

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ourgame International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**(I) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
(II) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF
NEW SHARES BY CONNECTED PERSONS
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 8 to 29 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 30 to 31 of this circular. A letter from Gram Capital, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 50 of this circular.

A notice convening the EGM of Ourgame International Holdings Limited to be held in the Conference Room, 16th Floor, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China on Thursday, 2 November 2017 at 10:00 a.m. is set out on pages 61 to 64 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ourgame.com and www.lianzhong.com).

Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Tuesday, 31 October 2017) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

* For identification purpose only

13 October 2017

CONTENTS

	<i>Pages</i>
DEFINITIONS	1
LETTER FROM THE BOARD	8
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	30
LETTER FROM GRAM CAPITAL	32
APPENDIX — GENERAL INFORMATION OF THE GROUP	51
NOTICE OF THE EGM	61

DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme of the Company approved and adopted on 19 November 2014
“AES”	Tianjin Allied eSports Arena Internet Technology Co., Ltd., a company incorporated under the laws of the PRC and a non-wholly owned subsidiary of the Company that focuses on eSports
“Allied eSports International”	Allied eSports International, Inc., a company incorporated in the State of Nevada, the United States, and a subsidiary owned by the Company as to 60.45%
“Announcement”	the announcement of the Company dated 12 September 2017 in relation to, among other things, the Subscriptions and the Specific Mandate
“associates”	has the meaning ascribed to it under the Listing Rules
“Authorities”	means any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, court or tribunal of any jurisdiction (including any relevant securities exchange) and whether supranational, national, regional or local
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“Changxing Huixin Jiachuang”	長興慧信佳創投資管理中心(有限合夥) (Changxing Huixin Jiachuang Investment Management Centre (LLP)*), a subsidiary of the Connected Subscriber and a connected person of the Group

DEFINITIONS

“CN Subscriber”	Alpha Lion Investments Limited (領獅投資有限公司), a limited liability company incorporated under the laws of British Virgin Islands and ultimately owned as to 24.5%, 25.5% and 50%, respectively, by Mr. Xu Rongta (徐榮塔), Mr. Huang Xianqin (黃顯勤) and Ms. Han Lei (韓蕾) who are all independent third parties
“CN Subscription”	the subscription for the Convertible Note by the CN Subscriber pursuant to the CN Subscription Agreement
“CN Subscription Agreement”	the subscription agreement dated 12 July 2017 and entered into between the Company and the CN Subscriber in relation to the CN Subscription
“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
“Concert Party Agreement”	the agreement entered into among Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, Mr. Li Jianhua, Ms. Long Qi and Beijing Tongshengcheng Investment Management Center (LLP) on 22 February 2014, pursuant to which Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, and Ms. Long Qi undertook to vote unanimously for any resolution proposed at board and shareholders meetings of the Company and Lianzhong
“Concert Party Shareholders”	Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, Ms. Long Qi, Elite Vessels Limited, Sonic Force Limited, Prosper Macrocosm Limited and Golden Liberator Limited, being the shareholders of the Company and the concert parties under the Concert Party Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Subscriber”	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 with limited liability and a substantial shareholder of the Company
“Connected Subscription”	the subscription of the Connected Subscription Shares by the Connected Subscriber pursuant to the terms and conditions of the Connected Subscription Agreement

DEFINITIONS

“Connected Subscription Agreement”	the conditional subscription agreement dated 12 September 2017 and entered into between the Company and the Connected Subscriber in relation to the Connected Subscription
“Connected Subscription Completion”	the completion of the Connected Subscription pursuant to the terms and conditions of the Connected Subscription Agreement
“Connected Subscription Price”	HK\$1.85 per Connected Subscription Share
“Connected Subscription Resolutions”	the resolutions to be proposed at the EGM for approving the Connected Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate in relation to the Connected Subscription Shares
“Connected Subscription Share(s)”	64,690,848 new Shares to be allotted and issued by the Company to the Connected Subscriber pursuant to the Connected Subscription Agreement
“Convertible Price”	the price per Share at which the Convertible Note may be converted into Shares, with the initial conversion price being RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share (subject to adjustments)
“Convertible Share(s)”	the Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note
“Convertible Note”	the 6% convertible note due 2020 in the aggregate principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate) to be issued by the Company pursuant to the CN Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held in the Conference Room, 16th Floor, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China on Thursday, 2 November 2017 at 10:00 a.m. to consider and, if thought fit, approve the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares under the Subscriptions

DEFINITIONS

“Fixed Exchange Rate”	the fixed exchange rate of RMB1 : HK\$1.153
“Glassy Mind”	Glassy Mind Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a substantial shareholder of the Company holding 226,000,000 Shares as at the Latest Practicable Date and a wholly-owned subsidiary of the Connected Subscriber
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Ge Xuan, Mr. Lu Zhong and Mr. Cheung Chung Yan David to advise the Independent Shareholders in relation to the terms and conditions of the Management Subscription Agreement, Connected Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms and conditions of the Management Subscription Agreement, Connected Subscription Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	any person or company and their respective shareholders, ultimate beneficial owners (if applicable) and associate(s) which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, are not connected persons or their associates of the Company
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting at the EGM for the resolution(s) approving the Subscription Agreements and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Subscription Shares to the Subscribers

DEFINITIONS

“Independent Subscriber”	Noumena Innovations (BVI) LTD., a company incorporated in the British Virgin Islands with limited liability
“Independent Subscription”	the subscription of the Independent Subscription Shares by the Independent Subscriber pursuant to the terms and conditions of the Independent Subscription Agreement
“Independent Subscription Agreement”	the conditional subscription agreement dated 12 September 2017 and entered into between the Company and the Independent Subscriber in relation to the Independent Subscription
“Independent Subscription Completion”	the completion of the Independent Subscription pursuant to the terms and conditions of the Independent Subscription Agreement
“Independent Subscription Price”	HK\$1.85 per Independent Subscription Share
“Independent Subscription Resolutions”	the resolutions to be proposed at the EGM for approving the Independent Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate in relation to the Independent Subscription Shares
“Independent Subscription Share(s)”	71,351,351 new Shares to be allotted and issued by the Company to the Independent Subscriber pursuant to the Independent Subscription Agreement
“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 the Connected Subscriber and a connected person of the Company
“Last Trading Day”	11 September 2017, being the last trading day of the Shares on the Stock Exchange before the date of the Subscription Agreements
“Latest Practicable Date”	10 October 2017, being the latest practicable date for ascertaining certain information contained in this circular
“Lianzhong”	Beijing Lianzhong Co., Ltd., a company incorporated under the laws of the PRC on 23 March 1998, the financial results of which have been accounted for as a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Management Pre-IPO Share Option Scheme”	the pre-IPO share option scheme approved and adopted on 7 March 2014 and amended on 12 June 2014 for certain management members of the Group
“Management Subscriber”	Total Victory Global Limited, a company incorporated in the British Virgin Islands with limited liability and owned equally by Mr. Yang, Mr. Ng and Mr. Zhang
“Management Subscription”	the subscription of the Management Subscription Shares by the Management Subscriber pursuant to the terms and conditions of the Management Subscription Agreement
“Management Subscription Agreement”	the conditional subscription agreement dated 12 September 2017 and entered into between the Company and the Management Subscriber in relation to the Management Subscription
“Management Subscription Completion”	the completion of the Management Subscription pursuant to the terms and conditions of the Management Subscription Agreement
“Management Subscription Price”	HK\$1.85 per Management Subscription Share
“Management Subscription Resolutions”	the resolutions to be proposed at the EGM for approving the Management Subscription Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate in relation to the Management Subscription Shares
“Management Subscription Shares”	89,189,189 new Shares to be allotted and issued by the Company to the Management Subscriber pursuant to the Management Subscription Agreement
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“Management”	Mr. Yang, Mr. Ng and Mr. Zhang
“Mr. Ng”	Mr. Ng Kwok Leung Frank, an executive Director and co-chief executive officer of the Company
“Mr. Yang”	Mr. Yang Eric Qing, an executive Director, chairman of the Board and co-chief executive officer of the Company
“Mr. Zhang”	Mr. Zhang Peng, a senior management of the Company

DEFINITIONS

“PRC” or “China”	the People’s Republic of China, which for the sole purpose of this circular, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$0.00005 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue the Subscription Shares to the Subscribers pursuant to the Subscription Agreements (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	collectively, the Management Subscriber, the Independent Subscriber and the Connected Subscriber
“Subscriptions”	collectively the Management Subscription, the Independent Subscription and the Connected Subscription
“Subscription Agreements”	collectively, the Management Subscription Agreement, the Independent Subscription Agreement and the Connected Subscription Agreement
“Subscription Shares”	collectively, the Management Subscription Shares, the Independent Subscription Shares and the Connected Subscription Shares, each a “Subscription Share”
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent



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)

Executive Directors:

Mr. Yang Eric Qing (*Chairman and Co-Chief Executive Officer*)

Mr. Ng Kwok Leung Frank (*Co-Chief Executive Officer*)

Non-executive Directors:

Mr. Liu Jiang

Ms. Fu Qiang

Mr. Fan Tai

Mr. Chen Xian

Independent Non-executive Directors:

Mr. Ge Xuan

Mr. Lu Zhong

Mr. Cheung Chung Yan David

Registered Office:

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

Head Office:

17/F, Tower B Fairmont

No. 1 Building

33# Community

Guangshun North Street

Chaoyang District

Beijing, PRC

Principal Place of Business

in Hong Kong:

36/F, Tower Two

Times Square

1 Matheson Street

Hong Kong

13 October 2017

To the Shareholders

Dear Sir or Madam,

(I) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

(II) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION

OF NEW SHARES BY CONNECTED PERSONS

AND

(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement in which it was disclosed that the Company had on 12 September 2017 entered into the Subscription Agreements with the Subscribers in relation to the Subscriptions.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular is to:

- (a) provide further details of the Subscriptions and the Specific Mandate;
- (b) set out (i) the letter of advice from the Independent Board Committee to the Independent Shareholders on the Management Subscription and Connected Subscription; and (ii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Management Subscription and Connected Subscription; and
- (c) give you notice of the EGM to consider and, if thought fit, pass the resolutions to approve, among other things, (i) the Subscription Agreements and the transactions contemplated thereunder; (ii) the allotment and issuance of the Subscription Shares in accordance with the Subscription Agreements; and (iii) the Specific Mandate under which the Subscription Shares will be issued.

2. THE SUBSCRIPTION AGREEMENTS

(A) Management Subscription Agreement

Date : 12 September 2017

Parties

Issuer : The Company

Subscriber : Total Victory Global Limited, a company incorporated in the British Virgin Islands with limited liability and owned equally by Mr. Yang, Mr. Ng and Mr. Zhang (the “**Management Subscriber**”)

The Management Subscription Agreement provides that the Management Subscriber may, at Management Subscription Completion, nominate another entity (the “**Nominee**”) as the party to which the Management Subscription Shares should be issued upon Management Subscription Completion, provided that such entity is one that is collectively controlled by Mr. Yang, Mr. Ng and Mr. Zhang (being the shareholders of the Management Subscriber) or in which Mr. Yang, Mr. Ng and Mr. Zhang have majority voting rights. The Company understands that Mr. Yang, Mr. Ng and Mr. Zhang have entered into a letter agreement (the “**New Management Subscriber Agreement**”) pursuant to which they have preliminarily agreed with the Concert Party Shareholders to establish an entity (the “**New Management Subscriber**”)

LETTER FROM THE BOARD

Entity”), to be collectively controlled by Mr. Yang, Mr. Ng and Mr. Zhang or in which Mr. Yang, Mr. Ng and Mr. Zhang have majority voting rights. The Concert Party Shareholders are also expected to have a non-controlling interest in the New Management Subscriber Entity. It is the intention of the Management Subscriber to nominate the New Management Subscriber Entity as the Nominee to receive the Management Subscription Shares upon the Management Subscription Completion.

