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

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

(Stock Code: 6899)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2019	2018	Changes
	RMB'000	*RMB'000*	
	(Audited)	(Audited) (Restated)	
Revenue	**272,607**	389,166	–30.0%
Loss attributable to equity holders of the Company	**(419,213)**	(622,970)	–32.7%
Loss per share attributable to equity holders of the Company			
(expressed in RMB cents per share)			
Basic	**(38.72)**	(57.46)	
Diluted	**(38.72)**	(57.46)	

REVENUE BY GEOGRAPHICAL AREAS

	Year ended 31 December		
	2019	2018	Changes
	RMB'000	*RMB'000*	
	(Audited)	(Audited) (Restated)	
People's Republic of China ("**PRC**")[1]	**92,523**	246,855	–62.5%
Outside the PRC[2]	**180,084**	142,311	26.5%
Total revenue	**272,607**	389,166	–30.0%

(1) For the purpose of this annual results announcement, the revenue from the PRC does not include those from Hong Kong, Macau and Taiwan (if any).

(2) The revenue outside the PRC was primarily derived from Allied Esports Entertainment, Inc. ("**AESE**"), an indirect non-wholly owned subsidiary of the Company, which is separately listed on the Nasdaq Stock Exchange ("**NASDAQ**") and operates the World Poker Tour ("**WPT**") and eSports business.

BUSINESS REVIEW

The board (the "**Board**") of directors (the "**Directors**") of Ourgame International Holdings Limited (the "**Company**" or "**Ourgame**") hereby announces the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019. The annual results have been reviewed and approved by the Company's audit committee.

In 2019, we continued to see the stabilization and rebuilding of the Company's China business and continued growth in its overseas business. Given the continued challenging regulatory environment and market conditions within China, the Company continued to optimize its cost structure across its China online card and board games operations, with selective shifting away from less profitable games and distribution channels, and re-focused on developing games that are compliant with regulations and have high potential for positive financial returns. The Company has leveraged its brand and loyal user base to launch a number of "user recall" marketing efforts to reactivate dormant users, together with redevelopment of core classic games with new features, which have shown good results. The Company also introduced the "free-to-user, paid-by-advertiser" business model into the Company's new mobile games that brought in a new stream of revenue and broadened user base. Besides the traditional app based games, the Company has expanded into HTML5 and "small program" type of games which enabled us to reach new distribution channels and partners. While there is still significant room for improvement and advancement, we believe that through the efforts in 2019, we have achieved a rebase-lining of the China online card and board games businesses and laid the foundation to explore new avenue for growth going forward.

In 2019, the Company's overseas business in eSports of Allied eSports ("**AES**") and WPT achieved a significant milestone by completing the spin-off listing with Black Ridge Acquisition Corporation ("**BRAC**"), a company listed on the NASDAQ. The transaction was completed on 9 August 2019 (US time), with BRAC was renamed as Allied Esports Entertainment Inc. and commenced trading on the main board of NASDAQ under the new stock symbol AESE starting from 12 August 2019. As a result of the completion of the aforesaid transaction, the Company is now the controlling shareholder of AESE with approximately 51.92% of its issued shares and has control of its board of directors, and AESE has become a non wholly-owned subsidiary of the Company. AESE gained three strategic investors in Simon Property and Brookfield Property, which are two of the largest real estate companies in the US with extensive holdings in malls and commercial properties across the US and globally, and TV Azteca, the largest sports TV network in Mexico with extensive media holdings in Mexico and Latin America. These strategic investors are also strategic business partners that have signed cooperative business agreements with AESE to develop the eSports business together. As one of the first eSports companies to be listed globally, the Company's overseas business entered a new page of development. By listing on the NASDAQ, AESE can not only now access the US capital market but also have access to more partners globally to accelerate its growth to become a leading company in the fast growing eSports business. With the financial results of AESE fully consolidated into that of the Company's, as the controlling shareholder of AESE, the Company will continue to enjoy AESE's progress and success.

