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OURGAME INTERNATIONAL HOLDINGS LIMITED
聯 眾 國 際 控 股 有 限 公 司*

(a company incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017 RESIGNATION AND APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND BOARD COMMITTEE MEMBERS

FINANCIAL HIGHLIGHTS

	Year ended 31 December			**Three months ended**		
	2017	2016	Changes	**31 December 2017**	30 September 2017	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Audited)	(Audited)		**(Unaudited)**	(Unaudited)	
Revenue	**617,025**	871,148	–29.2%	**202,459**	142,253	+42.3%
PC games revenue	**267,985**	386,388	–30.6%	**80,357**	65,706	+22.3%
Mobile games revenue	**260,824**	377,049	–30.8%	**75,756**	64,975	+16.6%
Others	**88,216**	107,711	–18.1%	**46,346**	11,572	+300.5%
(Loss)/Profit attributable to equity holders of the Company	**(23,996)**	148,669	N/A	**49,515**	(5,087)	N/A
Non-IFRS adjusted net (Loss)/profit*	**(18,027)**	182,122	N/A	**44,391**	(2,079)	N/A
Attributable to equity holders of the Company	**933**	191,415	–99.5%	**55,930**	(240)	N/A
Attributable to non-controlling interests	**(18,960)**	(9,293)	+104.0%	**(11,539)**	(1,839)	+527.5%

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

REVENUE BY GEOGRAPHICAL AREAS

	Year ended 31 December			Three months ended		
				31 December	30 September	
	2017	2016	Changes	**2017**	2017	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Audited)	(Audited)		**(Unaudited)**	(Unaudited)	
PRC[(1)]	**533,269**	743,689	–28.3%	**180,535**	122,656	+47.2%
Outside the PRC[(2)]	**83,756**	127,459	–34.3%	**21,924**	19,597	+11.9%
Total revenue	**617,025**	871,148	–29.2%	**202,459**	142,253	+42.3%

(1) For the purpose of this 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 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 as well as 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		
	2017	2016	Changes	**31 December 2017**	30 September 2017	Changes
	RMB'000	*RMB'000*		***RMB'000***	*RMB'000*	
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
Games revenue						
Self-developed games						
— Texas Hold'em	**194,880**	286,244	–31.9%	**63,420**	46,820	+35.5%
— Mahjong	**121,170**	161,311	–24.9%	**33,099**	30,197	+9.6%
— Fight the Landlord	**187,093**	269,522	–30.6%	**50,388**	47,780	+5.5%
— Other self-developed games	**23,579**	33,754	–30.1%	**8,021**	5,593	+43.4%
Self-developed games total	**526,722**	750,831	–29.8%	**154,928**	130,390	+18.8%
Others	**2,087**	12,606	–83.4%	**1,185**	291	+307.2%
Total games revenue	**528,809**	763,437	–30.7%	**156,113**	130,681	+19.5%
Non-games revenue(3)	**88,216**	107,711	–18.1%	**46,346**	11,572	+300.5%
Total revenue	**617,025**	871,148	–29.2%	**202,459**	142,253	+42.3%

(3) Non-games revenue mainly consists of miscellaneous revenue derived from tournaments and events organised by the Group, which includes sponsorship and advertising income received.

OPERATIONAL HIGHLIGHTS

	Year ended 31 December			Three months ended		
	2017	2016	Changes	**31 December 2017**	30 September 2017	Changes
	(Unaudited)	(Unaudited)		**(Unaudited)**	(Unaudited)	
MAUs (in thousands):						
Self-developed games						
— Texas Hold'em	**578**	822	–29.7%	**709**	569	+24.6%
— Mahjong	**3,911**	5,607	–30.2%	**4,135**	3,966	+4.3%
— Fight the Landlord	**13,846**	18,200	–23.9%	**14,287**	13,956	+2.4%
— Other self-developed games	**3,401**	4,983	–31.7%	**3,691**	3,391	+8.8%
Total	**21,736**	29,612	–26.6%	**22,822**	21,882	+4.3%
MPUs (in thousands):						
Self-developed games	**1,427**	1,879	–24.1%	**1,579**	1,453	+8.7%
ARPPU (in RMB):						
Self-developed games	**31**	33	–6.1%	**33**	30	+10.0%

BUSINESS REVIEW

The board (the "**Board**") of directors (the "**Directors**") of Ourgame International Holdings Limited (the "**Company**" or "**Ourgame**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017. The annual results have been reviewed by the Company's audit committee.

The revenue of the Group decreased by 29.2% to RMB617.025 million for the year ended 31 December 2017. The non-IFRS adjusted net profit decreased to a loss of RMB18.027 million for the year ended 31 December 2017. For the three months ended 31 December 2017, the non-IFRS adjusted net profit improved more than 22 times over the three months ended 30 September 2017 to RMB44.391 million.

2017 has been one of the most challenging years for the Company in recent years. We encountered at the same time intensified competition and challenges in our China domestic card and board games business, both from intense competition from new apps that provide online game room cards (開房卡) function, as well as adverse payment policy changes in the Company's main mobile carrier payment partners. The negative impact on both our PC and mobile China domestic card and board game businesses, particularly in the beginning of the year, has consequently caused a fairly substantial downturn on revenue and profitability of the Company.

We addressed the challenges head-on and took the challenges as an opportunity to revamp and transform our China domestic card and board games businesses. For our mobile games payment channels, the Company has made significant efforts to completely revamp most of our mobile products to move from mobile carrier payments to 3rd party payment channels such as WeChat and Alipay by the end of 2017, which made our mobile payment solutions much more stable and cost effective. For both our PC and mobile China domestic card and board game products, we have introduced a number of new games features and have significantly expanded our online/offline tournaments offerings to attract and retain users to our platform. We have also been actively streamlining and optimizing our cost structure to drive efficiency and savings. These efforts take time and resources but we believe these measures are working and have started to reflect in our quarter to quarter business results over the year.

