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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	Year ended 31 December			Three months ended 31 December		
	2016	2015	Changes	**2016**	2015	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Audited)	(Audited)		**(Unaudited)**	(Unaudited)	
Revenue	**871,148**	769,625	+13.2%	**227,850**	237,089	–3.9%
PC games revenue	**386,388**	345,967	+11.7%	**87,648**	111,612	–21.5%
Mobile games revenue	**377,049**	349,519	+7.9%	**107,944**	84,829	+27.2%
Others	**107,711**	74,139	+45.3%	**32,258**	40,648	–20.6%
Profit attributable to equity holders of the Company	**148,669**	114,351	+30.0%	**25,089**	17,925	+40.0%
Non-IFRS adjusted net profit*	**182,122**	159,974	+13.8%	**29,478**	30,208	–2.4%
Attributable to equity holders of the Company	**191,415**	162,266	+18.0%	**36,957**	32,500	+13.7%
Attributable to non-controlling interests	**(9,293)**	(2,292)	+305.5%	**(7,479)**	(2,292)	+226.3%

* Non-IFRS adjusted net profit was derived from the audited profit for the year excluding share-based compensation expense.

REVENUE BY GEOGRAPHICAL AREAS

	Year ended 31 December			Three months ended 31 December		
	2016	2015	Changes	**2016**	2015	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
The People's Republic of China (the "**PRC**")	**743,689**	691,902	+7.5%	**190,545**	199,494	–4.5%
Outside the PRC[1]	**127,459**	77,723	+64.0%	**37,305**	37,595	–0.8%
Total revenue	**871,148**	769,625	+13.2%	**227,850**	237,089	–3.9%

(1) The revenue outside the PRC were mainly derived from Peerless Media Limited and its subsidiaries (the "**Peerless Group**") which were acquired by the Group at the end of June 2015. The Peerless Group is engaged 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**").

REVENUE BY GAMES

	Year ended 31 December			Three months ended 31 December		
	2016	2015	Changes	**2016**	2015	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Games revenue						
Self-developed games						
— Texas Hold'em	**286,244**	211,019	+35.6%	**67,571**	75,369	–10.3%
— Mahjong	**161,311**	157,304	+2.5%	**41,321**	40,816	+1.2%
— Fight the Landlord	**269,522**	268,762	+0.3%	**76,386**	65,200	+17.2%
— Other self-developed games	**33,754**	38,237	–11.7%	**8,414**	8,913	–5.6%
Self-developed games total	**750,831**	675,322	+11.2%	**193,692**	190,298	+1.8%
Others	**12,606**	20,164	–37.5%	**1,900**	6,143	–69.1%
Total games revenue	**763,437**	695,486	+9.8%	**195,592**	196,441	–0.4%
Non-Games revenue	**107,711**	74,139	+45.3%	**32,258**	40,648	–20.6%
Total revenue[(2)]	**871,148**	769,625	+13.2%	**227,850**	237,089	–3.9%

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

OPERATIONAL HIGHLIGHTS

	Year ended 31 December			Three months ended 31 December		
	2016	2015	Changes	**2016**	2015	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Monthly active users ("MAUs") (in thousands):						
Self-developed games						
— Texas Hold'em	**822**	586	+40.3%	**886**	658	+34.7%
— Mahjong	**5,607**	4,946	+13.4%	**5,860**	5,040	+16.3%
— Fight the Landlord	**18,200**	17,823	+2.1%	**18,758**	17,004	+10.3%
— Other self-developed games	**4,983**	5,645	–11.7%	**4,700**	5,289	–11.1%
Total	**29,612**	29,000	+2.1%	**30,204**	27,991	+7.9%
Monthly paying users ("MPUs") (in thousands):						
Self-developed games	**1,879**	1,792	+4.9%	**1,957**	1,724	+13.5%
Monthly average revenue per paying user ("ARPPU") (in RMB):						
Self-developed games	**33**	31	+6.5%	**33**	31	+6.5%

BUSINESS REVIEW

The board (the "**Board**") of directors (the "**Directors**") of Ourgame International Holdings Limited (the "**Company**" or "**Ourgame**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016. The annual results have been reviewed by the Company's audit committee.

For the year ended 31 December 2016, we achieved satisfactory growth in all major financial and operational metrics compared with that for the same period in 2015, despite intensified competition in the industry. The revenue of the Group increased by 13.2% from RMB769.6 million for the year ended 31 December 2015 to RMB871.1 million for the year ended 31 December 2016. Among which, PC games revenue increased by 11.7% from RMB346.0 million for the year ended 31 December 2015 to RMB386.4 million for the year ended 31 December 2016. Mobile games revenue increased by 7.9% from RMB349.5 million for the year ended 31 December 2015 to RMB377.0 million for the year ended 31 December 2016. Non-games revenue increased by 45.3% from RMB74.1 million for the year ended 31 December 2015 to RMB107.7 million for the year ended 31 December 2016. Our profit attributable to equity holders of the Company increased by 30% from RMB114.4 million for the year ended 31 December 2015 to RMB148.7 million for the year ended 31 December 2016. The non-IFRS adjusted net profit increased by 13.8% from RMB160.0 million for the year ended 31 December 2015 to RMB182.1 million for the year ended 31 December 2016. In the meantime, our MAUs increased by 2.1% from 29.0 million for the year ended 31 December 2015 to 29.6 million for the year ended 31 December 2016. The MPUs increased by 4.9% from 1.8 million for the year ended 31 December 2015 to 1.9 million for the year ended 31 December 2016. The ARPPU increased by 6.5% from RMB31 for the year ended 31 December 2015 to RMB33 for the year ended 31 December 2016.

While maintaining healthy growth in our core businesses across the board, 2016 was also a year of continued transformation for the Group from a Chinese card and board games provider to a global mind sports games and entertainment company. Significant progresses and breakthroughs were made in each of the Group's major business groups, which laid the foundation for the Group's growth going forward.

Through our WPT subsidiary, which focused on the global social casino and poker games business, we continued to renew and expand our product offerings and geographic and channel coverage. In the second half of 2016, we launched the all new PlayWPT Poker and PlayWPT Slots products on both PC and mobile devices. These new world class products will propel WPT's online games growth supported by WPT's unmatched channel and traffic. WPT events continue to expand and grow. WPT hosted its first event in the Dominican Republic and celebrated record-breaking numbers during the WPT Borgata Poker Open, WPT Maryland Live!, and WPT Five Diamond World Poker Classic, which drew its largest field in its 15-year history. During the fourth quarter of 2016, WPT made its first acquisition of WPTDeepStacks, poker's leading mid-stakes tour. WPT signed an unprecedented five-year contract with Fox Sports ("**Fox**") to provide WPT programming. This long term commitment from Fox demonstrated its confidence on the content and viewership of WPT. WPT also secured partnerships and expanded relationships with notable digital platforms, including PlutoTV, AppleTV, OperaTV, Roku and AmazonFire.

