth, which amounted to RMB86.3 million, RMB66.9 million and RMB29.8 million for the Period, respectively, representing an increase of 108.1%, 65.5% and 68.3% over the revenue generated from these categories for the same period in 2013. In the meantime, revenue of our major self-developed PC games categories for the three months ended 30 September 2014 amounted to RMB30.2 million, RMB23.1 million and RMB10.8 million, respectively, representing an increase of 75.1%, 37.7% and 46.3% over the revenue generated from these categories for the same period in 2013. Benefiting from the new high-quality users acquired through the integrated online/offline tournaments such as the upcoming third WPT National China, and the expansion of our game portfolio by the launching of new games such as Big Pineapple (大菠蘿), our self-developed PC games’ MPUs increased by 20.7% for the three months ended 30 September 2014 and increased by 35.0% for the Period as compared to their respective corresponding periods in 2013. Our MAUs also achieved overall

steady growth, among which our Texas Hold'em has the fastest growth rate, with an increase of 85.0% for the three months ended 30 September 2014 and 186.8% for the Period as compared to their respective corresponding periods in 2013.

Our mobile games business continued its strong growth momentum over the same period in 2013. Further acceleration of monetization and launching of new mobile games Ma Shang Fight the Landlord (馬上鬥地主), Gan Deng Yan (乾瞪眼), Wan Er Protect the Emperor (玩兒保皇) and the new Chinese Chess helped bolster the overall performance of our mobile games portfolio. The revenue of our mobile platform increased by 1143.8% from RMB8.3 million for the nine months ended 30 September 2013 to RMB103.8 million for the Period and increased by 1044.1% from RMB4.3 million for the three months ended 30 September 2013 to RMB48.8 million for the three months ended 30 September 2014. The MPUs of our mobile platform for the three months ended 30 September 2014 and the Period was approximately 772,000 and 534,000, respectively, representing an increase of 595.5% and 836.8% respectively over the MPUs for the same period ended 30 September 2013. ARPPU for our mobile games for the three months ended 30 September 2014 was RMB21.1, increased by 111.0% as compared to the same period in 2013 and, for the Period was RMB19.7, increased by 97.0% over same period ended 30 September 2013.

In the third quarter of 2014, we organized the first China Chess and Cards Competition in association with the Ministry of Culture (“MOC”) and China National Internet Café Association. This is a new tournament in Ourgame’s online/offline tournament line-up played in participating Internet Café’s with Internet Café operators as our partners. This is a new step of Ourgame in extending our online/offline model to a brand new channel of Internet Café which is a strategic intersection point of online/offline user experience. Stage one of the tournament was held in Henan province with success, and the next stage of the tournament will be held in Shanghai in November 2014 with subsequent tour destinations at Hunan, Shaanxi and Beijing. We further deepened our strategic relationship with China Mobile by partnering with Guangdong Mobile and Hubei Mobile for its college promotion programs. We also hosted card and board games tournaments in partnership with Shaanxi Mobile and Hubei Mobile, and collaborated with China Mobile to extend our distribution channel to China Mobile’s customer service business halls across the major cities in Mainland China. We also entered into a business cooperation agreement with People Okooo Media Technology Co., Ltd. (人民澳客傳媒科技有限公司), one of the largest online lottery operators in China. People Okooo will be hosting major Ourgame games on its site with in-depth cross promotion. Ourgame’s Fight the Landlord and Texas Hold'em were launched on People Okooo (www.okooo.com) in September 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.

FUTURE PROSPECTS

To strengthen our future growth, we will continue to enhance our games portfolio, launch more new innovative games so we can reach out to new users and remain focused on the acceleration of player monetization. We will continue to expand our online/offline model to extend our market leadership and acquire new high quality users. The final events of the Third WPT National China and 2014 World

Bridge Championship were held in October 2014, and we expect that it will further elevate our brand and deepen our market penetration. We will continue to seek partnership opportunities that would bring strategic resources to expand our channel and user base. With our leadership position in PC games and mobile games, we will be seeking partnership in the television space. We believe the TV screen will be a very important access point for new users and the living room of every family will potentially become a new user environment for the card and board games industry. As such, together with our TV partners, we intend to extend our product portfolio and services to the TV screen leveraging on our unique online/offline strategy. We will continue to invest in our technology platform and infrastructure to build a solid foundation for our business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

