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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)**

### **PUBLICATION OF THE 2020 INTERIM RESULTS AND FINANCIAL RESULTS FOR THE SECOND QUARTER 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 interim results for the six months ended June 30, 2020 and the financial results for the three months ended June 30, 2020.

This announcement is made by the Company pursuant to Rule 13.09(2)(a) 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 (Chapter 571 of the laws of Hong Kong).

On August 10, 2020 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its interim results for the six months ended June 30, 2020 and the financial results for the three months ended June 30, 2020. AESE’s shares are listed on Nasdaq Stock Market.

The following summary of major financial data of AESE for the six months ended June 30, 2019 and 2020 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (the “U.S. GAAP”):

	<b>For the six months ended</b>	
	<b>June 30</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>3,004,249</b>	5,967,065
Multiplatform content	<b>1,922,148</b>	2,842,326
Interactive	<b>5,700,943</b>	4,764,003
	<u><b>10,627,340</b></u>	<u>13,573,394</u>
<b>Costs and expenses</b>		
In-person (exclusive of depreciation and amortization)	<b>1,494,555</b>	2,026,061
Multiplatform content (exclusive of depreciation and amortization)	<b>1,025,207</b>	2,121,121
Interactive (exclusive of depreciation and amortization)	<b>1,733,100</b>	1,406,534
Online operating expenses	<b>664,163</b>	340,685
Selling and marketing expenses	<b>925,215</b>	1,687,215
General and administrative expenses	<b>8,586,703</b>	8,572,482
Stock-based compensation	<b>4,335,473</b>	—
Depreciation and amortization	<b>3,592,297</b>	3,417,844
Impairment of investment in ESA	<b>1,138,631</b>	600,000
	<u><b>23,495,344</b></u>	<u>20,171,942</u>
<b>Loss from Operations</b>	<u><b>(12,868,004)</b></u>	<u>(6,598,548)</u>
<b>Other Income (Expense):</b>		
Other income	<b>4,183</b>	—
Conversion inducement expense	<b>(5,247,531)</b>	—
Interest expense	<b>(1,545,846)</b>	(66,890)
	<u><b>(6,789,194)</b></u>	<u>(66,890)</u>
<b>Total Other Expense</b>	<u><b>(6,789,194)</b></u>	<u>(66,890)</u>
<b>Net Loss</b>	<u><b>(19,657,198)</b></u>	<u>(6,665,438)</u>

<b>Items</b>	<b>As at June 30, 2020 U.S.\$ (unaudited)</b>	<b>As at December 31, 2019 U.S.\$</b>
Total assets	<u><b>69,907,625</b></u>	<u>71,321,074</u>
Total liabilities	<u><b>25,929,894</b></u>	<u>27,100,248</u>
Total stockholders' equity	<u><b>43,977,731</b></u>	<u>44,220,826</u>

The following summary of major financial data of AESE for the three months ended June 30, 2019 and 2020 were prepared in accordance with the U.S. GAAP:

	<b>For the Three Months Ended June 30</b>	
	<b>2020 U.S.\$ (unaudited)</b>	<b>2019 U.S.\$ (unaudited)</b>
<b>Revenues</b>		
In-person	<b>699,327</b>	3,219,424
Multiplatform content	<b>705,251</b>	1,740,704
Interactive	<u><b>3,177,709</b></u>	<u>2,378,218</u>
<b>Total Revenues</b>	<u><b>4,582,287</b></u>	<u>7,338,346</u>
<b>Costs and expenses</b>		
In-person (exclusive of depreciation and amortization)	<b>507,112</b>	854,314
Multiplatform content (exclusive of depreciation and amortization)	<b>563,833</b>	1,540,568
Interactive (exclusive of depreciation and amortization)	<b>740,600</b>	514,967
Online operating expenses	<b>339,210</b>	151,354
Selling and marketing expenses	<b>292,485</b>	1,035,887
General and administrative expenses	<b>3,674,880</b>	4,253,990
Stock-based compensation	<b>331,638</b>	—
Depreciation and amortization	<b>1,767,832</b>	1,731,662
Impairment of investment in ESA	<u><b>1,138,631</b></u>	<u>—</u>
<b>Total Costs and Expenses</b>	<u><b>9,356,221</b></u>	<u>10,082,742</u>