While we were addressing the challenges in our China domestic card and board games business, we continued to invest in and progress on the Company's e-Sports, WPT and mind sports businesses.

2017 has been a year of rapid progress for our eSports subsidiary, Tianjin Allied eSports Technology Internet Co., Ltd. ("**AES**"), both domestically and globally. 2017 witnessed the opening of the Shenzhen eSports Arena which is AES's flagship arena in Southern China. Globally, AES entered into an agreement with MGM Group to open its global flagship arena at the MGM Luxor Casino and Hotel which is scheduled to open in the first quarter of 2018 with MGM as its partner to provide substantial marketing and other supports. With the introduction of this flagship arena, together with AES's other US and European properties, AES will achieve critical mass in creating its global arena network that will serve as the foundation to accelerate the building of its own unique global tournaments and other critical IPs and assets. AES also made significant progress in building its own branded IP tournaments as well as establishing further partnerships. AES continued to hold highly successful branded tournaments with record player participation and viewership including its Legend Series — CS:Go tournament in Europe, Super Star Series — Hearthstone in Europe, Overwatch Open Division tournaments in China, Fight Series in the US and other tournaments. AES has established itself as a first mover in the global eSports industry and laid the foundation for further growth.

2017 has also been a year of transformation for our WPT business. WPT continued to expand its geographic reach by entering into the Brazil, India and Japan markets for the first time in its history with highly successful tournaments. WPT's TV viewership is at its all-time high with its TV programs reaching more than 140 million households worldwide in 2017. Expanded geographic reach and TV viewership continued to add value to WPT's brand and is reflected in WPT's expanding sponsorships and licensing partners with a A-list line-up of sponsors such as Hublot Watch, Dr. Pepper and JetSmarter.

The Group's mind sports business managed by Tianjin Zhongqi Weiye Sports Development Co. Ltd. ("**Zhongqi**") made significant progress by continuing to expand its approved mind sports titles and achieved profitability in 2017. In the fourth quarter of 2017, People's Daily Online (人民網) affiliated fund became Zhongqi's new strategic investor by taking a 5% stake in Zhongqi which will bring further synergy in the company's future growth.

In 2017, the Company announced and subsequently completed separate share placement agreements with key management members and two significant shareholders. The key management members of the Company, Mr. Eric Yang, Chairman of the Board, Mr. Frank Ng, co-chief executive officer of the Company, Mr. Zhang Peng, president of the Group, have subscribed 89,189,189 shares of the Company. This demonstrated the management team's confidence in the Company's future and will provide additional cash for the Company's development.

Future Prospects

We will continue to invest in and strengthen our card and board game business. Besides continuing to expand the Company's own games offerings, we will be actively looking for acquisition opportunities to complement and expand our games portfolio.

With its Las Vegas flagship arena and other properties coming online and putting into operation, 2018 will be the year AES starts to generate meaningful revenue. Based on AES's global property network, we will focus on developing breakthrough contents on top of AES's global property network and tournament IP.

We will be leveraging on WPT's global brand equity to expand into more geographies and forge more partnerships to further optimize our business.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. ***Overview***

In 2017, loss attributable to equity holders of the Company amounted to RMB24.0 million, as compared with profit attributable to equity holders of the Company of RMB148.7 million in 2016. Non-IFRS adjusted net profit* attributable to equity holders of the Company amounted to RMB0.9 million in 2017, as compared with non-IFRS adjusted net profit* of RMB191.4 million in 2016.

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

2. ***Revenue***

In 2017, revenue of the Group amounted to RMB617.0 million, representing a decrease of RMB254.1 million or 29.2% as compared with RMB871.1 million in 2016. The decrease was due to unexpected changes in our market environment as mentioned above.

In 2017, revenue from PC games amounted to RMB268.0 million, representing a decrease of RMB118.4 million or 30.6% as compared with RMB386.4 million in 2016. Mobile games revenue decreased by 30.8% from RMB377.0 million for the year ended 31 December 2016 to RMB260.8 million for the year ended 31 December 2017. Other revenue amounted to RMB88.2 million in 2017, representing a decrease of RMB19.5 million or 18.1% as compared with RMB107.7 million in 2016.

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

In 2017, cost of revenue of the Group amounted to RMB288.0 million, representing a decrease of RMB121.2 million or 29.6% as compared with RMB409.2 million in 2016. The resulting gross profit ratio increased to 53.3% in 2017 from 53.0% in 2016.

4. ***Other Income***

In 2017, other income of the Group amounted to RMB51.1 million, representing a decrease of RMB33.9 million or 39.9% as compared with RMB85.0 million in 2016. This was primarily due to the decrease in gain on disposal of available-for-sale financial assets.

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

In 2017, selling and marketing expenses of the Group amounted to RMB196.7 million, representing an increase of RMB15.1 million or 8.3% from RMB181.6 million in 2016. The increase in selling and marketing expenses for the year was mainly due to additional cost incurred for the increase in marketing activities.

6. ***Administrative Expenses***

In 2017, administrative expenses of the Group amounted to RMB149.5 million, representing an increase of RMB13.5 million or 10.2% compared with RMB135.6 million in 2016. The increase in administrative expenses for the year was mainly due to the early investments and expenses incurred in the ESports business.

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

In 2017, research and development expenses of the Group amounted to RMB38.3 million, representing a decrease of RMB1.7 million or 4.1% compared with RMB40.0 million in 2016. The decrease in research and development expenses for the year was mainly due to the increasing stability of our games and less expenses required for research and development.

