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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS	Year ended 31 December		Changes
	2020 RMB'000 Audited	2019 RMB'000 Audited (Restated)	
Revenue	110,407	144,661	-23.7%
Loss attributable to equity holders of the Company			
— Continuing operations ⁽¹⁾	(180,806)	(410,646)	-56.0%
— Discontinued operations ⁽¹⁾	(5,586)	(8,567)	-34.8%
	<u>(186,392)</u>	<u>(419,213)</u>	-55.5%
Loss per share attributable to equity holders of the Company (expressed in RMB cents per share)			
Basic loss per share			
— From Continuing operations ⁽¹⁾	(17.12)	(37.92)	-54.9%
— From Discontinued operations ⁽¹⁾	(0.53)	(0.80)	-33.8%
	<u>(17.65)</u>	<u>(38.72)</u>	-54.4%
Diluted loss per share			
— From Continuing operations ⁽¹⁾	(17.12)	(37.92)	-54.9%
— From Discontinued operations ⁽¹⁾	(0.53)	(0.80)	-33.8%
	<u>(17.65)</u>	<u>(38.72)</u>	-54.4%

⁽¹⁾ For the purpose of this annual results announcement, discontinued operations refer to the Target Group as set out in the announcement of the Company dated 19 January 2021, 23 March 2021, 29 March 2021 and 30 March 2021 and the circular of the Company dated 10 March 2021 and continuing operations refer to the remaining business operations of the Group.

REVENUE BY GEOGRAPHICAL AREAS

	Year ended 31 December		Changes
	2020	2019	
	<i>RMB'000</i>	<i>RMB'000</i>	
	Audited	Audited (Restated)	
The People's Republic of China (the "PRC") ⁽¹⁾	88,242	92,523	-4.6%
Outside the PRC ⁽²⁾	<u>22,165</u>	<u>52,138</u>	-57.5%
Total revenue	<u>110,407</u>	<u>144,661</u>	-23.7%

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

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

BUSINESS REVIEW

The board (the “**Board**”) of directors (the “**Directors**”) of Ourgame International Holdings Limited (the “**Company**” or “**Ourgame**”) hereby announces the annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020. The annual results have been reviewed and approved by the Company’s audit committee (the “**Audit Committee**”).

In the face of the domestic regulatory environment and ongoing market challenges, we have taken proactive actions to respond. The Group’s operations in China have developed relatively steadily. Suffering from the persistent COVID-19 pandemic overseas, the Company’s events at eSports venues outside China and the offline tournaments were under restrictions, which has an impact on our revenue to a certain extent. However, we believe that following the adjustment of our business structure and adaptability to the current market environment, our revenue will resume to a normal level soon.

The Company continued to implement new business models, such as establishing a partnership with iQIYI, a video platform giant, to give users an enriching entertainment experience in different scenes. A web game named All City Fight Landlord (《全城鬥地主》) which is jointly operated by both parties, has been enlisted on the game centre of iQIYI. Ourgame will be able to reach hundreds of millions of user groups of iQIYI through this partnership. At the same time, the Company continued to optimise its online board game operations in China, and reaped better results through a series of marketing campaigns based on brand accumulation and a loyal user base, coupled with the redevelopment of core classic games with new features, which not only attracted new users but also reactivated prolonged dormant users. The Company has also introduced a business model of “free-to-user, paid-by-advertiser” in mobile games, which has also become a new income source. In addition, the Company has launched HTML5 and “small programs” type of games, and established new distribution channels and partners, laying a foundation for exploring new channels for future growth. The Company will continue to venture into new business growth areas by connecting more diversified scenes based on the steady development of its existing business.