## **EXPLANATION ON THE OPERATING RESULTS**

### **Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019**

#### ***Revenues***

In-person revenues decreased by approximately \$3.0 million, or 50%, to approximately \$3.0 million for the six months ended June 30, 2020 from approximately \$6.0 million for the six months ended June 30, 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 decreased by approximately \$0.9 million, or 32%, to approximately \$1.9 million for the six months ended June 30, 2020 from approximately \$2.8 million for the six months ended June 30, 2019, primarily related to decreased music royalty revenues. Music royalties are estimated each quarter and are subsequently trued up when actual royalties earned are reported to the Company. There was a \$0.7 million decrease in music royalties recorded during the six months ended June 30, 2020 as compared to the six months ended June 30, 2019, as the result of true up charges recorded in each of the periods.

Interactive revenues increased by approximately \$0.9 million, or 20%, to approximately \$5.7 million for the six months ended June 30, 2020 from approximately \$4.8 million for the six months ended June 30, 2019. The increase in interactive revenues all relates to the WPT 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 \$0.5 million, or 26%, to approximately \$1.5 million for the six months ended June 30, 2020 from approximately \$2.0 million for the six months ended June 30, 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 \$1.1 million, or 52%, to approximately \$1.0 million for the six months ended June 30, 2020 from approximately \$2.1 million for the six months ended June 30, 2019, primarily related to a decrease in production costs incurred during the COVID-19 pandemic.

Interactive costs (exclusive of depreciation and amortization) increased by approximately \$0.3 million, or 23%, to approximately \$1.7 million for the six months ended June 30, 2020 from approximately \$1.4 million for the six months ended June 30, 2019, primarily as a result of increased interactive revenues during the period.

Online operating expenses increased by approximately \$0.3 million, or 95%, to approximately \$0.6 million for the six months ended June 30, 2020 from approximately \$0.3 million for the six months ended June 30, 2019, primarily as a result of increased software maintenance fees incurred.

Selling and marketing expenses decreased by approximately \$0.8 million, or 45%, to approximately \$0.9 million for the six months ended June 30, 2020 from approximately \$1.7 million for the six months ended June 30, 2019, due to the decrease in events held during 2020 as a result of the COVID-19 pandemic.

General and administrative expenses were approximately \$8.6 million during each of the six months ended June 30, 2020 and 2019. Increases 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, were offset by decreases related to expenses incurred in connection with the merger transaction between Black Ridge Acquisition Corp, Noble Link Global Limited and Allied Esports Media, Inc. (the “**Merger**”) as approved by the Company’s shareholders on July 5, 2019 during the six months ended June 30, 2019.

Stock-based compensation was approximately \$4.3 million for the six months ended June 30, 2020. Of the \$4.3 million of stock-based compensation recognized during the six months ended June 30, 2020, approximately \$0.6 million was related to the amortization of equity awards, and approximately \$3.7 million was recognized upon the return of cash held in escrow in connection with an escrow agreement with Simon Equity Development, LLC. There was no stock-based compensation for the six months ended June 30, 2019.

Depreciation and amortization increased by approximately \$0.2 million, or 5%, to approximately \$3.6 million for the six months ended June 30, 2020, from approximately \$3.4 million for the six months ended June 30, 2019.

Impairment expense of approximately \$1.1 million and \$0.6 million during the six months ended June 30, 2020 and 2019, respectively, related to our investment in Esports Arena LLC (“**ESA**”).