In 2016, soon after the completion of the competitive board and card games platform (the "**Platform**"), which was built by Ourgame's invested Tianjin Zhongqi Weiye Sports Development Co., Ltd. (天津中棋惟業體育發展有限公司), the first government approved game was launched: Competitive Two against One (競技二打一), along with a selection of other strategic pilot frontend partners such as Tencent, Alibaba, 360 Qihoo, and Sina. Users across strategic partners will be competing under the supervision of one centralised platform to win master points granted by the Board and Card Games Administrative Centre of the China General Sports Administration (the "**Board and Card Games and Administrative Center**") and compete in offline events to win the national championship. This heralds in a new era of innovation and growth in the competitive mind sports in China.

2016 was a year of tremendous growth and expansion for Allied e-sports, Ourgame's subsidiary that focuses on e-Sports. The e-Sports arena network was expanded significantly in 2016 and is now global. In 2016, Allied e-sports announced its investment in US-based Esports Arena Inc, which operates eSports arenas in the United States of America, and with this investment Allied e-Sports expanded into the important North America market. Also in 2016, Allied e-Sports announced the formation of the ELC gaming European subsidiary with the launch of the Big Betty mobile arena, thus expanding into the European market. In China, Allied e-Sports entered into a joint venture with China A-share listed Shenzhen SEG Co. Ltd. (深賽格, Shenzhen Stock Exchange stock code: 000058.SZ) and began construction of the Shenzhen flagship arena. IP and contents were built on top of the arena network. In December 2016, Allied eSports' first international tournament, Esports Superstars, was launched in Germany. On the opening day, the viewership of Superstars broke the historical viewership record of Blizzard's Hearthstone and ranked fifth on Twitch globally. The tournament also attracted more than 200,000 concurrent viewers in China's Douyu. The series showcased Allied eSports' global capability with tournament organization and broadcast production done by the Europe subsidiary, with North America operations and marketing support, and China operation's localization and distribution. Allied e-Sports is well on its way to becoming the best global platform for games publishers, tournaments, content creation and broadcasting for eSports.

FUTURE PROSPECTS

Over the past year, the Company has strived to build and optimize our mind-sports eco-system which included our five major business groups: online games, e-sports, mind-sports, global poker entertainment and sports e-Commerce. Going forward, we will continue to expand and accelerate growth along the axis of the five eco-system components, domestically and internationally.

We look forward to the significant progress on the Internet Plus transformation of card and board games together with the Board and Card Games and Administrative Center. As the Board and Card Games Administrative Centre has approved more game genres such as Guan-dan (摜蛋), Pao-de-kuai (跑得快) and Four-Party Military Chess (四國軍棋), and with more games in the approval pipeline and approved games coming online, as the sole support provider to the Platform, Tianjin Zhongqi Weiye Sports Development Co., Ltd. will also enter a new phase of growth.

In 2017, Allied e-Sports will continue to aggressively expand domestically and globally in order to build the arena network and IP and TV programming. On the arena front, we will enter into more partnerships with partners with strong local presence and capabilities. We will also focus on building more IP and contents supported by our global arena network.

WPT will continue to expand its geographic coverage, TV programming and PlayWPT's game portfolio. In April 2017, WPT will launch its main tour event in Beijing, China, not only adding a major tour stop in China in addition to Sanya but bringing a main tour event into China for the first time.

We will continue to make strategic investments and acquisitions on key areas of our eco-system to accelerate the Group's growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. *Overview*

In 2016, profit attributable to equity holders of the Company increased significantly and amounted to RMB148.7 million, representing an increase of RMB34.3 million from 2015. Non-IFRS adjusted net profit* attributable to equity holders of the Company amounted to RMB191.4 million, representing a significant increase of RMB29.1 million as compared with RMB162.3 million in 2015.

* Non-IFRS adjusted net profit was derived from the audited profit for the year excluding share-based compensation expense.

2. ***Revenue***

In 2016, revenue of the Group amounted to RMB871.1 million, representing an increase of RMB101.5 million or 13.2% as compared with RMB769.6 million in 2015. The increase was due to significant increase in revenue from PC games and increase in other revenue primarily derived from game tournaments and events organized by the Group as a result of the acquisition of the Peerless Group.

In 2016, the revenue from PC games amounted to RMB386.4 million, representing an increase of RMB40.4 million or 11.7% as compared with RMB346.0 million in 2015. Mobile games revenue increased by 7.9% from RMB349.5 million for the year ended 31 December 2015 to RMB377.0 million for the year ended 31 December 2016. Other revenue amounted to RMB107.7 million in 2016, representing an increase of RMB33.6 million or 45.3% as compared with RMB74.1 million in 2015.

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

In 2016, cost of revenue of the Group amounted to RMB409.2 million, representing an increase of RMB99.0 million or 31.9% as compared with RMB310.2 million in 2015. The resulting gross profit ratios decreased to 53.0% in 2016 from 59.7% in 2015.

4. ***Other Income***

In 2016, other income of the Group amounted to RMB85.0 million, representing an increase of RMB60.0 million or 240.2% as compared with RMB25.0 million in 2015. This was primarily due to the recognition of the gain on deemed disposal of partial interest in an associate of RMB10.3 million and gain on disposal of available-for-sale financial assets of RMB53.0 million.

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

In 2016, selling and marketing expenses of the Group amounted to RMB181.6 million, representing an increase of RMB40.3 million or 28.5% from RMB141.3 million in 2015. The increase in selling and marketing expenses for the year was mainly due to consolidation of the operating results of the Peerless Group since its acquisition by the Group at the end of June 2015 and due to additional costs incurred for the increase in marketing activities.

6. ***Administrative Expenses***

In 2016, administrative expenses of the Group amounted to RMB135.6 million, representing an increase of RMB32.0 million or 30.9% compared with RMB103.6 million in 2015. The increase in administrative expenses for the year was mainly due to consolidation of the operating results of the Peerless Group since its acquisition by the Group at the end of June 2015 and due to the increase in amortization and professional fees.

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

In 2016, research and development expenses of the Group amounted to RMB40.0 million, representing a decrease of RMB10.6 million or 21.0% compared with RMB50.6 million in 2015. The decrease in research and development expenses for the year was mainly due to improved efficiency.

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

In 2016, profit attributable to equity holders of the Company amounted to RMB148.7 million, representing an increase of RMB34.3 million or 30.0% compared with RMB114.4 million in 2015. The increase was primarily due to a significant increase in other income and offset by our increase in selling and marketing expenses and administrative expenses for our business expansion.

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

To supplement this annual 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 2016, unaudited non-IFRS adjusted net profit attributable to equity holders of the Company amounted to RMB191.4 million, representing an increase of RMB29.1 million or 18.0% as compared with RMB162.3 million in 2015. This was primarily due to the significant increase in other income and offset by our increase in selling and marketing expenses and administrative expenses for our business expansion. Our unaudited non-IFRS adjusted net profit attributable to equity holders of the Company for 2016 and 2015 were derived from profit attributable to equity holders of the Company for the year excluding their share of share-based compensation expense of RMB42.7 million (2015: RMB47.9 million).