In 2020, the eSports business of AESE, was affected owing to the closure of venues and the postponement of events due to the COVID-19 pandemic. Facing the challenges at the moment, AESE has proactively adjusted its operation strategies to focus on the advantages in terms of resources and experience, fully pursuing online cross-over contents such as production of shows and online tournaments. AESE has also launched multiple programming offerings, both proprietary and with partners, in the first half of 2020, including the production of HyperX Game Spotlight, a deep dive episodic program focused on game developers telling the stories behind the inspiration and evolution of their games, and Esportstudio, which brings traditional sports athletes together to compete in the video game version of their sport. In addition to live streaming on Twitch around the clock, Esportstudio also aired a new brand program called “Allied24Seven” that includes its all sorts of eSports events. In terms of online tournament systems, AESE has launched the 12th edition of its Legend Series event IP featuring VALORANT, the most popular new game from Riot Games. In addition, AESE in collaboration with Esports Entertainment Group successfully hosted the inaugural VIE.gg CS:GO Legends Series tournament, setting a new height of attention both in terms of online viewing and unique viewers. In terms of business partnership, AESE has also renewed its long-term partnership

agreement with HyperX, the world's leading gaming peripheral brand. Pursuant to which, HyperX will continue to be the exclusive owner of the AESE Global Flagship eSports Pavilion at the Luxor Hotel in Las Vegas, the United States, providing game products to support the game competitions and theme events in the pavilion. Both parties will also endeavor to provide gaming fans with innovative contents and satisfying experience.

The World Poker Tour (“WPT”) has also hosted a wide array of online tournaments immediately following the offline tournaments were being constrained by the pandemic, so as to satisfy the demand for eSports from our users. Those included the tournaments under WPT partypoker series, as well as the online tournaments of WPT Asia and WPT India, all of which were well-received. Meanwhile, pioneering in cooperation of tournaments, WPT partnered with Budweiser and World Central Kitchen to produce the King's Celebrity Poker Challenge on ClubWPT, which was aired through FS1 and OTT platforms with an audience base of over one million. In addition, offline tournaments have been restarted in the areas where the pandemic has subsided. We also held tournaments of WPT Japan in August 2020, with participants increased under such unfavorable conditions. In November 2020, WPT Deep Fundraising Tournament landed in Johannesburg, South Africa. In December 2020, WPT, for the very first time, tapped into Taiwan, China. The continuous content output of the online and offline tournaments was produced into television programs, digital videos, etc. to achieve interactions among platforms, which not only brought multiple sports experiences to those sports and poker fans around the world, but also effectively transformed into sales income.

Looking ahead, the Company will continue to optimise the board game operations of our subsidiaries in China, steadily develop our domestic business in China, and will leverage AESE as an operation platform to develop our overseas online games, eSports and related peripheral businesses. In addition, we will commence our operations in Southeast Asia as well as Japan and Korea by way of investment, joint venture and licensing if and when opportunities arise. Despite of the ongoing challenges, we remain confident and will continue to strive to move forward.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overview

The loss attributable to equity holders of the Company amounted to RMB186.4 million (which comprised loss of RMB180.8 million from continuing operations and loss of RMB5.6 million from discontinued operations) for the year ended 31 December 2020, as compared with the loss attributable to equity holders of the Company of RMB419.2 million (which comprised loss of RMB410.6 million from continuing operations and loss of RMB8.6 million from discontinued operations) for the year ended 31 December 2019.

2. Revenue

In 2020, revenue of the Group from continuing operations amounted to RMB110.4 million, representing a decrease of RMB34.3 million or 23.7% as compared with RMB144.7 million for the year ended 31 December 2019. The decrease was mainly due to the decrease in in-person

experience revenues from Esports Arena Las Vegas, which was a direct result of the COVID-19 pandemic and the consequential limited ability to hold events throughout 2020. In addition, revenue was decreased due to rescission of a share transfer agreement concerning the acquisition of equity interest in Nanjing Haoyun Meicheng Electronics Technology Co., Ltd.* (南京好運美成電子科技有限公司) (“**Nanjing Haoyun**”) in December 2019 (the “**Nanjing Haoyun Rescission**”).

3. Cost of Revenue and Gross Profit Margin

In 2020, cost of revenue of the Group from continuing operations amounted to RMB85.7 million, representing a decrease of RMB7.0 million or 7.6% as compared with RMB92.8 million for the year ended 31 December 2019. The gross profit margin of the Group from continuing operations decreased from 35.9% for the year ended 31 December 2019 to 22.3% for the year ended 31 December 2020. The decrease in gross profit margin of the Group from continuing operations was mainly due to the Nanjing Haoyun Rescission.