Subscription Shares : Pursuant to the Management Subscription Agreement, the Management Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 89,189,189 Management Subscription Shares (with an aggregate nominal value of US\$4,459.46).

The Management Subscription Shares represents:

- (i) approximately 11.33% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 10.18% of the issued share capital of the Company as enlarged by the issue of the Management Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Management Subscription Completion.

Subscription Price : The aggregate amount of the consideration for the Management Subscription Shares is HK\$165,000,000, which shall be payable by the Management Subscriber in cash upon the Management Subscription Completion. The Management Subscription Price of HK\$1.85 per Management Subscription Share represents:

- (a) a discount of approximately 8.87% to the closing price of HK\$2.03 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

LETTER FROM THE BOARD

- (b) a discount of approximately 3.65% to the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the date of the Management Subscription Agreement;
- (c) the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 0.43% to the average closing price of approximately HK\$1.858 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (e) a discount of approximately 0.59% to the average closing price of approximately HK\$1.861 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Management Subscription Price was arrived at after arm's length negotiations between the Company and the Management Subscriber with reference to the volume weighted average price per Share over the 20 consecutive trading days as quoted on the Stock Exchange immediately before the date of the Management Subscription Agreement.

Conditions Precedent : Completion of the Management Subscription Agreement is conditional upon fulfilment of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Management Subscription Shares (and such listing and permission not being subsequently revoked prior to the Management Subscription Completion);
- (ii) the approval of the Management Subscription Agreement and the transactions and other arrangement (as necessary) contemplated thereunder, including the grant of a Specific Mandate for the allotment and issue of the Management Subscription Shares, by the Independent Shareholders at the EGM; and

LETTER FROM THE BOARD

(iii) there not having been any material breach of any of the representations and warranties or any of the agreements, covenants and undertakings in the Management Subscription Agreement that are to be performed or complied with prior to completion of the Management Subscription Agreement.

Completion : Completion of the Management Subscription shall take place at 11:00 a.m. (Hong Kong time) on the second Business Day following the date on which all the conditions precedent to completion of the Management Subscription are fulfilled (or such other date and time as the parties to the Management Subscription Agreement may agree in writing).

If the above conditions cannot be fulfilled within 270 days after the date of the Management Subscription Agreement, or such other date as the parties to the Management Subscription Agreement may agree in writing, the Management Subscription Agreement shall terminate (save for those provisions dealing with termination, fees, announcement, notices and governing law and jurisdiction which shall survive termination) and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

(B) Independent Subscription Agreement

Date : 12 September 2017

Parties

Issuer : The Company

Subscriber : Noumena Innovations (BVI) LTD., a company incorporated in the British Virgin Islands with limited liability

Subscription Shares : Pursuant to the Independent Subscription Agreement, the Independent Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 71,351,351 Independent Subscription Shares (with an aggregate nominal value of US\$3,567.57).

LETTER FROM THE BOARD

The Independent Subscription Shares represents:

- (i) approximately 9.07% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 7.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares and the Independent Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Independent Subscription Completion (save for the issue of Management Subscription Shares upon Management Subscription Completion).

**Subscription
Price**

: The aggregate amount of the consideration for the Independent Subscription Shares is HK\$132,000,000, which shall be payable by the Independent Subscriber in cash upon the Independent Subscription Completion. The Independent Subscription Price of HK\$1.85 per Independent Subscription Share represents:

- (a) a discount of approximately 8.87% to the closing price of HK\$2.03 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (b) a discount of approximately 3.65% to the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the date of the Independent Subscription Agreement;
- (c) the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 0.43% to the average closing price of approximately HK\$1.858 for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and

LETTER FROM THE BOARD

- (e) a discount of approximately 0.59% to the average closing price of approximately HK\$1.861 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Independent Subscription Price was arrived at after arm's length negotiations between the Company and the Independent Subscriber with reference to the volume weighted average price per Share over the 20 consecutive trading days as quoted on the Stock Exchange immediately before the date of the Independent Subscription Agreement.

Conditions Precedent : Completion of the Independent Subscription Agreement is conditional upon fulfilment of the following conditions precedent:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Independent Subscription Shares (and such listing and permission not being subsequently revoked prior to the Independent Subscription Completion);
- (ii) the approval of the relevant resolutions in respect of the Management Subscription Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM;
- (iii) completion of the Management Subscription;
- (iv) the approval of the Independent Subscription Agreement and the transactions and other arrangements (as necessary) contemplated thereunder, including the grant of a Specific Mandate for the allotment and issue of the Independent Subscription Shares, by the Independent Shareholders at the EGM;

LETTER FROM THE BOARD

- (v) the Independent Subscriber having obtained all necessary consents and approvals, including approval from its board of directors and shareholders and consents and approvals from the relevant Authorities (as applicable), for entering into of the Independent Subscription Agreement and the transactions contemplated thereunder; and
- (vi) there not having been any material breach of any of the representations and warranties or any of the agreements, covenants and undertakings in the Independent Subscription Agreement that are to be performed or complied with prior to completion of the Independent Subscription Agreement.

Completion : Completion of the Independent Subscription Agreement shall take place at 11:00 a.m. (Hong Kong time) on the second Business Day following the date on which all the conditions precedent to completion of the Independent Subscription are fulfilled (or such other date and time as the parties to the Independent Subscription Agreements may agree in writing).

If the above conditions cannot be fulfilled within 270 days after the date of the Independent Subscription Agreement, or such other date as the parties to the Independent Subscription Agreement may agree in writing, the Independent Subscription Agreement shall terminate (save for those provisions dealing with termination, fees, announcement, notices and governing law and jurisdiction which shall survive termination) and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

LETTER FROM THE BOARD

(C) Connected Subscription Agreement

Date : 12 September 2017

Parties

Issuer : The Company

Subscriber : Irena Group Co., Ltd., a company incorporated under the laws of the PRC with limited liability

The Connected Subscription Agreement provides that the Connected Subscriber may, at the Connected Subscription Completion, nominate Glassy Mind as the party to which the Connected Subscription Shares should be issued upon Connected Subscription Completion.

Subscription Shares : Pursuant to the Connected Subscription Agreement, the Connected Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 64,690,848 Connected Subscription Shares (with an aggregate nominal value of US\$3,234.54).

The Connected Subscription Shares represents:

- (i) approximately 8.22% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 6.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares, Independent Subscription Shares and the Connected Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Connected Subscription Completion (save for the issues of Management Subscription Shares upon the Management Subscription Completion and Independent Subscription Shares upon the Independent Subscription Completion).

LETTER FROM THE BOARD

- Subscription Price** : The aggregate amount of the consideration for the Connected Subscription Shares is HK\$119,678,068.8, which shall be payable by the Connected Subscriber in cash upon the Connected Subscription Completion. The Connected Subscription Price of HK\$1.85 per Connected Subscription Share represents:
- (a) a discount of approximately 8.87% to the closing price of HK\$2.03 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
 - (b) a discount of approximately 3.65% to the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the date of the Connected Subscription Agreement;
 - (c) the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
 - (d) a discount of approximately 0.43% to the average closing price of approximately HK\$1.858 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
 - (e) a discount of approximately 0.59% to the average of the closing price per Share of approximately HK\$1.861 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Connected Subscription Price was arrived at after arm's length negotiations between the Company and the Connected Subscriber with reference to the volume weighted average price per Share over the 20 consecutive trading days as quoted on the Stock Exchange immediately before the date of the Connected Subscription Agreement.

LETTER FROM THE BOARD

- Conditions Precedent** : Completion of the Connected Subscription Agreement is conditional upon fulfilment of the following conditions precedent:
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Connected Subscription Shares (and such listing and permission not being subsequently revoked prior to the Connected Subscription Completion);
 - (ii) the approval of the relevant resolutions in respect of the Management Subscription Agreement and the transactions contemplated thereunder by the Independent Shareholders at the EGM;
 - (iii) completion of both the Management Subscription and Independent Subscription;
 - (iv) the approval of the Connected Subscription Agreement and the transactions and other arrangements (as necessary) contemplated thereunder, including the grant of a Specific Mandate for the allotment and issue of the Connected Subscription Shares, by the Independent Shareholders at the EGM;
 - (v) the Connected Subscriber having obtained all necessary consents and approvals, including approval from its board of directors and shareholders and consents and approvals from the relevant Authorities (as applicable), for entering into of the Connected Subscription Agreement and the transactions contemplated thereunder; and
 - (vi) there not having been any material breach of any of the representations and warranties or any of the agreements, covenants and undertakings in the Connected Subscription Agreement that are to be performed or complied with prior to completion of the Connected Subscription Agreement.

LETTER FROM THE BOARD

Completion : Completion of the Connected Subscription shall take place at 11:00 a.m. (Hong Kong time) on the Second Business Day following the date on which all the conditions precedent to completion of the Connected Subscription are fulfilled (or such other date and time as the parties to the Connected Subscription Agreement may agree in writing).

If the above conditions cannot be fulfilled within 270 days after the date of the Connected Subscription Agreement, or such other date as the parties to the Connected Subscription Agreement may agree in writing, the Connected Subscription Agreement shall terminate (save for those provisions dealing with termination, fees, announcement, notices and governing law and jurisdiction which shall survive termination) and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

3. RANKING OF SUBSCRIPTION SHARES

The Management Subscription Shares, the Independent Subscription Shares and the Connected Subscription Shares, when issued and fully paid up, will rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of the allotment and issue of the Management Subscription Shares, the Independent Subscription Shares and the Connected Subscription Shares, respectively.

4. SPECIFIC MANDATE

The Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Independent Shareholders at the EGM in due course.

5. APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

6. REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is incorporated in the Cayman Islands as a company with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. The Group is primarily 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 in China and globally.

LETTER FROM THE BOARD

Over the past few years of development, the Group has expanded its businesses from mostly domestic China card and board games business to include multiple synergistic groups of businesses and from mainly China based to international that include domestic card and board games, global poker and entertainment under World Poker Tour (“WPT”), global eSports under AES, and China mind sports with Tianjin Zhongqi Weiye Sports Development Co., Ltd.. The Directors believe that the Group’s newly developed businesses are promising industry trends and thus the Company raised a sum of approximately HK\$120 million by issuing Convertible Note in July 2017 to fund the growth and expansion of the Group’s eSports business through the construction of the flagship arena of AES at the MGM Luxor Casino and Hotel at Las Vegas, U.S.. The proceeds raised from the Convertible Note have been fully utilized as at the Latest Practicable Date.