8. ***(Loss)/Profit Attributable to Equity Holders of the Company***

In 2017, loss attributable to equity holders of the Company amounted to RMB24.0 million, as compared with profit attributable to equity holders of RMB148.7 million in 2016. The decrease was primarily due to a significant decrease in revenue and significant increase in selling and marketing and administrative expenses.

9. ***Non-IFRS Measure — Adjusted Net (Loss)/Profit***

To supplement this results announcement which is presented in accordance with the International Financial Reporting Standards ("**IFRS**"), we also use non-IFRS adjusted net (loss)/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 2017, non-IFRS adjusted net profit attributable to equity holders of the Company amounted to RMB0.9 million, as compared with non-IFRS adjusted net profit of RMB191.4 million in 2016. This was primarily due to a significant decrease in revenue and significant increase in selling and marketing and administrative expenses resulting from Esports business. Our non-IFRS adjusted net (loss)/profit attributable to equity holders of the Company for 2017 and 2016 were derived from (loss)/profit attributable to equity holders of the Company for the years excluding share of share-based compensation expense of RMB24.9 million (2016: RMB42.7 million).

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

10. ***Income Tax Expense***

In 2017, income tax expense of the Group amounted to RMB6.4 million, representing a decrease of RMB0.7 million or 10.7% as compared with RMB7.1 million in 2016.

11. *Liquidity and Source of Funding and Borrowing*

The Group's total bank balances and cash decreased by 12.8% to RMB247.4 million as at 31 December 2017 from RMB283.6 million as at 31 December 2016. The decrease in total bank balances and cash during the year primarily resulted from the cash payments for the acquisition of intangible assets and property, plant and equipment and investment activities during the year.

As at 31 December 2017, the current assets of the Group amounted to RMB775.7 million, including RMB267.4 million in bank balances and cash and available-for-sale financial assets, and other current assets of RMB508.3 million. The increase in trade and other receivables from RMB311.1 million as at 31 December 2016 to RMB402.4 million as at 31 December 2017 was mainly attributable to a receivable of RMB35,000,000 from the disposal of 5% of the equity interest in Zhongqi to Ningbo Meishan Bonded Port Area People's Network One Cultural Industry Equity Investment Partnership (L.P.), details are set out in the announcement issued by the Company dated 7 December 2017. Current liabilities of the Group amounted to RMB158.2 million, of which RMB53.8 million were trade payables and deferred revenue, and other current liabilities of RMB104.4 million. As at 31 December 2017, the current ratio (the current assets to current liabilities ratio) of the Group was 4.9 as compared with 4.5 as at 31 December 2016. 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 and other debt financing obligations as at 31 December 2017 and the resulting gearing ratio was nil (2016: nil).

12. *Material Investments*

The Group did not have any material investments during the year ended 31 December 2017.

13. *Available-for-sale Investments*

The Group makes available-for-sale investments 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 for acquisitions and also minimizing the investment risks of the Group, and (iii) surplus cash management. As at 31 December 2017, the Group's available-for-sale investments amounted to RMB174.3 million (2016: RMB180.8 million).

As at 31 December 2017, the Group's investments in unlisted available-for-sale equity investments amounted to RMB154.3 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") (including 共青城五疆星耀投資管理合夥企業(有限合夥) and Beijing Zhongchuang Yonglian Investment Management Centre (L.P.) 北京眾創永聯投資管理中心(有限合夥) etc.) 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	1,000	5%	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	6.54%	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)	23,000	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

Performance of unlisted available-for-sale equity investments for the year ended 31 December 2017 was within the Group's risks tolerance range without impairment. All these startup companies invested by the Group are in relatively early stage, and are mainly focusing on product development and launching. For the year ended 31 December 2017, no dividends have been paid from invested startup companies. It is expected that their own products and the synergistic effects with us could be seen in near future. Our Private Equity Funds were also actively seeking and providing funds for early stage companies in the Internet 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. During the year ended 31 December 2017, we also disposed of certain unlisted available-for-sale equity investments and realised a net gain of approximately RMB2 million. The Group's surplus cash management policy aims at ensuring that our surplus funds are managed prudently to provide a reasonable return within an acceptable risk profile. Investment in unlisted financial products consists of notes with fixed interest return at an annual rate ranging from 4% to 4.6%, which is managed by a third party investment entity. The principal amounts of the investments in unlisted financial products are guaranteed. The Group will continue to monitor its available-for-sale investments and manage its surplus funds 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 31 December 2017.

Movements of available-for-sale investments

The movements of available-for-sale investments for the year ended 31 December 2017 are set out below:

	Unlisted equity investments	**Unlisted financial products**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Balance as at 1 January 2017	110,759	70,000	180,759
Additions	54,290	20,000	74,290
Disposals	(4,000)	(70,000)	(74,000)
Transfer to interests in associates	(6,705)	—	(6,705)
Balance as at 31 December 2017	154,344	20,000	174,344

14. ***Material Acquisitions***

Except as disclosed in Note 12 to the consolidated financial statements in this announcement, the Group did not have any material acquisitions during the year ended 31 December 2017.

15. ***Material Disposals***

Except as disclosed in Note 13 to the consolidated financial statements in this announcement, the Group did not have any material disposals of subsidiaries or associated companies during the year ended 31 December 2017.

16. ***Pledge of Assets***

As at 31 December 2017, none of the Group's assets was pledged (2016: nil).

17. ***Contingent Liabilities***

The Group had no material contingent liabilities as at 31 December 2017 (2016: nil).

18. ***Foreign Exchange Exposure***

During the year ended 31 December 2017, the Group mainly operated in China and in the United States of America and the majority of its transactions were settled in RMB or USD, being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2017, the Group did not have significant foreign currency exposure from its operations.