AESE achieved significant growth in 2019 with year over year revenue growth of over 25% to over RMB180 million. The growth was across the board for both the WPT line of business and AES eSports business. In 2019, WPT continued its growth on tournaments, viewership, distribution channels, sponsorship and geographic presence. In 2019, WPT held over 65 global events including its first ever event in Australia in October 2019 and recorded user event in Cambodia in December 2019. In March 2019, WPT set a record by conducting 11 international events in a single calendar month across 4 continents, 5 countries, and 9 cities. Among those events, 3 were televised on FOX Sports Network. WPT continued to attract sponsors, adding well-known brands such as Baccarat. The WPT television show continued to grow in distribution numbers on a global scale. Traditional television has now reached more than 142 million households and over-the-top box user has reached more than 88 million households with a total combined household reach of more than 230 million. WPT continued its global expansion by signing a strategic agreement with Grupo Salinas and TV Azteca of Mexico to expand into the Mexican and Latin American markets. Grupo Salinas owns some of the largest banking, media and retail companies in Mexico and South America and has an extensive online and offline network presence. Through its partnership with Grupo Salinas, WPT has launched TV programs in local language and its poker content library has attracted a massive Latin American audience. The WPT television show has premiered on TV Azteca in July 2019 and coincided with the launch of the WPT social gaming platform WPTGO at the same time. The show is already garnering a viewership of more than 25 million weekly viewers. With the large users and viewers generated through its tournaments and TV programs, WPT's online interactive games in ClubWPT and PlayWPT also achieved robust growth.

The Company's eSports business in AES also achieved significant growth in 2019. The Las Vegas flagship arena (the "**Arena**") continued to be an iconic venue for eSports events. In the fourth quarter of 2019 alone, 78 events were held at the Arena, with notable events including the League of Legends All-Star 2019, Capcom North America Regional Finals, Simon Cup Grand Final, SoulCalibur World Invitational, and the Big Buck Hunter World Championship. AES's mobile arena trucks in North America and Europe were deployed at nine events, including Simon Cup Qualifiers, Posty Fest, Las Vegas Bowl, DreamHack Atlanta and DreamHack Winter, Gamevention and EGX London. Our trucks have proven to be a very effective method of bringing the Allied Esports brand into high profile events, which complements our stationary arena. With AES's strong brand, AES introduced The Allied Esports Property Network in 2018 as the world's first affiliate program for global partners interested in developing eSports venues and participating in Allied Esports' events. In the fourth quarter of 2019, AES signed an agreement with Wanyoo, the operator of the largest network of eSports centers in China. Wanyoo will become an official affiliate member of The Allied Esports Property Network and serve as a valuable distribution channel to enable Allied Esports to sell future products and services into the Chinese market. This includes Wanyoo's 16 million-plus global members in more than 800 locations across China and around the world, including facilities in the United States, Australia, Singapore, the United Kingdom and Canada. Fortress Esports, the first affiliate program partner of The Allied Esports Property Network covering Australia and New Zealand, opened its first venue on 13 March 2020 at Australia's largest shopping mall, Emporium, in Melbourne, Australia. At nearly 30,000 square feet, the new facility is expected to be the largest video gaming and eSports entertainment venue in the Southern Hemisphere. In collaboration with strategic partner Simon Property, AES successfully completed its pilot season of the Simon Cup, a US nationwide amateur eSports tournament, licensed by Epic Games to include Fortnite, spanned online and on mall qualifying events and was marketed at 13 Simon mall destinations. AES has signed an agreement with Simon Property to open mall arenas in Simon Property's network of malls with the first arena targeted to be opened in 2020 in Atlanta, Georgia of the US. AES will continue to work with strong partners to expand its in-person venue, multi-channel content and interactive services business.

Going forward, the Company will continue to grow its China online card and board games businesses, while starting to explore overseas games segment targeting the significant and growing overseas Chinese markets. AESE will continue its growth push with WPT leveraging its brand and large global user and viewer base with partners into new geographies and consumer entertainment segments, and with AES expanding with partners to more location and more content and online services.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

The loss attributable to equity holders of the Company amounted to RMB419.2 million for the year ended 31 December 2019, as compared with the loss attributable to equity holders of the Company of RMB623.0 million for the year ended 31 December 2018.

2. Revenue

In 2019, revenue of the Group amounted to RMB272.6 million, representing a decrease of RMB116.6 million or 30.0% as compared with RMB389.2 million for the year ended 31 December 2018. The decrease was mainly because of unexpected changes in our China online card and board games market environment and the rescission of the share transfer agreement with Nanjing Haoyun Meicheng Electronics Technology Co., Ltd. (南京好運美成電子科技有限公司) ("**Nanjing Haoyun**") and its subsidiaries during 2019, offset by the increase in revenue of the Group's overseas business in AESE Group, primarily related to the increase in in-person revenue generated from eSports Arena Las Vegas, and the increase in multiplatform content revenue from WPT's distribution, sponsorship and advertising revenue.

3. Cost of Revenue and Gross Profit Margin

In 2019, cost of revenue of the Group amounted to RMB145.0 million, representing a decrease of RMB89.2 million or 38.1% as compared with RMB234.2 million for the year ended 31 December 2018. The resulting gross profit margin increased from 39.8% for the year ended 31 December 2018 to 46.8% for the year ended 31 December 2019. The increase was mainly due to cost control during the year ended 31 December 2019.

