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 2018

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2018	2017	Changes
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**159,466**	176,276	–9.5%
Games revenue	**124,892**	145,978	–14.4%
Non-Games revenue	**34,574**	30,298	14.1%
Loss attributable to equity holders of the Company	**(408,360)**	(68,424)	496.8%
— Continuing operations(1)	**(270,940)**	(81,350)	233.1%
— Discontinued operations(1)	**(137,420)**	12,926	–1,163.1%
Non-IFRS adjusted net loss*	**(437,481)**	(60,339)	625.0%
Attributable to equity holders of the Company	**(403,832)**	(54,757)	637.5%
— Continuing operations	**(266,412)**	(67,683)	293.6%
— Discontinued operations	**(137,420)**	12,926	–1,163%
Attributable to non-controlling interests	**(33,649)**	(5,582)	502.8%
— Continuing operations	**(33,649)**	(5,582)	502.8%
— Discontinued operations	**—**	—	—

(1) For the purpose of this interim results announcement, discontinued operations refer to the business operations under the Divested Group as set out in the announcement of the Company dated 15 August 2018, and continuing operations refer to the rest business operations of the Group.

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

REVENUE BY GEOGRAHPICAL AREAS

	Six months ended 30 June		
	2018	2017	Changes
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
The People's Republic of China (the "**PRC**")(1)	**95,066**	123,346	–22.9%
Outside the PRC(2)	**64,460**	52,930	21.8%
Total revenue	**159,526**	176,276	–9.5%

(1) 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).

(2) The revenue outside the PRC was primarily derived from (i) the Peerless Group which engages 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**"), and (ii) the eSports Group which engages in eSports venue management, content production and new online services.

BUSINESS REVIEW

The board (the "**Board**") of directors (the "**Directors**") of Ourgame International Holdings Limited (the "**Company**" or "**Ourgame**") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018. The interim results have been reviewed and approved by the Company's audit committee (the "**Audit Committee**").

The revenue of the Group from continuing operations decreased by 9.5% to RMB159.5 million for the half year ended 30 June 2018. The non-IFRS adjusted net loss was RMB437.5 million for the half year ended 30 June 2018.

The first half of 2018 has been one of the most challenging periods for the Company. From the beginning of the year we encountered unexpected and significant industry-wide regulatory headwinds in our China domestic card and board games business, which is a key pillar of the Company. Regulations and regulatory practices on the approval, publishing and operation of card and board games in general and Texas Hold'em games in particular have become significantly more restrictive thus making the operation environment challenging and with more risks and uncertainties. The Company's PC and mobile card and board games businesses were both adversely impacted with the Texas Hold'em and PC games affected the most. Consequently we have seen a substantial downturn on revenue and profitability of the Company. The Company has conducted a strategic review in June 2018 and determined that the challenging regulatory and operating environment will persist. Thus the Company has decided to divest the Texas Holde'em and other PC games businesses in the PRC while at the same time adopting a licensing model to license its intellectual properties to operate such assets so as to continue enjoying possible economic benefits of the sector. A write-off has been taken on assets associated with the divested business and the results are reflected in the financial statements. It is the Company's belief that the divestiture will not only help significantly reduce costs and enhance risk management, but by focusing the Company's resources on the rest of the more promising businesses will also pave the way for the Company's transformation into a more globally focused sports-entertainment oriented group.

While we were addressing the challenges in our China domestic card and board games business, we continued to make progress on the Company's eSports and WPT businesses. In the first half of 2018, our eSports subsidiary Allied eSports officially opened its global flagship arena at the MGM Luxor Casino and Hotel in March in Las Vegas, U.S.A. The first major eSports event at the Las Vegas Arena held with the leading eSports streamer in the US resulted in record breaking viewership of 680 thousand peak concurrent viewers and more than 2.5 million unique viewers. It demonstrated Allied eSports' integrated and broad capabilities on property venue, tournament creation and management, and content production. The Allied eSports Las Vegas Arena has become an instant landmark and one of the most sought after venues for eSports tournament and content generation of the highest quality and caliber. Allied eSports has also introduced its first mobile arena truck into the USA market in the first half of 2018 and has conducted successful tour events with partners such as NASCAR and CBS Interactive. Allied eSports' European subsidiary via its mobile arena has launched successful tour events with partners such as Pepsi throughout Europe. With its global property network, tournaments and content generation capabilities, Allied eSports has become a go-to partner for major brands and sponsors that are eager to reach the young eSports audience.

The Group's WPT business continues to expand into new geographies and its TV programs continue to reach a growing TV audience of more than 140 million households worldwide as of June 2018. Its brand power continues to fuel the growth of its licensing business with partners including Zynga and its improved operation continues to reflect positively on its financials.

Future Prospects

With the divestiture, we believe we have turned a difficult page. Going forward, we believe the Company's businesses all hold great promise. We expect the China business after cost cutting and divestiture to stabilize in the fourth quarter of 2018 and we will look for opportunity to grow again. The WPT business has seen consistent improvement in performance and we expect it to continue delivering more positive results. The advent of the lifting of the sports betting ban in the US presents particular opportunities for WPT. With WPT's brand recognition, highly valued user base and broad reach of its TV programs, it is attracting both operational and strategic partners that are eager to enter that space. Allied eSports, with its ability to reach vast number of young audience and customers globally, will continue to attract partners both operational and strategic that want to tap into that demographic. With the vast number of users aggregated through its mind sports, poker and eSports businesses globally, the Company is also exploring block-chain based technology to tie and integrate the multiple user communities together across multiple lines of businesses and with enhanced user interaction and engagement on a globally level. In summary, we continue to be strongly confident in the Company's future prospects and endeavour in achieving them.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. *Overview*

The loss attributable to equity holders of the Company amounted to RMB408.4 million (which comprised loss of RMB270.9 million from continuing operations and loss of RMB137.5 million from discontinued operations) for the six months ended 30 June 2018, as compared with loss attributable to equity holders of the Company of RMB68.4 million (which comprised loss of RMB81.3 million from continuing operations and profit of RMB12.9 million from discontinued operations) for the six months ended 30 June 2017.

Non-IFRS adjusted net loss* attributable to equity holders of the Company amounted to RMB403.8 million for the six months ended 30 June 2018, as compared with non-IFRS adjusted net loss* attributable to equity holders of the Company of RMB54.8 million for the six months ended 30 June 2017.