4. Other Income

In 2020, other income of the Group from continuing operations amounted to RMB7.6 million, representing an increase of RMB4.0 million or 113.0% as compared with RMB3.6 million in 2019. This was primarily due to the rent concession of Esports Arena Las Vegas, due to the COVID-19 pandemic.

5. Selling and Marketing Expenses

In 2020, selling and marketing expenses of the Group from continuing operations amounted to RMB4.2 million, representing a decrease of RMB26.8 million or 86.5% as compared with RMB31.0 million in 2019. The decrease was mainly due to cost control in light of changes in the market environment during the year ended 31 December 2020. In addition, advertising and event marketing was reduced as a result of the limited ability to hold events throughout 2020 due to the COVID-19 pandemic.

6. Administrative Expenses

In 2020, administrative expenses of the Group from continuing operations amounted to RMB170.3 million, representing a decrease of RMB2.6 million or 1.5% as compared with RMB172.9 million in 2019. The decrease was mainly due to cost control in light of changes in the market environment during the year ended 31 December 2020 and due to the Nanjing Haoyun Rescission. The decrease in administrative expenses was netted off with increase in administrative expenses from the loss of restricted bank balance by the withdrawal of cash held in escrow account to Simon Equity Development, LLC (“**Simon**”) as per the investment agreements signed with Simon, but did not require Simon to return AESE common stock that it received in exchange for its investment.

7. Research and Development Expenses

In 2020, research and development expenses of the Group from continuing operations amounted to RMB155,000, representing a decrease of RMB238,000 or 60.6% as compared with RMB393,000 in 2019. The decrease was mainly due to higher selectivity and reduction of development efforts on new versions of mobile games and costs incurred in associated research and development activities.

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

In 2020, loss in fair value changes of financial assets at fair value through profit or loss of the Group from continuing operations amounted to RMB13.4 million, as compared with loss in fair value changes of financial assets at fair value through profit or loss of RMB28.7 million in 2019. The loss was mainly due to unexpected changes in the market environment and some of our investee companies also suffered from loss during the year ended 31 December 2020.

9. Loss on Conversion of Convertible Notes

In 2020, loss on conversion of convertible notes of the Group from continuing operations amounted to RMB47.7 million (2019: nil). The amount was mainly due to the value of common stock issued upon conversion in excess of the common stock issuable under the original terms as a result from the amendments of conversion prices of convertible notes of AESE signed in 2020.

10. Impairment of Assets

In 2020, impairment of assets of the Group from continuing operations amounted to RMB126.4 million, as compared with RMB175.5 million in 2019. In light of changes in market environment during the year of 2019, the Group had written down substantially all of the carrying values of the assets relating to the PRC online card and board games businesses in 2019. In 2020, the impairment of assets mainly arose from the write off of investment by AESE in TV Azteca, property, plant and equipment and right-of-use assets in the total amount of RMB113.8 million, for which the management determined that the future cash flows are not expected to be sufficient to recover the carrying value of this investment.

In June 2019, the Company entered into a strategic investment agreement with TV Azteca, S.A.B. DE C.V., a Grupo Salinas company (“**TV Azteca**”) in order to expand the Allied Esports brand into Mexico. In connection with this agreement, AESE was to provide US\$7.0 million to be used for various strategic initiatives. As at 31 December, 2020, the Company has paid US\$5.0 million (including US\$3.5 million in August 2019 and US\$1.5 million in March 2020) in connection with this agreement. In July 2020, AESE and TV Azteca entered into an amendment to waive AESE’s obligations to pay TV Azteca the remaining US\$2.0 million.

During the year ended 31 December 2020, due to management's determination that the future cash flows are not expected to be sufficient to recover the carrying value of this investment, an impairment loss of US\$5.0 million (equivalent to RMB34.5 million) was recognized in "Impairment of assets".

11. Loss Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company amounted to RMB186.4 million (which comprised loss of RMB180.8 million from continuing operations and loss of RMB5.6 million from discontinued operations) for the year ended 31 December 2020, as compared with the loss attributable to equity holders of the Company of RMB419.2 million (which comprised loss of RMB410.6 million from continuing operations and loss of RMB8.6 million from discontinued operations) for the year ended 31 December 2019. The decrease was mainly due to the unexpected financial performance of AESE resulting from the COVID-19 pandemic, offsetting by the effect of loss decrease in the PRC, which was due to cost control during the year and the decrease in assets impairment for the year ended 31 December 2020 as compared to the year ended 31 December 2019.

