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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)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO PROPOSED DISPOSAL OF THE ENTIRE EQUITY INTERESTS OF CLUB SERVICES, INC.

THE DISPOSAL

On 19 January 2021 (U.S. time), the Vendor, an indirect non-wholly owned subsidiary of the Company, the Target Company, AESE and the Purchaser entered into the Stock Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity Interests for a total consideration of US\$78.25 million (equivalent to approximately HK\$606.61 million).

Upon the Closing, the Target Group will cease to be subsidiaries of AESE and the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of AESE and the Group.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and the Shareholders' approval requirements.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Stock Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among others, (i) further details about the Disposal and the transactions contemplated thereunder; (ii) other information required to be disclosed under the Listing Rules; and (iii) a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 9 February 2021.

As the Disposal is subject to the satisfaction or waiver of the Conditions as set out in the Stock Purchase Agreement and the Disposal may or may not proceed, Shareholders and potential investors are reminded to exercise caution in dealing in the Shares.

INTRODUCTION

On 19 January 2021 (U.S. time), the Vendor, an indirect non-wholly owned subsidiary of the Company, the Target Company, AESE and the Purchaser entered into the Stock Purchase Agreement for the Disposal.

PRINCIPAL TERMS OF THE STOCK PURCHASE AGREEMENT

The principal terms of the Stock Purchase Agreement are set out as follows:

Date

19 January 2021 (U.S. time)

Parties

- (1) the Vendor
- (2) the Purchaser
- (3) the Target Company
- (4) AESE

Save as disclosed in this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

Subject Matter of the Disposal

Pursuant to the Stock Purchase Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Equity Interests, being the entire issued and outstanding equity interests of the entities in the Target Group.

The Target Company is a Nevada corporation. As at the date of this announcement, AESE, an indirect non-wholly owned subsidiary of the Company, owned beneficially and of record 100% of the issued and outstanding equity interests of the Vendor, which owned beneficially and of record 100% of the issued and outstanding equity interests of the Target Company.

The Target Company owns and operates through its subsidiaries a poker-related business, commonly known as the World Poker Tour. World Poker Tour is the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online, and mobile.

Consideration and payment terms

The Consideration payable by the Purchaser under the Stock Purchase Agreement is US\$78.25 million (equivalent to approximately HK\$606.61 million), which will be paid in cash in the following manner:

- (i) a payment of US\$4 million (equivalent to approximately HK\$31.01 million) payable upon the execution of the Stock Purchase Agreement (the “**Initial Payment**”);
- (ii) a payment of US\$64.25 million (equivalent to approximately HK\$498.08 million) payable upon the Closing (the “**Closing Cash Payment**”); and
- (iii) a fully guaranteed revenue share of 5% of the aggregate entry fees of the World Poker Tour-branded tournaments on the gaming platforms owned or licensed by the Vendor, up to a maximum of US\$10 million (equivalent to approximately HK\$77.52 million), payable over three years after Closing in arrears on a quarterly basis within 90 days after each calendar quarter (the “**Tournament Payment**”). The amount of each Tournament Payment is based on the aggregate entry fees for the quarter on which the Tournament Payment is based. Each payment must be accompanied by a statement setting forth the Purchaser’s determination of the aggregate entry fees from the World Poker Tour-branded tournaments actually received by the Purchaser, the Target Company or their affiliates during such period and the Purchaser’s calculation of the Tournament Payment based thereon, together with such supporting documentation as may be reasonably necessary for AESE to verify and determine the amounts set forth therein. AESE has the ability to audit the results one time each year.

The total consideration shall be adjusted to an amount equal to the Initial Payment, plus the Closing Cash Payment, the Tournament Payment and the Company Cash (if any), minus any transaction expenses incurred by or on behalf of the Target Group remaining unpaid at Closing, minus any Company Indebtedness remaining unpaid at Closing, and minus a good faith estimate of pre-Closing taxes (the “**Total**

Consideration”). The Company Indebtedness refers to debt at the AESE Level. However, the assets of the Target Group are subject to liens that secure such indebtedness, and as a result, such indebtedness must be satisfied from the Consideration. The Company Cash refers to the cash of the Target Group.

Upon the determination of the Total Consideration, the total closing payment shall be adjusted to an amount equal to the Total Consideration minus the Tournament Payment, and minus the Initial Payment.

As at the date of the announcement, the Company estimated that Total Consideration (before paying any estimated transaction expenses, and including all Tournament Payments) would be approximately US\$76.66 million (equivalent to approximately HK\$594.28 million), and approximately US\$66.66 million (equivalent to approximately HK\$516.76 million) of the Total Consideration (before paying any estimated transaction expenses but excluding any Tournament Payments) would be payable at the Closing.

Basis of determination of the Consideration

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the revenue and EBITDA of the Target Group for the financial year ended 31 December 2019 and the deferred revenue and payment obligations which the Purchaser would have to undertake post-closing of the Disposal. AESE obtained a fairness opinion from an independent third party financial advisor, which noted that, using publicly available information for comparable transactions, an appropriate multiple of the Target Group’s EBITDA for 31 December, 2019 ranges from 11.0x–15.0x. The Target Group’s EBITDA as of 31 December 2019 was US\$2 million. Using the range of appropriate multiple from 11.0x–15.0x, the Target Group would be valued between US\$22 million to US\$30 million. Based on these multiples, a proposed purchase price of the Target Group of US\$78.25 million (equivalent to approximately HK\$606.61 million) and a consideration in the amount of US\$78.25 million would result in a multiple of approximately 39.2x of the Target Group’s EBITDA as of 31 December 2019 (or approximately 34.2x of the Target Group’s EBITDA as of 31 December 2019 with respect to the Initial Payment and Closing Cash Payment to be paid at Closing). As such, the Board considers the Consideration to be reasonable. By reference to EBITDA of the Target Group, it is the Target Group’s GAAP net income (loss) before interest (income) expense, income taxes, depreciation, and amortization.

The Target Group was loss-making for the two years ended 31 December 2019, but it had a positive EBITDA for such periods. Sales in the Target Group’s industry, especially in the United States, commonly use multiples of historical EBITDA as a valuation metric, amongst others, which is in line with the opinion obtained by AESE from its independent third party financial adviser. It is noted from the opinion of the

independent third party financial adviser that AESE has obtained, and upon which the Board has in part relied in determining whether the Consideration is appropriate, utilized a number of valuation metrics beyond EBITDA that concluded that the reference to EBITDA ratios is the closest to the Consideration and therefore considered that the Consideration is sufficient.