### **Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019**

#### ***Revenues***

In-person revenues decreased by approximately \$2.5 million, or 78%, to approximately \$0.7 million for the three months ended June 30, 2020 from approximately \$3.2 million for the three months ended June 30, 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 decreased by approximately \$1.0 million, or 60%, to approximately \$0.7 million for the three months ended June 30, 2020 from approximately \$1.7 million for the three months ended June 30, 2019, primarily related to decreased music royalty revenues. Music royalties are estimated each quarter and are subsequently trued up when actual royalties earned are reported to the Company. During the three months ended June 30, 2020 we recorded negative music royalties of approximately \$0.1 million, consisting of estimated quarterly music royalties of approximately \$0.2 million, offset by a true up charge for previous quarter of approximately \$0.3 million. During the three months ended June 30, 2019 we recorded positive music royalties of approximately \$0.7 million, consisting of estimated quarterly music royalties of approximately \$0.3 million, plus an additional true up in the amount of approximately \$0.4 million.

Interactive revenues increased by approximately \$0.8 million, or 34%, to approximately \$3.2 million for the three months ended June 30, 2020 from approximately \$2.4 million for the three months ended June 30, 2019. The increase in interactive revenues all relates to the WPT business and is primarily attributable to the increase in subscription revenue and 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 \$0.4 million, or 41%, to approximately \$0.5 million for the three months ended June 30, 2020 from approximately \$0.9 million for the three months ended June 30, 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 \$1.0 million, or 63%, to approximately \$0.5 million for the three months ended June 30, 2020 from approximately \$1.5 million for the three months ended June 30, 2019, primarily due to a decrease in production costs related to television content, since production of content was temporarily stopped as a result of the COVID-19 pandemic.

Interactive costs (exclusive of depreciation and amortization) increased by approximately \$0.2 million, or 44%, to approximately \$0.7 million for the three months ended June 30, 2020 from approximately \$0.5 million for the three months ended June 30, 2019, primarily in connection with increased interactive revenues during the period.

Online operating expenses increased by approximately \$0.2 million, or 125%, to approximately \$0.3 million for the three months ended June 30, 2020 from approximately \$0.2 million for the three months ended June 30, 2019, primarily related to increased software maintenance expenses.

Selling and marketing expenses decreased by approximately \$0.7 million, or 72%, to approximately \$0.3 million for the three months ended June 30, 2020 from approximately \$1.0 million for the three months ended June 30, 2019, primarily due to the decrease in events held during 2020 as a result of the COVID-19 pandemic.

General and administrative expenses decreased by approximately \$0.6 million, or 14%, to approximately \$3.7 million for the three months ended June 30, 2020 from approximately \$4.3 million for the three months ended June 30, 2019. The decrease in general and administrative costs primarily results from decreases in accounting, legal, and consulting fees incurred in connection with the Merger during the three months ended June 30, 2019, and decreases in bonuses earned during the period.

Stock-based compensation was approximately \$0.3 million for the three months ended June 30, 2020, and represents the amortization of stock options and restricted stock granted during September and November of 2019. There was no stock-based compensation for the three months ended June 30, 2019.

Depreciation and amortization increased by approximately \$36 thousand, or 2%, to approximately \$1.8 million for the three months ended June 30, 2020, from approximately \$1.7 million for the three months ended June 30, 2019.

The Company recorded an impairment of its investment in ESA of approximately \$1.1 million during the three months ended June 30, 2020. No impairment charges were recorded during the three months ended June 30, 2019.

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 (“**IFRS**”) 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 six months ended June 30, 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**  
**Li Yangyang**  
*Chairman and Executive Director*

Beijing, August 11, 2020

*As at the date of this announcement, the Board comprises Mr. Li Yangyang and Mr. Gao Hong as executive Directors; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Chen Xian and Mr. Hu Wen as non-executive Directors; and Professor Huang Yong, Mr. Ma Shaohua and Mr. Lu Jingsheng as independent non-executive Directors.*

\* *For identification purpose only*