* Non-IFRS adjusted net profit was derived from the audited profit for the year excluding share-based compensation expense.

10. ***Income Tax Expense***

In 2016, income tax expense of the Group amounted to RMB7.1 million, representing a decrease of RMB20.0 million or 73.7% as compared with RMB27.1 million in 2015. The decrease in income tax expense was primarily due to an overprovision of income tax expense in 2015 of RMB8.6 million as Beijing Lianzhong Co., Ltd. ("**Beijing Lianzhong**"), a wholly-owned subsidiary of the Group, was accredited as a "Key Software Enterprise within National Planning Layout (國家規劃布局內重點軟件企業)" in May 2016 and was granted a preferential income tax rate of 10% retrospectively from 2015. As a result, Beijing Lianzhong is currently enjoying the preferential income tax rate of 10%, which is 5% lower than that of 2015. Such qualification is subject to a review process led by applicable Development and Reform Commission and Ministry of Industry and Information Technology.

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

As at 31 December 2016, the Group's total bank balances and cash decreased by 18.7% from RMB348.7 million as at 31 December 2015 to RMB283.6 million. The decrease in total bank balances and cash during the year primarily resulted from the cash payment for the acquisition and investment activities during the year.

As at 31 December 2016, the current assets of the Group amounted to RMB692.7 million, including RMB353.6 million in bank balances and cash and available-for-sale financial assets, and other current assets of RMB339.1 million. Current liabilities of the Group amounted to RMB154.5

million, of which RMB62.2 million were trade payables and deferred revenue, and other current liabilities of RMB92.3 million. As at 31 December 2016, the current ratio (the current assets to current liabilities ratio) of the Group was 4.5 as compared with 5.3 as at 31 December 2015.

Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group does not have any bank borrowings and other debt financing obligations as at 31 December 2016 and the resulting gearing ratio is nil (2015: nil). The Group intends to finance the expansion, investments and business operations with internal resources.

12. ***Material Investments***

The Group did not have any material investments during the year ended 31 December 2016.

13. ***Material Acquisitions***

The Group did not have any material acquisitions during the year ended 31 December 2016.

14. ***Material Disposals***

The Group did not have any material disposals of subsidiaries or associated companies during the year ended 31 December 2016.

15. ***Pledge of Assets***

As at 31 December 2016, none of the Group's assets was pledged (2015: nil).

16. ***Contingent Liabilities***

The Group had no material contingent liabilities as at 31 December 2016 (2015: nil).

17. ***Foreign Exchange Exposure***

During the year ended 31 December 2016, 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 31 December 2016, the Group did not have significant foreign currency exposure from its operations.

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

As at 31 December 2016, the Group had 416 employees, 124 of which were responsible for game development and maintenance, 139 for game operation and offline events organization, 20 for TV shows and contents production, 81 for general administration and corporate management and 52 for game production. The total remuneration expenses, excluding share-based compensation expense, for the year ended 31 December 2016 were RMB115.8 million, representing a decrease of 9.9% as compared to the previous year.

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. Pursuant to the share option scheme adopted on 19 November 2014 (the "**Share Option Scheme**"), 12,840,000 share options were granted to the Directors and senior management of the Group during the year ended 31 December 2016.

Accordingly, the Group's share-based compensation expense for the year ended 31 December 2016 amounted to RMB42.7 million, representing a decrease of RMB5.2 million as compared with RMB47.9 million in 2015.

19. ***Events Occurred since the end of the year ended 31 December 2016***

On 9 February 2017, the Group announced the establishment of a new VIE structure by entering into the new VIE agreements with a senior management and Beijing Guangyao Hudong Technology Development Co., Ltd. ("**Beijing Guangyao**"), and Beijing Lianzhong entering into the asset transfer agreements with Beijing Guangyao, pursuant to which Beijing Lianzhong will transfer certain assets relating to the Group's eSports business to Beijing Guangyao. Beijing Guangyao will become a wholly-owned subsidiary of the Company and its financial results will be accounted for and consolidated in the accounts of the Group. Please refer to the announcement of the Company dated 9 February 2017 for further details.

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**").

Compliance with the Corporate Governance Code

During the year ended 31 December 2016, the Company has adopted and 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 deviations from (i) code provision A.1.1 which requires that board meetings should be held at least four times a year at quarterly intervals; and (ii) 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.

During the year ended 31 December 2016, only two regular Board meetings were held to review and discuss the annual and interim results. As business operations of the Company were under management and supervision of the executive Directors who had from time to time held meetings to resolve all material business or management issues, certain Board consents were obtained through the circulation of written resolutions.

Mr. Yang Eric Qing is the Chairman and Co-Chief Executive Officer of the Company. Mr. Yang Eric Qing 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 the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Yang Eric Qing), 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.

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 year ended 31 December 2016.

Audit Committee

The Company has established an audit committee (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 Mr. Cheung Chung Yan David (independent non-executive Director), Mr. Fan Tai (non-executive Director) and Mr. Ge Xuan (independent non-executive Director). Mr. Cheung Chung Yan David is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2016. 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.

Purchase, Sale or Redemption of the Company's Listed Securities

On 6 July 2016, the Company repurchased 512,000 shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under the repurchase mandate granted to the Directors at an aggregate consideration of approximately HK$1,484,000 (before expenses). The price per share or highest price paid is HK$3.03, and the lowest price paid is HK$2.74. The repurchased shares were subsequently cancelled on 10 August 2016.

Material Litigation

During the year ended 31 December 2016, 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.

Final Dividend

The Board does not recommend the payment of any final dividend to the Shareholders for the year ended 31 December 2016 (2015: nil).

Annual General Meeting

The annual general meeting ("**AGM**") of the Company will be held in the Conference Room, 16th Floor, Tower B, Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China on 19 May 2017. A notice of the AGM will be issued and delivered to the Shareholders in due course.

For determining the right to attend and vote at the AGM to be held on 19 May 2017, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 May 2017.

Scope of work of the Auditors

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited (the "**Auditors**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditors on the preliminary announcement.