4. Other Income

In 2019, other income of the Group amounted to RMB3.7 million, representing a decrease of RMB16.8 million or 82.0% as compared with RMB20.5 million in 2018. This was primarily due to the decrease in interest income from loan to third parties.

5. Selling and Marketing Expenses

In 2019, selling and marketing expenses of the Group amounted to RMB44.9 million, representing a decrease of RMB42.9 million or 48.9% as compared with RMB87.8 million in 2018. The decrease was mainly due to cost control in light of changes in the market environment during the year ended 31 December 2019.

6. Administrative Expenses

In 2019, administrative expenses of the Group amounted to RMB249.6 million, representing a decrease of RMB153.2 million or 38.0% as compared with RMB402.8 million in 2018. The decrease was mainly due to cost control in light of changes in the market environment and as a result of the deconsolidation of eSports Arena, LLC during the year ended 31 December 2019.

7. Research and Development Expenses

In 2019, research and development expenses of the Group amounted to RMB0.4 million, representing a decrease of RMB10.5 million or 96.3% as compared with RMB10.9 million in 2018. The decrease was mainly due to higher selectivity and reduction of development efforts on new versions of mobile games and costs incurred in associated research and development activities.

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

In 2019, loss in fair value changes of financial assets at fair value through profit or loss of the Group amounted to RMB28.7 million, as compared with gain in fair value changes of financial assets at fair value through profit or loss of RMB8.2 million in 2018. The decrease was mainly due to unexpected changes in the market environment and some of our investee companies also suffered from loss during the year ended 31 December 2019.

9. Fair Value Changes of Contingent Consideration Payable

In 2019, there was no gain/loss in fair value change of contingent consideration payables, as compared with a gain of RMB45.3 million in 2018, because the share transfer agreement with Nanjing Haoyun was rescinded during the year ended 31 December 2019.

10. Impairment of Assets

In 2019, impairment of assets amounted to RMB175.5 million, as compared with RMB358.6 million in 2018. In light of changes in market environment during the year of 2018, the Group had written down substantially all of the carrying values of the assets relating to the PRC online card and board games businesses in 2018. For trade and other receivables, the Group had fully impaired the receivables that were considered unrecoverable, while for the rest the Group had applied various percentages according to the Group policy. The Company considered that the receivables not being impaired are recoverable.

11. Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company amounted to RMB419.2 million for the year ended 31 December 2019, as compared with loss attributable to equity holders of the Company of RMB623.0 million for the year ended 31 December 2018. The decrease was mainly due to cost control during the year and the decrease in assets impairment for the year ended 31 December 2019 compared to the year ended 31 December 2018.

12. Income Tax Credit

In 2019, income tax credit of the Group amounted to RMB0.7 million, representing a decrease of RMB14.8 million or 95.5% as compared with RMB15.5 million in 2018.

13. Liquidity and Source of Funding and Borrowing

As at 31 December 2019, the Group's total bank balances and cash increased by 14.2% from RMB162.7 million as at 31 December 2018 to RMB185.8 million as at 31 December 2019. The increase was primarily as a result of the proceeds from issuance of convertible notes and repayment from loans to third parties during the year ended 31 December 2019. As at 31 December 2019, the current assets of the Group amounted to RMB266.4 million, including RMB185.8 million in bank balances and cash, other current assets of RMB80.6 million. Current liabilities of the Group amounted to RMB233.6 million, of which RMB128.2 million were trade and other payables and deferred revenue, other current liabilities of RMB105.4 million. As at 31 December 2019, the current ratio (the current assets to current liabilities ratio) of the Group was 1.14 as compared to 1.76 as at 31 December 2018. Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group's gearing ratio as at 31 December 2019 was nil (2018: nil). The Group currently intends to finance future expansion, investments and business operations primarily with internal resources, but may explore other financing sources in appropriate circumstances.

14. Material Investments

Save as disclosed in the announcement of the Company dated 11 August 2019 in relation to the transaction merger and proposed spin-off completed on 9 August 2019, the Group did not have any material investments during the year ended 31 December 2019.

15. Material Acquisitions

Save as disclosed in the announcement of the Company dated 11 August 2019 in relation to the transaction merger and proposed spin-off completed on 9 August 2019, the Group did not have any material acquisitions during the year ended 31 December 2019.