12. Income Tax Expenses/(Credit)

In 2020, income tax expenses of the Group from continuing operations amounted to RMB0.2 million, as compared with RMB0.7 million income tax credit in 2019.

13. Liquidity and Source of Funding and Borrowing

As at 31 December 2020, the Group's total bank balances and cash decreased by 57.3% from RMB185.8 million as at 31 December 2019 to RMB79.4 million as at 31 December 2020. The decrease was due to net cash outflow from operating activities, purchase of intangible assets and the addition in unlisted equity investment netted off with proceeds from issuance of convertible notes during the year. As at 31 December 2020, the current assets of the Group amounted to RMB599.3 million, including bank balances and cash of RMB79.4 million, other current assets of RMB85.0 million and assets included in disposal group classified as held for sale of RMB434.9 million. Current liabilities of the Group amounted to RMB190.4 million, of which RMB65.7 million were trade and other payables and deferred revenue, other current liabilities of RMB34.6 million and liabilities included in disposal group classified as held for sale of RMB90.1 million. As at 31 December 2020, the current ratio (the current assets to current liabilities ratio) of the Group was 3.15 as compared to 1.14 as at 31 December 2019. Gearing ratio is calculated on the basis of total borrowings (net of cash and cash equivalents) over the Group's total equity. The Group's gearing ratio as at 31 December 2020 was nil (2019: nil). The Group currently intends to finance future expansion, investments and business operations primarily with internal resources, but may explore other financing sources in appropriate circumstances.

14. Material Investments

The Group did not have any material investments during the year ended 31 December 2020.

15. Material Acquisitions

The Group did not have any material acquisitions during the year ended 31 December 2020.

16. Financial Assets at Fair Value through Profit or Loss

The Group makes investments in financial assets at fair value through profit or loss for the purposes of (i) supplementing the Group's games portfolio to drive higher monetization of our user base and profitability, and (ii) exploring new business opportunities in related areas of our business eco-system for acquisitions and strategic and operational synergies and also leveraging on external financial resources for expertise and scale. As at 31 December 2020, the Group's financial assets at fair value through profit or loss amounted to RMB69.7 million (31 December 2019: RMB63.4 million).

As at 31 December 2020, the Group's investments in unlisted equity investments amounted to RMB69.7 million, which mainly included direct equity investments in selected startup companies mainly engaged in games or mind sports related technological research and development and direct subscription to the interests in private equity funds (the "**Private Equity Funds**") that focus on providing early-stage funding for companies in the mind sports sector. A breakdown of the majority of these investments is set out below:

Name of Invested Company/Private Equity Funds	Amount of Capital Contributed by the Group	Percentage of Shareholding	Principal Business
Beijing Yilian Investment Centre (L.P.)	RMB5,000,000	5%	Investment/management
Gong Qing Cheng Wujiang Xingyao Investment Management Partnership (L.P.)	RMB20,000,000	7%	Investment/management
Beijing Zhongchuang Yonglian Investment Management Centre (L.P.)	RMB23,000,000	22.77%	Investment/management
Tong Xiang Juli Fengyuan Equity Investment Fund Management Partnership (L.P.)	RMB20,000,000	64.52%	Investment/management
All In Asia Culture and Tourism Development Company Limited	RMB19,574,700	20%	Investment/management

For the year ended 31 December 2020, no dividends have been paid from invested companies. All startup companies invested by the Group are in relatively early stage, and are mainly focused on product development and launching. The Private Equity Funds were also actively seeking and providing funds for early stage companies in the Internet, sports and entertainment segment, which could provide us with a platform to leverage on our experience and resources, and to minimise our investment risks. We believe that our investment initiative is an important aspect of our vision to

build up our ecosystem as a whole. The Group will continue to seek other investment opportunities that not only create synergies on different levels but also offer high-yield return potential. The Group will continue to monitor its investment in financial assets at fair value through profit or loss in a responsible manner. There are no financial assets at fair value through profit or loss in the Group's investment portfolio that individually constitutes significant investment as none of the investments has a carrying amount that accounts for more than 5% of the Group's total assets as at 31 December 2020.