ANNUAL RESULTS

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	**2016** **RMB'000**	2015 *RMB'000*
Revenue	*3*	**871,148**	769,625
Cost of revenue		**(409,197)**	(310,189)
Gross profit		**461,951**	459,436
Other income	*4*	**84,964**	24,978
Selling and marketing expenses		**(181,571)**	(141,258)
Administrative expenses		**(135,613)**	(103,612)
Share-based compensation expense		**(42,746)**	(47,915)
Research and development expenses		**(39,983)**	(50,589)
Finance costs	*5*	**—**	(663)
Share of loss of associates		**(503)**	(1,232)
Profit before income tax		**146,499**	139,145
Income tax expense	*6*	**(7,123)**	(27,086)
Profit for the year	*5*	**139,376**	112,059
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		**17,030**	14,194
Total comprehensive income for the year		**156,406**	126,253
Profit/(Loss) for the year attributable to:			
Equity holders of the Company		**148,669**	114,351
Non-controlling interests		**(9,293)**	(2,292)
		139,376	112,059

	Notes	2016 RMB'000	2015 RMB'000
Total comprehensive income/(loss) for the year attributable to:			
Equity holders of the Company		**165,668**	128,545
Non-controlling interests		**(9,262)**	(2,292)
		156,406	126,253
Earnings per share attributable to equity holders of the Company			
(expressed in RMB cents per share)			
Basic	*8*	**18.89**	14.57
Diluted	*8*	**17.98**	13.69

Consolidated Statement of Financial Position
As at 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**61,564**	56,573
Intangible assets	*9*	**315,857**	234,577
Goodwill		**104,050**	97,412
Available-for-sale financial assets		**110,759**	63,453
Interest in associates		**75,894**	13,768
Loans to third parties	*10*	**52,576**	42,990
Other non-current receivable	*13*	**13,759**	29,895
Deferred tax assets		**1,726**	583
		736,185	539,251
Current assets			
Inventories		**1,248**	1,928
Trade and other receivables	*11*	**312,565**	278,856
Current portion of other non-current receivable	*13*	**25,285**	3,241
Available-for-sale financial assets		**70,000**	20,000
Bank balances and cash		**283,598**	348,669
		692,696	652,694
Current liabilities			
Trade and other payables	*12*	**94,450**	71,536
Current portion of other non-current payable	*13*	**25,285**	3,241
Deferred revenue		**21,734**	30,060
Income tax liabilities		**13,029**	19,309
		154,498	124,146
Net current assets		**538,198**	528,548
Total assets less current liabilities		**1,274,383**	1,067,799

	Notes	2016 RMB'000	2015 RMB'000
Non-current liabilities			
Other non-current payable	*13*	**13,759**	29,895
Deferred tax liabilities		**6,078**	10,637
		19,837	40,532
Net assets		**1,254,546**	1,027,267
EQUITY			
Share capital	*14*	**240**	240
Reserves		**1,234,198**	1,019,758
Equity attributable to equity holders of the Company		**1,234,438**	1,019,998
Non-controlling interests		**20,108**	7,269
Total equity		**1,254,546**	1,027,267

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Equity attributable to equity holders of the Company									
	Share capital *RMB'000*	Share premium *RMB'000*	Statutory reserve *RMB'000*	Translation reserve *RMB'000*	Share option reserve *RMB'000*	Other reserve *RMB'000*	Accumulated profits *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2015	238	620,618	18,883	(3,379)	25,233	101,027	127,206	889,826	90	889,916
Total comprehensive income/ (loss) for the year										
Profit/(Loss) for the year	—	—	—	—	—	—	114,351	114,351	(2,292)	112,059
Other comprehensive income for the year										
Currency translation differences	—	—	—	14,194	—	—	—	14,194	—	14,194
	—	—	—	14,194	—	—	114,351	128,545	(2,292)	126,253
Transactions with owners										
Change in functional currency	1	(3,414)	—	3,379	(110)	—	144	—	—	—
Share-based compensation	—	—	—	—	44,252	3,663	—	47,915	—	47,915
Exercise of share options *(Note 14(ii))*	1	7,792	—	—	(3,808)	—	—	3,985	—	3,985
Transfer upon forfeiture of share options	—	—	—	—	(26)	(878)	904	—	—	—
Appropriation to statutory reserve	—	—	13,625	—	—	—	(13,625)	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	9,471	9,471
Dividends paid *(Note 7)*	—	(50,273)	—	—	—	—	—	(50,273)	—	(50,273)
Total transactions with owners	2	(45,895)	13,625	3,379	40,308	2,785	(12,577)	1,627	9,471	11,098
Balance at 31 December 2015	240	574,723	32,508	14,194	65,541	103,812	228,980	1,019,998	7,269	1,027,267

	Equity attributable to equity holders of the Company									
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Other reserve RMB'000	Accumulated profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2016	240	574,723	32,508	14,194	65,541	103,812	228,980	1,019,998	7,269	1,027,267
Total comprehensive income/(loss) for the year										
Profit/(Loss) for the year	—	—	—	—	—	—	148,669	148,669	(9,293)	139,376
Other comprehensive income for the year										
Currency translation differences	—	—	—	16,999	—	—	—	16,999	31	17,030
	—	—	—	16,999	—	—	148,669	165,668	(9,262)	156,406
Transactions with owners										
Share-based compensation	—	—	—	—	41,049	1,697	—	42,746	—	42,746
Exercise of share options *(Note 14(ii))*	—	1,216	—	—	(257)	—	—	959	—	959
Transfer upon forfeiture of share options	—	—	—	—	(561)	(67)	628	—	—	—
Share repurchased and cancelled *(Note 14(i))*	—	(1,278)	—	—	—	—	—	(1,278)	—	(1,278)
Appropriation to statutory reserve	—	—	5,448	—	—	—	(5,448)	—	—	—
Capital contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	15,000	15,000
Deemed acquisition of non-controlling interest	—	—	—	—	—	(1,272)	—	(1,272)	1,272	—
Disposal of partial interest in subsidiaries without losing control *(Note 16(a))*	—	—	—	—	—	7,617	—	7,617	5,283	12,900
Disposal of non-controlling interest relating to a subsidiary disposal *(Note 16(a))*	—	—	—	—	—	—	—	—	546	546
Total transactions with owners	—	(62)	5,448	—	40,231	7,975	(4,820)	48,772	22,101	70,873
Balance at 31 December 2016	240	574,661	37,956	31,193	105,772	111,787	372,829	1,234,438	20,108	1,254,546

Consolidated Statement of Cash Flows
For the year ended 31 December 2016

	2016	2015
	RMB'000	*RMB'000*
Cash flows from operating activities		
Profit before income tax	**146,499**	139,145
Adjustments for:		
Depreciation of property, plant and equipment	**25,077**	13,377
Amortisation of intangible assets	**73,623**	36,787
Interest expense	**—**	663
Bank interest income	**(6,927)**	(19,962)
Interest income from loans to third parties	**(5,128)**	(2,990)
Impairment loss on trade receivables	**7,244**	151
Provision for impairment of interest in an associate	**4,227**	—
(Gain)/Loss on disposal of property, plant and equipment	**(25)**	15
Gain on disposal of subsidiaries	**(4,541)**	—
Gain on disposal of available-for-sale financial assets	**(53,024)**	—
Gain on deemed disposal of partial interest in an associate	**(10,349)**	—
Share of loss of associates	**503**	1,232
Share-based compensation expense	**42,746**	47,915
Operating profit before working capital changes	**219,925**	216,333
Decrease/(Increase) in inventories	**443**	(70)
Increase in trade and other receivables	**(67,265)**	(137,235)
Increase in trade and other payables	**9,003**	12,253
Decrease in deferred revenue	**(7,907)**	(215)
Cash generated from operations	**154,199**	91,066
Interest received	**10,823**	20,125
Income tax paid	**(19,608)**	(21,411)
Net cash from operating activities	**145,414**	89,780