16. Financial Assets at Fair Value Through Profit or Loss

The Group makes investments in financial assets at fair value through profit or loss for the purposes of (i) supplementing the Group's games portfolio to drive higher monetization of our user base and profitability, (ii) exploring new business opportunities in related areas of our business eco-system for acquisitions and strategic and operational synergies and also leveraging on external financial resources for expertise and scale. As at 31 December 2019, the Group's financial assets at fair value through profit or loss amounted to RMB63.4 million (31 December 2018: RMB109.1 million).

As at 31 December 2019, the Group's investments in unlisted equity investments amounted to RMB63.4 million, which mainly included direct equity investments in selected startup companies mainly engaged in games or mind sports related technological research and development and direct subscription to the interests in private equity funds ("**Private Equity Funds**") that focus on providing early-stage funding for companies in the mind sports sector. A breakdown of the majority of these investments is set out below:

Name of Investee Companies	Amount of Capital Contributed by the Group	Percentage of Shareholding	Principal Business
Beijing Yilian Investment Centre (L.P.) 北京億聯投資中心(有限合夥)	RMB5,000,000	5%	Investment/management
Gong Qing Cheng Wujiang Xingyao Investment Management Partnership (L.P.) 共青城五疆星耀投資管理合夥企業(有限合夥)	RMB20,000,000	8.6347%	Investment/management
Beijing Zhongchuang Yonglian Investment Management Centre (L.P.) 北京眾創永聯投資管理中心(有限合夥)	RMB23,000,000	22.77%	Investment/management

Name of Investee Companies	Amount of Capital Contributed by the Group	Percentage of Shareholding	Principal Business
Tong Xiang Juli Fengyuan Equity Investment Fund Management Partnership (L.P.) 桐鄉聚力豐遠股權投資基金管理合夥企業(有限合夥)	RMB20,000,000	39.2%	Investment/management
eSports Arena LLC ("**eSports Arena**")	US$2,809,000	25%	Organizing and broadcasting video gaming competitions and entertainment events in the eSports industry, in US

For the year ended 31 December 2019, no dividends have been paid from invested companies. All startup companies invested by the Group are in relatively early stage, and are mainly focused on product development and launching. Our Private Equity Funds were also actively seeking and providing funds for early stage companies in the Internet, sports and entertainment segment, which could provide us with a platform to leverage on our experience and resources, and to minimize our investment risks. We believe that our investment initiative is an important aspect of our vision to build up our ecosystem as a whole. The Group will continue to seek other investment opportunities that not only create synergies on different levels but also offer high-yield return potential. The Group will continue to monitor its investment in financial assets at fair value through profit or loss in a responsible manner. There are no financial assets at fair value through profit or loss in the Group's investment portfolio that individually constitutes significant investment as none of the investments has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2019.

Movements of Financial Assets at Fair Value Through Profit or Loss

The movements of financial assets at fair value through profit or loss for the year ended 31 December 2019 are set out below:

	Unlisted equity investments *RMB'000*	Unlisted debt investments *RMB'000*	Total *RMB'000*
Balance as at 1 January 2019	95,782	13,286	109,068
Reclassification from associate	5,663	—	5,663
Reclassification to loan to third parties	—	(13,286)	(13,286)
Addition	8,501	—	8,501
Disposals	(18,034)	—	(18,034)
Fair value changes	(28,668)	—	(28,668)
Exchange difference	170	—	170
Balance as at 31 December 2019	63,414	—	63,414

17. Material Disposals

Save as disclosed in the announcement of the Company dated 23 December 2019 in relation to rescission of the share transfer agreement with Nanjing Haoyun, the Group did not have any material disposals during the year ended 31 December 2019.

18. Pledge of Assets

As at 31 December 2019, none of the Group's assets were pledged (2018: nil).

19. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2019 (2018: nil).

20. Foreign Exchange Exposure

During the year ended 31 December 2019, the Group mainly operated in China and in the United States of America and the majority of its transactions were settled in Renminbi ("**RMB**") or USD, being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2019, the Group did not have significant foreign currency exposure from its operations.

21. Employee's Remuneration and Policy

As at 31 December 2019, the Group had 171 employees, 25 of which were responsible for games development and operation or general administration in the PRC (including Hong Kong), 146 for AESE. The total remuneration expenses (including share-based compensation expense) for the year ended 31 December 2019 were RMB79.3 million, representing a decrease of 46.6% as compared to the year of 2018.

22. Events Occurred since the End of the Year Ended 31 December 2019

Save as disclosed in the announcement of the Company dated 15 January 2020 in relation to the deemed disposal of equity interest in a subsidiary, the Group did not have any material events occurred since the end of the year ended 31 December 2019.

