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 ANNUAL RESULTS 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 annual report for the year ended December 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 April 13, 2021 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its annual report for the year ended December 31, 2020. AESE's shares are listed on Nasdaq.

The following summary of major financial data of AESE for the years ended December 31, 2019 and 2020 was prepared in accordance with the Generally Accepted Accounting Principles of the United States ("**U.S. GAAP**") and had been audited by its accountants:

	For the Years Ended December 31,	
	2020	2019
	U.S.$	*U.S.$*
Revenues		
In-person	**2,988,363**	7,498,363
Multiplatform content	**222,442**	50,000
Total Revenues	**3,210,805**	7,548,363
Costs and expenses		
In-person (exclusive of depreciation and amortization)	**2,808,648**	4,832,897
Multiplatform content (exclusive of depreciation and amortization)	**54,256**	231,310
Online operating expenses	**186,702**	113,862
Selling and marketing expenses	**259,892**	1,563,682
General and administrative expenses	**11,141,628**	10,438,894
Stock-based compensation	**5,141,989**	247,720
Depreciation and amortization	**3,609,480**	3,548,810
Impairment of investments	**6,138,631**	600,000
Impairment of property and equipment	**5,595,557**	—
Impairment of deferred production costs and intangible assets	**—**	330,340
Total Costs and Expenses	**34,936,783**	21,907,515
Loss From Operations	**(31,725,978)**	(14,359,152)
Other Income (Expense)		
Other income	**176,015**	167
Conversion inducement expense	**(5,247,531)**	—
Extinguishment loss on acceleration of debt redemption	**(3,438,261)**	—
Interest expense	**(5,548,583)**	(1,081,401)
Foreign currency exchange loss	**—**	(14,941)
Total Other Expense	**(14,058,360)**	(1,096,175)
Loss from continuing operations	**(45,784,338)**	(15,455,327)
Income (loss) from discontinued operations, net of tax provision	**725,508**	(1,283,402)
Net Loss	**(45,058,830)**	(16,738,729)

Items	**As at December 31, 2020** *U.S.$*	As at December 31, 2019 *U.S.$*
Total assets	**61,900,495**	74,696,949
Total liabilities	**28,494,911**	30,476,123
Total stockholders’ equity	**33,405,584**	44,220,826

EXPLANATION ON THE OPERATING RESULTS

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenues — Continuing Operations

In-person experience revenues decreased by approximately $4.5 million, or 60%, to approximately $3.0 million for the year ended December 31, 2020 from approximately $7.5 million for the year ended December 31, 2019. The decrease in in-person experience revenues was driven by a $3.9 million decrease in Esports Arena Las Vegas revenue and a $0.5 million decrease in sponsorship and gaming revenue. These decreases are a direct result of the COVID-19 pandemic and the resulting limited ability to hold events throughout 2020.

Multiplatform content revenues increased by approximately $0.1 million, or 346%, to approximately $0.2 million for the year ended December 31, 2020 from approximately $0.1 million for the year ended December 31, 2019. The increase in multiplatform content revenues related primarily to an increase in distribution revenue earned in connection with an esports tournament held during December 2020, partially offset by a decrease in content revenue earned during the period resulting from the COVID-19 pandemic.

Costs and expenses — Continuing Operations

In-person costs (exclusive of depreciation and amortization) decreased by approximately $2.0 million, or 42%, to approximately $2.8 million for the year ended December 31, 2020 from approximately $4.8 million for the year ended December 31, 2019. The decrease is a result of the limited ability to hold events throughout 2020 as a result of the COVID-19 pandemic.

Multiplatform costs (exclusive of depreciation and amortization) decreased by approximately $0.1 million, or 77%, to approximately $0.1 million for the year ended December 31, 2020 from approximately $0.2 million for the year ended December 31, 2019. Multiplatform costs recognized during 2019 were incurred in connection with creating content surrounding the Simon Cup tournament, in order to attract additional sponsors.

Online operating expenses increased by approximately $0.1 million, or 64%, to approximately $0.2 million for the year ended December 31, 2020 from approximately $0.1 million for the year ended December 31, 2019.