	Notes	**2016**	2015
		RMB'000	*RMB'000*
Cash flows from investing activities			
Placement of time deposit with maturity over three months		**(200,423)**	(193,057)
Withdrawal of time deposit with maturity over three months		**393,480**	351,636
Purchase of property, plant and equipment		**(33,391)**	(49,075)
Proceeds from disposal of property, plant and equipment		**379**	274
Purchase of intangible assets		**(39,555)**	(40,184)
Addition in development costs through internal development		**(42,064)**	(27,894)
Acquisition of subsidiaries, net of cash acquired		**(28,468)**	(213,805)
Net outflows from disposal of subsidiaries	*16*	**(549)**	—
Investments in associates		**(54,845)**	(7,455)
Purchase of available-for-sale financial assets		**(162,235)**	(61,881)
Proceeds from disposal of available-for-sale financial assets		**117,800**	25,000
Loan granted to a related party		**—**	(8,217)
Repayment in loan to a related party		**8,217**	—
Addition of loans granted to third parties		**(6,100)**	(40,000)
Repayment in loans to third parties		**1,642**	—
Net cash used in investing activities		**(46,112)**	(264,658)
Cash flows from financing activities			
Dividends paid		**—**	(50,273)
Interest paid		**—**	(663)
Proceeds from short-term bank borrowings		**—**	145,910
Repayment of short-term bank borrowings		**—**	(145,910)
Proceeds from issuance of shares upon exercise of share options		**959**	3,985
Payment for repurchase of shares	*14*	**(1,278)**	—
Capital contribution from non-controlling shareholders		**15,000**	9,471
Proceeds on disposal of partial interests in subsidiaries		**12,900**	—
Net cash from/(used in) financing activities		**27,581**	(37,480)
Net increase/(decrease) in cash and cash equivalents		**126,883**	(212,358)
Cash and cash equivalents at beginning of year		**155,612**	367,343
Effect of foreign exchange rate changes on cash and cash equivalents held		**1,103**	627
Cash and cash equivalents at end of year		**283,598**	155,612

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

1. GENERAL INFORMATION

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 address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman KY1-1104, 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 "Group's Game Business") in the People's Republic of China (the "PRC"). The Group's Game Business has expanded outside PRC, primarily in the United States (the "US") and Gibraltar, upon completion of the acquisition of Peerless Media Limited ("Peerless") in 2015.

At 31 December 2015 and up to 5 February 2016, the directors consider the ultimate controlling party of the Company to be Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri and Ms. Long Qi (collectively, the "Founding Shareholders") through their respective wholly-owned companies, namely Elite Vessels Limited, Sonic Force Limited, Blink Milestones Limited ("Blink Milestones"), Prosper Macrocosm Limited and Golden Liberator Limited (the "Shareholders' Companies"). On 5 February 2016, the Founding Shareholders sold 23.78% of the issued share capital of the Company to Glassy Mind Holdings Limited (the "Share Transfer"). Upon the completion of the Share Transfer, the Founding Shareholders ceased to have control over the Company.

The Group's Game Business in PRC was carried out by Beijing Lianzhong Co., Ltd. (北京聯眾互動網絡股份有限公司, "Lianzhong") and its subsidiaries (collectively the "Lianzhong Group") which were under the control of the Founding Shareholders prior to the Share Transfer. Pursuant to the applicable PRC laws and regulations, foreign investors are prohibited from holding equity interest in an entity conducting online game business and are restricted to conduct value-added telecommunications services. In order to enable investments be made into the Group's Game Business, the Company established a subsidiary, Beijing Lianzhong Garden Network Technology Co., Ltd (北京聯眾家園網絡科技有限責任公司, "WFOE"), which is a wholly foreign owned enterprise incorporated in the PRC. In 2014, WFOE has entered into a series of contractual arrangements (the "Contractual Arrangements") with Lianzhong and their respective equity holders, which enable WFOE and the Group to:

— exercise effective financial and operational control over Lianzhong;

— exercise equity holders' voting rights of Lianzhong;

— receive substantially all of the economic interest returns generated by Lianzhong and its subsidiaries in consideration for the business support, technical and consulting services provided by WFOE, at WFOE's discretion;

— obtain an irrevocable and exclusive right to purchase all or part of equity interest in and/or assets of Lianzhong from the respective equity holders at a minimum purchase price permitted under the PRC laws and regulations. WFOE may exercise such options at any time until it has acquired all equity interests and/or all assets of Lianzhong;

— obtain a pledge over the entire equity interest of Lianzhong from their respective equity holders as collateral security for all of Lianzhong's payments due to WFOE and to secure performance of Lianzhong's obligations under the Contractual Arrangements.

The details of the Contractual Arrangements are set out in the prospectus issued by the Company dated 18 June 2014 (the "Prospectus").

The Group does not have any equity interest in Lianzhong and its subsidiaries. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Lianzhong and has the ability to affect those returns through its power over Lianzhong and is considered to control Lianzhong and hence the Lianzhong Group. Consequently, the Company regards the Lianzhong Group as consolidated structured entities under International Financial Reporting Standards ("IFRSs"). The Group has consolidated the financial position and results of the Lianzhong Group in the consolidated financial statements.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over the Lianzhong Group and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Lianzhong Group. The directors of the Company, based on the advice of its legal counsel, consider that the Contractual Arrangements are in compliance with relevant PRC laws and regulations and are legally enforceable.

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with applicable IFRSs. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and the contingent consideration payable which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group.

New and amended standards adopted by the Group

The Group has applied the following amendments to IFRSs, which have become effective for the accounting period beginning on 1 January 2016 and relevant to the Group:

Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 cycle
Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 27 (2011)	Equity Method in Separate Financial Statements

The adoption had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

New and amended standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations have been issued but have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments'

IFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact. After that date, the new rules must be adopted in their entirety. The group does not intend to adopt IFRS 9 before its mandatory date.

IFRS 15, 'Revenue from contracts with customers'

IFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction contracts" and related interpretations. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

IFRS 16, 'Leases'

IFRS 16, "Leases" provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements. IFRS 16 will supersede IAS 17 "Leases" and the related interpretations when it becomes effective. The Group is a lessee of various servers, lines, offices and residential properties, which are currently classified as operating leases. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to recognise certain leases outside of the statement of financial position. Instead, all non-current leases must be recognised in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated statement of financial position. Short-term leases of less than twelve months and leases of low value assets are exempt from the reporting obligation. The new standard will therefore result in an increase in property, plant and equipment and an increase in financial liabilities in the consolidated statement of financial position. In the income statement, leases will be recognised in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expense under otherwise identical circumstances will decrease, while depreciation and amortisation and the interest expense will increase. The new standard is not expected to apply until the financial year 2019, including the adjustment of prior years.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

3. REVENUE

The Group's principal activities are disclosed in Note 1. The Group's revenue from external customers recognised during the year is as follows:

	2016	2015
	RMB'000	*RMB'000*
PC games	**386,388**	345,967
Mobile games	**377,049**	349,519
Others *(note)*	**107,711**	74,139
	871,148	769,625

Note: Others mainly represent miscellaneous revenue derived from game tournaments organised by the Group, which includes sponsorship income received.

4. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Other revenue		
Bank interest income	**6,927**	19,962
Gain on deemed disposal of partial interest in an associate	**10,349**	—
Gain on disposal of available-for-sale financial assets	**53,024**	—
Gain on disposal of subsidiaries *(Note 16)*	**4,541**	—
Interest income from loans to third parties	**5,128**	2,990
	79,969	22,952
Other net income		
Subsidy income from government *(note)*	**3,875**	1,781
Sundry income	**1,120**	245
	4,995	2,026
	84,964	24,978

Note: Subsidy income mainly relates to cash subsidies in respect of operating and development activities from governments which are either unconditional grants or grants with conditions having been satisfied.

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2016	2015
	RMB'000	*RMB'000*
Finance costs		
Interest charges on bank borrowings	**—**	663
Employee benefit expenses		
Salaries, bonus and allowances	**98,110**	110,473
Retirement benefit scheme contributions	**12,426**	15,321
Severance payments	**5,286**	2,689
Share-based compensation expense	**42,746**	47,915
	158,568	176,398
Other items		
Auditors' remuneration	**1,700**	1,837
Depreciation of property, plant and equipment	**25,077**	13,377
Amortisation of intangible assets	**73,623**	36,787
Impairment loss on trade receivables	**7,244**	151
Provision for impairment of interest in an associate	**4,227**	—
Net foreign exchange loss	**1,330**	5,760
Operating lease charges on office premises	**15,668**	15,027

6. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Current tax		
Current year	**26,140**	29,793
(Over)/Under-provision in respect of prior year	**(12,812)**	812
	13,328	30,605
Deferred tax		
Origination and reversal of temporary differences	**(6,399)**	(3,514)
Effect on deferred tax balances at 1 January 2016 and 2015 resulting from a change in tax rate	**194**	(5)
	(6,205)	(3,519)
Income tax expense	**7,123**	27,086

The difference between the actual income tax charge in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2016	2015
	RMB'000	*RMB'000*
Profit before income tax	**146,499**	139,145
Tax on profit before income tax, calculated at the statutory rates applicable to profits in the tax jurisdiction concerned	**36,837**	33,583
Tax effect on non-deductible expenses	**3,426**	6,255
Tax effect of deductible temporary differences not recognised	**—**	879
Tax effect on preferential income tax rates applicable to a subsidiary	**(25,429)**	(14,954)
Tax effect of unused tax losses not recognised	**5,173**	2,576
Effect on deferred tax balances at 1 January 2016 and 2015 resulting from a change in tax rate	**194**	(5)
(Over)/Under-provision in respect of prior year	**(12,812)**	812
Others	**(266)**	(2,060)
Income tax expense	**7,123**	27,086

Notes:

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) Hong Kong profits tax

Hong Kong profits tax rate is 16.5%. Hong Kong profits tax has not been provided as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 December 2016 and 2015.

(c) PRC enterprise income tax

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year based on the existing legislation, interpretations and practices in respect thereof. The applicable income tax rate is 25%.

Pursuant to the relevant laws and regulations in the PRC, Beijing Lianzhong Co., Ltd ("Beijing Lianzhong") has renewed and obtained its qualification as a High and New Technology Enterprise ("HNTE") in 2014 for the three-year period commencing from October 2014 and accordingly Beijing Lianzhong enjoyed a preferential income tax rate of 15% in 2015. In May 2016, Beijing Lianzhong was accredited as a "Key Software Enterprise within National Planning Layout" (國家規劃佈局內重點軟件企業) and accordingly, Beijing Lianzhong was retrospectively entitled to a preferential income tax rate of 10% from 2015 and will continue to enjoy this preferential income tax rate until it no longer meets the requirements of the qualification.

According to relevant laws and regulations in the PRC, enterprises engaging in research and development activities are entitled to claim 150% of the research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). Lianzhong has made its best estimate for the Super Deduction to be claimed in ascertaining their assessable profits for the years ended 31 December 2016 and 2015.

(d) US profits tax

Subsidiaries operating in the US are subject to US federal and state tax on its assessable profits. The applicable tax rate for federal tax is 34% whilst the tax rate for state tax of California, the principal place of business of the Company's major US subsidiaries is 8.84%. US profits tax has not been provided as the Group incurred a loss for taxation purposes for the years ended 31 December 2016 and 2015.

(e) Gibraltar profits tax

Gibraltar profits tax has been provided at the rate of 10% on the estimated assessable profits for the year ended 31 December 2015. Gibraltar profits tax has not been provided as the Group has no assessable profit in Gibraltar for the year ended 31 December 2016.

(f) PRC withholding tax

According to the relevant laws and regulations in the PRC, the Group is also liable to a 10% withholding tax on dividends to be distributed from the Group's foreign-invested enterprises in the PRC in respect of its profits generated from 1 January 2008. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

7. DIVIDENDS

During the year ended 31 December 2015, a final dividend for the year ended 31 December 2014 of RMB0.064 per share has been declared and approved by the shareholders at the annual general meeting of the Company. The 2014 final dividend was paid in Hong Kong dollars at HK$0.0812 per share, amounting to approximately RMB50,273,000.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2016.

8. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share for the year is calculated by dividing the profit attributable to equity holders of the Company of RMB148,669,000 (2015: RMB114,351,000) by the weighted average number of ordinary shares of 786,990,352 shares (2015: 784,949,124 shares) in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended 31 December 2016 and 2015, 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), but not on the share options granted in July 2015, January 2016, May 2016 and September 2016 under the 2014 Share Option Scheme which are considered as anti-dilutive as the average market price of the ordinary shares of the Company is less than the exercise price of these share options.