23. Future Plans for Material Investments or Capital Assets

Save as disclosed in this annual results announcement, the Group does not have other plans for material investments and capital assets.

24. Discontinuation of Non-IFRS Measures

To supplement its financial statements which is presented in accordance with International Financial Reporting Standards ("**IFRS**"), the Group has also used unaudited non-IFRS adjusted financials as an additional financial measure to evaluate our financial performance since the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in 2014. Given that the difference between IFRS and non-IFRS financials is insignificant and will not provide meaningful information to the shareholders of the Company (the "**Shareholders**"), the Company determines that it will no longer disclose non-IFRS measures.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to maintaining and promoting stringent corporate governance policies. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

Compliance with the Corporate Governance Code

During the year ended 31 December 2019, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the deviations stated below.

Code provision A.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang Eric Qing ("**Mr. Yang**") is the chairman and chief executive officer of the Company. Mr. Yang joined our Group in December 2010 and is responsible for general operation, strategy information technology of the Company and is instrumental to the Company's growth and business expansion. The Board considers that vesting the roles of chairman and chief executive officer in Mr. Yang is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises one executive Director, four non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Code provision E.2.1 requires that the chairmen of the audit, remuneration and nomination committees (or another member of the committee in their absence) should attend the annual general meeting. Other than Mr. Yang who is the Chairman of the Nomination and Corporate Governance Committee attended the annual general meeting of the Company held on 29 June 2019 (the "**2019 AGM**"), all members of the Audit Committee and Remuneration Committee, and other members of Nomination and Corporate Governance Committee of the Company were unable to attend the 2019 AGM due to pre-arranged business commitments. The Company will endeavour to fix annual meeting plan of the Board in a better way so that all members of the Board Committees will be able to attend annual general meetings of the Company in the future.

The Board will continue to review and monitor the practices of the Company for the purpose of complying with the Corporate Governance Code and maintaining a high standard of corporate governance practices of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules to govern securities transactions by its Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the required standards as set out in the Model Code during the year ended 31 December 2019.

Audit Committee

The Company has established the audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, review and approve connected transactions and provide advice and comments to the Board.

As at 31 December 2019, the Audit Committee consisted of three members: Dr. Tyen Kan Hee Anthony, Mr. Lu Zhong and Mr. Hu Wen. Dr. Tyen Kan Hee Anthony and Mr. Lu Zhong are independent non-executive Directors, and Mr. Hu Wen is a non-executive Director. Dr. Tyen Kan Hee Anthony is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2019. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2019 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year.

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

Issue of Shares pursuant to Completion of Share Transfer Agreement, the Rescission of Share Transfer Agreement and Shares Cancellation

On 16 January 2018, the Company and Tianjin Shengyou Shidai entered into a share transfer agreement (the "**Share Transfer Agreement**") with Ms. Zhu Guifeng (the "**Nanjing Seller**") and Mr. Chen Zhong (the "**Nanjing Seller Guarantor**"), pursuant to which Tianjin Shengyou Shidai purchased the entire equity interest in Nanjing Haoyun from the Nanjing Seller and the Nanjing Seller Guarantor at a consideration of RMB220 million (subject to adjustment) (the "**Nanjing Acquisition**"). The consideration of RMB220 million for the Nanjing Acquisition was settled (i) as to RMB136 million in cash (subject to adjustment); and (ii) as to RMB84 million by the Company allotting and issuing 38,888,888 consideration shares (subject to adjustment) at the issue price of HK$2.62 (equivalent to approximately RMB2.16). The Nanjing Acquisition was completed on 9 February 2018 and the first instalment consideration shares (being 15,555,556 shares of the Company) were issued to the Nanjing Seller on 9 February 2018.

On 23 December 2019, the Company received a binding arbitral award issued by Nanjing Arbitration Commission that the arbitration panel has determined that the Share Transfer Agreement should be rescinded and the respective parties returned to their respective positions prior to the entering into of the Share Transfer Agreement. As a result of the rescission of the Share Transfer Agreement, ownership of the equity interest in Nanjing Haoyun was reverted to the Nanjing Seller, the 15,555,556 consideration shares issued to the Nanjing Seller were returned to the Company for cancellation, and the sum of RMB60,400,000 in cash was returned to the Company by the Nanjing Seller. On 8 January 2020, the 15,555,556 consideration shares were returned to and cancelled by the Company.

Further details of the Nanjing Acquisition and the rescission of the Share Transfer Agreement are set out in the Company's announcements dated 16 January 2018, 30 January 2018, 9 February 2018, 23 December 2019 and 8 January 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2019.