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

As at 31 December 2017, the Group had 463 employees, 126 of which were responsible for game development and maintenance, 202 for game operation and offline events organization, 4 for TV shows and contents production, 87 for general administration and corporate management and 44 for game production. The total remuneration expenses, excluding share-based compensation expense, for the year ended 31 December 2017 were RMB105.1 million, representing a decrease of 9.3% 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 2014 Share Option Scheme, 1,440,000 share options were granted to the Directors and senior management of the Group during the year ended 31 December 2017. The Group's share-based compensation expense for the year ended 31 December 2017 amounted to RMB24.9 million, representing a decrease of RMB17.8 million as compared with RMB42.7 million in 2016.

20. ***Events Occurred since the end of the year ended 31 December 2017***

On 16 January 2018, the Group entered into share transfer agreements for the acquisition of 100% equity interests in each of Shenzhen Xunyou Internet Technology Co., Ltd. (深圳訊遊網絡科技有限公司), Nanjing Haoyun Meicheng Electronics Co., Ltd. (南京好運美成電子科技有限公司) and Xiamen Yiwantang Internet Technology Co., Ltd. (廈門億玩堂網絡科技有限公司) (the "**Acquisitions**"). Please refer to the announcements of the Company dated 16 January 2018, 30 January 2018 and 9 February 2018, for further details of the Acquisitions and completion. Please also refer to the section headed "Purchase, Sale or Redemption of the Company's Listed Securities" below for more other events occurred since the end of the year ended 31 December 2017.

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 2017, 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 as disclosed below.

Code provision A.1.1 stipulates that board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2017, the Board convened three meetings. 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.

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 2017.

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. During the year ended 31 December 2017, the Audit Committee comprised 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 was the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2017. 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

Issue of Shares pursuant to Conversion of Convertible Note

The Company issued and allotted 64,864,864 shares upon the exercise of conversion rights in respect of a principal amount of RMB104,076,322.636 (equivalent to HK$120 million) of the convertible notes on 28 December 2017. Further details of the issuance of the convertible note and the conversion shares are set out in the announcements of the Company dated 12 July 2017 and 28 December 2017 respectively.

Issue of Shares pursuant to Completion of Subscription Agreements

(a) *Management Subscription*

On 12 September 2017, the Company entered into a subscription agreement with Total Victory Global Limited, a company incorporated in the British Virgin Islands with limited liability and owned equally by Mr. Yang Eric Qing (co-chief executive officer and an executive Director of the Company, and chairman of the Board), Mr. Ng Kwok Leung Frank (an executive Director and co-chief executive officer of the Company) and Mr. Zhang Peng (president of the Group), for the subscription of 89,189,189 shares (the "**Management Subscription Shares**") at the subscription price of HK$1.85 per subscription share (the "**Management Subscription**").

(b) *Connected Subscription*

On 12 September 2017, the Company entered into a subscription agreement with Irena Group Co., Ltd., a company incorporated under the laws of the People's Republic of China with limited liability and a substantial shareholder of the Company, for the subscription of 64,690,848 shares (the "**Connected Subscription Shares**") at the subscription price of HK$1.85 per subscription share (the "**Connected Subscription**").

(c) *Independent Subscription*

On 12 September 2017, the Company entered into a subscription agreement with Noumena Innovations (BVI) LTD., a company incorporated in the British Virgin Islands with limited liability, for the subscription of 71,351,351 shares (the "**Independent Subscription Shares**") at the subscription price of HK$1.85 per subscription share (the "**Independent Subscription**").

(together, the "**Subscriptions**").

The gross proceeds from the Subscriptions amounted to approximately HK$416.7 million and the net proceeds raised from the Subscriptions was approximately HK$416.5 million. The proceeds will be used by the Company in accordance with the plan as disclosed in the circular issued by the Company on 13 October 2017.

The Independent Subscription was completed on 28 December 2017 and the Independent Subscription Shares were issued on 28 December 2017. The Management Subscription and Connected Subscription were completed on 4 January 2018 and the Management Subscription Shares and the Connected Subscription Shares were issued on 4 January 2018. Further details of the Subscriptions are set out in the circular of the Company dated 13 October 2017 and the announcements of the Company dated 28 December 2017 and 4 January 2018.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2017.

Material Litigation

During the year ended 31 December 2017, 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 2017 (2016: nil).

Annual General Meeting

The annual general meeting ("**AGM**") of the Company will be held on Wednesday, 23 May 2018. 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 23 May 2018, the register of members of the Company will be closed from Thursday, 17 May 2018 to Wednesday, 23 May 2018 (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 Wednesday, 16 May 2018.

Resignation of Independent Non-executive Director, Chairman of Audit Committee, Member of Remuneration Committee, Member of Nomination and Corporate Governance Committee and Member of Risk Management Committee

The Board announces that Mr. Cheung Chung Yan David ("**Mr. Cheung**") has tendered his resignation as an independent non-executive Director, chairman of the audit committee, member of the remuneration committee, member of the nomination and corporate governance committee and member of the risk management committee of the Company with effect from 27 March 2018 in order to devote more time to his other career and family commitments.

Mr. Cheung has confirmed that he has no disagreement with the Board and there is no matter in respect of his resignation that needs to be brought to the attention of the Shareholders or The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board would like to take this opportunity to express its gratitude to Mr. Cheung for his invaluable contribution to the Company during his tenure of office.

Appointment of Independent Non-executive Director

The Board is pleased to announce that Dr. Tyen Kan Hee Anthony ("**Dr. Tyen**") has been appointed as an independent non-executive Director, chairman of the audit committee, member of the remuneration committee, member of the nomination and corporate governance committee and member of the risk management committee of the Company with effect from 27 March 2018.

