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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)

CONNECTED TRANSACTIONS IN RELATION TO CAPITAL INCREASE AGREEMENT

CAPITAL INCREASE AGREEMENT

The Board hereby announces that on 23 September 2016, Beijing Lianzhong, a wholly-owned subsidiary of the Group, iRena Leisure Club, Shanghai Wangyu, Shanghai Dacheng and Ourpalm entered into a Capital Increase Agreement, pursuant to which Beijing Lianzhong, iRena Leisure Club and Shanghai Dacheng agreed to make an aggregate capital contribution of RMB75,000,000 to the Target Company, of which RMB37,510,000 will be contributed to the registered capital of the Target Company and RMB37,490,000 will be contributed to the capital reserve of the Target Company.

Upon completion of the Capital Increases, the registered capital of the Target Company will be increased from RMB30,000,000 to RMB67,510,000.

As at the date of this announcement, the Target Company is held as to 48.50% by Beijing Lianzhong, 10% by iRena Leisure Club, 21.50% by Shanghai Wangyu, 10% by Shanghai Dacheng and 10% by Ourpalm. Upon completion of the Capital Increases, the Target Company will be held as to 60.45% by Beijing Lianzhong, 10% by iRena Leisure Club, 9.55% by Shanghai Wangyu, 15.56% by Shanghai Dacheng and 4.44% by Ourpalm.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Irena Group owns approximately 28.76% of the issued share capital of the Company and is a substantial shareholder and connected person of the Company under the Listing Rules. iRena Leisure Club is a wholly-owned subsidiary of Irena Group. Therefore, it is an associate of Irena Group and also a connected person of the Company.

The Target Company is a non wholly-owned subsidiary of the Company, and Irena Group holds 10% or more of the voting power in the Target Company. Therefore, the Target Company is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules.

As at the date of this announcement, Shanghai Wangyu, Shanghai Dacheng and Ourpalm are each holding 10% equity interest in the Target Company. The Target Company is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, Shanghai Wangyu, Shanghai Dacheng and Ourpalm are not connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules.

Accordingly, each of the Capital Increases by Beijing Lianzhong to the Target Company and by iRena Leisure Club to the Target Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Capital Increases by Beijing Lianzhong to the Target Company and by iRena Leisure Club to the Target Company are more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement is subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board hereby announces that on 23 September 2016, Beijing Lianzhong, iRena Leisure Club, Shanghai Wangyu, Shanghai Dacheng and Ourpalm entered into a Capital Increase Agreement.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out below:

Date : 23 September 2016

Parties : (i) Beijing Lianzhong
(ii) iRena Leisure Club
(iii) Shanghai Wangyu
(iv) Shanghai Dacheng
(v) Ourpalm

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Shanghai Wangyu, Shanghai Dacheng and Ourpalm and their respective controlling shareholder(s) are third parties independent of the Company and its connected persons.

Capital Increases

Pursuant to the Capital Increase Agreement, the parties agreed to make an aggregate capital contribution of RMB75,000,000 in cash to the Target Company, of which RMB37,510,000 will be contributed to the registered capital of the Target Company and RMB37,490,000 will be contributed to the capital reserve of the Target Company. Set out below are the amounts to be contributed by each of the existing shareholders of the Target Company:

| Party | Registered Capital Contribution | Capital Reserve Contribution | Total Contribution |
|--------------------|--|---|-------------------------------|
| Beijing Lianzhong | RMB26,257,000 | RMB26,243,000 | RMB52,500,000 |
| iRena Leisure Club | RMB3,751,000 | RMB3,749,000 | RMB7,500,000 |
| Shanghai Dacheng | RMB7,502,000 | RMB7,498,000 | RMB15,000,000 |
| Shanghai Wangyu | — | — | — |
| Ourpalm | — | — | — |
| Total | <u>RMB37,510,000</u> | <u>RMB37,490,000</u> | <u>RMB75,000,000</u> |

Upon completion of the Capital Increases, the registered capital of the Target Company will be increased from RMB30,000,000 to RMB67,510,000.