In relation to the basis of determining the Tournament Payment, there is no basis to compare the Tournament Payment to any norm or past entry fees paid, because the Company has not previously entered into any agreements or arrangements in connection with online real money gaming that pays a revenue share or royalty of any kind. From time to time, the Target Group has shared in revenue from the “rake” portion of live poker tournaments held by in-person casino partners, but the amounts derived therefrom typically amount to a range of around US\$2,000 to US\$10,000 per event or series of events. The Tournament Payment, not only is the revenue share based on both the entry fee paid by players and the “rake,” but it also derives from online tournaments that typically host a far greater number of players than any live casino event.

The Tournament Payment enables the Company to maximise the consideration of the World Poker Tour business operated by the Target Group (the “**WPT Business**”) to the amount of US\$78.25 million. The Board considers the Tournament Payment up to US\$10 million is fair and reasonable since the Tournament Payment enables the Company to achieve a consideration in excess of the Company’s value of the WPT Business as confirmed by the opinion issued by the independent third party financial advisor to AESE.

Together with the reasons for and benefits of the Disposal as stated under the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL”, in particular, (i) the Consideration payable by the Purchaser under the Stock Purchase Agreement is US\$78.25 million (equivalent to approximately HK\$606.61 million), which is approximately four times of the Target Group’s revenue and approximately 39.2 times of the Target Group’s EBITDA, and (ii) the current environment in which the Disposal Group operates is very different from the environment in 2019 when the Company disposed of all its subsidiaries engaging in the eSports and WPT Business. As an entertainment company, the impact of the COVID-19 pandemic on the Disposal Group has been materially adverse on its finances and operations. Mandatory shut-downs and shelters-in-place enacted in response to this pandemic throughout the world halted all in-person events of the Disposal Group for a significant period of time. This has also adversely affected the market value of the Disposal Group, which has a market capitalization of about US\$50 million at this time based upon the current trading prices of AESE common stock on Nasdaq. The current environment also has contributed to a negative cash flow of the Disposal Group, despite raising capital in the prior year. Considering the items noted above as well as the current market capitalization for the

entire Disposal Group as compared to the amount of the Consideration for just the Target Group, the Board is of the view that the Consideration, which is way above the aforementioned range, to be fair and reasonable and is favourable to the Company and its Shareholders.

Conditions

The respective obligations of the parties to consummate the Closing of the Stock Purchase Agreement shall be conditional upon the satisfaction at or prior to the Closing of, among other things, the following Conditions which cannot be waived:

- (i) the approval and adoption of the Stock Purchase Agreement by the affirmative vote or written consent of the stockholder(s) of AESE representing a majority (in voting power) of the outstanding shares of AESE;
- (ii) no Order or other Law preventing or making illegal the consummation of the Disposal shall be in effect; and
- (iii) there shall be no pending Action by any Governmental Entity (A) challenging the Disposal, seeking to restrain or prohibit the consummation of the Disposal or seeking to obtain from AESE and/or the Vendor any damages that are material in relation to AESE, the Vendor and their respective subsidiaries taken as a whole, or (B) seeking to prohibit the Purchaser from effectively controlling in any material respect the business or operations of the Target Group as a result of the Closing.

The obligation of the Purchaser to effect the Disposal is also subject to the satisfaction, or waiver by the Purchaser, at or prior to the Closing, of, among other things, the following conditions:

- (i) the representations and warranties of AESE, the Vendor and the Target Company shall be true and correct as of the date of the Stock Purchase Agreement and as of the Closing as though made on and as of the Closing (except that representations and warranties that by their terms speak specifically as of the date of the Stock Purchase Agreement or another date shall be true and correct as of such date); and the Purchaser shall have received a certificate signed on behalf of the Vendor by the Chief Executive Officer or the Chief Financial Officer of the Vendor to the foregoing effect;
- (ii) each of the Vendor and AESE shall have performed in all material respects all obligations required to be performed by it under the Stock Purchase Agreement at or prior to the Closing; and the Purchaser shall have received a certificate signed on behalf of each of the Vendor and AESE by their respective Chief Executive Officer or the Chief Financial Officer to such effect;

- (iii) between the date of the Stock Purchase Agreement and Closing, no Material Adverse Effect with respect to AESE, the Vendor or the Target Company shall have occurred and the Purchaser shall have received a certificate signed on behalf of each of the Vendor and AESE by their respective Chief Executive Officer or the Chief Financial Officer to such effect;
- (iv) the Purchaser shall have received copies of duly signed required consents and approvals from counterparties under material contracts of the Target Group and/or from any Governmental Entity required to consummate the Disposal;
- (v) the Purchaser shall have received a certificate from the Vendor certifying as to the Vendor's status as a U.S. person in a form reasonably acceptable to the Purchaser for purposes of satisfying the Purchaser's obligations under Treasury Regulation Section 1.1445-2(b), duly executed by the Vendor; and
- (vi) each of AESE and the Vendor shall have made all of the Closing deliveries as required under the Stock Purchase Agreement.

(collectively, the “**Conditions of AESE and the Vendor**”)

All of the Conditions of AESE and the Vendor may be waived by the Purchaser.

The obligation of AESE and the Vendor to effect the Disposal is also subject to the satisfaction or waiver by the Vendor at or prior to the Closing of, among other things, the following Conditions:

- (i) the representations and warranties of the Purchaser set forth in the Stock Purchase Agreement shall be true and correct as of the date of the Stock Purchase Agreement and as of the Closing as though made on and as of the Closing (including the obtaining of any notices, consents, authorisations, approvals, filings or exemptions in connection with compliance with the rules and regulations of The Nasdaq Stock Market or any other applicable self-regulatory organisation but except that representations and warranties that by their terms speak specifically as of the date of the Stock Purchase Agreement or another date shall be true and correct as of such date); and the Vendor shall have received a certificate signed on behalf of the Purchaser by the manager of the Purchaser to the foregoing effect;
- (ii) the Purchaser shall have performed in all material respects all obligations required to be performed by it under the Stock Purchase Agreement at or prior to the Closing, and the Vendor shall have received a certificate signed on behalf of the Purchaser by the manager of the Purchaser to such effect; and
- (iii) the Purchaser shall have made all of the Closing deliveries as required under the Stock Purchase Agreement.