As disclosed in the announcement of the Company dated 29 May 2017, the Group encountered unexpected challenges in its domestic China card and board games business. In particular, the first half of 2017 witnessed a boom of a category of new apps in the PRC that provide online game room cards function with a viral and agent distribution model. Some of the agents of these apps have also been actively targeting the Group’s user base which caused a higher than expected level of user churn. In addition, certain of the Company’s mobile carrier partners on which the Company relies for a meaningful level of revenues changed their payment policies during the first half of 2017, which also negatively impacted the Group’s mobile businesses. Although as disclosed in the interim report of the Company for the six months ended 30 June 2017, the Company’s business has recovered meaningfully in the second quarter of 2017 as compared to the first quarter of 2017, but year over year, the Group still witnessed a fairly substantial downturn on revenue and profitability in the first half of 2017. In response to such rapid development and intensified competition in the Group’s industry, the Group needs to take immediate actions to solidify its market share and raise sufficient funds to support and continue the Group’s growth plans.

The gross proceeds from the Subscriptions will amount to approximately HK\$416,678,000. The net proceeds to be raised from the Subscriptions will be approximately HK\$416,478,000. The net subscription price per Subscription Share would be approximately HK\$1.849.

The Company intends that the net proceeds of the Subscriptions will be used as follows:

- (a) approximately 30%, or HK\$125 million, will be used to further develop the eSports business and expand the global arena network of AES. The Company plans to build approximately 4 to 6 eSports arenas in the U.S. and approximately 2 to 4 eSports arenas in the PRC in 2018 and early 2019. The Company also plans to build approximately 2 mobile eSports arena trucks that is currently being used in Europe to be introduced to the U.S. in 2018;
- (b) approximately 15%, or HK\$62 million, will be used to further develop the WPT business in high growth geographies that the Group does not currently have a presence, as well as further the development and marketing of the WPT online games products. The Company expects to deploy approximately HK\$25 million for geographic expansion including tournaments, marketing of WPT online games products and TV content development, with initial focus in Japan and South America in particular Brazil in 2018 and 2019, and

LETTER FROM THE BOARD

approximately HK\$37 million for WPT online games development and marketing primarily focusing on the playWPT set of online games products in the U.S., Europe and South America markets, including potential strategic partnerships with key global partners, in 2018 and 2019;

- (c) approximately 15%, or HK\$62 million, will be used to revamp and update the Group's core mobile product portfolio in addition to the current mobile carrier payment system to substantially increase other third party and non-mobile carrier payment options mainly weChat, Alipay and key third party payment software kits. This involved the complete redevelopment of the core Fight the Landlord, Mahjong and Texas Hold'em series of products which currently account for close to 50% of the Group games revenue. The redevelopment is planned to complete by end of 2018 and remarketing is planned with product schedules in 2018 and 2019;
- (d) approximately 30%, or HK\$125 million, will be used to acquire and/or develop approximately 2 to 3 China regional card and board games platforms to complement and enlarge the Group's current China national games platform, including through the acquisition of proven card and board games teams and products. The Company expects the estimated cost of acquisition will be approximately HK\$40 to HK\$50 million per team or product. The Company has not entered into any formal agreement in relation to such investments or acquisitions as at the Latest Practicable Date. The Company is identifying the investment and acquisition targets and it is targeting to carry out such investments or acquisitions by end of 2018; and
- (e) approximately 10%, or HK\$42 million, will be used to replenish working capital. The Company expects to deploy approximately HK\$13 million for administrative expenses and approximately HK\$29 million for operation expenses, in 2018 and 2019.

In response to the fund raising need as mentioned above, the Directors have considered various financing alternatives such as equity financing and debt financing and consider that the Subscriptions are in the best interests for the Company due to the following reasons:

- (a) with regard to equity financing, although both open offer and rights issue would allow Shareholders to maintain their respective pro-rata shareholdings in the Company while strengthening the capital base of the Company, such fund raising exercises (i) involve additional transaction costs, including but not limited to, underwriting commissions; and (ii) more likely than not set a subscription price at a relative deeper discount to the current market price of the Share in order to encourage existing Shareholders to participate in an open offer or a rights issue, while the subscription price under the Subscriptions represents the closing price per Share on the Last Trading Day, the Directors consider that open offer and rights issue would be less preferable financing alternatives than the Subscriptions; and

LETTER FROM THE BOARD

- (b) with regard to debt financing, under the asset-light business model, it will be challenging for the Group to raise sufficient funds in an efficient manner to expand its business through bank and other borrowing since the Group has limited assets which it can use as collaterals. In addition, as the Company had issued Convertible Note in July 2017, it is not preferable to further increase the debt position and financial costs of the Group through bank and other borrowings.

With respect to the Management Subscription, the Management has been considering acquiring a meaningful interest in the Company in order to demonstrate their confidence in the Company's business and to align their interests with that of the Company's Shareholders for some time. Subscribing for new Shares was considered the preferred option by the Management as opposed to the principal alternatives, which would have been: (a) acquiring existing Shares in the secondary market, which would have resulted in any funds used by them flowing to the seller(s) of the Shares as opposed to the Company, and (b) being granted options to subscribe for Shares by the Company, as there is a limit to the percentage of Shares that can be issued pursuant to a share option scheme under Chapter 17 of the Listing Rules without the need for Shareholders' approval, would have resulted in an expense to the Company and have created the additional administrative steps of having to be granted and exercise options. Thus, a direct subscription of new Shares was considered the optimal method of obtaining a meaningful interest in the Company by the Management. The possible subscription of Shares by the Management and the Company's potential financing requirements to execute its business strategies were discussed by the Management with members of the Board, since a subscription would have required both Board's and Shareholders' approval. Given that both KongZhong Corporation and Connected Subscriber have representatives on the Board, they became aware of the such proposed subscription by the Management. Knowing that a subscription of Shares solely by the Management may not be sufficient to maximize the Group's growth potential, KongZhong Corporation and Connected Subscriber independently expressed their interest to also acquire Shares to support the Group's growth plans.

The reasons for having a condition of the Management Completion in the Independent Subscription and a condition of the Management Completion and Independent Completion in the Connected Subscription are as follows:

- (a) Notwithstanding KongZhong Corporation, as an existing Shareholder (but not a connected person), wished to support the growth of the Group, having considered the initial goal of the transaction was mainly for the Management to acquire a meaningful interests in the Shares, KongZhong Corporation did not consider it appropriate to proceed with the Independent Subscription without the Management being able to subscribe for the Management Subscription Shares.
- (b) As for the Connected Subscriber, given it is interested in approximately 28.72% of the issued share capital of the Company as at the Latest Practicable Date and with the aim to not increase its interests in the issued share capital of the Company to 30% or more under the circumstances where the Connected Subscription potentially completes independently of the Management Subscription and Independent Subscription, the

LETTER FROM THE BOARD

Connected Subscriber has negotiated with the Company to include the condition of the Management Completion and Independent Completion in the Connected Subscription Agreement.

The Directors consider that entering into the Subscription Agreements represent a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial positions and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's business development and expansion. Further, the Directors consider that the Subscriptions signify strong support from the Subscribers and their confidence in the prospects and further development of the Company, which is beneficial to the Company and its Shareholders as a whole.

On the bases set out above, in spite of the dilution effect of the Subscriptions on the existing Shareholders, the Directors (excluding (i) with respect to the Management Subscription, Mr. Yang and Mr. Ng, each of whom owns one third of the shares in the Management Subscriber, and have a material interest in the Management Subscription; (ii) with respect to the Management Subscription, Mr. Liu Jiang, being a party to the New Management Subscriber Agreement, has a material interest in the Management Subscription; (iii) with respect to the Independent Subscription, Mr. Fan Tai, being the chief investment officer and an executive director of KongZhong Corporation, the wholly-controlled entity of the Independent Subscriber, has a material interest in the Independent Subscription; (iv) with respect to the Connected Subscription, Ms. Fu Qiang, being the chairlady and a director of the Connected Subscriber, has a material interest in the Connected Subscription; (v) Mr. Chen Xian, who cast an abstention vote at the relevant board meeting held to approve the Subscriptions; and (vi) the members of the Independent Board Committee who will express their opinions after considering the advice of the Gram Capital as to the fairness and reasonableness of the terms of the Management Subscription Agreement, Connected Subscription Agreement and the transactions contemplated under thereunder) consider that the terms and conditions of the Subscription Agreements are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole.

The Board has no intention, initial or concrete plan or otherwise to conduct any equity fundraising for the Company in the next 12 months.

7. INFORMATION OF THE SUBSCRIBERS

(A) The Management Subscriber

The Management Subscriber is a special purpose vehicle incorporated in the British Virgin Islands for the purpose of the subscription of the Management Subscription Shares and is owned equally by Mr. Yang, Mr. Ng and Mr. Zhang. As Mr. Yang and Mr. Ng are executive Directors, the Management Subscriber is an associate of Mr. Yang and Mr. Ng, and therefore a connected person of the Company.

LETTER FROM THE BOARD

Upon the Management Subscription Completion, the Management Subscriber will be interested in 89,189,189 Shares, representing approximately 10.18% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Management Subscription Completion.

(B) The Independent Subscriber

The Independent Subscriber is a company incorporated in the British Virgin Islands and a wholly-controlled entity of KongZhong Corporation through a series of contracts. The Independent Subscriber is an investment holding company without any business operations. KongZhong Corporation is a company incorporated in the Cayman Islands. It was once listed on NASDAQ (NASDAQ: KZ) and delisted since April 2017. KongZhong Corporation is principally engaged in the development and operation of online games. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Independent Subscriber and its associates are Independent Third Parties.

As at the Latest Practicable Date, the KongZhong Corporation holds 20,737,000 Shares, representing approximately 2.64% of the issued share capital of the Company. Upon the Independent Subscription Completion, the Independent Subscriber together with KongZhong Corporation will be interested in 92,088,351 issued Shares in aggregate, representing approximately 9.72% of the issued share capital of the Company as enlarged by the allotment and issue of the Management Subscription Shares and the Independent Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Independent Subscription Completion (save for the issue of Management Subscription Shares upon Management Subscription Completion).

(C) The Connected Subscriber

The Connected Subscriber is a company established in the PRC and listed on the National Equities Exchange and Quotations System in the PRC (stock code: 834358) in 2015. The Connected Subscriber is a leading sports industry platform company in China, principally engaged in the operation of sports events and provision of sports leisure and value-added services.

As at the Latest Practicable Date, the Connected Subscriber is a substantial Shareholder holding 226,000,000 Shares through Glassy Mind, representing approximately 28.72% of the issued share capital of the Company, and therefore it is a connected person of the Company. Upon the Connected Subscription Completion, the Connected Subscriber together with Glassy Mind will be interested in 290,690,848 issued Shares in aggregate, representing approximately 28.72% of the issued share capital of the Company as enlarged by the allotment and issue of all the Subscription Shares, assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Independent Subscription Completion.

LETTER FROM THE BOARD

(save for the issue of Management Subscription Shares upon the Management Subscription Completion and Independent Subscription Shares upon the Independent Subscription Completion).