Material Litigation

During the year ended 31 December 2019, except the arbitration related to the rescission of the Share Transfer Agreement with the Nanjing Seller as set out in the Company's announcement dated 23 December 2019, the Group was not involved in any material litigation or other arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatening against the Group.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019 (2018: nil).

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

The Company will arrange the time of convening the annual general meeting (the "**AGM**") as soon as practicable. A notice convening the AGM will be published and dispatched to the Shareholders in the manner required by the Listing Rules. Once the date of the AGM is finalized, the Company will announce the period of closure of register of members of the Company in a separate announcement and in the notice of the AGM.

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 *RMB'000* (Restated)
Revenue	*3*	**272,607**	389,166
Cost of revenue		**(144,987)**	(234,239)
Gross profit		**127,620**	154,927
Other income	*4*	**3,712**	20,467
Selling and marketing expenses		**(44,923)**	(87,816)
Administrative expenses		**(249,575)**	(402,847)
Share-based compensation expense		**(3,195)**	(29,037)
Research and development expenses		**(393)**	(10,948)
Finance costs		**(14,873)**	(2,271)
Share of losses of associates		**(2,273)**	(16,662)
Fair value changes of financial assets at fair value through profit or loss		**(28,668)**	8,151
Fair value changes of contingent consideration payable	*12*	**—**	45,332
Fair value changes of convertible notes		**—**	(1,691)
Loss on disposal/rescission of subsidiaries		**(56,025)**	(28,695)
Loss on disposal of associates		**(12,213)**	(3,300)
Loss on disposal of financial assets at fair value through profit or loss		**(672)**	—
Impairment of assets	*15*	**(175,474)**	(358,579)
Loss before income tax		**(456,952)**	(712,969)
Income tax credit	*6*	**687**	15,456
Loss for the year	*5*	**(456,265)**	(697,513)
Other comprehensive (loss)/income for the year			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**(8,938)**	11,359
Total comprehensive loss for the year		**(465,203)**	(686,154)

	Notes	**2019**	2018
		RMB'000	*RMB'000*
			(Restated)
Loss for the year attributable to:			
Equity holders of the Company		**(419,213)**	(622,970)
Non-controlling interests		**(37,052)**	(74,543)
		(456,265)	(697,513)
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		**(428,654)**	(612,887)
Non-controlling interests		**(36,549)**	(73,267)
		(465,203)	(686,154)
Loss per share attributable to equity holders of the Company			
(expressed in RMB cents per share)	*8*		
Basic		**(38.72)**	(57.46)
Diluted		**(38.72)**	(57.46)

Note: The Group has initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Consolidated statement of financial position
as at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**145,260**	160,888
Right-of-use assets		**89,732**	—
Interests in associates		**437**	20,586
Goodwill	*9*	**101,249**	180,441
Intangible assets		**281,455**	333,556
Loans to third parties		**6,443**	15,110
Financial assets at fair value through profit or loss		**63,414**	109,068
Deferred tax assets		**—**	1,726
Non-current prepayments	*16*	**24,417**	—
		712,407	821,375
Current assets			
Inventories		**504**	733
Trade and other receivables	*10*	**50,512**	174,275
Loans to associates		**—**	1,756
Loans to third parties		**4,068**	56,974
Tax recoverable		**—**	3,348
Restricted bank balances	*17*	**25,463**	—
Bank balances and cash		**185,848**	162,674
		266,395	399,760
Assets included in disposal group classified as held for sale		**—**	45,295
		266,395	445,055

	Notes	2019 RMB'000	2018 RMB'000
Current liabilities			
Trade and other payables	*11*	**87,453**	95,547
Deferred revenue		**40,741**	26,419
Contingent consideration payable	*12*	**—**	40,948
Convertible notes	*13*	**96,506**	70,323
Lease liabilities		**7,674**	—
Income tax liabilities		**1,264**	3,242
		233,638	236,479
Liabilities included in disposal group classified as held for sale		**—**	16,558
		233,638	253,037
Net current assets		**32,757**	192,018
Total assets less current liabilities		**745,164**	1,013,393
Non-current liabilities			
Lease liabilities		**85,530**	—
Deferred tax liabilities		**2,415**	33,419
		87,945	33,419
Net assets		**657,219**	979,974
EQUITY			
Share capital	*14*	**340**	340
Reserves		**418,371**	963,042
Equity attributable to equity holders of the Company		**418,711**	963,382
Non-controlling interests		**238,508**	16,592
Total equity		**657,219**	979,974

Note: The Group has initially applied IFRS 16 on 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated.

Notes to the consolidated financial statements

for the year ended 31 December 2019

1. GENERAL INFORMATION

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations.

The financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

During the year ended 31 December 2018, the Group decided to reorganise the PC Business under the Lianzhong Group which will effectively result in the disposal of Beijing Lianzhong Co., Ltd. and the divested businesses (the "Reorganisation") and on 15 August 2018, the Group entered into the reorganisation agreement. For the year ended 31 December 2018, results of the PC Business under the Lianzhong Group were presented as a single line item of "discontinued operations" in the consolidated statement of profit or loss and other comprehensive income.

On 1 April 2019, the Group announced to terminate the Reorganisation given the performance of the divested businesses has shown continued stabilisation. The results of the PC Business previously presented as "discontinued operations" for the year ended 31 December 2018 has been reclassified and included in profit or loss from continuing operations, and re-presented for the year ended 31 December 2018.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair values. Non-current assets and disposal group held for sale are stated the lower of carrying amount and fair value less costs to sell.

2. ADOPTION OF NEW AND AMENDED IFRSs

New and amended IFRSs that are effective for annual periods beginning on 1 January 2019

In the current year, the Group has applied for the first time the following new and amended IFRSs, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019:

IFRS 16	Leases
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle
IFRIC 23	Uncertainty over Income Tax Treatments

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

IFRS 16 "Leases"

As a Lessee

IFRS 16 "Leases" replaces IAS 17 "Leases" along with three Interpretations IFRIC 4 "Determining whether an Arrangement contains a Lease", IFRIC 15 "Operating Leases-Incentives" and IFRIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). IFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 8.48%.

The Group has benefited from the use of hindsight for determining lease term when considering options to extend and terminate leases.

Issued but not yet effective IFRSs

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

Amendments to IAS 1 and IAS 8	Definition of Material[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[1]
Amendments to IAS 1	Definition of Material[1]
Amendments to IAS 1	Classification of Liabilities As Current or Non-current[2]
IFRS 17	Insurance Contracts[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 3	Definition of a Business[5]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 Effective date not yet determined
5 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

3. REVENUE

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Lianzhong Group		
— Online games revenue	**92,523**	246,855
AESE Group		
— In-person revenue	**76,901**	56,510
— Multiplatform content revenue	**37,979**	22,426
— Interactive revenue	**65,204**	63,375
	272,607	389,166

4. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
		(Restated)
Other revenue		
Bank interest income	**606**	2,417
Gain on disposal of financial assets at fair value through profit or loss	**—**	185
Interest income from loans to third parties	**—**	7,753
Interest income from loans to associates	**72**	170
	678	10,525
Other net income		
Subsidy income from government *(note)*	**1,402**	3,125
Sundry income	**1,632**	6,817
	3,034	9,942
	3,712	20,467

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

5. LOSS FOR THE YEAR

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

	2019 *RMB'000*	2018 *RMB'000* (Restated)
Finance costs		
Interest charges on Convertible Notes *(note 13)*	**7,469**	1,828
Interest expenses	**1,075**	443
Finance charges on lease liabilities	**6,329**	—
	14,873	2,271
Employee benefit expenses (including directors' emoluments)		
Salaries, bonus and allowances	**69,887**	91,291
Retirement benefit scheme contributions	**3,695**	7,919
Severance payments	**2,547**	20,344
Share-based compensation expense	**3,195**	29,037
	79,324	148,591

6. INCOME TAX CREDIT

	2019 *RMB'000*	2018 *RMB'000* (Restated)
Current tax		
The PRC		
— Current year	**2,002**	887
— Over-provision in respect of prior year	**—**	(1,842)
	2,002	(955)
Deferred tax		
Origination and reversal of temporary differences	**(2,689)**	(14,501)
Income tax credit	**(687)**	(15,456)

7. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company and on the weighted average number of ordinary shares in issue during the year.

	2019	2018
Loss attributable to equity holders of the Company for the year (RMB'000)	**(419,213)**	(622,970)
Weighted average number of ordinary shares in issue during the year	**1,082,817,928**	1,084,086,991
Basic loss per share (in RMB cents per share)	**(38.72)**	(57.46)

(b) Diluted loss per share

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

For the year ended 31 December 2019, the Company has six categories of dilutive ordinary shares, being the Company's share option schemes, and options, warrants, convertible notes, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. The impacts had anti-dilutive effect on the basic loss per share amounts presented.

For the year ended 31 December 2018, the Company has two categories of dilutive ordinary shares, being the Company's share option schemes and contingent consideration shares. The impacts of share options and contingent consideration shares had anti-dilutive effect on the basic loss per share amounts presented.