(collectively, the “**Conditions of the Purchaser**”)

All of the Conditions of the Purchaser may be waived by the Vendor.

Closing and effect of Closing

Closing shall take place within three Business Days following the satisfaction or waiver (if applicable) of the Conditions.

Upon the Closing, the Target Group will cease to be subsidiaries of AESE and the Company and the financial results of the Target Group will no longer be consolidated into the financial statements of AESE and the Group.

Termination

The Stock Purchase Agreement may be terminated at any time prior to the Closing:

- (a) by mutual consent of AESE, the Vendor and the Purchaser in a written instrument authorized by the board of directors of each of AESE, the Vendor and the Purchaser;
- (b) by either AESE and the Vendor, on the one hand, or the Purchaser, on the other hand, if any Governmental Entity that must grant any relevant and necessary notices, consents, authorizations, approvals, filings, reports or exemptions in connection with compliance with the rules and regulations of the Hong Kong Stock Exchange, The Nasdaq Stock Market, the Exchange Act or any other applicable self-regulatory organization of AESE, the Vendor or the Purchaser denies approval of the Disposal and such denial has become final and non-appealable or any Governmental Entity of competent jurisdiction shall have issued a final and non-appealable order, injunction or decree permanently enjoining or otherwise prohibiting or making illegal the consummation of the Disposal;
- (c) by either AESE and the Vendor, on the one hand, or the Purchaser, on the other hand, if the Disposal shall not have been consummated on or before 31 March 2021; provided, however, that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein which breach, either individually or in the aggregate, would result in, if occurring or continuing on the date of Closing, the failure of the Conditions of AESE and the Vendor, or the Conditions of the Purchaser, as the case may be, and subject to the requirements as set forth in the Stock Purchase Agreement, AESE and the Vendor will, on a joint and several basis, (i) as its sole recourse in connection with the termination of the Stock Purchase Agreement, reimburse to the Purchaser the Initial Payment and simultaneously pay to the Purchaser a fee in an amount equal to US\$3 million (equivalent to approximately HK\$23.26 million) (less, if applicable, any expense reimbursement previously paid) (the “**Tail Termination**”

Fee”) not later than two Business Days after the date on which AESE, if the Vendor, or one or more of its subsidiaries, consummates a Competing Proposal (1) prior to such termination of the Stock Purchase Agreement, a Competing Proposal shall have been made to AESE, the Vendor or any of their respective subsidiaries (or their respective representatives) and disclosed to stockholders of AESE, or a Competing Proposal shall have been made to the stockholders of AESE generally, or any person shall have publicly announced an intention (whether or not conditional) to make a Competing Proposal after the date of the Stock Purchase Agreement and before the date the Stock Purchase Agreement is terminated, (2) within 12 months after the date of such termination, AESE, the Vendor and/or any of their respective subsidiaries enters into a definitive agreement with respect to a Competing Proposal (or transaction that would have constituted a Competing Proposal if made prior to the termination of this Agreement) or consummates a Competing Proposal (the “**Tail Transaction**”) and (3) such Tail Transaction is consummated, or (ii) as its sole recourse in connection with the termination of the Stock Purchase Agreement (but subject to its right to receive a Tail Termination Fee), reimburse to the Purchaser the Initial Payment simultaneously with the payment of the out-of-pocket transaction expenses incurred by the Purchaser, but subject to a maximum of US\$1 million (equivalent to approximately HK\$7.75 million), no later than two Business Days after receipt of supporting documentation evidencing such expenses, if (x) AESE and the Vendor shall have failed to obtain or receive, before the time of termination, the support agreements of the Disposal from certain stockholders of AESE duly executed, (y) AESE shall have failed to obtain the approval and adoption of the Stock Purchase Agreement by the affirmative vote or written consent of the stockholder(s) of AESE representing a majority (in voting power) of the outstanding shares of AESE and (z) the Purchaser is not in material breach of its representations, warranties, covenants or agreements hereunder at the time of such termination;

- (d) by either AESE and the Vendor, on the one hand, or the Purchaser, on the other hand, (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties set forth in the Stock Purchase Agreement on the part of the Target Company, AESE or the Vendor, in the case of a termination by the Purchaser, or the Purchaser, in the case of a termination by AESE and the Vendor, which breach, either individually or in the aggregate, would result in, if occurring or continuing on the date of Closing, the failure of the Conditions of AESE and the Vendor, or the Conditions of the Purchaser, as the case may be, and which is not cured within 30 days following written notice to the party committing such breach or by its nature or timing cannot be cured within such time period, and (i) the Purchaser shall pay AESE, as the sole recourse of AESE and the Vendor in connection with termination of the Stock Purchase Agreement by AESE

and the Vendor a fee in an amount equal to US\$3 million (equivalent to approximately HK\$23.26 million) (“**Non-Performance Fee**”) or (ii) AESE shall, as the sole recourse of the Purchaser in connection with termination of the Stock Purchase Agreement by the Purchaser, pay the Purchaser the Non-Performance Fee and reimburse to the Purchaser the Initial Payment simultaneously with the payment of the Non-Performance Fee no later than two Business Days after the date on which the Stock Purchase Agreement is terminated by AESE and the Vendor or the Purchaser, as the case may be;