8. EFFECT ON SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 786,923,374 Shares in issue.

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the allotment and issue of the Management Subscription Shares under the Management Subscription (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Management Subscription Completion); (iii) immediately after the allotment and issue of the Management Subscription Shares under the Management Subscription and the Independent Subscription Shares under the Independent Subscription (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Independent Subscription Completion (save for the issue of Management Subscription Shares upon Management Subscription Completion)); (iv) immediately after the allotment and issue of all Subscription Shares under the Subscriptions (assuming there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Connected Subscription Completion (save for the issue of Management Subscription Shares upon the Management Subscription Completion and Independent Subscription Shares upon the Independent Subscription Completion)), are as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after the Management Subscription Completion		Immediately after the Independent Subscription Completion		Immediately after the allotment and issue of all Subscription Shares under the Subscriptions	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares	Approximate %
Irena Group Co., Ltd. ⁽¹⁾	—	—	—	—	—	—	64,690,848 ⁽⁴⁾	6.39%
Glassy Mind Holdings Limited ⁽¹⁾	226,000,000	28.72%	226,000,000	25.80%	226,000,000	23.85%	226,000,000 ⁽⁴⁾	22.33%
Concert Party Shareholders	173,013,364 ⁽²⁾	21.99%	173,013,364 ⁽²⁾	19.75%	173,013,364 ⁽²⁾	18.26%	173,013,364 ⁽²⁾	17.09%
CMC Ace Holdings Limited ⁽³⁾	117,600,000	14.94%	117,600,000	13.42%	117,600,000	12.41%	117,600,000	11.62%
KongZhong Corporation ⁽⁴⁾	20,737,000	2.64%	20,737,000	2.37%	20,737,000	2.19%	20,737,000	2.05%
Noumena Innovations (BVI) LTD. ⁽⁴⁾	—	—	—	—	71,351,351	7.53%	71,351,351	7.05%
Total Victory Global Limited	—	—	89,189,189	10.18%	89,189,189	9.41%	89,189,189	8.81%
Other public Shareholders	249,573,010	31.71%	249,573,010	28.48%	249,573,010	26.35%	249,573,010	24.66%
Total	786,923,374	100%	876,112,563	100%	947,463,914	100%	1,012,154,762	100%

Notes:

- (1) Glassy Mind Holdings Limited is a wholly-owned subsidiary of Irena Group Co., Ltd.
- (2) The aggregate number of Shares held by the concert parties under the Concert Party Agreement.

LETTER FROM THE BOARD

- (3) CMC Ace Holdings Limited is owned as to 100% by CMC Capital Partners, L.P., which in turn is owned as to 100% by CMC Capital Partners, GP, L.P.. CMC Capital Partners, GP, L.P. is owned as to 100% by CMC Capital Partners, GP Ltd., which in turn is owned as to 100% by La Con fiance Investments Ltd., and La Con fiance Investments Ltd. is owned as to 100% by Le Bonheur Holdings Ltd..
- (4) Noumena Innovations (BVI) LTD. is a wholly-owned subsidiary of KongZhong Corporation.

9. FUND RAISING ACTIVITY OF THE COMPANY DURING THE PAST 12 MONTHS

Save for the fund raising activity mentioned below, the Company has not conducted any other fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
12 July 2017	Issue of Convertible Note	Approximately RMB104 million (equivalent to HK\$120 million)	Business growth and expansion	Approximately RMB104 million used to fund the growth and expansion of the Group's eSports business through the construction of the flagship arena of AES at the MGM Luxor Casino and Hotel at Las Vegas, U.S.

10. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Management Subscriber is owned equally by Mr. Yang, Mr. Ng and Mr. Zhang. As Mr. Yang and Mr. Ng are executive Directors, the Management Subscriber is an associate of Mr. Yang and Mr. Ng, and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the Management Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the Latest Practicable Date, the Connected Subscriber is a substantial Shareholder holding 226,000,000 Shares through Glassy Mind, representing approximately 28.72% of the issued share capital of the Company, and therefore it is a connected person of the Company. Accordingly, the Connected Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

11. THE EGM

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things: (i) the Management Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Management Subscription Shares under the Management Subscription; (ii) the Independent Subscription Agreement and the transactions contemplated thereunder, including the Specific Mandate for the allotment and issue of the Independent Subscription Shares under the Independent Subscription; and (iii) the Connected Subscription Agreement and the transactions contemplated thereunder, including

LETTER FROM THE BOARD

the Specific Mandate for the allotment and issue of the Connected Subscription Shares under the Connected Subscription. The resolutions in relation to the Subscription Agreements and the Specific Mandate at the EGM will be voted on by the Independent Shareholders by way of poll. Any Shareholder who has a material interest in the Management Subscription Agreement, the Independent Subscription Agreement or the Connection Subscription Agreement shall abstain from voting on the relevant resolutions to be proposed at the EGM.

As at the Latest Practicable Date, KongZhong Corporation, being the wholly-controlled entity of the Independent Subscriber, is interested in 20,737,000 Shares, representing approximately 2.64% of the issued share capital of the Company. Also taking into consideration of the conditions precedent of the Independent Subscription Agreement, KongZhong Corporation will abstain from voting at the EGM on the Management Subscription Resolutions and Independent Subscription Resolutions.

As at the Latest Practicable Date, Glassy Mind, being the wholly-owned subsidiary of the Connected Subscriber, is interested in 226,000,000 Shares, representing approximately 28.72% of the issued share capital of the Company. Also taking into consideration of the conditions precedent of the Connected Subscription Agreement, the Glassy Mind will abstain from voting at the EGM on the Management Subscription Resolutions, Connected Subscription Resolutions and Independent Subscription Resolutions.

Save as disclosed ((i) KongZhong Corporation and Glassy Mind will abstain from voting at the EGM on the Management Subscription Resolutions and Independent Subscription Resolutions; and (ii) Glassy Mind will abstain from voting at the EGM on the Connected Subscription Resolutions), as none of the Shareholders has a material interest in the Management Subscription, the Independent Subscription and the Connected Subscription, none of the Shareholders is required to abstain from voting on the relevant Management Subscription Resolutions, Connected Subscription Resolutions and Independent Subscription Resolutions.

A notice convening the EGM to be held in the Conference Room, 16th Floor, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China, on Thursday, 2 November 2017 at 10:00 a.m. is set out on pages 61 to 64 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ourgame.com and www.lianzhong.com). Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Tuesday, 31 October 2017) or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting.

An announcement on the poll results of the EGM will be made by the Company following the EGM in accordance with the Listing Rules.

LETTER FROM THE BOARD

Shareholders and potential investors should note that the Subscriptions are subject to conditions to be fulfilled and the Subscriptions may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

12. MATERIAL INTERESTS OF DIRECTORS

As disclosed above, (i) Mr. Yang, Mr. Ng and Mr. Liu Jiang, who have a material interest in the Management Subscription, have abstained from voting on the relevant Board resolutions approving the Management Subscription; (ii) Mr. Fan Tai, who has a material interest in the Independent Subscription, has abstained from voting on the relevant Board resolutions approving the Independent Subscription; and (iii) Ms. Fu Qiang, who has a material interest in the Connected Subscription, has abstained from voting on the relevant Board resolutions approving the Connected Subscription. Save as disclosed, none of the Directors has a material interest in the Subscriptions.

13. RECOMMENDATIONS

Your attention is drawn to (i) the letter of advice from the Independent Board Committee to the Independent Shareholders on the Management Subscription, Connected Subscription and the Specific Mandate; and (ii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Management Subscription, Connected Subscription and the Specific Mandate. The Board (including the members of the Independent Board Committee after considering the advice of Gram Capital, but excluding (i) with respect to the Management Subscription, Mr. Yang and Mr. Ng, each of whom owns one third of the shares in the Management Subscriber, and have a material interest in the Management Subscription; (ii) with respect to the Management Subscription, Mr. Liu Jiang, being a party to the New Management Subscriber Agreement, has a material interest in the Management Subscription; (iii) with respect to the Independent Subscription, Mr. Fan Tai, being the chief investment officer and an executive director of KongZhong Corporation, the wholly-controlled entity of the Independent Subscriber, has a material interest in the Independent Subscription; (iv) with respect to the Connected Subscription, Ms. Fu Qiang, being the chairlady and a director of the Connected Subscriber, has a material interest in the Connected Subscription; and (v) Mr. Chen Xian, who cast an abstention vote at the relevant board meeting held to approve the Subscriptions) is of the view that the terms of the Subscription Agreements are on normal commercial terms, the Subscriptions are in the ordinary and usual course of business of the Group, they are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and considers that (i) the execution, delivery and performance of the Subscription Agreements; (ii) the allotment and issue of the Subscription Shares in accordance with the Subscription Agreements; (iii) the Specific Mandate under which the Subscription Shares will be issued, are in the interests of the Company and the Shareholders as a whole, accordingly, recommends that the Independent Shareholders to vote in favor of the resolutions relating thereto at the EGM.

LETTER FROM THE BOARD

14. FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,
By order of the Board
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Co-Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of advice from the Independent Board Committee setting out its recommendation to the Independent Shareholders for the purpose of inclusion in this circular.



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)

13 October 2017

To the Independent Shareholders

Dear Sir or Madam,

**(I) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE
AND
(II) CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION
OF NEW SHARES BY CONNECTED PERSONS**

We refer to the circular dated 13 October 2017 of the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular bear the same meanings herein unless the context otherwise requires.

Pursuant to the Listing Rules, we have been appointed to form the Independent Board Committee to consider the Management Subscription, Connected Subscription and the Specific Mandate (collectively, the “**Transactions**”), to advise the Independent Shareholders as to whether, in our opinion, the Transactions are fair and reasonable so far as the Independent Shareholders are concerned, and to recommend how the Independent Shareholders should vote regarding the relevant proposed resolutions pursuant to the Listing Rules at the EGM.

Gram Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

We wish to draw your attention to the letter from the Board set out on pages 8 to 29 of the Circular which contains, among others, information on the Transactions as well as the letter from Gram Capital set out on pages 32 to 50 of the Circular which contains its advice in respect of the Transactions.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the principal factors, reasons and advice of Gram Capital as set out in the letter from Gram Capital, we consider that the terms of the Transactions are on normal commercial terms, the Transactions are in the ordinary and usual course of business of the Group, they are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolutions to be proposed at the EGM in respect of the Transactions.

Yours faithfully,
For and on behalf of the
Independent Board Committee
Ourgame International Holdings Limited

Mr. Ge Xuan
*Independent non-executive
Director*

Mr. Lu Zhong
*Independent non-executive
Director*

Mr. Cheung Chung Yan David
*Independent non-executive
Director*

LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Management Subscription and Connected Subscription for the purpose of inclusion in this circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

13 October 2017

*To: The independent board committee and the independent shareholders
of Ourgame International Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTIONS INVOLVING SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Management Subscription and Connected Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 13 October 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 12 September 2017, the Company and the Management Subscriber entered into the Management Subscription Agreement, pursuant to which the Management Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 89,189,189 Management Subscription Shares at the Management Subscription Price of HK\$1.85 per Management Subscription Share.