The amount of capital contribution was determined after arm's length negotiations among the parties to the Capital Increase Agreement with reference to, among other things, the capital requirements for the Target Company.

Effect on shareholding structure of the Target Company

As at the date of this announcement, the Target Company is held as to 48.50% by Beijing Lianzhong, 10% by iRena Leisure Club, 21.50% by Shanghai Wangyu, 10% by Shanghai Dacheng and 10% by Ourpalm.

Upon completion of the Capital Increases, the Target Company will be held as to 60.45% by Beijing Lianzhong, 10% by iRena Leisure Club, 9.55% by Shanghai Wangyu, 15.56% by Shanghai Dacheng and 4.44% by Ourpalm.

The Capital Increases are not in proportion to the respective shareholding interest of the existing shareholders of the Target Company. Shanghai Wangyu and Ourpalm have waived their rights to participate in the Capital Increases and therefore will not subscribe for any additional capital in the Target Company.

CONDITIONS PRECEDENT

Completion of the Capital Increases is conditional upon, among other things, the approval by the shareholders of the Target Company for the Capital Increases and the Board approving the Capital Increases.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASES

The total capital contribution raised under the Capital Increase Agreement will be used as general working capital by the Target Company to develop its eSports operation and management businesses. The Capital Increases will provide the Target Company with important funding to expand its global footprint in the eSports markets, including but not limited to the establishment of new eSports arenas within the PRC and overseas.

INFORMATION ON THE PARTIES TO THE CAPITAL INCREASE AGREEMENT

Beijing Lianzhong is a wholly-owned subsidiary of the Group and it is principally engaged in the operation of online card and board games.

iRena Leisure Club is a wholly-owned subsidiary of Irena Group and it is principally engaged in sports related business projects (excluding chess and card services) and property management. As at the date of this announcement, Irena Group owns approximately 28.76% of the issued share capital of the Company and is a substantial shareholder and connected person of the Company under the Listing Rules, and it is principally engaged in the promotion of sporting events, provision of sports related leisure services, sports marketing and consultancy services.

Shanghai Wangyu is a company incorporated in the PRC and is principally engaged in the operation of online retail stores to provide internet access services and the selling of computer and technical goods and social gaming software.

Shanghai Dacheng is a company incorporated in the PRC and is principally engaged in research and development and the provision of online games, gaming services, online gaming platforms and other interactive entertainment.

Ourpalm is a company incorporated in the PRC and is listed on the Shenzhen Stock Exchange (stock code: 300315), and is principally engaged in research and development and the distribution and sale of mobile and internet games and related products.

INFORMATION ON THE GROUP AND THE TARGET COMPANY

The Group is primarily engaged in the development and operation of online mind sports games in the PRC and has a strong brand and leading expertise in integrated online and offline operations.

The Target Company was incorporated on 25 December 2015 with an initial registered capital of RMB30,000,000 and it is primarily engaged in the operation and management of e-sports arena and events. As at the date of this announcement, the Group held 48.5% of the equity interest in the Target Company and the Group is entitled to appoint the sole director of the Target Company. As such, the Target Company is accounted for and consolidated in the consolidated accounts of the Group and a non wholly-owned subsidiary of the Company. Upon completion of the Capital Increases, the Target Company will remain a non wholly-owned subsidiary of the Company. No further capital commitment is required to be contributed by the Group under the Capital Increase Agreement other than the contribution towards the Capital Increase.

The Group will fund the Capital Increases by its internal resources.

As the Target Company was only incorporated on 25 December 2015, the Target Company did not have any net profits nor did it have any material assets as at 31 December 2015 (being its latest financial year end).

