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## **OURGAME INTERNATIONAL HOLDINGS LIMITED**

**聯眾國際控股有限公司\***

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

**(Stock Code: 6899)**

### **FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2020 OF ALLIED ESPORTS ENTERTAINMENT, INC.**

Allied Esports Entertainment, Inc. (“**AESE**”), an indirect non-wholly owned subsidiary of Ourgame International Holdings Limited (the “**Company**”), published its financial results for the three months ended March 31, 2020.

This announcement is made by the Company pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance.

On May 11, 2020 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended March 31, 2020. AESE’s shares are listed on Nasdaq.

The following summary of major financial data of AESE for the three months ended March 31, 2020 and March 31, 2019 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”):

|  | <b>For the Three Months<br/>Ended March 31,</b> |                           |
|--|---|---------------------------|
|  | <b>2020</b>                                     | 2019                      |
|  | <i>U.S.\$</i>                                   | <i>U.S.\$</i>             |
|  | <i>(unaudited)</i>                              | <i>(unaudited)</i>        |
| <b>Revenues</b>  |   |                           |
| In-person  | <b>2,304,922</b>                                | 2,747,641                 |
| Multiplatform content  | <b>1,216,897</b>                                | 1,101,622                 |
| Interactive  | <b><u>2,523,234</u></b>                         | <u>2,385,785</u>          |
| <b>Total Revenues</b>  | <b><u>6,045,053</u></b>                         | <u>6,235,048</u>          |
| <b>Costs and expenses</b>  |   |                           |
| In-person (exclusive of depreciation and amortization)             | <b>987,443</b>                                  | 1,171,747                 |
| Multiplatform content (exclusive of depreciation and amortization) | <b>461,374</b>                                  | 580,553                   |
| Interactive (exclusive of depreciation and amortization)           | <b>992,500</b>                                  | 891,567                   |
| Online operating expenses  | <b>324,953</b>                                  | 189,331                   |
| Selling and marketing expenses                                     | <b>632,730</b>                                  | 651,328                   |
| General and administrative expenses                                | <b>4,911,823</b>                                | 4,318,492                 |
| Stock-based compensation   | <b>4,003,835</b>                                | —                         |
| Depreciation and amortization                                      | <b>1,824,465</b>                                | 1,686,182                 |
| Impairment of investment in ESA                                    | <b><u>—</u></b>                                 | <u>600,000</u>            |
| <b>Total Costs and Expenses</b>                                    | <b><u>14,139,123</u></b>                        | <u>10,089,200</u>         |
| <b>Loss from Operations</b>  | <b><u>(8,094,070)</u></b>                       | <u>(3,854,152)</u>        |
| <b>Other Income (Expense)</b>                                      |   |                           |
| Other income   | <b>541</b>                                      | —                         |
| Interest expense   | <b><u>(682,940)</u></b>                         | <u>—</u>                  |
| <b>Total Other Expense</b>   | <b><u>(682,399)</u></b>                         | <u>—</u>                  |
| <b>Net Loss</b>  | <b><u><u>(8,776,469)</u></u></b>                | <u><u>(3,854,152)</u></u> |

| <b>Items</b>               | <b>As at<br/>March 31,<br/>2020<br/>U.S.\$<br/>(unaudited)</b> | <b>As at<br/>December 31,<br/>2019<br/>U.S.\$</b> |
|----------------------------|--|---|
| Total assets               | <b>68,712,148</b>  | 71,321,074  |
| Total liabilities          | <b>27,913,956</b>  | 27,100,248  |
| Total stockholders' equity | <b>40,798,192</b>  | 44,220,826  |

## **EXPLANATION ON THE OPERATING RESULTS**

### **Revenues**

In-person revenues decreased by approximately \$442 thousand, or 16%, to approximately \$2.3 million for the three months ended March 31, 2020 from approximately \$2.7 million for the three months ended March 31, 2019. The decrease in in-person revenues is primarily due to a decrease in revenue generated from in-person events, which consists of ticket, merchandising, food, and beverage revenue and sponsorship revenue, due to government-mandated closures of our facilities, postponed events, and social distancing measures resulting from the COVID-19 pandemic.