On the even date, the Company and the Independent Subscriber entered into the Independent Subscription Agreement, pursuant to which the Independent Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 71,351,351 Independent Subscription Shares at the Independent Subscription Price of HK\$1.85 per Independent Subscription Share.

LETTER FROM GRAM CAPITAL

On the even date, the Company and the Connected Subscriber entered into the Connected Subscription Agreement, pursuant to which the Connected Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 64,690,848 Connected Subscription Shares at the Connected Subscription Price of HK\$1.85 per Connected Subscription Share.

With reference to the Board Letter, the Management Subscription and the Connected Subscription constitute non-exempt connected transactions of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Ge Xuan, Mr. Lu Zhong and Mr. Cheung Chung Yan David (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of each of the Management Subscription Agreement and the Connected Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether each of the Management Subscription and Connected Subscription is in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Management Subscription Agreement, the Connected Subscription Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that

LETTER FROM GRAM CAPITAL

all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Management Subscription Agreement and Connected Subscription Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Subscribers or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group as a result of the Subscriptions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Subscriptions, we have taken into consideration the following principal factors and reasons:

(1) Background and reasons for the Subscriptions

Information on the Group

With reference to the Board Letter, the principal activity of the Company is investment holding. The Group is primarily 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 in China and globally (the “**Principal Businesses**”).

Set out below is a summary of the consolidated financial information on the Group for the six months ended 30 June 2017 as extracted from the Company’s interim results announcement for the six months ended 30 June 2017 (the “**2017 Interim Report**”) and the two years ended 31 December 2016 as extracted from the Company’s annual report for the year ended 31 December 2016 (the “**2016 Annual Report**”):

	For the six months ended 30 June 2017	For the year ended 31 December 2016	For the year ended 31 December 2015	Year on year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%
	(Unaudited)	(Audited)	(Audited)	
Revenue	272,313	871,148	769,625	13.19
— <i>Online games business</i>				
— Lianzhong Group (<i>Note 1</i>)	219,383	737,894	691,291	6.74
— <i>Online games business</i>				
— Peerless Group (<i>Note 2</i>)	42,235	133,548	80,884	65.11
— <i>ESports business</i>	10,695	6,429	611	952.21
Profit/(Loss) for the period/year	(68,424)	139,376	112,059	24.38
	As at 30 June 2017	As at 31 December 2016	As at 31 December 2015	Year on year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	%
	(Unaudited)	(Audited)	(Audited)	
Bank balances and cash	191,582	283,598	348,669	(18.66)
Net assets	1,195,787	1,254,546	1,027,267	22.12

Notes:

1. online card and board games business carried out by Lianzhong Group
2. online card and board games business carried out by Peerless Group

LETTER FROM GRAM CAPITAL

As illustrated by the above table, the Group's revenue and net profit for the year ended 31 December 2016 ("FY2016") increased by approximately 13.19% and 24.38% respectively as compared to the year ended 31 December 2015 ("FY2015"). With reference to the 2016 Annual Report and as advised by the Directors, the increase in revenue 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 Media Limited and its subsidiaries (the "**Peerless Group**"), which are engaged in the business of television production, brand licensing, online service and tour management producing poker and online entertainment content under the WPT global brand. The increase in profit for FY2016 was due to a significant increase in other income but offset by increase in selling and marketing expenses and administrative expenses for business expansion.

For the six months ended 30 June 2017 ("1H2017"), revenue of the Group amounted to approximately RMB272.31 million, representing a decrease of approximately 34.52% as compared that for the corresponding period of 2016. The decrease in revenue was mainly due to unexpected changes in market environment, which further lead to a loss for 1H2017 as compared to a profit for the six months ended 30 June 2016.

With reference to the 2017 Interim Report, the revenue outside the PRC was primarily derived from Peerless Group which were acquired by the Group at the end of June 2015.

As at 30 June 2017, the Group recorded net assets and bank balances and cash of approximately RMB1.20 billion and RMB191.58 million respectively.

Reasons for and benefits of the Subscriptions and the use of proceeds

With reference to the Board Letter, the Directors consider that entering in the Subscription Agreements represent a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial positions and liquidity of the Group; and (iii) provide the Company with the financial flexibility necessary for the Group's business development and expansion.

Over the past few years of development, the Company has expanded its businesses from mostly domestic China card and board games business to include multiple synergistic groups of businesses and from mainly China based to international that include domestic card and board games, global poker and entertainment under World Poker Tour ("**WPT**"), global eSports under AES, and China mind sports with Tianjin Zhongqi Weiye Sports Development Co., Ltd. ("**Zhongqi**"). The Directors believe that the Company's newly developed businesses are promising industry trends and thus the Company raised a sum of approximately HK\$120 million by issuing Convertible Note in July 2017 to fund the growth and expansion of the Group's eSports business through the

LETTER FROM GRAM CAPITAL

construction of the flagship arena of AES at the MGM Luxor Casino and Hotel at Las Vegas, U.S.. The proceeds raised from the Convertible Note have been fully utilized as at the Latest Practicable Date.

As disclosed in the announcement of the Company dated 29 May 2017, the Group encountered unexpected challenges in its domestic China card and board games business. In particular, the first half of 2017 witnessed a boom of a category of new apps in the PRC that provide online game room cards function with a viral and agent distribution model. Some of the agents of these apps have also been actively targeting the Group's user base which caused a higher than expected level of user churn. In addition, certain of the Company's mobile carrier partners on which the Company relies for a meaningful level of revenues changed their payment policies during the first half of 2017, which also negatively impacted the Group's mobile businesses. Although as disclosed in the 2017 Interim Report, the Company's business has recovered meaningfully in the second quarter of 2017 as compared to the first quarter of 2017, the Group still witnessed a fairly substantial downturn on revenue and profitability in the first half of 2017. In response to such rapid development and intensified competition in the Group's industry, the Group needs to take immediate actions to solidify its market share and raise sufficient funds to support and continue the Group's growth plans.

Financing alternatives available to the Group

Save for the fund raising activity mentioned below, the Company has not conducted any other fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
12 July 2017	Issue of Convertible Note	Approximately RMB104 million (equivalent to HK\$120 million)	Business growth and expansion	Approximately RMB104 million used to fund the growth and expansion of the Group's eSports business through the construction of the flagship arena of AES at the MGM Luxor Casino and Hotel at Las Vegas, U.S.

We have enquired into the Directors and were informed by the Directors that the Group has considered various methods, namely debt financing and equity financing, for fund raising.

With regard to debt financing, as the Group operates under an asset-light business model, it will be challenging for the Group to raise a large amount of funds in an efficient manner to expand its business through bank and other borrowing since the

LETTER FROM GRAM CAPITAL

Group has limited assets which it can use as collaterals. In addition we also understood from the Directors that as the Company completed issue of Convertible Note on 28 July 2017, the Company prefers not to further increase debt position and financial cost of the Company. Accordingly, the Company prefers equity financing, which could not incur further financial cost, and could optimize the gearing ratio and the financial position.

With regard to equity financing, the Directors advised us that although both open offer and rights issue would allow Shareholders to maintain their respective pro-rata shareholdings in the Company and at the same time to strengthen the capital base of the Company, such fund raising exercises (i) may require the Company to procure commercial underwriting, which may incur addition transaction cost; and (ii) more likely than not set subscription price at a relative deeper discount to current market price of the Share in order to encourage existing Shareholders to participate, while the subscription prices under the Subscription Agreements represent a slight discount to the closing price per Share on the Last Trading Day, the Directors consider that open offer and rights issue would be less preferable methods in this regard.

The Directors are hence of the opinion that the Subscriptions are the most preferable method of current fund raising plan for the Group.

Use of proceeds

With reference to the Board Letter, gross proceeds to be raised from the Subscriptions will be approximately HK\$416,678,000. The net proceeds to be raised from the Subscriptions will be approximately HK\$416,478,000. The net subscription price per Subscription Share would be approximately HK\$1.849.

The Company intends that the net proceeds of the Subscriptions will be used as follows:

- (i) approximately 30% (i.e. approximately HK\$125 million) will be used to further develop the eSports business and expand the global arena network of AES;
- (ii) approximately 15% (i.e. approximately HK\$62 million) will be used to further develop the WPT business in high growth geographies that the Group does not currently have a presence, as well as further development and marketing of the WPT online games products;
- (iii) approximately 15% (i.e. approximately HK\$62 million) will be used to revamp and update the Group's core China mobile product portfolio in addition to the current mobile carrier payment system to substantially increase for other third party and non-mobile carrier payment options mainly weChat, Alipay and key third party payment software kits;

LETTER FROM GRAM CAPITAL

- (iv) approximately 30% (i.e. approximately HK\$125 million) will be used to acquire and/or develop approximately 2 to 3 China regional card and board games platforms to enlarge the Group's current China national games platform, including through the acquisition of proven card and board games teams and products; and
- (v) approximately 10% (i.e. approximately HK\$42 million) will be used to replenish working capital. The Company expects to deploy approximately HK\$13 million for administrative expenses and approximately HK\$29 million for operation expenses in 2018 and 2019.

AES

The eSports arena network was expanded significantly in 2016 and is now global. In 2016, AES announced its investment in US-based Esports Arena Inc, which operates eSports arenas in the United States of America, and with this investment AES expanded into the important North America market. Also in 2016, AES 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, AES entered into a joint venture with China A-share listed Shenzhen SEG Co. Ltd. (Shenzhen Stock Exchange stock code: SZ000058) and began construction of the Shenzhen flagship arena. IP and contents were built on top of the arena network. In December 2016, AES's 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 AES's 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.

The first half of 2017 has been a period of rapid growth for AES. AES entered into an agreement with the MGM Group to open its global flagship arena at the MGM Luxor Casino and Hotel at Las Vegas, USA, of which the MGM Group will be providing substantial marketing and other support. With the introduction of this flagship arena, AES achieved a critical milestone in completing the creation of the Group's global arena network. With this global arena network, the Company established the necessary 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 tournament.

The Company plans to build approximately 4 to 6 eSports arenas in the U.S. and approximately 2 to 4 eSports arenas in the PRC in 2018 and early 2019. The Company also plans to build approximately 2 mobile eSports arena trucks that is currently being used in Europe to be introduced to the U.S. in 2018.

LETTER FROM GRAM CAPITAL

WPT

With reference to the 2016 Annual Report, through WPT subsidiary, which focused on the global social casino and poker games business, the Company continued to renew and expand its product offerings and geographic and channel coverage. In the second half of 2016, the Group 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 recordbreaking 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. The 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 the first quarter of 2017, the sponsorship contract with one of WPT's largest sponsors expired, resulting in WPT experiencing a drop in sponsorship revenue. Other than this, WPT's other businesses remained stable and are poised to grow. WPT's TV programs reached more than 140 million households worldwide as of 30 April 2017. With the launch of PlayWPT on iOS in the first quarter of 2017, PlayWPT's launch is now completed and is available across PC, Android and iOS platforms and continuing to enhance and optimize the online games products to better monetize WPT's global user base.

The Company expects to deploy approximately HK\$25 million for geographic expansion including tournaments, marketing of WPT online games products and TV content development, with initial focus in Japan and South America in particular Brazil in 2018 and 2019, and approximately HK\$37 million for WPT online games development and marketing primarily focusing on the playWPT set of online games products in the U.S., Europe and South America markets, including potential strategic partnerships with key global partners, in 2018 and 2019.