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

2. ***Revenue***

For the six months ended 30 June 2018, revenue of the Group from continuing operations amounted to RMB159.5 million, representing a decrease of RMB16.8 million or 9.5% as compared with RMB176.3 million for the corresponding period of 2017. The decrease was mainly due to unexpected changes in our market environment.

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

For the six months ended 30 June 2018, cost of revenue of the Group from continuing operations amounted to RMB107.4 million, representing a decrease of RMB20.2 million or 15.8% as compared with RMB127.6 million for the corresponding period of 2017. The resulting gross profit margin increased from 27.6% for the six months ended 30 June 2017 to 32.7% for the six months ended 30 June 2018. The increase was mainly due to cost control during the period.

4. ***Other Income***

For the six months ended 30 June 2018, other income of the Group from continuing operations amounted to RMB3.6 million, representing a decrease of RMB2.6 million or 42.1% as compared with RMB6.2 million for the corresponding period of 2017. This was primarily due to the absence of gain on disposal of available-for-sales financial asset for the six months ended 30 June 2018.

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

For the six months ended 30 June 2018, selling and marketing expenses of the Group from continuing operations amounted to RMB43.7 million, representing a decrease of RMB30.8 million or 41.3% as compared with RMB74.5 million for the corresponding period of 2017. The decrease was mainly due to cost control in light of change in market environment of the period.

6. ***Administrative Expenses***

For the six months ended 30 June 2018, administrative expenses of the Group from continuing operations amounted to RMB152.1 million, representing an increase of RMB108.2 million or 246.8% as compared with RMB43.9 million for the corresponding period of 2017. The increase was mainly due to our acquisition of eSports Arena LLC ("**eSports Arena**") becoming our subsidiary during the period and its expenses being fully consolidated into our Group.

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

For the six months ended 30 June 2018, research and development expenses of the Group from continuing operations amounted to RMB9.4 million, representing a decrease of RMB0.4 million or 4.1% as compared with RMB9.8 million for the corresponding period of 2017. The decrease was mainly due to the reduction of preparation for new versions of mobile games and costs incurred in associated research and development activities.

8. ***Loss in Fair Value Changes of Financial Assets at Fair Value through Profit or Loss***

For the six months ended 30 June 2018, loss in fair value changes of financial assets at fair value through profit or loss of the Group amounted to RMB2.6 million, as compared with nil for the corresponding period of 2017. The increase was mainly due to unexpected changes in our market environment and our investee companies also suffered from loss and fair value decrease during the period.

9. ***Gain on fair value changes of contingent consideration payables***

For the six months ended 30 June 2018, gain in fair value changes of contingent consideration payables of the Group amounted to RMB32.5 million, as compared with nil for the corresponding period of 2017. The amount represents fair value changes of profit guarantee in the acquisition of Nanjing Haoyun Meicheng Electronics Co., Ltd.

10. ***Impairment of assets***

For the six months ended 30 June 2018, in light of changes in market environment of the period, the Group had written-down substantially all of the carrying values of the assets relating to the PRC card and board games businesses which amounted to RMB175.6 million. The impaired assets included the China domestic card and board games related intangible assets, goodwill, investments and trade and other receivables.

11. ***Loss Attributable to Equity Holders of the Company***

The loss attributable to equity holders of the Company amounted to RMB408.4 million (which comprised loss of RMB270.9 million from continuing operations and loss of RMB137.5 million from discontinued operations) for the six months ended 30 June 2018, as compared with loss attributable to equity holders of the Company of RMB68.4 million (which comprised loss of RMB81.3 million from continuing operations and profit of RMB12.9 million from discontinued operations) for the six months ended 30 June 2017. The decrease was mainly due to unexpected changes in our market environment.

12. ***Non-IFRS Measure — Adjusted Net Loss***

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* 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 2018, the unaudited non-IFRS adjusted net loss attributable to equity holders of the Company amounted to RMB403.8 million, as compared with unaudited non-IFRS adjusted net loss attributable to equity holders of the Company of RMB54.8 million for the six months ended 30 June 2017.

Our unaudited non-IFRS adjusted net loss* attributable to equity holders of the Company for the six months ended 30 June 2018 and 2017 were derived from loss attributable to equity holders of the Company for the period excluding share of share-based compensation expense (six months ended 30 June 2018 of RMB4.5 million; six months ended 30 June 2017 of RMB13.7 million).

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

13. ***Income Tax Credit***

For the six months ended 30 June 2018, income tax credit of the Group from continuing operations amounted to RMB2.3 million, representing an increase of RMB1.6 million or 257.2% as compared with RMB0.6 million for the corresponding period of 2017. The increase of income tax credit was primarily due to increase in income tax credit resulting from the net losses of the Group incurred during the period.

14. ***Liquidity and Source of Funding and Borrowing***

As at 30 June 2018, the Group's total bank balances and cash decreased by 13.4% from RMB247.4 million as at 31 December 2017 to RMB214.1 million as at 30 June 2018. The decrease was primarily a result of the cash payments for our acquisition of property, plant and equipment for approximately RMB124.4 million and payments for our acquisition of subsidiaries for approximately RMB40.9 million, offset by funds from issue of new shares for management subscription during the six months ended 30 June 2018.

As at 30 June 2018, the current assets of the Group amounted to RMB587.5 million, including RMB214.1 million in bank balances and cash, other current assets of RMB303.6 million and assets included in disposal group classified as held for sale of RMB69.8 million. Current liabilities of the Group amounted to RMB239.8 million, of which RMB62.3 million were trade payables and deferred revenue, other current liabilities of RMB160.7 million and liabilities included in disposal group classified as held for sale of RMB16.8 million. As at 30 June 2018, the current ratio (the current assets to current liabilities ratio) of the Group was 2.3 as compared to 4.9 as at 31

December 2017. 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 2018 and the resulting gearing ratio is nil (2017: 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.

15. ***Material Investments***

The Group did not have any material investment during the six months ended 30 June 2018.

16. ***Material Acquisitions***

For the six months ended 30 June 2018, the Group acquired 100% interests in Nanjing Haoyun Meicheng Electronics Co., Ltd. at a total consideration of RMB220,000,000, among which RMB136,000,000 shall be settled in cash and RMB84,000,000 shall be settled in issuing consideration shares. The Group also acquired further shareholding in the associate, eSports Arena at a cash consideration of USD1,484,295 and a commitment of USD40 million for the growth and development plan of eSports Arena by 31 January 2020. The shareholding increased from 18% to 82.44% upon completion of this acquisition. Any shortfall in the USD40 million commitment amount by 31 January 2020 shall trigger a decrease in the Group's shareholding pro rata to the shortfall.