Diluted earnings per share for the year is calculated by dividing the profit attributable to equity holders of the Company of RMB148,669,000 (2015: RMB114,351,000) by the weighted average number of ordinary shares of 827,042,849 shares (2015: 835,461,634 shares) in issue during the year, calculated as follows:

	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	**786,990,352**	784,949,124
Adjustment for share option schemes	**40,052,497**	50,512,510
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**827,042,849**	835,461,634

9. INTANGIBLE ASSETS

	Computer software RMB'000	Game intellectual properties, trademark and licenses RMB'000	Brand name RMB'000	Programmes and film rights RMB'000	Unfinished contracts RMB'000	Development costs RMB'000	Customer relationships RMB'000	Total RMB'000
At 1 January 2015								
Cost	8,762	61,176	—	—	—	9,789	—	79,727
Accumulated amortisation and impairment losses	(3,778)	(28,007)	—	—	—	—	—	(31,785)
Net book amount	4,984	33,169	—	—	—	9,789	—	47,942
Year ended 31 December 2015								
Opening net book amount	4,984	33,169	—	—	—	9,789	—	47,942
Transfers	—	14,812	—	—	—	(14,812)	—	—
Additions	1,236	8,409	—	30,539	—	27,894	—	68,078
Acquisition of subsidiaries	376	—	93,303	25,266	28,166	—	—	147,111
Amortisation	(1,961)	(14,671)	(6,374)	(5,501)	(8,280)	—	—	(36,787)
Exchange difference	22	—	5,550	1,137	1,524	—	—	8,233
Closing net book amount	4,657	41,719	92,479	51,441	21,410	22,871	—	234,577
At 31 December 2015 and 1 January 2016								
Cost	10,397	84,397	99,093	57,092	29,914	22,871	—	303,764
Accumulated amortisation and impairment losses	(5,740)	(42,678)	(6,614)	(5,651)	(8,504)	—	—	(69,187)
Net book amount	4,657	41,719	92,479	51,441	21,410	22,871	—	234,577
Year ended 31 December 2016								
Opening net book amount	**4,657**	**41,719**	**92,479**	**51,441**	**21,410**	**22,871**	**—**	**234,577**
Transfers	**—**	**30,661**	**—**	**—**	**—**	**(30,661)**	**—**	**—**
Additions	**5,202**	**9,011**	**—**	**44,231**	**—**	**42,064**	**—**	**100,508**
Acquisition of a subsidiary *(Note 15)*	**—**	**—**	**—**	**—**	**—**	**—**	**47,357**	**47,357**
Disposal of subsidiaries *(Note 16)*	**—**	**(2,165)**	**—**	**—**	**—**	**(1,849)**	**—**	**(4,014)**
Amortisation	**(2,819)**	**(18,181)**	**(13,535)**	**(24,000)**	**(13,509)**	**—**	**(1,579)**	**(73,623)**
Exchange difference	**64**	**—**	**5,718**	**4,404**	**866**	**—**	**—**	**11,052**
Closing net book amount	**7,104**	**61,045**	**84,662**	**76,076**	**8,767**	**32,425**	**45,778**	**315,857**
At 31 December 2016								
Cost	**15,889**	**121,727**	**105,608**	**107,170**	**31,376**	**32,425**	**47,357**	**461,552**
Accumulated amortisation and impairment losses	**(8,785)**	**(60,682)**	**(20,946)**	**(31,094)**	**(22,609)**	**—**	**(1,579)**	**(145,695)**
Net book amount	**7,104**	**61,045**	**84,662**	**76,076**	**8,767**	**32,425**	**45,778**	**315,857**

10. LOANS TO THIRD PARTIES

The loans to third parties are interest-bearing at rates ranging from 12% to 18% (2015: 12%) per annum and repayable from 2018 to 2019. The loans are secured by unlisted equity interest in companies incorporated in the PRC. The carrying amount of the amounts due approximate its fair value.

11. TRADE AND OTHER RECEIVABLES

	Note	**2016** ***RMB'000***	2015 *RMB'000*
Trade receivables	*(a)*		
From third parties		**210,066**	165,235
Less: provision for impairment of trade receivables		**(10,133)**	(2,889)
		199,933	162,346
Other receivables			
Deposits, prepayments and other receivables		**93,917**	91,366
Advances to employees		**16,780**	12,376
Amounts due from associates		**2,780**	1,500
Loan to a related party		**—**	8,217
Interest receivables		**155**	4,051
		113,632	117,510
Less: provision for impairment of other receivables		**(1,000)**	(1,000)
		112,632	116,510
		312,565	278,856

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. Ageing analysis based on recognition date of the gross trade receivables at the reporting dates is as follows:

	2016	2015
	RMB'000	*RMB'000*
0–30 days	**71,345**	40,426
31–60 days	**15,136**	20,240
61–90 days	**18,666**	15,474
91–180 days	**54,331**	32,029
181–365 days	**35,950**	44,833
Over 1 year	**14,638**	12,233
	210,066	165,235

12. TRADE AND OTHER PAYABLES

		2016	2015
	Note	***RMB'000***	*RMB'000*
Trade payables			
To third parties		**38,715**	22,021
To an associate		**1,740**	258
	(a)	**40,455**	22,279
Other payables			
Receipts in advance		**177**	1,291
Other payables and accrued charges		**17,226**	25,901
Other tax liabilities		**4,151**	3,100
Staff costs and welfare accruals		**12,802**	18,202
Contingent consideration payable *(Note 15)*		**18,889**	—
Deferred income related to government grants		**750**	763
		53,995	49,257
		94,450	71,536

All amounts are short-term and hence the carrying values of trade and other payables as at 31 December 2016 and 2015 were considered to be a reasonable approximation of its fair value.

(a) Trade payables

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:

	2016	2015
	RMB'000	*RMB'000*
0–30 days	**18,270**	12,092
31–60 days	**9,138**	4,452
61–90 days	**7,869**	2,783
91–180 days	**2,294**	822
181–365 days	**1,105**	448
Over 1 year	**1,779**	1,682
	40,455	22,279

13. OTHER NON-CURRENT RECEIVABLE/PAYABLE

	2016	2015
	RMB'000	*RMB'000*
Non-current receivable		
Current portion	**25,285**	3,241
Non-current portion	**13,759**	29,895
	39,044	33,136
Non-current payable		
Current portion	**25,285**	3,241
Non-current portion	**13,759**	29,895
	39,044	33,136

In 2015, the Group has acquired the non-current receivable and payable through the acquisition of Peerless Group. Other non-current payable represents a contingent consideration payable to a third party by Peerless and a subsidiary of bwin.party digital entertainment plc ("bwin.party") for the then acquisition of the WPT brand in 2009 and subsequent buy-out in 2012 of the contingent revenue share element. Subject to certain conditions, including subsequent changes in legislation in the US, the maximum aggregate contingent consideration payable by Peerless and bwin.party's subsidiary amounted to US$6,500,000 (equivalent to approximately RMB42,208,000).

14. 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 of the Company:				
At 31 December 2015 and 2016		10,000,000,000	500	
Issued and fully paid:				
Ordinary shares:				
At 1 January 2015		784,000,000	39	238
Change in functional currency		—	—	1
Repurchased shares cancelled	*(i)*	(910,000)	—	—
Exercise of share option	*(ii)*	3,822,624	—	1
At 31 December 2015		786,912,624	39	240
Repurchased shares cancelled	*(i)*	(512,000)	—	—
Exercise of share option	*(ii)*	392,750	—	—
At 31 December 2016		**786,793,374**	**39**	**240**

Notes:

(i) Repurchase of shares

During the year ended 31 December 2016, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate consideration paid HK$'000	Equivalent aggregate consideration paid RMB'000
July 2016	512,000	3.03	2.74	1,484	1,278

The 512,000 shares and 910,000 shares repurchased in 2016 and 2014 were cancelled on 10 August 2016 and 19 January 2015, respectively.