Regional card and board games platforms

In 2016, soon after the completion of the competitive board and card games platform (the “**Platform**”), which was built by the Company's associate — Zhongqi, the first government approved game was launched “Competitive Two against One”, 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

LETTER FROM GRAM CAPITAL

of one centralised platform to win master points granted by the Board and Card Games Administrative Centre of the China General Sports Administration and compete in offline events to win the national championship.

Zhongqi had 10 sportified card and board games approved by the General Sports Administration as official sports. All ten sports titles were open to the industry for commercial development bidding and are now under development by bid winning companies.

The Company expects the estimated cost of acquisition will be approximately HK\$40 to HK\$50 million per team or product. With reference to the Board Letter, the Company has not entered into any formal agreement in relation to such investments or acquisitions as at the Latest Practicable Date. The Company is identifying the investment and acquisition targets and it is targeting to carry out such investments or acquisitions by end of 2018.

Mobile product

Intense competition from new apps that provide online game room cards (開房卡) function, coupled with adverse payment policy changes in the Company's main mobile carrier payment partners, caused a significant negative impact to both the Group's PC and mobile China domestic card and board game businesses, particularly in the first quarter of 2017. The Company has started to revamp its mobile product portfolio and incorporated more Alipay, weChat and other third party payment options. This involved the complete redevelopment of the core Fight the Landlord, Mahjong and Texas Hold'em series of products which currently account for close to 50% of the Group games revenue. The redevelopment is planned to complete by end of 2018 and remarketing is planned with product schedules in 2018 and 2019. The Company has also been actively streamlining and optimizing its cost structure to drive efficiency and savings.

With reference to the 2017 Interim Report, in the second half of 2017, the Company will continue to focus on revamping its China card and board game businesses. The Company will be completing the AES Las Vegas flagship arena and taking it to the market in early 2018 and setting up a new venue model and revenue stream. AES will focus on further developing its branded IP tournaments and signing up more partners. The Company will also explore bringing in new partners for both Zhongqi and WPT to strengthen their business and accelerate their growth.

In light of (i) the Group's Principal Businesses as mentioned above; and (ii) the proposed use of proceeds is for the purpose of the Group's business growth and expansion, which is also in line with the Group's development strategy, we consider that the proposed use of proceeds from the Subscription to be acceptable.

LETTER FROM GRAM CAPITAL

Having considered (i) the Subscriptions being most preferable method of current fund raising plan for the Group due to the reasons as set forth under the sub-section headed “Financing alternatives available to the Group” above; (ii) the proceeds raised from the Convertible Note have been fully utilized as at the Latest Practicable Date; (iii) the proposed use of proceeds from the Subscriptions; and (iv) as the beneficial owners of the Management Subscriber are senior management of the Company and Connected Subscriber is a substantial Shareholder, their participation in the Subscriptions will demonstrate their confidence in the prospect of the Company, we consider that the Subscription is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

A. Management Subscription

1. *Information on Management Subscriber*

The Management Subscriber is a special purpose vehicle incorporated in the British Virgin Islands for the purpose of the subscription of the Management Subscription Shares and is owned equally by Mr. Yang, Mr. Ng and Mr. Zhang. As Mr. Yang and Mr. Ng are executive Directors, the Management Subscriber is an associate of Mr. Yang and Mr. Ng, and therefore a connected person of the Company.

2. *Principal terms of the Management Subscription Agreement*

The table below summarises the major terms of the Management Subscription Agreement, details of which are set out under the section headed “Management Subscription Agreement” of the Board Letter:

Date:	12 September 2017
Parties:	The Company (as the issuer); and Total Victory Global Limited (i.e. Management Subscriber)
Subscription Shares:	Pursuant to the Management Subscription Agreement, the Management Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 89,189,189 Management Subscription Shares (with an aggregate nominal value of approximately US\$4,459.46).
Subscription Price:	HK\$1.85 per Management Subscription Share.

LETTER FROM GRAM CAPITAL

Analysis on the Subscription Price

The Management Subscription Price is HK\$1.85 per Management Subscription Share. The Management Subscription Price represents:

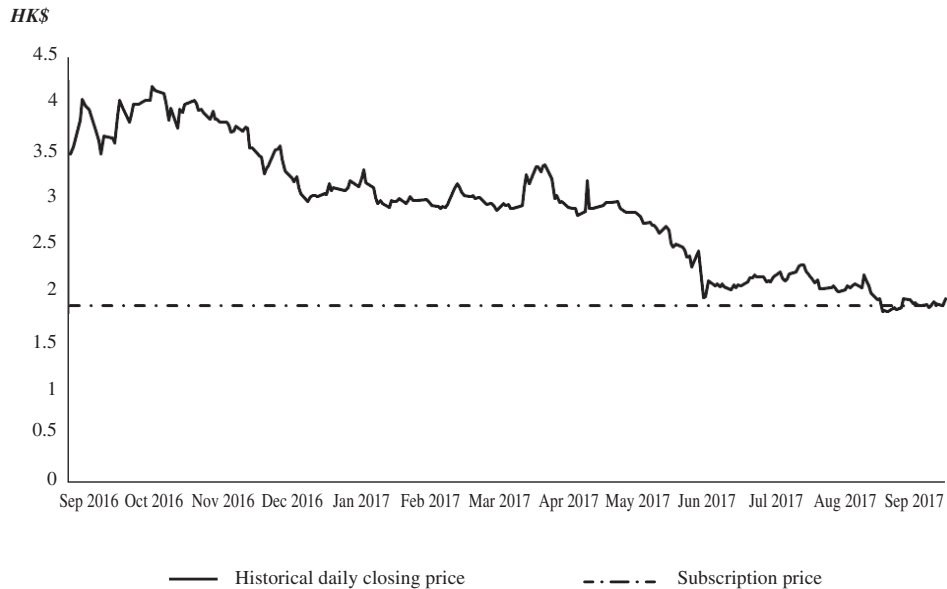
- (a) a discount of approximately 8.87% to the closing price of HK\$2.03 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 3.65% (the “**Discount**”) to the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the date of the Management Subscription Agreement;
- (c) the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 0.43% to the average closing price of approximately HK\$1.858 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (e) a discount of approximately 0.59% to the average closing price of approximately HK\$1.861 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

With reference to the Board Letter, the Management Subscription Price was arrived at after arm’s length negotiations between the Company and the Management Subscriber with reference to the volume weighted average price per Share over the 20 trading days as quoted on the Stock Exchange immediately before the signing of the Management Subscription Agreement (“**20-Day Trading Price**”). Based on trading volume and closing price of the Shares for 20 trading days immediately before the date of Management Subscription Agreement, the 20-Day Trading Price was HK\$1.85.

LETTER FROM GRAM CAPITAL

In order to assess the fairness and reasonableness of the Management Subscription Price, we have reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 September 2016 up to and including the Last Trading Day (the “**Review Period**”), being approximately one year prior to the date of the Subscription Agreements, which is commonly used for analysis purpose. The comparison of daily closing prices of the Shares and subscription price of HK\$1.85 is illustrated as follows:

Historical daily closing price per Share



Source: the Stock Exchange's website

During the Review Period, after the closing price of the Share reached the peak of HK\$4.14 on 6 October 2016, the closing price of the Shares moved in a decreasing trend and close to the subscription price of HK\$1.85. The Subscription Price is within the range of the lowest and highest closing prices of the Shares and close to the lowest closing price of the Shares during the Review Period.

LETTER FROM GRAM CAPITAL

As part of our analysis, we have also identified transactions regarding subscription of new shares under specific mandate during the period from 1 July 2017 up to the date of Subscription Agreements as announced (being the recent three months period prior to and including the date of Subscription Agreements) by companies listed on the Stock Exchange (the “**Comparables**”). We consider that a sampling period of approximately three months is adequate and appropriate given that (i) such period is sufficiently recent to demonstrate the prevailing market practices prior to and including the Last Trading Day; and (ii) we were able to identify sufficient samples for comparison with such period. To the best of our knowledge and as far as we are aware of, we found 10 transactions which met the said criteria and they are exhaustive. Despite that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables, the Comparables could provide a general reference for the recent (i.e. three months period prior to and including the date of Subscription Agreements) common market practice of mainboard listed companies in the subscription of new shares under specific mandate. As such, we are of the view that the Comparables are fair and representative. Summarised below is our relevant findings:

Company name	Stock code	Date of announcement	Premium/(discount) of the issue price over/to the closing price per share on the date of agreement in relation to the respective subscription of share %
Kwan On Holdings Limited	1559	1 September 2017	(4.41)
C&D International Investment Group Limited	1908	30 August 2017	(13.10)
China Unicom (Hong Kong) Limited	762	22 August 2017	9.97
Yida China Holdings Limited (“ Yida China ”)	3639	17 August 2017	1.77 <i>(Note 1)</i>
China Resources and Transportation Group Limited (“ China R&T ”)	269	1 August 2017	(19.30) <i>(Note 2)</i>
Beijing Sports and Entertainment Industry Group Limited	1803	25 July 2017	(21.00)

LETTER FROM GRAM CAPITAL

Company name	Stock code	Date of announcement	Premium/(discount) of the issue price over/to the closing price per share on the date of agreement in relation to the respective subscription of share %
China Health Group Limited	673	14 July 2017	23.46
O Luxe Holdings Limited (“O Luxe”)	860	7 July 2017	(19.61) <i>(Note 3)</i>
Shenzhen Mingwah Aohan High Technology Corporation Limited	8301	7 July 2017	(16.67)
China Southern Airlines Company Limited	1055	26 June 2017	(7.52)
Maximum			23.46
Minimum			(21.00)
Average			(6.64)
The Company	6899	12 September 2017	(3.65)

Note:

1. The premium is calculated based on closing price of Yida China as at 16 August 2017, being the full trading day for shares of Yida China before publication of the announcement regarding subscription of new shares of Yida China.
2. The discount is calculated based on closing price of China R&T as at 10 July 2017, being the last trading day for shares of China R&T prior to the entering into of the agreement regarding subscription of new shares of China R&T.
3. The discount is calculated based on closing price of O Luxe as at 6 July 2017, being the last trading day for shares of O Luxe prior to the entering into of the agreement regarding subscription of new shares of O Luxe.

As shown by the above table, the subscription prices of the Comparables ranged from a discount of approximately 21.00% to a premium of approximately 23.46% to the respective closing prices of their shares on the last trading days prior to/on the date of the announcements/agreement in relation to the relevant share subscription (the “**Market Range**”), with an average of a discount of approximately 6.64%. The Discount is thus within the Market Range and above the average of the Comparables.

LETTER FROM GRAM CAPITAL

Having taken into account that (i) the Subscription Price of HK\$1.85 per Share is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period; (ii) the closing price of the Shares moved in a decreasing trend and close to the subscription price during the Review Period; (iii) the Discount is within the Market Range and above the average of the Comparables; and (iv) the Management Subscription Price equals to the Independent Subscription Price under the Independent Subscription by the Independent Subscriber, which is not connected person of the Company, we consider that the Management Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

Taking into account the principal terms of the Management Subscription Agreement as highlighted above, we are of the view that the terms of the Management Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

B. Connected Subscription

1. Information on Connected Subscriber

The Connected Subscriber is a company established in the PRC and listed on the National Equities Exchange and Quotations System in the PRC (stock code: 834358) in 2015. The Connected Subscriber is a leading sports industry platform company in China, principally engaged in the operation of sports events and provision of sports leisure and value-added services.