	Three months ended	
	30 September 2014	30 September 2013
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	129,781	59,340
Cost of revenue	<u>(51,878)</u>	<u>(22,478)</u>
Gross profit	77,903	36,862
Other income	9,498	625
Selling and marketing expenses	(17,299)	(9,788)
Administrative expenses	(13,761)	(8,120)
Share-based compensation (expense)/income	(8,707)	114
Research and development expenses	<u>(9,059)</u>	<u>(8,636)</u>
Profit before income tax	38,575	11,057
Income tax expense	<u>(3,633)</u>	<u>(2,057)</u>
Profit for the period	<u>34,942</u>	<u>9,000</u>
Attributable to:		
Equity holders of the Company	34,942	7,833
Non-controlling interests	<u>—</u>	<u>1,167</u>
	<u>34,942</u>	<u>9,000</u>
Non-IFRS adjusted net profit		
Attributable to equity holders of the Company	43,667	7,734
Attributable to non-controlling interests	<u>—</u>	<u>1,152</u>
	<u>43,667</u>	<u>8,886</u>

1. Overview

In the third quarter of 2014, profit attributable to equity holders of the Company increased significantly and amounted to RMB34.9 million, representing an increase of RMB27.1 million from the third quarter of 2013. Non-IFRS adjusted net profit* attributable to equity holders of the Company amounted to RMB43.7 million, representing a significant increase of RMB35.9 million as compared with RMB7.7 million for the third quarter of 2013.

* 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.

2. Revenue

In the third quarter of 2014, revenue of the Group amounted to RMB129.8 million, representing an increase of RMB70.4 million or 118.7% as compared with RMB59.3 million for the third quarter of 2013. The increase was due to significant increase in revenue from self-developed PC games and mobile games.

In the third quarter of 2014, the revenue from self-developed PC games amounted to RMB71.9 million, representing an increase of RMB25.6 million or 55.2% as compared with RMB46.3 million for the third quarter of 2013. Revenue from mobile games amounted to RMB48.8 million in the third quarter of 2014, representing an increase of RMB44.5 million or 1044.1% as compared with RMB4.3 million in the third quarter of 2013. The increase in self-developed PC games and mobile games were primarily driven by steady growth in MAUs and strong growth in their corresponding MPUs and ARPPU. In the third quarter of 2014, MPUs for self-developed PC games and mobile games were approximately 333,000 and 772,000 respectively, as compared with 276,000 and 111,000 in the third quarter of 2013. In the third quarter of 2014, ARPPU for self-developed PC games and mobile games were RMB72.0 and RMB21.1 respectively, as compared with RMB55.9 and RMB10.0 for the third quarter of 2013.

3. Cost of Revenue and Gross Profit Margin

In the third quarter of 2014, cost of revenue of the Group amounted to RMB51.9 million, representing an increase of RMB29.4 million or 130.8% as compared with RMB22.5 million in the third quarter of 2013. The resulting gross profit ratios remained relatively stable at 60.0% and 62.1% in the third quarter of 2014 and 2013 respectively.

4. Other Income

In the third quarter of 2014, other income of the Group amounted to RMB9.5 million, representing an increase of RMB8.9 million or 1419.7% as compared with RMB0.6 million in the third quarter of 2013. This was primarily due to an increase of RMB5.0 million in interest income and RMB3.9 million in exchange gain as a result of the appreciation in Renminbi on bank deposits held in Hong Kong.

5. *Selling and Marketing Expenses*

In the third quarter of 2014, selling and marketing expenses of the Group amounted to RMB17.3 million, representing an increase of RMB7.5 million or 76.7% from RMB9.8 million in the third quarter of 2013. The increase in selling and marketing expenses during the period was mainly due to additional costs incurred for the increase in marketing activities and employee compensation.