9. GOODWILL

The net carrying amount of goodwill can be analysed as follows:

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**180,441**	129,443
Acquisitions of subsidiaries	**—**	97,307
Disposal/Rescission of subsidiaries	**(74,594)**	(24,067)
Provision for impairment *(note 15)*	**(6,238)**	(28,170)
Net exchange differences	**1,640**	5,928
At 31 December	**101,249**	180,441

10. TRADE RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables		
From third parties	**45,166**	75,424
Less: ECL allowance/loss allowance	**(27,582)**	(44,041)
	17,584	31,383

The credit terms of trade receivables are usually 30 to 90 days. Ageing analysis based on recognition date of the gross trade receivables at the reporting dates is as follows:

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**11,608**	9,026
31–60 days	**1,925**	2,873
61–90 days	**614**	417
91–180 days	**2,603**	3,548
181–365 days	**—**	17,156
Over 1 year	**28,416**	42,404
	45,166	75,424

11. TRADE PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables		
To third parties	**17,507**	14,159
To an associate	**—**	5
	17,507	14,164

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

	2019	2018
	RMB'000	*RMB'000*
0–30 days	**8,536**	10,470
31–60 days	**528**	510
61–90 days	**151**	579
91–180 days	**1,979**	323
181–365 days	**5,335**	1,608
Over 1 year	**978**	669
	17,507	14,159

12. CONTINGENT CONSIDERATION PAYABLE

	2019	2018
	RMB'000	*RMB'000*
Contingent consideration payable for profit guarantee in relation to the acquisition of Nanjing Haoyun	**—**	40,948

13. CONVERTIBLE NOTES

	2019	2018
	RMB'000	*RMB'000*
At 1 January	**70,323**	—
Issue of Convertible Notes	**26,479**	68,632
Fair value change	**—**	1,691
Exchange difference	**(296)**	—
At 31 December	**96,506**	70,323

14. SHARE CAPITAL

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

		Number of shares	**Nominal value of shares**	**Equivalent nominal value of shares**
	Notes		*US$'000*	*RMB'000*
Authorised:				
Ordinary shares:				
At 31 December 2018 and 2019		10,000,000,000	500	
Issued and fully paid:				
Ordinary shares:				
At 1 January 2018		923,139,589	47	285
Exercise of share options	*(i)*	780,261	—	—
Issuance of new shares for management subscription	*(ii)*	153,880,037	8	50
Issuance of new shares for acquisition	*(iii)*	15,555,556	1	5
At 31 December 2018, 1 January 2019 and 31 December 2019		1,093,355,443	56	340

Notes:

(i) Exercise of share options

During the year ended 31 December 2018, 780,261 options were exercised to subscribe for 780,261 ordinary shares of the Company at a consideration of approximately RMB2,221,000, of which RMB250 was credited to share capital and the balance of approximately RMB2,221,000 was credited to the share premium account. As a result of the exercise of options, RMB474,000 has been transferred from the share option reserve to the share premium account.

(ii) Issuance of new shares for management subscription

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

(iii) Issuance of new shares for acquisition

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

15. IMPAIRMENT OF ASSETS

	Notes	**2019** ***RMB'000***	2018 *RMB'000*
Intangible assets		**3,316**	125,387
Goodwill	*9*	**6,238**	28,170
Interest in associates		**—**	57,568
Loans to associates		**1,828**	35,379
Loans to third parties		**55,146**	5,218
Trade and other receivables		**108,946**	106,857
Total		**175,474**	358,579

16. NON-CURRENT PREPAYMENTS

Non-current prepayments represent US$3,500,000 (equivalent to RMB24,417,000) paid to TV Azteca, S.A.B. DE C.V., a Grupo Salinas company ("TV Azteca"), in connection with a strategic investment agreement with TV Azteca in order to expand the Allied Esports brand into Mexico.

17. RESTRICTED BANK BALANCES

Restricted bank balances represented US$3,650,000 (equivalent to RMB25,463,000) placed into an escrow account to be utilised for various strategic initiatives including the build-out of branded eSports facilities at Simon Property's malls, and eSports event programs.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.lianzhong.com. The annual report of the Group for the year ended 31 December 2019 will be published on the aforesaid websites and will be dispatched to the Shareholders on or before 30 April 2020.

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

Hong Kong, 31 March 2020

As at the date of this announcement, the Board comprises Mr. Yang Eric Qing as executive Director; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Chen Xian and Mr. Hu Wen as non-executive Directors; and Mr. Lu Zhong, Dr. Tyen Kan Hee Anthony and Professor Huang Yong as independent non-executive Directors.

* *For identification purpose only*