17. ***Financial Assets at Fair Value Through Profit or Loss***

The Group makes investments in financial assets at fair value through profit or loss for the purposes of (i) supplementing the Group's games portfolio to drive higher monetization of our user base and profitability, (ii) exploring new business opportunities in related areas of our business eco-system for acquisitions and strategic and operational synergies and also leveraging on external financial resources for expertise and scale. As at 30 June 2018, the Group's financial assets at fair value through profit or loss amounted to RMB113.4 million (31 December 2017: available-for-sale financial assets of RMB174.3 million).

As at 30 June 2018, the Group's investments in unlisted equity investments amounted to RMB95.5 million, which included direct equity investments in selected startup companies mainly engaged in games or mind sports related technological research and development and direct subscription to the interests in private equity funds ("**Private Equity Funds**") that focus on providing early-stage funding for companies in the mind sports sector. A breakdown of the majority of these investments is set out below:

Name of Investee Companies	**Amount of Capital Contributed by the Group** *RMB'000*	**Percentage of Shareholding**	**Principal Business**
Beijing Leti Wofu Culture Communication Co., Ltd. 北京樂體沃夫文化傳播有限公司	2,600	13%	Offline sports venues operation
Beijing Yilian Investment Centre (L.P.) 北京億聯投資中心(有限合夥)	5,000	5%	Investment/management
Gong Qing Cheng Wujiang Xingyao Investment Management Partnership (L.P.) 共青城五疆星耀投資管理合夥企業(有限合夥)	20,000	8.6347%	Investment/management
Beijing Zhongchuang Yonglian Investment Management Centre (L.P.) 北京眾創永聯投資管理中心(有限合夥)	40,000	20%	Investment/management
Hang Zhou Lehu Investment Partnership (L.P.) 杭州樂互投資合夥企業(有限合夥)	10,000	19.61%	Investment/management
Tong Xiang Juli Fengyuan Equity Investment Fund Management Partnership (L.P.) 桐鄉聚力豐遠股權投資基金管理合夥企業(有限合夥)	20,000	39.2%	Investment/management

For the six months ended 30 June 2018, due to unexpected changes in our market environment and our investee companies also suffered from loss and fair value decrease during the period.

All these startup companies invested by the Group are in relatively early stage, and are mainly focused on product development and launching. For the six months ended 30 June 2018, no dividends have been paid from invested startup companies. Our Private Equity Funds were also actively seeking and providing funds for early stage companies in the Internet, sports and entertainment segment, which could provide us with a platform to leverage on our experience and resources, and to minimize our investment risks. We believe that our investment initiative is an important aspect of our vision to build up our ecosystem as a whole. The Group will continue to seek other investment opportunities that not only create synergies on different levels but also offer high-yield return potential. The principal amounts of the investments in unlisted financial products are guaranteed. The Group will continue to monitor its available-for-sale investments in a responsible manner. There are no available-for-sale investments in the Group's investment portfolio that individually constitutes significant investment as none of the investments has a carrying amount that accounts for more than 5% of the Group's total assets as at 30 June 2018.

Movements of available-for-sale investments

The movements of available-for-sale investments for the six months ended 30 June 2018 are set out below:

	Unlisted equity investments *RMB'000*	Listed debt investments *RMB'000*	Unlisted financial products *RMB'000*	Total *RMB'000*
Balance as at 1 January 2018	154,344	—	20,000	174,344
Effects on adoption of IFRS 9	(73,886)	—	10,890	(62,996)
Additions	18,080	6,934	—	25,014
Disposals	—	—	(20,000)	(20,000)
Transferred to disposal group	(389)	—	—	(389)
Fair value changes	(2,621)	—	—	(2,621)
Balance as at 30 June 2018	95,528	6,934	10,890	113,352

15. ***Material Disposals***

The Group did not have any material disposals of subsidiaries or associated companies during the six months ended 30 June 2018.

16. ***Pledge of Assets***

As at 30 June 2018, none of the Group's assets were pledged (31 December 2017: nil).

17. ***Contingent Liabilities***

The Group had no material contingent liabilities as at 30 June 2018 (31 December 2017: nil).

18. ***Foreign Exchange Exposure***

During the six months ended 30 June 2018, 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 2018, the Group did not have significant foreign currency exposure from its operations.

19. ***Employee's Remuneration and Policy***

As at 30 June 2018, the Group had 274 employees, 43 of which were responsible for product planning and operation, 41 for general service, 18 for cooperative relation, 53 for research and development, 13 for marketing, 41 for operation and maintenance security quality management, and 65 for general administration and corporate management. The total remuneration expenses (including share-based compensation expense) for the six months ended 30 June 2018 were RMB75.6 million, representing an increase of 0.4% as compared to the previous period.

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.

20. ***Events occurred since the end of the six months ended 30 June 2018***

On 15 August 2018, the Company entered into a reorganisation agreement with the Beijing Lianzhong Co., Ltd. ("**Beijing Lianzhong**"), Beijing Lianzhong Garden Network Technology Co., Ltd (the "**WFOE**"), Fei La Er Fashion (Beijing) Technology Co., Ltd (the "**New PRC Holdco**") and the shareholders of Beijing Lianzhong (the "**Beijing Lianzhong Shareholders**"). As consideration for the WFOE agreeing to terminate the existing contractual arrangements, the Beijing Lianzhong Shareholders (and/or their nominee) will pay to the WFOE (and/or its nominee) a total amount of RMB85 million in annual installments starting from the completion date. Please refer the announcement of the Company dated 15 August 2018 for further details of the reorganisation.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining and promoting stringent corporate governance policies. 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 Corporate Governance Code

During the six months ended 30 June 2018, the Company has complied with the applicable 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 should be separate and should 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, investment, 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 2018.

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, Dr. Tyen Kan Hee

Anthony (independent non-executive Director), Mr. Fan Tai (non-executive Director) and Mr. Ge Xuan (independent non-executive Director). Dr. Tyen Kan Hee Anthony is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018. 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 2018, 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 2018, 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 2018 (six months ended 30 June 2017: nil).