Dr. Tyen, aged 62, has over 40 years' experience in accounting, auditing and consultancy practice. In 1977, he joined Price Waterhouse, and then joined Klynveld Main Goerdeler and Morgan Bank. Dr. Tyen founded his own accounting and consulting firm in 1985. His firm then merged with Grant Thornton, a major international accounting firm in Hong Kong, in 1990. He was stationed in Beijing for seven years since then and was responsible for the development of the firm's China practice. From 2001 to 2003, he worked in a local bank and participated in the bank's mergers and acquisitions business. Since 2003, he has been working at his own accounting and consulting firm providing professional services for local and international companies.

Dr. Tyen holds a doctorate degree in Philosophy and a master degree in Business Administration, both from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administration and a member of the Chinese Institute of Certified Public Accountants.

Dr. Tyen is currently an independent non-executive director of Melco International Development Limited (Stock Exchange stock code: 200), Summit Ascent Holdings Limited (Stock Exchange stock code: 102) and China Baofeng (International) Limited (Stock Exchange stock code: 3966). He was previously an independent director of Alpha Peak Leisure Inc. (TSX stock code: AAP:Venture), a company listed on the TSX Venture Exchange Inc., an independent non-executive director of ASR Logistics Holdings Limited (now known as Beijing Sports and Entertainment Industry Group Limited) (Stock Exchange stock code: 1803), Value Convergence Holdings Limited (Stock Exchange stock code: 821), Recruit Holdings Limited and Cinderella Media Group Limited (now known as KK Culture Holdings Limited) (Stock Exchange stock code: 550), and an independent director of Entertainment Gaming Asia Inc. (Nasdaq: EGT), a company listed on the NASDAQ Capital Market.

Dr. Tyen has entered into a service agreement with the Company for a term of three years commencing from 27 March 2018 and he will be subject to retirement by rotation and re-election at least once every three years in accordance with the articles of association of the Company and the Code. According to the terms of Dr. Tyen's service agreement, Dr. Tyen is entitled to a fixed director's fee of HK$250,000 per annum.

Save as disclosed above, Dr. Tyen has confirmed that he does not hold (i) any other position with the Company or other members of the Group; (ii) any directorship in any other public companies with securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) any other major appointments and professional qualifications.

Save as disclosed above, Dr. Tyen has also confirmed that he does not have any other relationship with any Director, senior management or substantial shareholder or controlling shareholder of the Company, or any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, there is no other information that is required to be disclosed pursuant to any of the requirements under paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders or the Stock Exchange relating to Dr. Tyen's appointment.

The Board would like to express its warmest welcome to Dr. Tyen on his appointment.

Scope of work of the Auditor

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Company's auditor, Grant Thornton Hong Kong Limited (the "**Auditor**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Auditor 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 Auditor on the preliminary announcement.

ANNUAL RESULTS

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2017

	Notes	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*3*	**617,025**	871,148
Cost of revenue		**(287,972)**	(409,197)
Gross profit		**329,053**	461,951
Other income	*4*	**51,078**	84,964
Selling and marketing expenses		**(196,684)**	(181,571)
Administrative expenses		**(149,457)**	(135,613)
Share-based compensation expense		**(24,929)**	(42,746)
Research and development expenses		**(38,328)**	(39,983)
Finance costs		**(2,775)**	—
Share of losses of associates		**(4,554)**	(503)
(Loss)/Profit before income tax		**(36,596)**	146,499
Income tax expense	*6*	**(6,360)**	(7,123)
(Loss)/Profit for the year	*5*	**(42,956)**	139,376
Other comprehensive (loss)/income			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(4,377)**	17,030
Total comprehensive (loss)/income for the year		**(47,333)**	156,406

	Notes	**2017**	2016
		RMB'000	*RMB'000*
(Loss)/Profit for the year attributable to:			
Equity holders of the Company		**(23,996)**	148,669
Non-controlling interests		**(18,960)**	(9,293)
		(42,956)	139,376
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company		**(28,708)**	165,668
Non-controlling interests		**(18,625)**	(9,262)
		(47,333)	156,406
(Loss)/Earnings per share attributable to equity holders of the Company			
(expressed in RMB cents per share)			
Basic	*8*	**(3.04)**	18.89
Diluted	*8*	**(3.04)**	17.98

Consolidated statement of financial position
as at 31 December 2017

	Notes	2017 RMB'000	2016 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**90,533**	61,564
Intangible assets		**326,846**	315,857
Goodwill		**129,443**	104,050
Available-for-sale financial assets		**154,344**	110,759
Interests in associates		**102,915**	75,894
Loan to an associate		**21,979**	—
Loans to third parties		**14,430**	52,576
Other non-current receivable		**256**	13,759
Deferred tax assets		**1,726**	1,726
		842,472	736,185
Current assets			
Inventories		**1,235**	1,248
Trade and other receivables	*9*	**402,400**	311,065
Loans to associates		**7,132**	—
Loans to third parties		**58,735**	1,500
Current portion of other non-current receivable		**38,872**	25,285
Available-for-sale financial assets		**20,000**	70,000
Bank balances and cash		**247,366**	283,598
		775,740	692,696
Current liabilities			
Trade and other payables	*10*	**90,846**	94,450
Current portion of other non-current payable		**38,872**	25,285
Deferred revenue		**18,852**	21,734
Income tax liabilities		**9,675**	13,029
		158,245	154,498
Net current assets		**617,495**	538,198
Total assets less current liabilities		**1,459,967**	1,274,383

	Notes	**2017**	2016
		RMB'000	*RMB'000*
Non-current liabilities			
Other non-current payable		**256**	13,759
Deferred tax liabilities		**4,181**	6,078
		4,437	19,837
Net assets		**1,455,530**	1,254,546
EQUITY			
Share capital	*11*	**285**	240
Reserves		**1,444,971**	1,234,198
Equity attributable to equity holders of the Company		**1,445,256**	1,234,438
Non-controlling interests		**10,274**	20,108
Total equity		**1,455,530**	1,254,546

Notes to the consolidated financial statements
for the year ended 31 December 2017

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 "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.