(ii) **Exercise of share options**

During the year ended 31 December 2016, options were exercised to subscribe for 392,750 ordinary shares (2015: 3,822,624) of the Company at a consideration of RMB959,000 (2015: RMB3,985,000), of which RMB100 (2015: RMB1,000) was credited to share capital and the balance of RMB959,000 (2015: RMB3,984,000) was credited to the share premium account. As a result of the exercise of options, RMB257,000 (2015: RMB3,808,000) has been transferred from the share option reserve to the share premium account.

15. ACQUISITION OF A SUBSIDIARY

In November 2016, the Group acquired the entire share capital of Champion Light Holding Limited ("Champion Light") from an independent third party. The only identifiable asset of Champion Light is an intangible asset, which represents game players list. The transactions did not constitute a business combinations as defined in IFRS3 "Business Combinations" and therefore, the acquisition was accounted for as asset acquisition. The consideration for the acquisition consisted of an initial consideration of RMB28,468,000 and contingent consideration of RMB19,579,000, which settlement will be based on the post-acquisition performance of the intangible assets. The directors with assistance of a professional valuer, have determined the fair value of the contingent consideration amounting to RMB18,889,000 at the date of the acquisition. Accordingly, the aggregate amount of RMB47,357,000 was recorded as the initial cost of the intangible asset as "Customers relationship"(Note 9). As at 31 December 2016, the fair value change of the contingent consideration is considered to be immaterial to the financial statements.

16. DISPOSAL OF SUBSIDIARIES

(a) **Disposal of subsidiaries with loss of control**

In April 2016, the Group disposed of 52.0% interest in its wholly-owned subsidiary, Tianjin Zhongqi Weiye Sports Development Co., Ltd. ("Tianjin Zhongqi"), to certain third parties, resulting in a loss of control over Tianjin Zhongqi. Accordingly, the investment in Tianjin Zhongqi was reclassified as interest in an associate.

The assets and liabilities of Tianjin Zhongqi were deconsolidated from the Group's consolidated statement of financial position and the interest in Tianjin Zhongqi has been accounted for as an associate using equity method. The fair value of the 48.0% retained interest in Tianjin Zhongqi amounting to RMB1,662,000 at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Tianjin Zhongqi as an associate.

	RMB'000
Fair value of interest retained	1,662

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current assets	
Property, plant and equipment	2,459
Intangible assets	2,022
Current assets	
Inventories	208
Trade and other receivables	20,718
Bank balances	465
Current liabilities	
Trade and other payables	(22,409)
Net assets disposed of	3,463

	RMB'000
Consideration receivable	5,200
Fair value of retained interests	1,662
Net assets disposed of	(3,463)
Gain on disposal of a subsidiary	3,399

Net cash outflow arising on disposal of a subsidiary

	RMB'000
Consideration received *(note)*	—
Bank balances disposed of	(465)
	(465)

Note: The consideration receivable of RMB5,200,000 was included under other receivables.

In addition to the above disposal of a subsidiary, the Group has also disposed of entire interest in its subsidiary, Beijing Lianzhong Zhiyu Technology Co., Ltd. (北京聯眾智娛科技有限公司, "Beijing Lianzhong Zhiyu") to an associate of the Group, Beijing Shuimu Zhiyu Co., Ltd. (北京水木智娛有限公司, "Beijing Shuimu Zhiyu"), in December 2016.

The following summarises the assets and liabilities over which control was lost at the disposal date and cash outflow arising on disposal of a subsidiary:

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current assets	
Property, plant and equipment	24
Intangible assets	1,992
Current assets	
Trade and other receivables	78
Bank balances	84
Current liabilities	
Trade and other payables	(666)
Net assets disposed of	1,512

	RMB'000
Consideration receivable	3,200
Non-controlling interests	(546)
Net assets disposed of	(1,512)
Gain on disposal of a subsidiary	1,142

Net cash outflow arising on disposal of a subsidiary

	RMB'000
Consideration received *(note)*	—
Bank balances disposed of	(84)
	(84)

Note: The consideration receivable of RMB3,200,000 was offset against the investment cost payable to Beijing Shuimu Zhiyu.

(b) Disposal of a subsidiary without loss of control

During the year ended 31 December 2016, the Group disposed of 21.5% shareholding in Tianjin Allied Esports Internet Technology Co., Ltd. ("**Allied Esports**") to certain third parties without losing control over the subsidiary. As a result of the disposal, the Group's interest in Allied Esports was reduced to 48.5%. The difference of RMB7,617,000 between the consideration received of RMB12,900,000 and the amount of non-controlling interest adjusted of RMB5,283,000 was directly recognised in other reserve.

17. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2016:

(i) Subsequent to the year ended 31 December 2016, Beijing Lianzhong entered into a series contractual arrangements with Beijing Guangyao Hudong Technology Development Co., Ltd. ("**Beijing Guangyao**") and its sole shareholder to enable Beijing Lianzhong to exercise control over Beijing Guangyao. In addition, Beijing Lianzhong entered into a series of assets transfer agreements with Beijing Guangyao to transfer certain assets relating to the Beijing Lianzhong's eSports Business to Beijing Guangyao. Beijing Guangyao will be accounted for as a wholly-owned subsidiary of the Group and consolidated to the Group's consolidated financial statements. For details, please refer to the Company's announcement dated 9 February 2017.

(ii) On 10 March 2017, Beijing Lianzhong, Changxing Huixin Jiachuang, the subsidiary of a substantial shareholder of the Company and other third parties (collectively the "**Parties**") have entered into an limited partnership agreement, pursuant to which the Parties agreed to be limited partners of Tongxiang Juli Fengyuan Equity Investment Fund Management Partnership (LLP) ("**Tongxiang Juli Fengyuan**"). Beijing Lianzhong has agreed to invest RMB20,000,000 to Tongxiang Juli Fengyuan. Details of the investment have been disclosed in the Company's announcement dated 10 March 2017.

(iii) On 24 March 2017, the Group, as the tenant, entered into an initial term 5-year lease agreement with Ramparts, Inc., an independent third parties, to lease a premise in US with a minimum annual rent of US$1,500,000 (equivalent to RMB10,333,000), details of which have been disclosed in the Company's announcement dated 24 March 2017.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the website of the Stock Exchange at *www.hkexnews.hk* and the website of the Company at *www.ourgame.com* and *www.lianzhong.com*. The annual report of the Group for the year ended 31 December 2016 will be published on the aforesaid websites and will be dispatched to the Shareholders on or before 30 April 2017.

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

Hong Kong, 27 March 2017

As at the date of this announcement, the executive Directors are Mr. YANG Eric Qing and Mr. NG Kwok Leung Frank; the non-executive Directors are Mr. LIU Jiang, Mr. HUA Guanfa, 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*