INTERIM RESULTS

The Board hereby announces the unaudited consolidated interim results of the Group for the six months ended 30 June 2018. The interim results have been reviewed by the Audit Committee and the Company's auditors, Grant Thornton Hong Kong Limited.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		Six months ended 30 June	
		2018	2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
			(Restated)
CONTINUING OPERATIONS:			
Revenue	*4*	**159,466**	176,276
Cost of revenue		**(107,369)**	(127,592)
Gross profit		**52,097**	48,684
Other income	*5*	**3,602**	6,223
Selling and marketing expenses		**(43,718)**	(74,513)
Administrative expenses		**(152,144)**	(43,871)
Share-based compensation expense		**(4,528)**	(13,667)
Research and development expenses		**(9,425)**	(9,833)
Share of loss of associates	*13*	**(7,057)**	(593)
Loss on fair value changes of financial assets at fair value through profit or loss		**(2,598)**	—
Gain on fair value changes of contingent consideration payables	*18*	**32,537**	—
Impairment of assets	*24*	**(175,634)**	—
Loss before income tax	*6*	**(306,868)**	(87,570)
Income tax credit	*7*	**2,279**	638
Loss for the period from continuing operations		**(304,589)**	(86,932)
DISCONTINUED OPERATIONS:			
(Loss)/Profit for the period from discontinued operations	*22*	**(137,420)**	12,926
Loss for the period		**(442,009)**	(74,006)
Other comprehensive loss for the period			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**2,001**	(6,144)
Total comprehensive loss for the period		**(440,008)**	(80,150)

	Notes	Six months ended 30 June **2018** ***RMB'000*** **(Unaudited)**	 2017 *RMB'000* (Unaudited) (Restated)
(Loss)/Profit for the period attributable to:			
Equity holders of the Company			
— Continuing operations		**(270,940)**	(81,350)
— Discontinued operations		**(137,420)**	12,926
Non-controlling interests			
— Continuing operations		**(33,649)**	(5,582)
— Discontinued operations		**—**	—
		(442,009)	(74,006)
Total comprehensive (loss)/income for the period attributable to:			
Equity holders of the Company			
— Continuing operations		**(268,658)**	(87,293)
— Discontinued operations		**(137,420)**	12,926
Non-controlling interests			
— Continuing operations		**(33,930)**	(5,783)
— Discontinued operations		**—**	—
		(440,008)	(80,150)
(Loss)/Earnings per share attributable to equity holders of the Company			
(expressed in RMB cents per share)			
Basic	*9*		
— Continuing operations		**(24.96)**	(10.34)
— Discontinued operations		**(12.66)**	1.64
		(37.62)	(8.70)
Diluted	*9*		
— Continuing operations		**(24.96)**	(10.34)
— Discontinued operations		**(12.66)**	1.64
		(37.62)	(8.70)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	Notes	**As at 30 June 2018 RMB'000 (Unaudited)**	As at 31 December 2017 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**214,400**	90,533
Intangible assets	*11*	**220,653**	326,846
Goodwill	*12*	**323,738**	129,443
Available-for-sale financial assets	*16*	**—**	154,344
Financial assets at fair value through profit or loss	*16*	**106,418**	—
Interests in associates	*13*	**24,384**	102,915
Loans to associates		**3,421**	21,979
Loans to third parties	*14*	**8,572**	14,430
Other non-current receivable		**—**	256
Deferred tax assets		**—**	1,726
		901,586	842,472
Current assets			
Inventories		**747**	1,235
Trade and other receivables	*15*	**190,785**	402,400
Loans to associates		**2,742**	7,132
Loans to third parties	*14*	**58,503**	58,735
Current portion of other non-current receivable		**40,349**	38,872
Available-for-sale financial assets	*16*	**—**	20,000
Financial assets at fair value through profit or loss	*16*	**6,934**	—
Tax recoverable		**3,494**	—
Bank balances and cash		**214,147**	247,366
		517,701	775,740
Assets included in disposal group classified as held for sale	*23*	**69,793**	—
		587,494	775,740

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Current liabilities			
Trade and other payables	*17*	**117,822**	87,518
Contingent consideration payables	*18*	**42,493**	3,328
Current portion of other non-current payable		**40,349**	38,872
Deferred revenue		**21,543**	18,852
Income tax liabilities		**783**	9,675
		222,990	158,245
Liabilities included in disposal group classified as held for sale	*23*	**16,807**	—
		239,797	158,245
Net current assets		**347,697**	617,495
Total assets less current liabilities		**1,249,283**	1,459,967
Non-current liabilities			
Other non-current payable		**—**	256
Contingent consideration payables	*18*	**41,448**	—
Deferred tax liabilities		**3,639**	4,181
		45,087	4,437
Net assets		**1,204,196**	1,455,530
EQUITY			
Share capital	*19*	**340**	285
Reserves		**1,222,342**	1,444,971
Equity attributable to equity holders of the Company		**1,222,682**	1,445,256
Non-controlling interests		**(18,486)**	10,274
Total equity		**1,204,196**	1,455,530

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

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 "**Online Games Business**") primarily in the People's Republic of China (the "**PRC**") and the United States (the "**US**"). The Group is expanding the eSports, sports e-commerce business and other non-card-and-board games new internet businesses (collectively, the "**eSports Business**") globally.

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 2017 except for the adoption of the new and amended International Financial Reporting Standards ("**IFRSs**") as disclosed in Note 3.

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 2017.

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 2017.

3. ADOPTION OF NEW AND AMENDED IFRSs AND CHANGES IN ACCOUNTING POLICIES

(a) New and amended IFRSs adopted as at 1 January 2018

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 condensed consolidated financial statements for the annual period beginning on 1 January 2018.

Other than as noted below, the adoption of the new and amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained profits.

The adoption of IFRS 9 has impacted the following areas:

- for trade receivables, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component;

- for other receivables, the Group adopted a "three-stage" model for impairment based on changes in credit quality since initial recognition; and

- for available-for-sale financial asset under IAS 39 has been reclassified as financial asset at fair value through profit or loss under IFRS 9. In summary, the following reclassification was made to the amounts recognised in the consolidated statement of financial position at the date of initial application (1 January 2018):

	Carrying amount as at 31 December 2017 under IAS 39	**Reclassification**	**Carrying amount as at 1 January 2018 under IFRS 9**
	RMB'000	***RMB'000***	***RMB'000***
Available-for-sale financial assets under IAS 39	**174,344**	**(174,344)**	**—**
Financial assets at fair value through profit or loss under IFRS 9	**—**	**174,344**	**174,344**

The following table summarises the impact of transition to IFRS 9 on the opening balance of retained earnings:

	Impact of adopting IFRS 9 on opening balance
	RMB'000
Retained earnings	
Recognition of expected credit losses under IFRS 9	**7,344**
Recognition of fair value changes under IFRS 9	**73,886**
Impact at 1 January 2018	**81,230**

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out in Note 3(c)(ii).