The Online Games Business in the PRC is carried out by Beijing Lianzhong Co., Ltd. (北京聯眾互動網絡股份有限公司, "Beijing Lianzhong") and its subsidiaries (collectively the "Lianzhong Group") and the eSports Business is carried out by Beijing Guangyao Hudong Technology Development Co., Ltd. (北京光曜互動科技發展有限公司, "Beijing Guangyao") and its subsidiaries (collectively the "Guangyao Group").

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 restricted businesses, the Company established subsidiaries, Beijing Lianzhong Garden Network Technology Co., Ltd. (北京聯眾家園網絡科技有限責任公司, "WFOE 1") and Tianjin Lianhzhong Lequ Technology Development Co., Ltd. (天津聯眾樂趣科技發展有限公司, "WFOE 2") (together, the "WFOEs"), which are wholly foreign owned enterprises incorporated in the PRC. The WFOEs have entered into a series of contractual arrangements (the "Contractual Arrangements") with Beijing Lianzhong and Beijing Guangyao and their respective equity holders, which enable the WFOEs and the Group to:

— exercise effective financial and operational control over Beijing Lianzhong and Beijing Guangyao;

— exercise equity holders' voting rights of Beijing Lianzhong and Beijing Guangyao;

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

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

— obtain a pledge over the entire equity interest of Beijing Lianzhong and Beijing Guangyao from their respective equity holders as collateral security for all of Beijing Lianzhong and Beijing Guangyao's payments due to WFOEs and to secure performance of Beijing Lianzhong and Beijing Guangyao'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") and the announcement issued by the Company dated 9 February 2017.

The Group does not have any equity interest in Beijing Lianzhong and Beijing Guangyao and its subsidiaries. However, as a result of the Contractual Arrangements, the Group has rights to variable returns from its involvement with Beijing Lianzhong and Beijing Guangyao and has the ability to affect those returns through its power over Beijing Lianzhong and Beijing Guangyao and is considered to control Beijing Lianzhong and Beijing Guangyao and hence the Beijing Lianzhong and Beijing Guangyao Group. Consequently, the Company regards the Beijing Lianzhong and Beijing Guangyao Group as consolidated structured entities under International Financial Reporting Standards ("IFRSs"). The Group has consolidated the financial position and results of the Beijing Lianzhong and Beijing Guangyao 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 Beijing Lianzhong and Beijing Guangyao Group and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the Beijing Lianzhong and Beijing Guangyao 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 financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). 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.

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 2017 and relevant to the Group:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

New and amended standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, certain new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 40	Transfers of Investment Property[1]
IFRIC-Int 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRSs	Annual Improvements to IFRSs 2014–2016 Cycle[1]
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined

3. REVENUE

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

	2017	2016
	RMB'000	*RMB'000*
PC games	**267,985**	386,388
Mobile games	**260,824**	377,049
Others *(note)*	**88,216**	107,711
	617,025	871,148

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

4. OTHER INCOME

	2017	2016
	RMB'000	*RMB'000*
Other revenue		
Bank interest income	**2,746**	6,927
Gain on deemed disposal of partial interest in an associate	**—**	10,349
Gain on disposal of available-for-sale financial assets	**2,000**	53,024
Gain on disposal of subsidiaries	**—**	4,541
Gain on partial disposal of an associate	**27,632**	—
Gain on disposal of property, plant and equipment	**267**	—
Gain on disposal of intangible assets	**2,320**	—
Interest income from loans to third parties	**5,305**	5,128
Interest income from loans to associates	**326**	—
Change in fair value of contingent consideration payable	**6,873**	—
	47,469	79,969
Other net income		
Subsidy income from government *(note)*	**750**	3,875
Sundry income	**2,859**	1,120
	3,609	4,995
	51,078	84,964

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. (LOSS)/PROFIT FOR THE YEAR

(Loss)/Profit for the year has been arrived at after charging:

	2017	2016
	RMB'000	*RMB'000*
Finance costs		
Interest charges on Convertible Notes	**2,775**	—
Employee benefit expenses		
Salaries, bonus and allowances	**88,120**	98,110
Retirement benefit scheme contributions	**9,253**	12,426
Severance payments	**7,685**	5,286
Share-based compensation expense	**24,929**	42,746
	129,987	158,568
Other items		
Auditors' remuneration	**1,745**	1,700
Depreciation of property, plant and equipment	**31,680**	25,077
Amortisation of intangible assets	**116,578**	73,623
Impairment loss on trade receivables	**—**	7,244
Provision for impairment of interest in an associate	**—**	4,227
Net foreign exchange loss	**2,213**	1,330
Operating lease charges on office premises	**18,192**	15,668
Loss/(gain) on disposal of subsidiaries	**1,530**	(4,541)

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	*RMB'000*
Current tax		
The PRC		
Current year	**7,772**	26,140
Under/(Over)-provision in respect of prior year	**287**	(12,812)
	8,059	13,328
Deferred tax		
Origination and reversal of temporary differences	**(1,699)**	(6,399)
Effect on deferred tax balances resulting from a change in tax rate	**—**	194
	(1,699)	(6,205)
Income tax expense	**6,360**	7,123

7. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2017 and 2016.

8. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of RMB23,996,000 (2016: profit of RMB148,669,000) and on the weighted average number of 788,254,778 ordinary shares (2016: 786,990,352 ordinary shares) in issue during the year.