- (e) by the Purchaser, (i) at any time after the board of directors of AESE and the Vendor shall have effected an Adverse Recommendation Change prior to receipt of the consent from a sufficient number of AESE’s stockholders to approve and adopt the Stock Purchase Agreement, or (ii) in the event AESE and/or the Vendor shall have materially breached any of their obligation of no solicitation as required under the Stock Purchase Agreement and AESE and the Vendor, on a joint and several basis, will pay to the Purchaser, as its sole recourse in connection with termination of the Stock Purchase Agreement a fee in an amount equal to US\$3 million (equivalent to approximately HK\$23.26 million) and simultaneously reimburse to the Purchaser the Initial Payment no later than two Business Days after the date on which the Stock Purchase Agreement is terminated by the Purchaser;
- (f) by AESE and the Vendor, in the event that: (i) AESE or the Vendor shall have received a superior proposal, (ii) subject to the obligations of AESE and the Vendor under the Stock Purchase Agreement, the respective boards of directors of AESE and the Vendor or any authorized committees thereof shall have authorized AESE and the Vendor to enter into a definitive agreement to consummate the transaction contemplated by such superior proposal, and (iii) concurrently with the termination of this Stock Purchase Agreement, AESE and the Vendor pays, on a joint and several basis, to the Purchaser a fee in an amount equal to US\$3 million (equivalent to approximately HK\$23.26 million) and reimburse to the Purchaser the Initial Payment simultaneously and immediately prior to the time of and as a condition to termination by AESE and the Vendor and AESE and the Vendor enter into the definitive agreement to consummate the transaction contemplated by such superior proposal; or
- (g) by the Purchaser at any time prior to 31 March 2021 and the Purchaser shall pay AESE, as the sole recourse of AESE and the Vendor in connection with termination of the Stock Purchase Agreement the Non-Performance Fee no later than two Business Days after the date on which the Stock Purchase Agreement is terminated by the Purchaser.

If the Stock Purchase Agreement is terminated due to a breach of the Stock Purchase Agreement by the Purchaser, or if the Purchaser decides to terminate the Stock Purchase Agreement and pay the Non-Performance Fee, upon such termination of the Purchase Agreement, AESE has an option, but no obligation, to require the Purchaser and Peerless Media Limited, a wholly-owned subsidiary of WPT Enterprises, Inc. and an indirect non-wholly owned subsidiary of AESE, to enter into a three year brand license agreement for the Purchaser or its affiliates' use of the World Poker Tour brand for real money gaming in Asia. If entered into, the license would provide for Peerless Media Limited to receive royalty payments equal to twenty percent (20%) of qualifying revenues, with minimum annual guaranteed payments of US\$4 million (equivalent to approximately HK\$31.01 million), US\$6 million (equivalent to approximately HK\$46.51 million) and US\$8 million (equivalent to approximately HK\$62.02 million) payable in years one, two and three of the license term, respectively. Peerless Media Limited will have the right to terminate the license agreement after the first year of the term for US\$2 million (equivalent to approximately HK\$15.50 million).

However, if the Stock Purchase Agreement is terminated for any other reason, the parties agree to enter into the three year brand license agreement. As such, even if AESE or the Vendor receives a superior proposal and the Target Group is sold to the new purchaser, the new purchaser will still be bound by the three year brand license agreement with the Purchaser as the brand license agreement is entered into by WPT Enterprises, Inc. There will not be any option for the new purchaser or the Purchaser whether to enter into the brand license agreement in case the Target Group is sold to the new purchaser.

The Company has been in the process of negotiating a similar brand license agreement for the territory of Asia (the “**Alternative License**”) prior to the current transaction arising. The terms of the proposed three-year brand license agreement with the Purchaser are similar to, or superior to, the material terms of the other offer. By moving forward with the Disposal, the Target Group was required to cease negotiating the Alternative License, which the Company believes would make it difficult or impossible to re-negotiate and enter into that Alternative License if the Disposal does not close. In the event that the Disposal does not close, the Target Group will still be able to enter into a real money gaming license in the territory of Asia and will not have to forego the revenues it could have made under the Alternative License. This arrangement is in the best interests of Shareholders because it (i) allows the Company to ensure that if the Disposal fails to close and there is no Competing Proposal, it will still have the ability to enter into a favorable licensing arrangement, and (ii) even if the Disposal does not occur, the terms of the current licensing arrangement are better, in the Company management's opinion, than the terms of the Alternative License. As such, the Board considered such amounts to be fair and reasonable.

Furthermore, the Alternative License had a similar royalty percentage to the current arrangement (that is, at or around 20%), which the Company management understands to be a reasonable industry standard rate. With respect to the minimum guaranteed payment amounts, the amounts in the present license under the brand license agreement would substantially exceed the minimums set forth in the Alternative License. Since both licensing arrangements have been negotiated in arms-length transactions with independent third parties, the Company believes the present minimum guarantees are at, or in excess of, what the market would provide. These minimum guarantees also do not limit the amount of royalties that may exceed the guaranteed amounts in each year of the brand license agreement. There has not been a substantial amount of online real money gaming operators in Asian territories to whom the Company can compare the two license arrangements it has seen and negotiated.

In relation to the Non-Performance Fee and the Tail Termination Fee as stated in this section above, AESE has been advised that Delaware law, which governs the transaction, has established through case law certain limits on the amount of ‘break fees’ for publicly-traded companies. Although there is no bright-line test under such case law, AESE has been advised that Delaware case law has generally confirmed that break fees equal to or less than 4.0% of the transaction value are enforceable. The Non-Performance Fee and the Tail Termination Fee are also categorized as ‘break fees’. The obligation of AESE to pay the Non-Performance Fee and the Tail Termination Fee is a result of negotiations with the Purchaser in which the Purchaser has agreed to pay to AESE the Non-Performance Fee if the Purchaser terminates the Purchase Agreement as a result of its desire to not close the transaction or its uncured breach of the Stock Purchase Agreement. The Board is of the view that the US\$3 million break fees are fair and reasonable when it is (i) compared with the relative size of the fee to the Consideration (that is, 3.75% of the Consideration); (ii) compared to other recently announced public sale transactions in the U.S. similar to the Disposal; and (iii) compared with the usual percentage of ‘break fees’ which is generally confirmed to be enforceable.

INFORMATION OF THE PURCHASER

The Purchaser is a Delaware limited liability company that is a special purpose vehicle specifically set up for acquiring and holding the business of the Target Group in the Disposal. It is owned by Future Growth Fund, an investment fund (the “**Fund**”) with an existing total investment amount of not less than HK\$1.5 billion. The fund focuses on investments in the technology, media and telecom sector, and its investment manager is AYASA Globo Financial Services Limited. The Company understands that the amount of interests held by each of the investors in the Fund is evenly distributed ranging from the least amount of interest of approximately 5% to the highest amount of interest of approximately 10%.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are all Independent Third Parties as at the date of this announcement. The Company was informed that the person representing the Fund who negotiated and exerted influence on the Disposal is Mr. Thomas C. Goldstein (“**Mr. Thomas**”), who is not only the legal representative of the Fund but also the representative in the United States of the investment manager of the Fund. He is an authorized person responsible for identifying potential investments and is empowered to making decisions on investments according to the investment policy.