6. *Administrative Expenses*

In the third quarter of 2014, administrative expenses of the Group amounted to RMB13.8 million, representing an increase of RMB5.6 million or 69.5% as compared with RMB8.1 million in the third quarter of 2013. The increase in administrative expenses during the period primarily resulted from the increase in professional fees, administrative personnel expenses and rental costs.

7. *Research and Development Expenses*

In the third quarter of 2014, research and development expenses of the Group amounted to RMB9.1 million, representing a small increase of RMB0.4 million or 4.9% as compared with RMB8.6 million in the third quarter of 2013.

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

In the third quarter of 2014, profit attributable to equity holders of the Company amounted to RMB34.9 million as compared with RMB7.8 million in the third quarter of 2013. The increase was primarily due to the significant increase in revenue and operating expenses remained relatively stable.

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 2014, unaudited non-IFRS adjusted net profit attributable to equity holders of the Company amounted to RMB43.7 million as compared with RMB7.7 million in the third quarter of 2013. The increase was primarily due to the significant increase in revenue and operating expenses remained relatively stable. Our unaudited non-IFRS adjusted net profit attributable to equity holders of the Company in the third quarter of 2014 and 2013 were derived from profit attributable to equity holders of the Company for the period excluding their share of (i) share-based compensation expense of RMB8.7 million (three months ended 30 September 2013: income of RMB0.1 million); and (ii) expenses relating to the listing of the Company on the Stock Exchange of approximately RMB18,000 (three months ended 30 September 2013: nil).

10. Income Tax Expense

In the third quarter of 2014, income tax expense of the Group amounted to RMB3.6 million as compared with RMB2.1 million in the third quarter of 2013. The increase was mainly due to the increase in profit before income tax.

Other Information

Compliance with the Code on Corporate Governance Practices

Up to the date of this announcement, the Company has complied with the code provisions in the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules.

Material Investments, Acquisitions and Disposals

The Group did not make any material investments, acquisitions and disposals of subsidiaries or associated companies during the three months and nine months ended 30 September 2014 respectively.

Interim Dividend

The Board does not recommend the payment of any dividend to the shareholders of the Company for the nine months ended 30 September 2014.

Employee Pre-IPO Share Option Scheme and Management Pre-IPO Share Option Scheme

Saved as disclosed in the prospectus of the Company dated 18 June 2014 and the interim report of the Company for the six months ended 30 June 2014 dated 22 August 2014, no share awards or share options under the Employee Pre-IPO Share Option Scheme and Management Pre-IPO Share Option Scheme have been granted, exercised, lapsed or cancelled during the Period and up to the date of this announcement.

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.

PROPOSED ADOPTION OF SHARE OPTION SCHEME

On 27 October, 2014, the Board unanimously resolved to adopt a share option scheme (the “**Share Option Scheme**”) pursuant to Chapter 17 of the Listing Rules. The Share Option Scheme is subject to the approval of the shareholders of the Company (the “**Shareholders**”). A circular containing further details of the Share Option Scheme together with a notice of general meeting will be dispatched to the Shareholders in due course.

The purpose of the Share Option Scheme is to provide eligible persons (the “**Eligible Persons**”) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Persons to work towards enhancing the value of the Company and its shares (the “**Shares**”) for the benefit of the Company and Shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Eligible Persons.

The subscription price of the Share Option Scheme shall be such price determined by the Board in its absolute discretion and notified to the Eligible Person in the offer and shall be no less than the higher of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the grant date;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the grant date; and
- (c) the nominal value of a Share on the grant date.

The options granted will be subject to a minimum period before they can be exercised. The Share Option Scheme constitutes a share option scheme governed under Chapter 17 of the Listing Rules and requires the approval of the Shareholders at a general meeting of the Company.

Shareholders should note that the proposed Share Option Scheme is subject to, amongst others, approval by the Shareholders at a general meeting of the Company and as such, may or may not proceed.

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

Hong Kong, 27 October 2014

As at the date of this announcement, the Executive Directors are Mr. YANG Eric Qing, Mr. NG Kwok Leung Frank, Mr. LIU Jiang and Mr. ZHANG Rongming; the Non-executive Directors are 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*