2. Principal terms of the Connected Subscription Agreement

The table below summarises the major terms of the Connected Subscription Agreement, details of which are set out under the section headed “Connected Subscription Agreement” of the Board Letter:

Date:	12 September 2017
Parties:	The Company (as the issuer); and Irena Group Co., Ltd. (i.e. Connected Subscriber)
Subscription Shares:	Pursuant to the Connected Subscription Agreement, the Connected Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 64,690,848 Connected Subscription Shares (with an aggregate nominal value of approximately US\$3,234.54).
Subscription Price:	HK\$1.85 per Connected Subscription Share.

LETTER FROM GRAM CAPITAL

Analysis on the Subscription Price

The Connected Subscription Price is HK\$1.85 per Connected Subscription Share. The Connected Subscription Price represents:

- (a) a discount of approximately 8.87% to the closing price of HK\$2.03 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 3.65% (i.e. the Discount) to the closing price of HK\$1.92 per Share as quoted on the Stock Exchange on the date of the Connected Subscription Agreement;
- (c) the closing price of HK\$1.85 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 0.43% to the average closing price of approximately HK\$1.858 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (e) a discount of approximately 0.59% to the average closing price of approximately HK\$1.861 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

With reference to the Board Letter, the Connected Subscription Price was arrived at after arm's length negotiations between the Company and the Management Subscriber with reference to the volume weighted average price per Share over the 20 trading days as quoted on the Stock Exchange immediately before the signing of the Connected Subscription Agreement. Based on trading volume and closing price of the Shares for 20 trading days immediately before the date of Connected Subscription Agreement, the 20-Day Trading Price was HK\$1.85.

Having taken into account that (i) the Connected Subscription Price of HK\$1.85 per Share, being the same as the Management Subscription Price, is within the range of the lowest and highest closing prices of the Shares as quoted on the Stock Exchange during the Review Period; (ii) the closing price of the Shares moved in a decreasing trend and close to the subscription price during the Review Period; (iii) the Discount is within the Market Range and above the average of the Comparables; and (iv) the Connected Subscription Price equals to the Independent Subscription Price under the Independent Subscription by the Independent Subscriber, which is not connected person of the Company, we consider that the subscription price is fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM GRAM CAPITAL

Completion of the Connected Subscription Agreement is conditional upon fulfilment of certain conditions precedent, including completion of both the Management Subscription and Independent Subscription. For the avoidance of doubt, the completion of the Management Subscription Agreement is not conditional upon fulfilment of completion of neither Independent Subscription nor Connected Subscription.

Taking into account the principal terms of the Connected Subscription Agreement as highlighted above, we are of the view that the terms of the Connected Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

3. *Dilution effect on the shareholding interests of the existing public Shareholders*

As depicted by the table under the section headed “Effects on shareholding structure of the Company” of the Board Letter, upon completion of the Subscriptions, the shareholding interests of the existing public Shareholders would be diluted by approximately 7.05 percent point. Nonetheless, in view of (i) the reasons for and the possible benefits of the Subscriptions to the Company; and (ii) the terms of the Subscription Agreements being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

(2) Financial effects of the Subscription

Based on the 2017 Interim Report, the unaudited consolidated net asset value of the Group was approximately RMB1.20 billion as at 30 June 2017. As confirmed by the Directors, the Subscription will increase the net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Subscription.

LETTER FROM GRAM CAPITAL

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of each of the Management Subscription Agreement and Connected Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) each of the Management Subscription and the Connected Subscription is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Management Subscription Agreement, Connected Subscription Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

(A) Share capital

The authorized and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) assuming the Subscriptions have completed (with no other change in the issued share capital of the Company from the Latest Practicable Date up to date of completion of all Subscriptions) was/will be as follows:

(i) *As at the Latest Practicable Date:*

<i>Authorized</i>		<i>US\$</i>
<u>10,000,000,000</u> Shares		<u>500,000.00</u>
<i>Issued and fully paid</i>		
<u>786,923,374</u> Shares		<u>39,346.17</u>

(ii) *Assuming the Subscription has completed*

<i>Authorized</i>		<i>US\$</i>
<u>10,000,000,000</u> Shares		<u>500,000.00</u>
<i>Issued and fully paid</i>		
786,923,374 Shares as at the Latest Practicable Date		39,346.17
<u>225,231,388</u> Subscription Shares to be allotted and issued pursuant to the Subscription Agreements		<u>11,261.57</u>
<u>1,012,154,762</u> Shares		<u>50,607.74</u>

All the existing Shares in issue are listed on the Stock Exchange and rank *pari passu* in all respects with each other including rights to dividends, voting and return of capital.

When issued and fully paid, the Subscription Shares will rank *pari passu* in all respects with the Shares then in issue. Holders of the fully-paid Subscription Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Subscription Shares in their fully-paid form.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange

The Company has issued 130,000 Shares since 31 December 2016 (the date to which the latest published audited consolidated financial statements of the Company were made up) due to the exercise of share options under the 2014 Share Option Scheme. Save as disclosed, the Company has not issued nor agreed to issue any new Shares (other than under the Subscription Agreements).

(B) Options, warrants and convertible securities

The Group has adopted (i) 2014 Share Option Scheme, (ii) Management Pre-IPO Share Option Scheme and (iii) a share award scheme approved by the Shareholders on 19 May 2017 (collectively known as the “**Schemes**”) to align the interests of the eligible participants with that of the Company and to encourage them to work towards enhancing the value of the Group. As at the Latest Practicable Date, there are 127,214,279 share options outstanding under the Schemes.

The Company also issued Convertible Note in an aggregate principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate) on 27 July 2017 (the “**Issue Date**”). The interest rate for the Convertible Note is 6% per annum, payable quarterly in arrears from the Issue Date. The holders of the Convertible Note have the right to convert the Convertible Note into Shares at an initial conversion price of RMB2.312 (equivalent to HK\$2.666 based on the Fixed Exchange Rate) per Conversion Share (subject to adjustment). The Convertible Note can be converted in whole, or in part, into Shares (provided that the part converted is in the denomination of RMB4,336,513.443 (equivalent to HK\$5,000,000 based on the Fixed Exchange Rate)) after the Issue Date to the close of business on the date falling seven days prior to the day before the date falling 30 months from the Issue Date (the “**Maturity Date**”) (both days inclusive). Unless previously converted or cancelled, the Convertible Note will be redeemed at 100% of the principal amount together with any accrued but unpaid interest on the Maturity Date.

Save for the Schemes and Convertible Note mentioned above, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date, and did not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS

(A) Directors' and chief executives' interests in the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage of Interest in the Company
Shares			
Mr. Yang	Interest of controlled corporation ⁽¹⁾	89,189,189(L)	11.33%
Mr. Ng	Interest of controlled corporation ⁽¹⁾	89,189,189(L)	11.33%
Mr. Liu Jiang	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Share Options			
Mr. Yang	Beneficial interest ⁽³⁾	36,531,064(L)	4.64%
Mr. Ng	Beneficial interest ⁽³⁾	36,531,064(L)	4.64%

Notes:

- (1) The Management Subscriber is owned equally by Mr. Yang, Mr. Ng and Mr. Zhang. Mr. Yang and Mr. Ng are deemed to be interested in the Management Subscriptions Shares to be issued pursuant to the Management Subscription Agreement.

- (2) Pursuant to the Concert Party Agreement, Mr. Zhang Rongming, Mr. Liu Jiang, Mr. Shen Dongri, and Ms. Long Qi undertook to vote unanimously for any resolution proposed at board and shareholders meetings of the Company and Beijing Lianzhong. Mr. Liu Jiang's wife, who is deemed to be Mr. Liu Jiang's concert party holds 2,182,000 Shares.
- (3) The interest relates to the share options granted under the Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme to each of Mr. Yang and Mr. Ng, respectively. Please refer to the Company's prospectus and the announcements dated 5 January 2015 and 8 January 2016 for further details.
- (4) The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their respective associates had or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director and chief executives of the company are taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(B) Substantial Shareholders' interest in the Shares and underlying Shares

As at Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following persons (other than the Directors and chief executives of the Company) in the Shares or underlying Shares which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held	Percentage of Interest in the Company
Irena Group Co., Ltd.	Interest of controlled corporation	290,690,848(L) ⁽¹⁾	36.94%
Glassy Mind Holdings Limited	Beneficial owner	226,000,000(L) ⁽¹⁾	28.72%
Mr. Zhang Rongming	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Elite Vessels Limited	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Sonic Force Limited	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Blink Milestones Limited	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held	Percentage of Interest in the Company
Mr. Shen Dongri	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Prosper Macrocosm Limited	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Ms. Long Qi	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
Golden Liberator Limited	Interest of a party to an agreement regarding interest in the Company ⁽²⁾	173,013,364(L)	21.99%
CMC Ace Holdings Limited ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
CMC Capital Partners, GP, L.P. ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
CMC Capital Partners, GP, Ltd. ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
CMC Capital Partners, L.P. ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
La Con fiance Investments Ltd. ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
Le Bonheur Holdings Ltd. ⁽³⁾	Interest of controlled corporation	117,600,000(L)	14.94%
Mr. Zhang Peng	Beneficial owner; Interest of controlled corporation	102,073,614(L) ⁽⁴⁾	12.97%
KongZhong Corporation ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
Linkedsee Group Limited ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
Linkedsee Limited ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
Wang LeiLei ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
上海常匯互聯網科技有限公司 ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
北京五星融誠科技有限責任公司 ⁽⁵⁾	Interest of controlled corporation	92,088,351(L)	11.70%
Dacheng (Singapore) Pte. Ltd. ⁽⁶⁾	Interest of controlled corporation	71,351,351(L)	9.07%
Yang Zhen ⁽⁶⁾	Interest of controlled corporation	71,351,351(L)	9.07%
上海大承網絡技術有限公司 ⁽⁶⁾	Interest of controlled corporation	71,351,351(L)	9.07%
空中(中國)有限公司 ⁽⁶⁾	Interest of controlled corporation	71,351,351(L)	9.07%
Noumena Innovations (BVI) LTD. ⁽⁶⁾	Beneficial owner	71,351,351(L)	9.07%
Total Victory Global Limited	Beneficial owner	89,189,189(L)	11.33%

Notes:

- (1) The 290,690,848 Shares comprises 226,000,000 Shares originally held by Glassy Mind Holdings Limited and an additional of 64,690,848 Connected Subscription Shares to be held by Irena Group Co., Ltd. immediately after completion of the Connected Subscription. The entire issued share capital of Glassy Mind Holdings Limited is held by Irena Group Co., Ltd.. By virtue of the SFO, Irena Group Co., Ltd. is deemed to be interested in the 290,690,848 Shares held by Glassy Mind Holdings Limited. 139,076,924 Shares registered in the name of Glassy Mind Holdings Limited were pledged in favor of China Merchants Bank Co., Ltd., Shanghai Xujiahui Sub-branch pursuant to a share pledge agreement dated 29 June 2016 (as amended from time to time).
- (2) The 173,013,364 Shares represent the same block of Shares pursuant to the Concert Party Agreement.
- (3) The 117,600,000 Shares represent the same block of Shares held by a chain of ownership involving CMC Capital Partners.