During the negotiations and discussions with AESE for the Disposal, Mr. Thomas has all along been the sole person making decisions in areas such as the scope of due diligence for the Disposal, the negotiations on the terms of the Stock Purchase Agreement and the Consideration.

INFORMATION OF THE COMPANY AND OTHER PARTIES TO THE STOCK PURCHASE AGREEMENT

The Company

The Company is incorporated in the Cayman Islands as a company with limited liability, the issued Shares of which are listed on the Hong Kong Stock Exchange. The principal activity of the Company is investment holding. As at the date of this announcement, the Group is primarily engaged in the development and operation of PC and mobile card and board games in the PRC via its PRC subsidiaries and the operation of an esports business and the World Poker Tour via AESE.

AESE

AESE is a Delaware corporation whose shares are listed on Nasdaq with ticker symbol AESE, and is a non-wholly owned subsidiary of the Company. It is a global esports entertainment venture dedicated to providing transformative live experiences, multiplatform content and interactive services to audiences worldwide through its strategic fusion of two powerful entertainment brands: Allied Esports International, Inc. and the World Poker Tour.

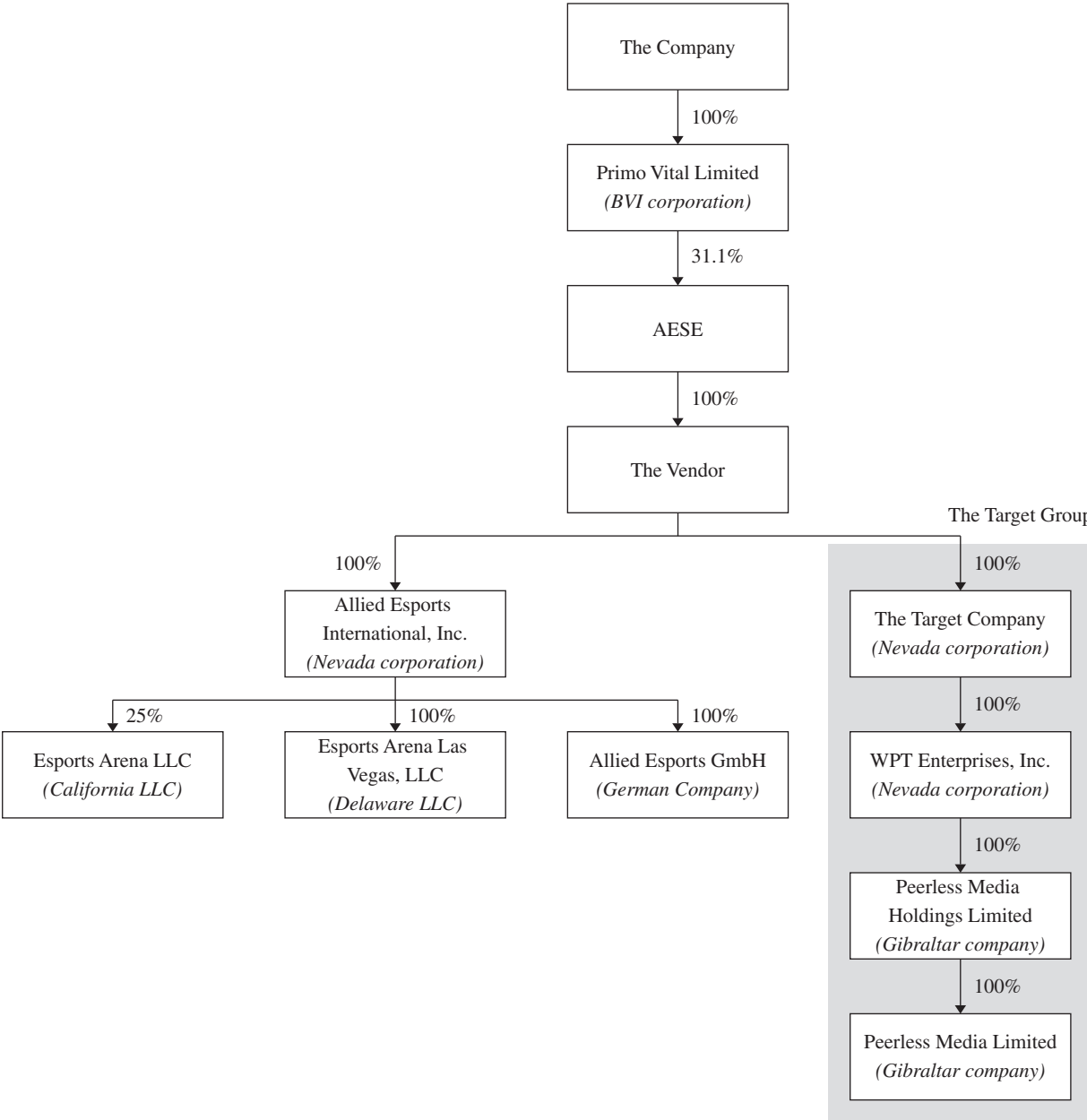
The Vendor

The Vendor is a Delaware corporation. AESE owns beneficially and of record 100% of the issued and outstanding equity interests of the Vendor. It is an investment holding company.