IFRS 15 "Revenue from Contracts with Customers"

To determine whether to recognise revenue, the Group follows a 5-step process:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to customers.

Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced; or

(iii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If the control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customers obtains control of the asset.

The adoption of IFRS 15 has no material impact on the results and financial position of the Group. The "deferred revenue" in relation to service fees prepaid by the game players for the Group's online games in the forms of prepaid game cards, Virtual Currencies and virtual goods, for which the related services had not been rendered at the reporting dates, would be under the scope of "contract liabilities" of IFRS 15.

(b) Issued but not yet effective IFRSs

The Group has not applied any new and amended IFRSs that have been published by the IASB but are not yet effective for the current accounting period. The Group has commenced an assessment of the impact of these new standards and amendments, but is not yet in a position to state whether they would have a significant impact on its results and financial position.

Information on new and amended IFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended IFRSs are not expected to have a material impact on the Group's consolidated financial statements.

(c) Significant accounting policies

The condensed consolidated financial information has been prepared in accordance with the accounting policies adopted in the annual financial statements for the year ended 31 December 2017 except for the effects of applying IFRS 9 and IFRS 15.

(i) *Financial instruments*

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade and other receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss ("**FVTPL**")
- fair value through other comprehensive income ("**FVOCI**")

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables, loans to associates, loans to third parties and other non-current receivable at amortised cost and bank balances and cash fall into this category of financial instruments.

Financial assets at FVTPL

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category.

This category contains investments in equity interest of unlisted companies and unlisted financial products. The Group accounts for the investments at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

IFRS 9's new impairment requirements use more forward-looking information to recognise expected credit losses — the "expected credit loss" ("**ECL**") model. This replaces IAS 39's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost, trade and other receivables and contract assets. Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date. However, none of the Group's financial assets fall into this category.

"12-month expected credit losses" are recognised for the first category while "lifetime expected credit losses" are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The adoption of IFRS 9 in relation to the provision of expected credit loss led to a decrease in trade receivables of approximately RMB7,344,000 and a decrease of retained profits amounting to approximately RMB7,344,000.

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

For other receivables, loans to associates, loan to third parties and other non-current receivable at amortised cost, management makes periodic assessments on the recoverability based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity of to meet contractual cash flow as performing.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Group's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include trade and other payables and deferred revenue.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges that are reported in profit or loss are included within finance costs.

4. 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	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Online games business — Lianzhong Group — Mobile Business	**95,066**	123,346
Online games business — Peerless Group	**50,172**	42,235
eSports business	**14,228**	10,695
	159,466	176,276

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

Continuing operations

(i) Online games business — Lianzhong Group — Mobile Business: online card and board games mobile 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

Discontinued operations

(iv) Online games business — Lianzhong Group — PC Business: online card and board games PC business carried out by Lianzhong Group

Segment profit/(loss) represents profit/(loss) earned by each segment without allocating finance costs and income tax credit/(expense).

Segment assets include all assets in the consolidated financial statements. Segment liabilities include all liabilities in the consolidated financial statements.

Segment revenue, segment results and other segment information

	Six months ended 30 June 2018				
	Online games business — Lianzhong Group — Mobile Business	**Online games business — Peerless Group**	**eSports business**	**Eliminations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Revenue					
— From external customers	**95,066**	**50,172**	**14,228**	**—**	**159,466**
— From other segments	**—**	**—**	**2,227**	**(2,227)**	**—**
Reportable segment revenue	**95,066**	**50,172**	**16,455**	**(2,227)**	**159,466**
Impairment of assets *(Note 24)*	**(175,386)**	**(30)**	**(218)**	**—**	**(175,634)**
Reportable segment results	**(337,546)**	**(12,150)**	**(90,064)**	**—**	**(439,760)**
Share-based compensation expense	**(3,370)**	**(1,158)**	**—**	**—**	**(4,528)**
Loss before income tax	**(340,916)**	**(13,308)**	**(90,064)**		**(444,288)**
Income tax credit					**2,279**
Loss for the period					**(442,009)**

	Online games business — Lianzhong Group — Mobile Business	Online games business — Peerless Group	eSports business	Eliminations	Total
	Six months ended 30 June 2017 (Restated)				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue					
— From external customers	123,346	42,235	10,695	—	176,276
— From other segments	—	3,438	—	(3,438)	—
Reportable segment revenue	123,346	45,673	10,695	(3,438)	176,276
Reportable segment results	(27,078)	(33,019)	(13,806)	—	(73,903)
Share-based compensation expense	(11,575)	(2,092)	—	—	(13,667)
Loss before income tax	(38,653)	(35,111)	(13,806)	—	(87,570)
Income tax credit					638
Loss for the period					(86,932)

Segment assets and liabilities

	As at 30 June 2018				
	Online games business — Lianzhong Group — Mobile Business	**Online games business — Peerless Group**	**ESports business**	**Eliminations**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
ASSETS					
Segment assets	**1,179,352**	**465,521**	**283,400**	**(439,193)**	**1,489,080**
LIABILITIES					
Segment liabilities	**169,318**	**219,009**	**340,156**	**(443,599)**	**284,884**

	As at 31 December 2017 (Restated)				
	Online games business — Lianzhong Group	Online games business — Peerless Group	ESports business	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
ASSETS					
Segment assets	1,321,477	332,085	243,231	(278,581)	1,618,212
LIABILITIES					
Segment liabilities	71,606	76,653	209,602	(195,179)	162,682

5. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Other revenue		
Bank interest income	**253**	1,089
Interest income from loans to third parties	**2,710**	2,609
Interest income from loans to associates	**149**	36
Gain on disposal of available-for-sale financial assets	**—**	2,000
	3,112	5,734
Other net income		
Subsidy income from government *(note)*	**348**	275
Sundry income	**142**	214
	490	489
	3,602	6,223

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.