(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 year ended 31 December 2017, the Company has two categories of dilutive ordinary shares, being the share option schemes of the Company (Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme) and the Convertible Notes. The effects on the Convertible Notes before conversion and the share options during the year were anti-dilutive.

For the year ended 31 December 2016, 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.

Details of calculation of diluted (loss)/earnings per share are shown as follows:

	2017	2016
(Loss)/Profit attributable to equity holders of the Company for the year (RMB'000)	**(23,996)**	148,669
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**788,254,778**	786,990,352
Effect of dilutive potential shares on exercise of share options	**—**	40,052,497
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**788,254,778**	827,042,849
Diluted (loss)/earnings per share (RMB cents)	**(3.04)**	17.98

9. TRADE AND OTHER RECEIVABLES

	Notes	**2017**	2016
		RMB'000	*RMB'000*
Trade receivables	*(a)*		
From third parties		**215,356**	210,066
Less: provision for impairment of trade receivables		**(10,133)**	(10,133)
		205,223	199,933
Other receivables			
Deposits, prepayments and other receivables		**143,575**	92,417
Advances to employees		**25,872**	16,780
Amounts due from associates		**28,730**	2,780
Interest receivables		**—**	155
		198,177	112,132
Less: provision for impairment of other receivables		**(1,000)**	(1,000)
		197,177	111,132
		402,400	311,065

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:

	2017	2016
	RMB'000	*RMB'000*
0–30 days	**71,976**	71,345
31–60 days	**26,273**	15,136
61–90 days	**6,424**	18,666
91–180 days	**34,547**	54,331
181–365 days	**6,545**	35,950
Over 1 year	**69,591**	14,638
	215,356	210,066

10. TRADE AND OTHER PAYABLES

	Note	2017 RMB'000	2016 RMB'000
Trade payables			
To third parties		**33,404**	38,715
To an associate		**1,293**	1,740
	(a)	**34,697**	40,455
Other payables			
Receipts in advance		**231**	177
Other payables and accrued charges		**40,042**	17,226
Other tax liabilities		**4,873**	4,151
Staff costs and welfare accruals		**7,675**	12,802
Contingent consideration payable		**—**	18,889
Deferred income related to government grants		**—**	750
Contingent consideration payable for profit guarantee and further acquisition option in relation to Tianjing Zhongqui Weiye		**2,422**	—
Contingent consideration payable for profit guarantee in relation to Beijing Zhangzhong Qiji		**906**	—
		56,149	53,995
		90,864	94,450

All amounts are short-term and hence the carrying values of trade and other payables as at 31 December 2017 and 2016 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 credit terms granted are usually 30 – 90 days.

The ageing analysis of trade payables based on recognition date is as follows:

	2017 RMB'000	2016 RMB'000
0–30 days	**15,278**	18,270
31–60 days	**6,401**	9,138
61–90 days	**576**	7,869
91–180 days	**1,895**	2,294
181–365 days	**5,142**	1,105
Over 1 year	**4,112**	1,779
	33,404	40,455

11. 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 2016 and 2017		10,000,000,000	500	
Issued and fully paid:				
Ordinary shares:				
At 1 January 2016		786,912,624	39	240
Repurchased shares cancelled	*(i)*	(512,000)	—	—
Exercise of share options	*(ii)*	392,750	—	—
At 31 December 2016 and 1 January 2017		786,793,374	39	240
Exercise of share options	*(ii)*	130,000	1	—
Conversion of Convertible Notes into shares	*(iii)*	64,864,864	3	22
Issuance of new shares	*(iv)*	71,351,351	4	23
At 31 December 2017		**923,139,589**	**47**	**285**

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 repurchased in 2016 were cancelled on 10 August 2016.

(ii) Exercise of share options

During the year ended 31 December 2017, options were exercised to subscribe for 130,000 ordinary shares (2016: 392,750) of the Company at a consideration of approximately RMB314,000 (2016: RMB959,000), of which RMB31 (2016: RMB100) was credited to share capital and the balance of approximately RMB314,000 (2016: RMB959,000) was credited to the share premium account. As a result of the exercise of options, RMB91,000 (2016: RMB257,000) has been transferred from the share option reserve to the share premium account.

(iii) Conversion of Convertible Notes into shares

On 28 December 2017, 64,864,864 shares were issued upon conversion of the Convertible Notes.

(iv) Issuance of new shares

On 28 December 2017, the Company issued 71,351,351 ordinary shares to an independent subscriber, Noumena Innovations (BVI) LTD. at an issue price of HK$1.85 per share. The proceeds were approximately RMB110,526,000 (equivalent to HK$132,000,000). 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.

12. ACQUISITION OF A SUBSIDIARY

(a) On 11 October 2017, the Group acquired 100% of the issued share capital of 北京掌中奇跡科技有限公司 ("Beijing Zhangzhong Qiji Technology Co., Limited" or "Beijing Zhangzhong Qiji") at a total cash consideration of RMB36,000,000 (the "Consideration"). 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 believe that the acquisition presents an opportunity for the Group to complement and enlarge its China national games platforms. In view of the existing card and board games developed and operated by Beijing Zhangzhong Qiji and the market share of Beijing Zhangzhong Qiji in China, and the experiences of the members of the core management team in the target in developing and operating card and board games, the directors believe 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 Beijing Zhangzhong Qiji 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	38
Intangible assets	371
Trade and other receivables	5,200
Bank balances and cash	262
Trade and other payables	(3,281)
Deferred tax liabilities	(93)
Net identifiable assets acquired	2,497
Contingent consideration payable for profit guarantee	(906)
Goodwill	34,409
	36,000
Satisfied by:	
Cash	36,000

Profit Guarantee

Pursuant to the acquisition agreement, the vendors undertook that the audited net profit of Beijing Zhangzhong Qiji for the next twelve months upon completion of acquisition shall not be less than RMB6,000,000 (the "Beijing Zhangzhong Qiji's Guarantee Profit").