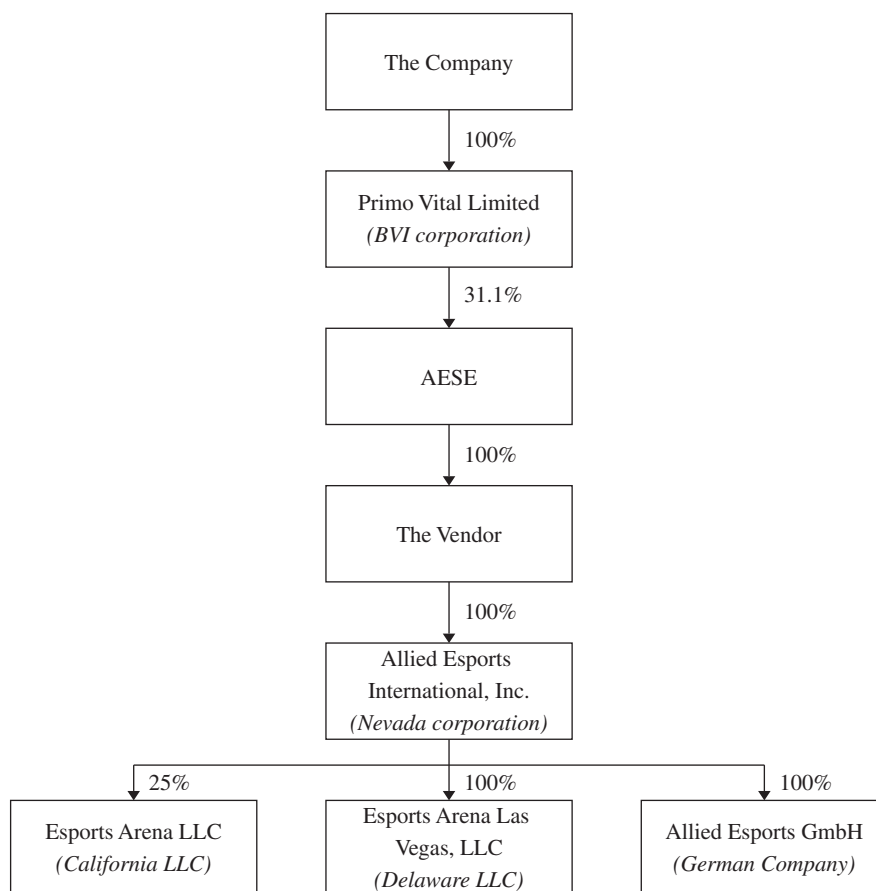
The Target Company

The Target Company is a Nevada corporation. The Vendor owns beneficially and of record 100% of the issued and outstanding equity interests of the Target Company. It owns and operates, through the Target Group, a poker-related business, commonly known as the World Poker Tour. World Poker Tour is the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online, and mobile.

The following diagram illustrates the simplified shareholding structure of the Group as at the date of this announcement:



The following diagram illustrates the simplified shareholding structure of the Remaining Group after Closing:



FINANCIAL INFORMATION OF THE TARGET GROUP

The following is a summary of the unaudited net profit/(loss) before and after taxation of the Target Group for the two years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, respectively:

	For the year ended		For the
	31 December	31 December	six months
	2018	2019	ended
	(US\$'000)	(US\$'000)	30 June
			2020
			(US\$'000)
Revenue	14,880	18,524	8,949
Net (loss)/profit before taxation	(13,478)	(2,199)	751
Net (loss)/profit after taxation	(13,478)	(2,199)	751

The net profit made by the Target Group for the six months ended 30 June 2020 was due to an increase in new registrations of the Target Group's flagship online subscription platform as in-person events postponed or cancelled as a result of COVID-19. Total subscription revenue was also up during this the same time. The shift online also fostered the Target Group's largest event in its 18-year history for the World Poker Tour Online Championship on partypoker and the Target Company's largest series, also on partypoker, the World Poker Tour World Online Championships featuring a US\$100 million guaranteed prize pool. The World Poker Tour television show, which has been on linear television since 2003, also reached new heights in distribution in 2020, peaking in global viewership on both linear and over-the-top platforms this year.

The unaudited net liability position of the Target Company as at 30 June 2020 was approximately US\$40.79 million (equivalent to approximately HK\$316.22 million) which may be subject to changes and adjustments after review by the reporting accountants of the Company as at Closing.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board noted that the financial performance of the Target Group (being loss-making for the two financial years ended 31 December 2019) has deteriorated in the past two years. Although the net profit of the Target Group was approximately US\$0.75 million (equivalent to approximately HK\$5.82 million) for the six months ended 30 June 2020 due to the reasons mentioned in the paragraph headed "Financial Information of the Target Group" above, the Board believes that the profit made by the Target Group may not be sustainable in light of the present global economic situations.

The Vendor had been presented with different unsolicited offers over the years. These offers were in general in the range of US\$45 million (equivalent to approximately HK\$348.85 million) to US\$55 million (equivalent to approximately HK\$426.37 million). The final offer presented by the Purchaser at US\$78.25 million (equivalent to approximately HK\$606.61 million) is significantly higher than expectation of the management of AESE and the Company, which is valued at approximately four times of the Target Group's 2019 revenue and approximately 39.2 times of the Target Group's 2019 EBITDA.

The World Poker Tour business now operated by the Target Group was acquired by the Company at a consideration of US\$35 million (equivalent to approximately HK\$271.33 million) in June 2015. As such, the Company (through AESE) will make a substantial profit on the Disposal. The Board considers that it is a good offer and believes that the Disposal will garner significant capital and an avenue to determine new opportunities that will deliver accelerated returns for the Shareholders.

The Board also believes 5% of the aggregate entry fees from all World Poker Tour-branded tournaments as a base percentage for the additional consideration is reasonable. Entry fees for poker tournaments have two components: (1) the buy-in amount, which is the amount that is added to the prize pool for the event and can be won by the players; and (2) the “rake”, which is an industry term for the fee paid by the player to the event operator for putting on the event. Typically, a brand licensor like the World Poker Tour would only get a revenue share on the “rake”, making the Purchaser’s proposal of sharing revenue also on the total buy-in amount very favorable. Given this broader base for the revenue share component (that is, including both the buy-in amount and the “rake”) and the guaranteed amount of up to a maximum of US\$10 million (equivalent to approximately HK\$77.52 million) as stated under the section headed “CONSIDERATION AND PAYMENT TERMS”, a percentage of 5% is therefore considered reasonable.

Furthermore, AESE believes that the foregoing estimated final consideration is reasonable. As is typical, the Disposal is structured as a cash-free, debt-free deal. A fairness opinion being delivered by AESE’s independent third party financial advisor, reflects a fair value which is in excess of the Consideration based on each valuation approach (public trading multiples, discounted cash flow, investor returns, sum-of-the-parts, and selected transaction analyses) utilized. In addition, there exists a number of risks and uncertainties about continuing to operate the Target Group that AESE considered, including the risks involved in case of any expansion of the current business into new jurisdictions or markets, the need for additional capital to expand its business, and the adverse impacts and uncertainties that COVID-19 has had on the Target Group’s ability to host in-person shows and the delays in the production of its television shows.