6. LOSS BEFORE INCOME TAX

Loss before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Employee benefit expenses		
Salaries, bonus and allowances	**42,990**	41,862
Retirement benefit scheme contributions	**6,340**	5,079
Severance payments	**2,793**	348
Share-based compensation expense	**4,528**	13,667
	56,651	60,956
Other items		
Depreciation of property, plant and equipment	**22,543**	17,062
Amortisation of intangible assets	**21,552**	34,489
Gain on disposal of available-for-sale financial assets	**—**	2,000
Loss on disposal of an associate	**3,300**	—
Impairment of assets *(Note 24)*	**175,634**	—

7. INCOME TAX CREDIT

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
		(Restated)
Current tax		
PRC enterprise income tax		
— Current period	**(1,709)**	263
Deferred tax	**(570)**	(901)
Income tax credit	**(2,279)**	(638)

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic loss per share for the six months ended 30 June is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period attributable to equity holders of the Company (in RMB'000)		
— Continuing operations	**(270,940)**	(81,350)
— Discontinued operations	**(137,420)**	12,926
Weighted average number of ordinary shares in issue during the period	**1,085,350,581**	786,859,838
Basic (loss)/earnings per share (in RMB cents per share)		
— Continuing operations	**(24.96)**	(10.34)
— Discontinued operations	**(12.66)**	1.64
	(37.62)	(8.70)

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the year after adjusting for the effects of all dilutive potential ordinary shares.

For the six months ended 30 June 2018 and 2017, the Company has one category of dilutive ordinary shares, being the share option schemes of the Company (Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme). The effects on the share options during the periods were antidilutive.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment at a cost of RMB124,352,000 (six months ended 30 June 2017: RMB15,366,000).

During the six months ended 30 June 2018, the Group acquired property, plant and equipment through acquisition of subsidiaries at a cost of RMB18,244,000 (six months ended 30 June 2017: Nil).

11. INTANGIBLE ASSETS

During the six months ended 30 June 2018, additions to intangible assets by acquisition and capitalisation in respect of development costs are amounted to RMB30,222,000 (six months ended 30 June 2017: RMB30,911,000) and RMB7,265,000 (six months ended 30 June 2017: RMB10,888,000) respectively.

During the six months ended 30 June 2018, the Group acquired intangible assets through acquisition of subsidiaries at a cost of RMB7,057,000 (six months ended 30 June 2017: Nil).

During the six months ended 30 June 2018, an impairment loss of RMB125,388,000 (note 24) was recognised in "Impairment of assets" (six months ended 30 June 2017: Nil) (note 24).

12. GOODWILL

		2018	2017
	Note	***RMB'000***	*RMB'000*
As at 1 January (Audited)		**129,443**	104,050
Acquisition of a subsidiary	*21(a)*	**205,128**	—
Acquisition of a subsidiary	*21(b)*	**22,913**	—
Provision for impairment	*24*	**(34,409)**	—
Net exchange differences		**663**	(2,434)
As at 30 June (Unaudited)		**323,738**	101,616

During the six months ended 30 June 2018, an impairment loss of RMB34,408,000 (note 24) was recognised in "Impairment of assets" (six months ended 30 June 2017: Nil) (note 24).

13. INTERESTS IN ASSOCIATES

During the six months ended 30 June 2018, the Group did not make additional investments in associates (six months ended 30 June 2017: RMB36,163,000).

During the six months ended 30 June 2018, the Group disposed of investments in associates of RMB6,300,000 (six months ended 30 June 2017: Nil).

The share of loss of associates by the Group for the six months ended 30 June 2018 amounted to RMB7,057,000 (six months ended 30 June 2017: RMB593,000).

During the six months ended 30 June 2018, an impairment loss of RMB53,625,000 (note 24) was recognised in "Impairment of assets" (six months ended 30 June 2017: Nil) (note 24).

14. LOANS TO THIRD PARTIES

	Note	**As at 30 June 2018** ***RMB'000*** **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Non-current portion			
Loans		**8,500**	13,890
Interest receivables		**72**	540
	(a)	**8,572**	14,430
Current portion			
Loans		**56,701**	46,000
Interest receivables		**1,802**	12,735
	(b)	**58,503**	58,735
	(c)	**67,075**	73,165

(a) As at 30 June 2018, long-terms loans amounting to RMB8,500,000 (31 December 2017: RMB13,890,000) are secured by unlisted equity interest in companies of the debtors incorporated in the PRC, of which, RMB4,000,000 and RMB4,500,000 are with interest rate at 4.75% per annum and interest-free respectively and repayable in 2019.

(b) As at 30 June 2018, the loans to third parties of RMB56,701,000 become due within next 12 months and are included in current portion. The amount comprises of (i) RMB52,701,000 (31 December 2017: Nil) loan secured by a personal guarantee of a director, which bears interest of 5.5% (31 December 2017: Nil) per annum; (ii) RMB3,000,000 (31 December 2017: RMB3,000,000) loan secured by unlisted equity interest in company of the debtor incorporated in the PRC with interest rate at 12% (31 December 2017: 12%) per annum; and (iii) RMB1,000,000 (31 December 2017: RMB1,000,000) unsecured loan being interest-free. The carrying amount of the amounts due approximate their fair values.

(c) During the six months ended 30 June 2018, an impairment loss of RMB5,218,000 (note 24) was recognised in "Impairment of assets" (six months ended 30 June 2017: Nil) (note 24).

15. TRADE AND OTHER RECEIVABLES

	Note	**As at 30 June 2018** *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade receivables			
From third parties	*(a)*	**90,418**	215,356
Less: provision for impairment of trade receivables		**(27,840)**	(10,133)
		62,578	205,223
Other receivables			
Deposits, prepayments and other receivables		**86,000**	143,575
Advances to employees		**23,152**	25,872
Amount due from associates		**20,055**	28,730
		129,207	198,177
Less: provision for impairment of other receivables		**(1,000)**	(1,000)
		128,207	197,177
		190,785	402,400

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.

The movement in the loss allowance provision is as follows:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
At the beginning of the period/year as originally presented	**10,133**	10,133
Impact of application of IFRS 9 *(Note 3)*	**7,344**	—
At the beginning of the period/year as restated	**17,477**	10,133
Addition of loss allowance provision	**23,183**	—
Reversal of loss allowance provision	**(12,820)**	—
At the end of the period/year	**27,840**	10,133

The Group applies simplified approach to provide for expected credit losses prescribed in IFRS 9 as disclosed in Note 3. Provision for or reversal of impaired receivables have been included in "Impairment of assets" in the consolidated statement of profit or loss and other comprehensive income.