- (4) The interest relates to the 12,884,425 share options granted under the Management Pre-IPO Share Option Scheme, inclusive of the Management Subscription Shares to be issued pursuant to the Management Subscription Agreement.
- (5) The 92,088,351 Shares represent the same block of Shares held by a chain of ownership involving KongZhong Corporation, inclusive of the Independent Subscription Shares to be issued pursuant to the Independent Subscription Agreement.
- (6) The 71,351,351 Shares to be issued pursuant to the Independent Subscription Agreement represent the same block of Shares held by a chain of ownership involving Noumena Innovations (BVI) LTD.
- (7) The letter (L) denotes the person's long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not notified by any person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group;
- (b) save as disclosed in the paragraph headed "Material Interests of Directors" in the Letter from the Board of this circular, none of the Directors were materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group; and
- (c) save for the Management Subscription Agreement, there was no material contract entered into by the Subscriber(s) in which any Director had a material personal interest.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

7. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the date of the Announcement and up to the Latest Practicable Date and which are, or maybe, material:

- (a) subscription agreement dated 12 July 2017 entered into by the Company and the CN Subscriber, pursuant to which the Company has conditionally agreed to issue and the CN Subscriber has conditionally agreed to subscribe for, the Convertible Note in the aggregate principal amount of RMB104,076,322.636 (equivalent to HK\$120,000,000 based on the Fixed Exchange Rate);
- (b) lease agreement dated 24 March 2017 entered into by Allied eSports International and Ramparts, Inc., pursuant to which Ramparts, Inc. agreed to lease approximately 30,000 square feet at the MGM Luxor Casino and Hotel at Las Vegas, U.S. to Allied eSports International for an initial term of 60 calendar months at a security deposit of US\$625,000 (approximately RMB4,305,562.5), subject to certain reductions, and a minimum annual rent of US\$1,500,000 (approximately RMB10,333,350), payable by Allied eSports International in equal consecutive monthly installments of US\$125,000 (approximately RMB861,112.5);
- (c) limited partnership agreement dated 10 March 2017 entered into by Lianzhong and Changxing Huixin Jiachuang, pursuant to which the parties agreed to be limited partners of 桐鄉聚力豐遠股權投資基金管理合夥企業(有限合夥) (Tongxiang Juli Fengyuan Equity Investment Fund Management Partnership (LLP)*), a fund established in Zhejiang province of the PRC, total capital commitment to which is RMB101,000,000, among which, RMB50,000,000 was contributed by Changxing Huixin Jiachuang, RMB20,000,000 was contributed by Lianzhong and RMB31,000,000 was contributed by other parties to the limited partnership agreement;
- (d) VIE agreements dated 9 February 2017 entered into by the Company with Mr. Liang Jie (梁傑) and Beijing Guangyao Hudong Technology Development Co., Ltd. (北京光曜互動科技發展有限公司) (“**Beijing Guangyao**”) to establish a new VIE structure as part of the Group’s reorganization process, which enables the Group to effectively hold and control Beijing Guangyao as a wholly-owned subsidiary of the Group;
- (e) asset transfer agreements dated 9 February 2017 entered into by Lianzhong and Beijing Guangyao, pursuant to which Lianzhong will transfer certain assets relating to the Group’s eSports business to Beijing Guangyao;

- (f) capital increase agreement dated 23 September 2016 entered into among Lianzhong, iRena Leisure Club, Shanghai Wangyu Communication Technology Co., Ltd. (上海網魚資訊科技有限公司), Shanghai Dacheng Internet Technology Co., Ltd. (上海大承網絡技術有限公司) (“**Shanghai Dacheng**”) and Ourpalm Co., Ltd. (北京掌趣科技股份有限公司), pursuant to which Lianzhong, iRena Leisure Club and Shanghai Dacheng agreed to make an aggregate capital contribution of RMB75,000,000 to AES, of which RMB37,510,000 was contributed to the registered capital of the AES and RMB37,490,000 was contributed to the capital reserve of the AES; and
- (g) limited partnership agreement dated 21 June 2016 entered into by Lianzhong and Mr. Liu Jiang, Mr. Zhang Rongming and Mr. Shen Dongri (the “**LPA Shareholders**”), pursuant to which the parties agreed to be limited partners of 北京眾創永聯投資管理中心(有限合夥) (Beijing Zhongchuang Yonglian Investment Management Centre (LLP))* , a fund established in Beijing of the PRC, total capital commitment to which is RMB101,000,000, among which, RMB27,000,000 was contributed by the LPA Shareholders, RMB23,000,000 was contributed by Lianzhong and RMB51,000,000 was contributed by other parties to the limited partnership agreement.

9. EXPERT’S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which is contained in this circular:

Name	Qualifications
Gram Capital Limited	A licensed corporation carry out type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinion (as the case may be) and all references to their names in the form and context in which they appear.

As at the Latest Practicable Date, Gram Capital had no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which had been, since 31 December 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL ADVERSE CHANGE

Save as disclosed in the announcement of the Company dated 29 May 2017 and the interim results announcement for the six months ended 30 June 2017 of the Company dated 28 August 2017, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest audited consolidated financial statements of the Group were made up, as at the Latest Practicable Date.

11. CORPORATE INFORMATION

- (a) The registered office of the Company is at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The corporate headquarters of the Company is at 17/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, PRC.
- (c) The principal place of business of the Company in Hong Kong is located at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (d) The joint company secretaries of the Company are Ms. Li Jin and Ms. Ng Sau Mei. Ms. Ng Sau Mei is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.
- (e) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours, Monday to Friday (other than public holidays) at the principal place of business of the Company in Hong Kong at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the Subscription Agreements;
- (b) the letter of the Board, the text of which is set out on pages 8 to 29 of this circular;
- (c) the letter from the Independent Board Committee, the text of which is set out on pages 30 to 31 of this circular;
- (d) the letter of advice from the Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 32 to 50 of this circular;
- (e) the written consent from Gram Capital referred to in the above paragraph headed "Expert's Qualification and Consent" in this appendix;

- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (g) this circular.

13. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Ourgame International Holdings Limited (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 Thursday, 2 November 2017 at 10:00 a.m. for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT:**

- (a) the subscription agreement dated 12 September 2017 (the “**Management Subscription Agreement**”), a copy of which has been produced to the EGM and marked “A” and initialed by the chairman of the EGM for the purpose of identification, and entered into between the Company as issuer and Total Victory Global Limited (the “**Management Subscriber**”) as subscriber pursuant to which the Company has conditionally agreed to allot and issue and the Management Subscriber has conditionally agreed to subscribe for 89,189,189 new ordinary shares (each a “**Management Subscription Share**”) of US\$0.00005 each in the share capital of the Company at the subscription price of HK\$1.85 per Management Subscription Share and all the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) the board (the “**Board**”) of directors (the “**Directors**”) of the Company be and is hereby granted with a specific mandate to allot and issue the Management Subscription Shares in accordance with the terms and conditions of the Management Subscription Agreement; and
- (c) any Director be and is hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Management

* *For identification purpose only*

NOTICE OF THE EGM

Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

2. **“THAT:**

- (a) the subscription agreement dated 12 September 2017 (the **“Independent Subscription Agreement”**), a copy of which has been produced to the EGM and marked **“B”** and initialed by the chairman of the EGM for the purpose of identification, and entered into between the Company as issuer and Noumena Innovations (BVI) LTD. (the **“Independent Subscriber”**) as subscriber pursuant to which the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for 71,351,351 new ordinary shares (each a **“Independent Subscription Share”**) of US\$0.00005 each in the share capital of the Company at the subscription price of HK\$1.85 per Subscription Share and all the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;
- (b) the Board be and is hereby granted with a specific mandate to allot and issue the Independent Subscription Shares in accordance with the terms and conditions of the Independent Subscription Agreement; and
- (c) any Director be and is hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Independent Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

3. **“THAT:**

- (a) the subscription agreement dated 12 September 2017 (the **“Connected Subscription Agreement”**), a copy of which has been produced to the EGM and marked **“C”** and initialed by the chairman of the EGM for the purpose of identification, and entered into between the Company as issuer and Irena Group Co., Ltd. (the **“Connected Subscriber”**) as subscriber pursuant to which the Company has conditionally agreed to allot and issue and the Connected Subscriber has conditionally agreed to subscribe for 64,690,848 new ordinary shares (each a **“Connected Subscription Share”**) of US\$0.00005 each in the share capital of the

NOTICE OF THE EGM

Company at the subscription price of HK\$1.85 per Connected Subscription Share and all the transactions contemplated thereunder be and are hereby confirmed, approved and ratified;

- (b) the Board be and is hereby granted with a specific mandate to allot and issue the Connected Subscription Shares in accordance with the terms and conditions of the Connected Subscription Agreement; and
- (c) any Director be and is hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the Connected Subscription Agreement or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

By order of the Board
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Co-Chief Executive Officer

Hong Kong, 13 October 2017

Notes:

1. A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her; a proxy need not be a shareholder.
2. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, a form of proxy must be deposited at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a notarially certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting (i.e. before 10:00 a.m. on Tuesday, 31 October 2017) or any adjournment thereof. The completion and return of the form of proxy shall not preclude Shareholders from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish.
4. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 30 October 2017 to Thursday, 2 November 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must

NOTICE OF THE EGM

be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 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 Friday, 27 October 2017.

5. KongZhong Corporation, being the wholly-controlled entity of the Independent Subscriber, is interested in 20,737,000 shares of the Company (representing approximately 2.64% of the existing issued share capital of the Company as at the date hereof). Also taking into consideration of the conditions precedent of the Independent Subscription Agreement, KongZhong Corporation will abstain from voting on the above ordinary resolutions no. 1 and no. 2 in relation to the Management Subscription Agreement, Independent Subscription Agreement and the transactions contemplated thereunder, including the grant of specific mandate in relation to the allotment and issue of the Management Subscription Shares and Independent Subscription Shares.
6. Glassy Mind Holdings Limited, being the wholly-owned subsidiary of the Connected Subscriber, is interested in 226,000,000 shares of the Company (representing approximately 28.72% of the existing issued share capital of the Company as at the date hereof). Also taking into consideration of the conditions precedent of the Connected Subscription Agreement, Glassy Mind Holdings Limited will abstain from voting on the above ordinary resolutions no. 1, no. 2 and no. 3 in relation to the Management Subscription Agreement, Independent Subscription Agreement and Connected Subscription Agreement and the transactions contemplated thereunder, including the grant of specific mandate in relation to the allotment and issue of the Management Subscription Shares, Independent Subscription Shares and Connected Subscription Shares.
7. As required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be decided by the Shareholders by way of poll.
8. The form of proxy for use at the EGM is enclosed herewith.

* *For identification purpose only*