Multiplatform content revenues increased by approximately \$115 thousand, or 10%, to approximately \$1.2 million for the three months ended March 31, 2020 from approximately \$1.1 million for the three months ended March 31, 2019, primarily related to increased revenues from television and streaming as a result of mandatory quarantine and stay-at-home measures imposed as a result of the COVID-19 pandemic.

Interactive revenues increased by approximately \$137 thousand, or 6%, to approximately \$2.5 million for the three months ended March 31, 2020 from approximately \$2.4 million for the three months ended March 31, 2019. The increase in interactive revenues all relates to the World Poker Tour business and is primarily attributable to the increase in social gaming revenue due to the mandatory quarantine and stay-at-home measures imposed as a result of the COVID-19 pandemic.

### **Costs and expenses**

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$185 thousand, or 16%, to approximately \$1.0 million for the three months ended March 31, 2020 from approximately \$1.2 million for the three months ended March 31, 2019. The decrease in in-person costs is primarily related to the decrease in in-person revenues as a result of the postponement or cancellation of events due to the COVID-19 pandemic.

Multiplatform content costs (exclusive of depreciation and amortization) decreased by approximately \$120 thousand, or 21%, to approximately \$0.5 million for the three months ended March 31, 2020 from approximately \$0.6 million for the three months ended March 31, 2019, primarily due to a decrease in production costs related to certain television content which aired in 2019.

Interactive costs (exclusive of depreciation and amortization) increased by approximately \$101 thousand, or 11%, to approximately \$1.0 million for the three months ended March 31, 2020 from approximately \$0.9 million for the three months ended March 31, 2019, primarily as a result of increased interactive revenues during the period.

Online operating expenses increased by approximately \$136 thousand, or 72%, to approximately \$0.3 million for the three months ended March 31, 2020 from approximately \$0.2 million for the three months ended March 31, 2019.

Selling and marketing expenses decreased by approximately \$18 thousand, or 3%, to approximately \$0.6 million for the three months ended March 31, 2020 from approximately \$0.7 million for the three months ended March 31, 2019.

General and administrative expenses increased by approximately \$594 thousand, or 14%, to approximately \$4.9 million for the three months ended March 31, 2020 from approximately \$4.3 million for the three months ended March 31, 2019. The increase in general and administrative costs primarily resulting from increases in accounting, legal, and consulting fees incurred in connection with being a public company and preparing filings as compared to the previous period.

Stock-based compensation was \$4.0 million for the three months ended March 31, 2020, compared to nil for the three months ended March 31, 2019. Of the \$4.0 million of stock-based compensation recognized during the three months ended March 31, 2020, \$0.3 million was related to the amortization of equity awards, and \$3.7 million was recognized upon the return of cash held in escrow in connection with an escrow agreement with Simon Equity Development, LLC.

Depreciation and amortization increased by approximately \$138 thousand, or 8%, to approximately \$1.8 million for the three months ended March 31, 2020, from approximately \$1.7 million for the three months ended March 31, 2019.

Impairment expense of \$600 thousand during the three months ended March 31, 2019, related to the Company's additional investment in Esports Arena LLC, in order to fulfill the remainder of its funding commitment. There was no impairment recorded for the three months ended March 31, 2020.

Please refer to the Form 10-Q published by AESE on the website of the U.S. Securities and Exchange Commission (<https://www.sec.gov>) and the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) for further details.

The financial results of AESE contained in the Form 10-Q have been prepared in accordance with U.S. GAAP, which are different from the International Financial Reporting Standards that the Company uses to prepare and present its financial information. As such, the financial information in the Form 10-Q is

not directly comparable to the financial results of AESE as reflected in the consolidated financial results that the Company discloses. Consequently, the Company offers no assurance that the financial results of AESE for the three months ended March 31, 2020 or any period will be the same as that to be presented in the Company's own consolidated financial results.

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

Beijing, May 12, 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*