The following is an ageing analysis of trade receivables before loss allowance provision presented based on recognition date at the end of the reporting period:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
0–30 days	**8,644**	71,976
31–60 days	**5,346**	26,273
61–90 days	**3,285**	6,424
91–180 days	**10,123**	34,547
181–365 days	**43,350**	6,545
Over 1 year	**19,670**	69,591
	90,418	215,356

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS/FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Included in non-current assets		
Unlisted equity investments	**95,528**	154,344
Unlisted debt investments	**10,890**	—
	106,418	154,344
Included in current assets		
Unlisted trust funds	**—**	20,000
Listed debt investments	**6,934**	—
	6,934	20,000
	113,352	174,344

17. TRADE AND OTHER PAYABLES

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Trade payables		
To third parties	**40,611**	33,404
To associates	**176**	1,293
	40,787	34,697
Other payables		
Receipts in advance	**3,431**	231
Other payables and accrued charges	**66,934**	40,042
Other taxes liabilities	**—**	4,873
Staff costs and welfare accruals	**6,670**	7,675
	77,035	52,821
	117,822	87,518

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:

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
0–30 days	**29,280**	15,278
31–60 days	**1**	6,401
61–90 days	**2,926**	576
91–180 days	**4,841**	1,895
181–365 days	**2,882**	5,142
Over 1 year	**857**	4,112
	40,787	33,404

18. CONTINGENT CONSIDERATION PAYABLES

	2018 *RMB'000*	2017 *RMB'000*
As at 1 January (Audited)	**3,328**	18,889
Fair value of contingent consideration payables arising from acquisition of subsidiaries	**113,150**	—
Release upon settlement	**—**	(5,960)
Gain on fair value change recognised for the period	**(32,537)**	—
As at 30 June (Unaudited)	**83,941**	12,929

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Analysed as:		
— Current liabilities	**42,493**	3,328
— Non-current liabilities	**41,448**	—
	83,941	3,328

19. SHARE CAPITAL

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

	Notes	Number of shares	Nominal value of shares *US$'000*	Equivalent nominal value of shares *RMB'000*
Authorised:				
Ordinary shares:				
At 31 December 2017 (Audited) and **30 June 2018 (Unaudited)**		**10,000,000,000**	**500**	
Issued and fully paid:				
Ordinary shares:				
At 1 January 2018 (Audited)		923,139,589	47	285
Exercise of share options	*(i)*	780,261	—	—
Issuance of new shares for management subscription	*(ii)*	153,880,037	8	50
Issuance of new shares for acquisition	*(iii)*	15,555,556	1	5
At 30 June 2018 (Unaudited)		**1,093,355,443**	**56**	**340**
At 1 January 2017 (Audited)		786,793,374	39	240
Exercise of share options		130,000	—	—
At 30 June 2017 (Unaudited)		786,923,374	39	240

(i) Exercise of share options

During the six months ended 30 June 2018, options were exercised to subscribe for 780,261 ordinary shares of the Company at a consideration of approximately RMB2,221,000, of which RMB250 was credited to share capital and the balance of approximately RMB2,221,000 was credited to the share premium account. As a result of the exercise of options, RMB474,000 has been transferred from the share option reserve to the share premium account.

(ii) Issuance of new shares for management subscription

On 4 January 2018, the Company issued 89,189,189 ordinary shares to a management subscriber, Jian Ying Ourgame High Growth Investment Fund at an issue price of HK$1.85 per share. The proceeds was approximately RMB137,280,000 (equivalent to HK$165,000,000). On the same date, the Company issued 64,690,848 ordinary shares to a connected subscriber, Glassy Mind Holdings Limited at an issue price of HK$1.85 per share. The proceeds was approximately RMB99,572,000 (equivalent to HK$119,678,000). The net proceeds from these management subscriptions were approximately RMB231,574,000. The proceeds are intended to be used for further developing the eSports business and the WPT business, revamping and updating the Group's core mobile product portfolio, acquiring and/or developing China regional card and board games platforms and replenishing working capital.

(iii) Issuance of new shares for acquisition

On 9 February 2018, the Company issued 15,555,556 ordinary shares at an issue price of HK$2.62 (equivalent to approximately RMB2.16) per share as share consideration for the acquisition of the entire equity interest in Nanjing Haoyun Meicheng Electronics Co., Ltd. (Note 24(a)). The closing price of the shares was HK$2.51 (equivalent to approximately RMB2.02) per share on 9 February 2018.

20. COMMITMENTS

(a) Capital commitments

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

	As at 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Contracted but not provided for:		
Expenditure in respect of acquisition of intangible assets	**—**	1,355
Expenditure in respect of acquisition of property, plant and equipment	**—**	32,326
Expenditure in respect of investments in associates	**2,118**	21,918
Expenditure in respect of investments in financial assets at fair value through profit or loss	**25,000**	25,000
	27,118	80,599

(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 30 June 2018 *RMB'000* **(Unaudited)**	As at 31 December 2017 *RMB'000* (Audited)
Within one year	**33,643**	29,544
In the second to fifth year inclusive	**80,948**	72,591
After fifth year	**7,411**	4,182
	122,002	106,317

21. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Nanjing Haoyun Meicheng Electronics Co., Ltd. (南京好運美成電子科技有限公司)

On 9 February 2018, the Group acquired 100% of the issued share capital of 南京好運美成電子科技有限公司 ("**Nanjing Haoyun Meicheng Electronics Co., Ltd.**" or "**Nanjing Haoyun**") at a total consideration of RMB220,000,000 (the "**Consideration**"), among which RMB136,000,000 shall be settled in cash and RMB84,000,000 shall be settled in issuing consideration shares, which shall be payable in three instalments from the date of completion to Year 2020 as follows:

	Cash consideration *RMB'000*	**Consideration shares** *RMB'000* *(note)*	**Total** *RMB'000*	**Number of consideration shares** *(Unit)*
First instalment	60,400	33,600	94,000	15,555,556
Second instalment	37,800	25,200	63,000	11,666,666
Third instalment	37,800	25,200	63,000	11,666,666
Total	136,000	84,000	220,000	38,888,888

Note: Based on the issue price of HK$2.62 (equivalent to approximately RMB2.16) per consideration share as stated in the acquisition agreement.

As part of the Group's strategy is to actively seek investment opportunities that would bring strategic resources to expand the Group's portfolio and user base, the directors believes that the acquisition presents an opportunity for the Group to complement and enlarge China national games platforms. In view of the existing card and board games developed and operated by Nanjing Haoyun and the geographical coverage of Nanjing Haoyun in China, and the experiences of the members of the core management team in Nanjing Haoyun in developing and operating card and board games, the directors believes that the acquisition will further consolidate the Group's leading position in its domestic China card and board games business and enhance its brand influence.