As at the date of this announcement, the Company and its Directors have no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on (i) any further disposal of, termination or scaling down of the Company’s existing business apart from the Disposal (other than considering any proposed disposal of e-sports business under AESE if and when there is a suitable opportunity arises that allows the e-sports business to be sold at a reasonable or even better price); (ii) injection of any new business to the Group; and (iii) any change in the Company’s shareholding structure or composition of the Board. However, at this stage, no potential or particular buyer has been identified and there are no initial or on-going negotiations in respect of the sale of the e-sports business. The Company and AESE will also strive to explore strategic options for its e-sports business with a view of the substantial profits to be made from the Disposal.

In view of the above, the Board is of the view that the transactions under the Stock Purchase Agreement are on normal commercial terms, the terms and conditions of the Stock Purchase Agreement are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon the Closing, the Target Group will cease to be subsidiaries of AESE and the Company, and the financial results of the Target Group will no longer be consolidated into the financial statements of AESE and the Group.

The Consideration of the Disposal is US\$78.25 million (equivalent to approximately HK\$606.61 million). The unaudited consolidated net liability position of the Target Group as at 30 June 2020 was approximately US\$40.79 million (equivalent to approximately HK\$316.22 million). The Group is expected to record a net gain before taxation from the Disposal of approximately US\$31.23 million (equivalent to approximately HK\$242.10 million) (unaudited) after Closing, representing the difference between the Consideration of the Disposal received under the Stock Purchase Agreement and the carrying value of the assets in the accounts of the Target Company. Shareholders should note that the actual gain from the Disposal to be recorded by the Company will depend on the carrying value of the assets of the Target Company as at the date of Closing, and therefore may be different from the amount mentioned above.

USE OF PROCEEDS

The Company estimated that net proceeds (before paying any estimated transaction expenses, and including all Tournament Payments) would be approximately US\$76.66 million (equivalent to approximately HK\$594.28 million), and approximately US\$66.66 million (equivalent to approximately HK\$516.76 million) of net proceeds (before paying any estimated transaction expenses but excluding any Tournament Payments) would be payable at the Closing.

The Company intends to use the net proceeds from the Disposal for the following purposes:

- (i) approximately 5% of the net proceeds (approximately US\$3.83 million) (equivalent to approximately HK\$29.71 million) for the repayment of existing debts;
- (ii) approximately 20% of the net proceeds (approximately US\$15.33 million) (equivalent to approximately HK\$118.86 million) for research and development of the existing online card and board games owned by the Company;

- (iii) approximately 30% of the net proceeds (approximately US\$23.00 million) (equivalent to approximately HK\$178.28 million) for investment and development in other games related sectors, such as developing offline tournaments of card and board games, the research and development, launch and/or operation of non-card and board games;
- (iv) approximately 30% of the net proceeds (approximately US\$23.00 million) (equivalent to approximately HK\$178.28 million) for expanding and developing existing business abroad, such as the research and development to localize and update the existing card and board games of the Group with a focus on countries in the Southeast Asia and other countries. Southeast Asia is one of the regions with relatively strong economic growth in recent years, in which many gaming companies in the PRC will shift their focus to. For other countries in America and Europe, the Company is also conducting market research and is planning to launch promotion campaign focusing on users in such countries. In addition, the Company is cooperating with a Canadian company in respect of research and development of games. The Company may also organize board and card games tournaments in such countries in order to attract more new game players or to provide product development support for overseas game companies; and
- (v) approximately 15% of the net proceeds (approximately US\$11.50 million) (equivalent to approximately HK\$89.14 million) for general working capital, among which, approximately 50% for human resources, research and development costs; approximately 45% for distribution channel costs for promotion of the games owned by the Group; approximately 4% for marketing costs; and approximately 1% for the maintenance of servers and tax and other related expenses.

The Company will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Chapter 14 of the Listing Rules and is subject to the reporting, announcement and the Shareholders' approval requirements.

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Stock Purchase Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and no Shareholder is required to abstain from voting for the approval of the Disposal at the EGM.

A circular containing, among others, (i) further details about the Disposal and the transactions contemplated thereunder; (ii) other information required to be disclosed under the Listing Rules; and (iii) a notice convening the EGM, is expected to be dispatched to the Shareholders on or before 9 February 2021.

As the Disposal is subject to the satisfaction or waiver of the Conditions as set out in the Stock Purchase Agreement and the Disposal may or may not proceed, Shareholders and potential investors are reminded to exercise caution in dealing in the Shares.

DEFINITIONS

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

- “Action” means any action, suit, claim, complaint, litigation, investigation, audit, proceeding, arbitration or other similar dispute
- “Adverse Recommendation Change” means (i) failing to include the board recommendation in the proxy statement for the filing with the United States Securities and Exchange Commission, (ii) withholding, withdrawing or modifying or qualifying, or proposing publicly to withhold, withdraw or modify or qualify the board recommendation, (iii) failing to reaffirm the board recommendation or failing to publicly state that the Disposal is in the best interests of AESE’s stockholders, within 10 Business Days after the Purchaser requests in writing that such action be taken, (iv) fail to publicly announce, within 10 Business Days after a tender offer or exchange relating to the securities of AESE shall have been commenced, an unqualified statement disclosing that the board of directors of AESE’s rejection of such tender offer or exchange offer, (v) taking or resolving to take any other action or make any other public statement inconsistent with the board recommendation, or (vi) approving, determining to be advisable, or

recommending, or proposing publicly to approve, determine to be advisable, or recommending, any Competing Proposal

“AESE”	Allied Esports Entertainment, Inc. (formerly known as Black Ridge Acquisition Corp.), a Delaware corporation whose shares are listed on Nasdaq with ticker symbol AESE, and a non-wholly owned subsidiary of the Company
“AESE Group”	AESE and its subsidiaries
“Board”	the board of Directors
“Business Days”	each day that is not a Saturday, Sunday or other day on which banking institutions located in Los Angeles, California are authorized or obligated by Law or executive order to close
“BVI”	British Virgin Islands
“Closing”	the consummation of the Disposal
“Company”	Ourgame International Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands, whose issued Shares are listed on the Hong Kong Stock Exchange
“Company Cash”	means as of the date of Closing, the aggregate amount of all cash, cash equivalents and marketable securities held by the Target Group, which shall be (A) reduced by the amount of any drafts, checks and wires issued by the Target Group but not yet cashed or cleared, any amounts paid by the Target Group with respect to taxes on the date of Closing (and any withholding tax or other costs of repatriating any cash held by non-U.S. subsidiaries of Target Company), and any restricted cash (including any security deposits and cash posted for bonds, letters of credit or similar instruments, and amounts held in escrow), and (B) increased by the amount of all drafts, checks, incoming wires and other deposits made to the Target Group but not yet credited or cleared