The following is a summary of the unaudited financial information of the Target Company for the period from 25 December 2015 to 31 December 2015 and the six months ended 30 June 2016. The financial information of the Target Company was prepared in accordance with the accounting standards of the PRC.

| | For the year ended 31 December 2015 RMB'000 | For the six months ended 30 June 2016 RMB'000 |
|-----------------------------|--|--|
| Revenue | — | 1,818 |
| Net profits before taxation | — | (3,181) |
| Net profits after taxation | — | (2,400) |
| Net assets | — | 23,068 |

LISTING RULES IMPLICATIONS

As at the date of this announcement, Irena Group owns approximately 28.76% of the issued share capital of the Company and is a substantial shareholder and connected person of the Company under the Listing Rules. iRena Leisure Club is a wholly-owned subsidiary of Irena Group. Therefore, it is an associate of Irena Group and also a connected person of the Company.

The Target Company is a non wholly-owned subsidiary of the Company, and Irena Group holds 10% or more of the voting power in the Target Company. Therefore, the Target Company is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules.

As at the date of this announcement, Shanghai Wangyu, Shanghai Dacheng and Ourpalm are each holding 10% equity interest in the Target Company. The Target Company is an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules. Therefore, Shanghai Wangyu, Shanghai Dacheng and Ourpalm are not connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules.

Accordingly, each of the Capital Increases by Beijing Lianzhong to the Target Company and by iRena Leisure Club to the Target Company constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of each of the Capital Increases by Beijing Lianzhong to the Target Company and by iRena Leisure Club to the Target Company are more than 0.1% but less than 5%, the entering into of the

Capital Increase Agreement is subject to the reporting and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

As none of the Directors have a material interest in the Capital Increases, no Director was required to abstain from voting on the Board resolutions approving the Capital Increases. However, Mr. Hua Guanfa, being a Director appointed by Irena Group, despite having no material interest in the Capital Increases, abstained from voting in light of good corporate governance. As the sole director of the Target Company, Mr. Ng Kwok Leung Frank also abstained from voting in light of good corporate governance.

The Directors (including the independent non-executive Directors) have considered the Capital Increases and the Capital Increase Agreement and have determined that: (i) the Capital Increases are fair and reasonable; (ii) the Capital Increases are on normal commercial terms and are in the ordinary and usual course of business of the Group; and (iii) the Capital Increases are in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

| | |
|------------------------------|---|
| “Beijing Lianzhong” | Beijing Lianzhong Co., Ltd. (北京聯眾互動網路股份有限公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Group |
| “Board” | the board of Directors |
| “Capital Increases” | the increase in capital of RMB75,000,000 in the Target Company pursuant to the Capital Increase Agreement |
| “Capital Increase Agreement” | the agreement dated 23 September 2016 and entered into between Beijing Lianzhong, iRena Leisure Club, Shanghai Wangyu, Shanghai Dacheng and Ourpalm with respect to the Capital Increases of the Target Company |
| “Company” | Ourgame International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited |

| | |
|-----------------------|---|
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Irena Group” | Irena Group Co., Ltd. (體育之窗文化股份有限公司), a company incorporated under the laws of the PRC and a substantial shareholder of the Company, the shares of which are listed on the National Equities Exchange and Quotations System in the PRC (stock code: 834358) |
| “iRena Leisure Club” | iRena Leisure Club (Beijing) Co., Ltd. (體育之窗休閒俱樂部(北京)有限公司), a company incorporated under the laws of the PRC and a subsidiary of Irena Group and a connected person of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Ourpalm” | Ourpalm Co., Ltd. (北京掌趣科技股份有限公司), a company incorporated under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300315) |
| “PRC” | the People’s Republic of China excluding Hong Kong, Macau and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Dacheng” | Shanghai Dacheng Internet Technology Co., Ltd. (上海大承網絡技術有限公司), a company incorporated under the laws of the PRC |
| “Shanghai Wangyu” | Shanghai Wangyu Communication Technology Co., Ltd. (上海網魚資訊科技有限公司), a company incorporated under the laws of the PRC |

“Target Company”

Tianjin Allied eSports Arena Internet Technology Co., Ltd. (天津聯盟電競互聯網科技有限公司), a company incorporated under the laws of the PRC

“%”

percent

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

Beijing, 23 September 2016

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 purposes only*