The following summarises the consideration paid for Nanjing Haoyun and the provisional recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	Provisional fair value of net identifiable assets and liabilities acquired RMB'000
Property, plant and equipment		1,616
Trade and other receivables		5,696
Bank balances and cash		29,776
Trade and other payables		(37,064)
Income tax payable		(66)
Net identifiable liabilities assumed		(42)
Provisional goodwill		205,128
		205,086
Satisfied by:		
Cash consideration paid		60,400
Fair value of consideration shares issued		31,536
Contingent consideration payables	*18*	113,150
		205,086

Profit Guarantee

Pursuant to the acquisition agreement, the vendors undertook that the audited net profit of Nanjing Haoyun for the year ending 31 December 2018 shall not be less than RMB40,000,000 (the "**Nanjing Haoyun's 2018 Guarantee Profit**") and for the year ending 31 December 2019 shall not be less than RMB52,000,000 (the "**Nanjing Haoyun's 2019 Guarantee Profit**").

Adjustments to the Consideration

In the event that the Nanjing Haoyun does not meet the Nanjing Haoyun's 2018 Guarantee Profit, the vendors shall compensate to the Group by adjusting the second trench of consideration payment in accordance with the following formula:

2018 Compensation Amount = (Nanjing Haoyun's 2018 Guarantee Profit — audited net profit) × 4

In the event that the Nanjing Haoyun does not meet the Nanjing Haoyun's 2019 Guarantee Profit, the vendors shall compensate to the Group by adjusting the third trench of consideration payment in accordance with the following formula:

2019 Compensation Amount = (Nanjing Haoyun's 2019 Guarantee Profit — audited net profit) × 4

In no events shall the difference of the Consideration and the sum of 2018 Compensation Amount and 2019 Compensation Amount exceeds RMB220,000,000.

(b) Acquisition of eSports Arena LLC

On 1 January 2018, the Group acquired 82.44% of the issued share capital of the associate, eSports Arena LLC ("**eSports Arena**") at a total consideration of US$1,484,295 (equivalent to approximately RMB10,376,000) (the "**Consideration**").

The following summarises the consideration paid for eSports Arena and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Fair value of net identifiable assets and liabilities acquired *RMB'000*
Property, plant and equipment	16,628
Intangible assets	7,057
Trade and other receivables	6,855
Bank balances and cash	68
Trade and other payables	(33,116)
Net identifiable liabilities assumed	(2,508)
Fair value of non-controlling interests	(5,278)
Goodwill	22,913
	15,127
Satisfied by:	
Cash	10,376
Fair value of 18% interest in associate given up	4,751
	15,127

22. DISCONTINUED OPERATIONS

During the six months ended 30 June 2018, the Group decided to reorganise the PC Business under the Lianzhong Group which will effectively result in the disposal of Beijing Lianzhong Co., Ltd. ("**Beijing Lianzhong**") and the divested businesses and on 15 August 2018, the Group entered into the reorganisation agreement (Note 25).

For the six months ended 30 June 2018 and 2017, results of the PC Business under the Lianzhong Group were presented as a single line item of "discontinued operations" in the consolidated statement of profit or loss and other comprehensive income. The results of discontinued operations are as follows:

	Note	Six months ended 30 June 2018	2017
		2018	2017
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**34,982**	96,037
Cost of revenue		**(13,812)**	(14,337)
Gross profit		**21,170**	81,700
Other income		**734**	1,349
Selling and marketing expenses		**(10,067)**	(29,620)
Administrative expenses		**(23,767)**	(26,665)
Research and development expenses		**(19,761)**	(13,823)
Loss on fair value changes of financial assets at fair value through profit or loss		**(23)**	—
Impairment of assets	*24*	**(105,706)**	—
(Loss)/Profit before income tax		**(137,420)**	12,941
Income tax expense		**—**	(15)
(Loss)/Profit for the period from discontinued operations		**(137,420)**	12,926

23. ASSETS AND LIABILITIES INCLUDED IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 30 June 2018, the assets and liabilities related to PC Business under the Lianzhong Group were presented as single line items of "disposal group classified as held for sale". The assets and liabilities were as follows:

	As at 30 June 2018 *RMB'000* **(Unaudited)**
Non-current assets	
Financial assets at fair value through profit or loss	**389**
Deferred tax assets	**1,726**
	2,115
Current assets	
Trade and other receivables	**67,678**
Current liabilities	
Trade and other payables	**2,547**
Deferred revenue	**12,860**
Income tax liabilities	**1,400**
	16,807
Net current assets	**50,871**
Net assets included in disposal group classified as held for sale	**52,986**

24. IMPAIRMENT OF ASSETS

	Continuing operations *RMB'000*	**Discontinued operations** *RMB'000*	**Total** *RMB'000*
Intangible assets	65,782	59,606	125,388
Goodwill	34,409	—	34,409
Interests in associates	53,625	—	53,625
Loan to an associate	6,237	—	6,237
Loans to third parties	5,218	—	5,218
Trade and other receivables	10,363	46,100	56,463
Total	175,634	105,706	281,340

As disclosed in Note 22, the Group decided to reorganise the PC Business under the Lianzhong Group. The assets in disposal group classified as held for sale have been written down to fair value less costs to sell.

For continuing operations in the PRC, the Group continues to face together with regulatory headwinds in the same businesses of highly challenging conditions. The various assets in PRC in the remaining group have been written down accordingly.

25. EVENT AFTER THE REPORTING DATE

Please refer the announcement of the Company dated 15 August 2018 for further details of the reorganisation. On 15 August 2018, the Company entered into a reorganisation agreement with the Beijing Lianzhong, Beijing Lianzhong Garden Network Technology Co., Ltd (the "**WFOE**"), Fei La Er Fashion (Beijing) Technology Co., Ltd (the "**New PRC Holdco**") and the shareholders of Beijing Lianzhong (the "**Beijing Lianzhong Shareholders**"). As consideration for the WFOE agreeing to terminate the existing contractual arrangements, the Beijing Lianzhong Shareholders (and/or their nominee) will pay to the WFOE (and/or its nominee) a total amount of RMB85 million in annual installments starting from the completion date.

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 and the website of the Company at www.lianzhong.com. The interim report of the Group for the six months ended 30 June 2018 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 Officer

Hong Kong, 31 August 2018

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 Dr. TYEN Kan Hee Anthony.

* *For identification purpose only*