“Company Indebtedness”	means as of the date of Closing, an amount equal to the sum of all outstanding guaranties and indebtedness for borrowed money owed to third parties (whether short- or long-term, whether or not due and payable, to the extent they are owed or guaranteed by the Target Group), including all unfunded severance payment obligations, bank debt and notes, and all fees expenses or termination payments, or accumulated interest in connection therewith but excluding any outstanding principal, accrued interest and other amounts payable under the PPP Loan
“Competing Proposal”	means any inquiry, proposal or offer made by a third party to purchase or otherwise acquire AESE, the Vendor, the Target Company, any of their respective subsidiaries and/or their poker-related business
“Conditions”	the conditions precedent to the Closing as set out in the Stock Purchase Agreement
“Consideration”	US\$78.25 million (equivalent to approximately HK\$606.61 million) being the total consideration payable by the Purchaser under the Stock Purchase Agreement for the Disposal
“Directors”	the directors of the Company
“Disposal”	the proposed sale and purchase of the Sale Equity Interests in accordance with the terms and subject to the Conditions of the Stock Purchase Agreement and the related transactions contemplated by the Stock Purchase Agreement
“EBITDA”	earnings before interest, taxes, depreciation, and amortization
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Stock Purchase Agreement and the transactions contemplated thereunder
“Exchange Act”	the Securities Exchange Act of 1934, as amended

“Governmental Entity”	any court, administrative agency or commission or other federal, state, county, local or other foreign governmental authority, instrumentality, agency or commission
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party(ies)”	third party(ies) independent of the Company and is/are not connected persons (as defined under the Listing Rules) of the Company
“Law”	means any applicable U.S. or non-U.S. federal, state, local or other constitution, law, statute, ordinance, rule, regulation, published administrative position, policy or principle of common law issued, enacted, adopted, promulgated, implemented or otherwise put into legal effect by or under the authority of any Governmental Entity
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Material Adverse Effect”	shall mean any occurrence, change, event, effect or development that, individually, or taken together with all other occurrences, changes, events, effects or developments, (a) has or would reasonably be likely to have a material adverse effect on the condition (financial or otherwise), results of operations, properties, assets or business of the Target Group taken as a whole provided, however, that, with respect to this subsection (a), the determination of whether a “Material Adverse Effect” exists or has occurred shall not include effects on the foregoing to the extent attributable to (i) changes, after the date hereof, in GAAP or other regulatory accounting requirements, (ii) changes, after the date hereof, in

laws, rules or regulations of general applicability to companies in the industry in which the Target Group operates, (iii) changes, after the date of the Stock Purchase Agreement, in global or national political conditions or general economic or market conditions, (iv) conditions arising out of acts of terrorism, war, sabotage, military actions, weather conditions, natural disasters, the 2019 novel coronavirus (COVID-19), and Orders affecting such businesses as a result thereof, or other force majeure events, (v) any change, in and of itself, in the market price or trading volume of the AESE's securities (it being understood that the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to become, a Material Adverse Effect, to the extent permitted by this definition and not otherwise excepted by another clause of this proviso), (vi) actions taken as required or specifically permitted by the Stock Purchase Agreement or actions or omissions taken with Purchaser's written consent, or (vii) any stockholder litigation against AESE, Vendor, their respective subsidiaries and/or the directors or executive officers of AESE, Vendor or their respective subsidiaries relating to the transactions except, with respect to clauses (i), (ii), (iii) and (iv), to the extent that the effects of such change are disproportionately adverse to the condition (financial or otherwise), results of operations, properties, assets or business of the Target Group, taken as a whole, as compared to other companies in the industry in which the Target Group operates, or (b) with respect to either AESE and the Vendor, on the hand, or the Purchaser, on the other hand, has or would reasonably be expected to prevent or materially delay or impair the ability of AESE and the Vendor, or the Purchaser, as the case may be, to timely consummate the Disposal

“Nasdaq”

National Association of Securities Dealers Automated Quotations

“Order”	means any order, judgment, injunction, ruling, edict, or other decree, whether temporary, preliminary or permanent, enacted, issued, promulgated, enforced or entered by any Governmental Entity that is binding upon the subject individual or entity, including a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a Governmental Entity (or any department, agency, or political subdivision thereof)
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PPP Loan”	means an unsecured loan in the original principal amount of US\$685,300 (equivalent to approximately HK\$5.31 million) taken by WPT Enterprises, Inc. on 18 May 2020 under the US federal government’s Paycheck Protection Program for a period of two years at an interest rate of 1% per annum
“PRC”	the People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Purchaser”	Element Partners, LLC, a Delaware limited liability company
“RMB”	Renminbi, the lawful currency of the PRC
“Remaining Group”	the Company and its subsidiaries immediately after Closing
“Sale Equity Interests”	comprising 100% of the issued and outstanding equity interests of the Target Company held by the Vendor as at the date of this announcement
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary share(s) of the Company with a par value of US\$0.00005 each
“Stock Purchase Agreement”	the stock purchase agreement dated 19 January 2021 and entered into between the Vendor, the Purchaser, AESE and the Target Company in relation to the Disposal

“Target Company”	Club Services, Inc., a Nevada corporation and an indirect non-wholly owned subsidiary of the Company immediately before the Closing
“Target Group”	the Target Company and its wholly-owned subsidiaries, namely WPT Enterprises, Inc. a Nevada corporation, Peerless Media Holdings Limited, a Gibraltar corporation, and Peerless Media Limited, a Gibraltar corporation
“Treasury Regulation”	the income tax and administrative regulations promulgated from time to time under the Internal Revenue Code of 1986, as amended
“US\$”	United States dollar, the lawful currency of the United States
“Vendor”	Allied Esports Media, Inc., a Delaware corporation and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“%”	per cent

By order of the Board
Ourgame International Holdings Limited
Li Yangyang
Chairman and Executive Director

Beijing, 19 January 2021

For purpose of this announcement, the exchange rate of US\$1 = HK\$7.75215 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such rates or any other rates or at all on the date or dates in question or any other date.

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 purposes only*