Adjustments to the Consideration

In the event that the Beijing Zhangzhong Qiji does not meet the Performance Guarantee, the vendors shall compensate to the Group in cash in accordance with the following formula:

Compensation Amount = (Beijing Zhangzhong Qiji's Guarantee Profit – audited net profit) x 8

In the event that the Beijing Zhangzhong Qiji exceeds the Performance Guarantee, the Group shall pay additional amount to the vendors in cash in accordance with the following formula:

Additional Amount = (Audited net profit – Beijing Zhangzhong Qiji's Guarantee Profit) x 8

In no events shall the sum of the Consideration and the Additional Amount exceeds RMB48,000,000.

If the difference between the Beijing Zhangzhong Qiji's Guarantee Profit and the audited net profit is within +/-5%, the vendors and the Group shall not compensate or pay each other.

Goodwill of RMB34,409,000 arose in the above business combination as the cost of combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

13. DISPOSAL OF SUBSIDIARIES

Disposal of subsidiaries with loss of control — Beijing Chinese Racing Pigeon

In July 2017, the Group disposed of 12.5% equity interest in its subsidiary, Beijing Chinese Racing Pigeon Sports Culture Development Co., Ltd. (北京中競鴿體育文化發展有限公司, "Beijing Chinese Racing Pigeon") to independent third parties, resulting in a loss of control over Beijing Chinese Racing Pigeon. Upon the disposal, the Group's interest in Beijing Chinese Racing Pigeon was reduced to 42.5%. Accordingly, the investment in Beijing Chinese Racing Pigeon was reclassified as an interest in an associate.

The assets and liabilities of Beijing Chinese Racing Pigeon were deconsolidated from the Group's consolidated statement of financial position and the remaining 42.5% equity interest in Beijing Chinese Racing Pigeon has been accounted for as an associate using equity method. The fair value of the 42.5% retained interest in Beijing Chinese Racing Pigeon amounting to RMB1,033,000 at the date on which the control was lost is regarded as the cost on initial recognition of the investment in Beijing Chinese Racing Pigeon as an associate.

	RMB'000
Fair value of interest retained	1,033

Analysis of assets and liabilities over which control was lost

	RMB'000
Non-current assets	
Property, plant and equipment	10
Current assets	
Trade and other receivables	1,422
Bank balances	1,113
Current liabilities	
Trade and other payables	(113)
Net assets disposed of	2,432

	RMB'000
Consideration receivable	1,250
Fair value of retained interests	1,033
Non-controlling interests	(1,381)
Net assets disposed of	(2,432)
Loss on disposal of a subsidiary	(1,530)

14. CONVERTIBLE NOTES

On 28 July 2017, the Company issued convertible notes with an aggregate principal amount of RMB104,076,000 (equivalent to HK$120,000,000 based on the fixed exchange rate of RMB1: HK$1.153 (the "Fixed Exchange Rate") as stated in the subscription agreement) (the "Convertible Notes"). The Convertible Notes carry interest at 6% per annum, payable quarterly in arrears and all interest payments shall be in HK$ based on the Fixed Exchange Rate. The Convertible Notes will mature in 30 months and the Company shall redeem at 100% of the principal amount on the maturity date. The noteholder shall have the right to convert the Convertible Notes into ordinary shares of the Company at the conversion price of RMB2.312 per share (equivalent to HK$2.666 per share based on Fixed Exchange Rate) (the "Initial Conversion Price"). The Initial Conversion Price shall be adjusted to equal to the new issue price if the Company issues ordinary shares at a price that is lower than the Initial Conversion Price. The number of ordinary shares to be issued upon conversion at Initial Conversion Price will be 45,011,252 shares.

On 28 December 2017, the noteholder exercised the conversion rights and the Convertible Notes were converted in full into ordinary shares of the Company. The Initial Conversion Price was adjusted to HK$1.85 per share and the number of ordinary shares issued upon conversion was 64,864,864 shares.

15. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 December 2017:

(i) On 4 January 2018, the Company issued 153,880,037 shares to connected parties at an issue price of HK$1.85 per share. The gross proceeds was approximately RMB237,111,000 (equivalent to HK$284,678,000).

(ii) On 16 January 2018, the Group entered into a share transfer agreement for the acquisition of a 100% equity interest in Shenzhen Xunyou Internet Technology Co., Ltd. (深圳訊遊網絡科技有限公司) at a consideration of RMB150,000,000, among which RMB75,000,000 shall be settled in cash and RMB75,000,000 shall be settled in issuing consideration shares.

(iii) On 16 January 2018, the Group entered into a share transfer agreement for the acquisition of a 100% equity interest in Nanjing Haoyun Meicheng Electronics Co., Ltd. (南京好運美成電子科技有限公司) at a 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.

(iv) On 16 January 2018, the Group entered into a share transfer agreement for the acquisition of a 100% equity interest in Xiamen Yiwantang Internet Technology Co., Ltd. (廈門億玩堂網絡科技有限公司) at a consideration of RMB55,000,000, among which RMB30,000,000 shall be settled in cash and RMB25,000,000 shall be settled in issuing consideration shares.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange at *www.hkexnews.hk* and the Company at *www.ourgame.com* and *www.lianzhong.com*. The annual report of the Group for the year ended 31 December 2017 will be published on the aforesaid websites and will be dispatched to the Shareholders on or before 30 April 2018.

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

Hong Kong, 27 March 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*