Selling and marketing expenses decreased by approximately $1.3 million, or 83%, to approximately $0.3 million for the year ended December 31, 2020 from approximately $1.6 million for the year ended December 31, 2019. The decrease in selling and marketing expenses is primarily the result of a reduction in advertising and event marketing as a result of the limited ability to hold events throughout 2020 as a result of the COVID-19 pandemic.

General and administrative expenses increased by approximately $0.7 million, or 7%, to approximately $11.1 million for the year ended December 31, 2020 from approximately $10.4 million for the year ended December 31, 2019. Corporate expenses increased approximately $3.9 million, including approximately $1.4 million of legal and professional fees, $2.2 million of compensation expense, $0.6

million of insurance expense and $0.4 million of facility and tax related expenses. These increases were a result of only 5 months of activity in 2019, which occurred after the merger, while compared to 12 months of activity in 2020, in addition to $0.6 million in corporate bonuses accrued for 2020 (which is payable contingent upon the closing of the sale of WPT) compared to $0.0 million in 2019. The increase in corporate expenses were partially offset by an approximate $3.2 million decrease in general and administrative expense at Allied Esports International Inc., including a $1.7 million decrease in legal and professional fees, a $1.0 million decrease in compensation expense (partially offset by $0.2 million increase in bonus expense at Allied Esports International Inc.), and a $0.6 million decrease in travel expenses. These decreases were a result of reduced salaries and workforce in addition to a reduction in professional services as a result of the COVID-19 pandemic.

Stock-based compensation increased by approximately $4.9 million, or 1,973%, to approximately $5.1 million for the year ended December 31, 2020 from approximately $0.2 million for the year ended December 31, 2019. The increase included $3.7 million related to the return of cash held in escrow associated with an escrow agreement with Simon. In addition, stock options granted in September and November of 2019 were amortized for a full year in 2020 as opposed to only a few months in 2019.

Depreciation and amortization remained relatively flat with a small increase of approximately $0.06 million or 2%, for the year ended December 31, 2020 as compared to the year ended December 31, 2019.

Impairment of investments was approximately $6.1 million for the year ended December 31, 2020, of which $5.0 million was the result of the write off of our investment in TV Azteca, for which management determined that the future cash flows are not expected to be sufficient to recover the carrying value of this investment, and $1.1 million was related to the impairment of our investment in Esports Arena, LLC (the "**ESA**"). We recorded $0.6 million of impairment losses during the year ended December 31, 2019, related to the impairment of our investment in ESA.

Impairment of property and equipment was approximately $5.6 million for the year ended December 31, 2020 as compared to $0.0 million for the year ended December 31, 2019. The impairment resulted from management's determination that the projected cash flows from our leasehold improvements and software will not be sufficient to recover the carrying value of those assets.

We recorded approximately $0.3 million of impairment of intangible assets during the year ended December 2019, as the result of management's determination that the projected cash flows from certain intellectual property would not be sufficient to recover the carrying value of those assets. There was no impairment of intangible assets during the year ended December 31, 2020.

Other income (expense)

Conversion inducement expense of approximately $5.2 million during the year ended December 31, 2020, resulted from the reduction in the conversion price and the increase in interest payable to induce the conversion of certain convertible debt converted during the period. There was no conversion inducement expense recorded for the year ended December 31, 2019.

Extinguishment loss on acceleration of debt redemption of approximately $3.4 million during the year ended December 31, 2020, resulted from the acceleration of monthly payments on the Senior Secured notes that were issued in June 2020. There was no extinguishment loss recorded for the year ended December 31, 2019.

Interest expense was approximately $5.5 million and approximately $1.1 million for the years ended December 31, 2020 and 2019, respectively, representing an increase of $4.4 million, or 413%. Interest expense consisted of interest incurred on convertible debt, including $3.0 million of amortized debt discount. The increase in interest expense is primarily the result of $9.6 million of Senior Secured convertible debt issued during 2020.

Results of Discontinued Operations

We recognized income from discontinued operations, net of tax, of approximately $0.7 million during the year ended December 31, 2020, as compared to a net loss from discontinued operations of approximately $1.3 million during the year ended December 31, 2019. The improvement in results from discontinued operations is primarily due to an increase in revenues from our subscription-based poker service and other online products during the period in response to the COVID-19 pandemic.

Please refer to the Form 10-K 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-K 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-K 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 year ended December 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
Li Yangyang
Chairman and Executive Director

Beijing, April 13, 2021

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 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*