Movements of Financial Assets at Fair Value Through Profit or Loss

The movements of financial assets at fair value through profit or loss for the year ended 31 December 2020 are set out below:

	Unlisted equity investments <i>RMB'000</i>
Balance as at 1 January 2020	63,414
Addition	19,725
Fair value changes recognised in profit or loss	(13,373)
Exchange difference	<u>(83)</u>
Fair value as at 31 December 2020	<u><u>69,683</u></u>

17. Material Disposals

The Group did not have any material disposals during the year ended 31 December 2020.

18. Pledge of Assets

As at 31 December 2020, the convertible notes issued in 2020 are secured by all assets of AESE. Pursuant to the supplemental agreement to the convertible note purchase agreement for the subscription of the convertible notes issued in 2019, the convertible notes issued in 2019 were secured by all assets of AESE.

19. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2020 (2019: nil).

20. Foreign Exchange Exposure

During the year ended 31 December 2020, the Group mainly operated in China and in the United States and the majority of its transactions were settled in Renminbi (“RMB”) or USD, being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2020, the Group did not have significant foreign currency exposure from its operations.

21. Employee’s Remuneration and Policy

As at 31 December 2020, the Group had 148 employees, 32 of which were responsible for games development and operation or general administration in the PRC (including Hong Kong), and 116 of which are responsible for the operation of AESE (including 47 for the operation of WPT). The total remuneration expenses (including employee related share-based compensation expense) for the year ended 31 December 2020 were RMB65.8 million, representing an increase of 27.9% as compared to the year of 2019.

22. Events Occurred since the End of the Year Ended 31 December 2020

On 19 January 2021 (U.S. time), Allied Esports Media Inc. (the “Vendor”), an indirect non-wholly owned subsidiary of the Company, Club Services, Inc. (the “Target Company”), an indirect non-wholly owned subsidiary of the Company, AESE and Element Partners LLC (the “Purchaser”), which is an independent third party, entered into the stock purchase agreement (the “Stock Purchase Agreement”), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the entire equity interests of the Target Company for a total consideration of US\$78.25 million (equivalent to approximately HK\$606.61 million) (the “Disposal of Club Services”).

On 19 March 2021 (U.S. time), the Vendor, the Target Company, AESE and the Purchaser entered into an amended and restated stock purchase agreement (the “Amended Stock Purchase Agreement”) to amend certain terms of the Stock Purchase Agreement including, among other things, the increase of the total consideration to US\$90.50 million (equivalent to approximately HK\$701.57 million).

On 29 March 2021 (U.S. time), the Vendor, the Target Company, AESE and the Purchaser further entered into Amendment No. 1 to the Amended Stock Purchase Agreement to amend the consideration under the Amended Stock Purchase Agreement, which further increased the total consideration to US\$105.0 million (equivalent to approximately HK\$813.98 million).

Upon the closing of the Disposal of Club Services, the Target Company and its subsidiaries (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. Further information of the Disposal of Club Services can be found in the announcements of the Company dated 19 January 2021, 23 March 2021, 29 March 2021 and 30 March 2021 and the circular of the Company dated 10 March 2021.

23. Future Plans for Material Investments or Capital Assets

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Compliance with the Corporate Governance Code

During the year ended 31 December 2020, the Company has complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules, except for the deviations stated below.

Code provision A.2.1 requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period from 1 January 2020 to 30 June 2020, Mr. Yang Eric Qing ("**Mr. Yang**") was the Chairman and Chief Executive Officer of the Company. Upon the resignation of Mr. Yang on 30 June 2020, Mr. Li Yangyang ("**Mr. Li**") was appointed as the Chairman and acting Chief Executive Officer of the Company. The Board has commenced a process for identifying a new Chief Executive Officer of the Company. Mr. Li is responsible for general operation, investment and strategy of the Company and is instrumental to the Company's growth and business expansion. The Board considers that vesting the roles of Chairman and Chief Executive Officer in Mr. Yang (up to his resignation on 30 June 2020) and subsequently the roles of Chairman and acting Chief Executive Officer in Mr. Li are beneficial to the management of the Group. The balance of power and authority is ensured by the operation of senior management and the Board, which comprises experienced and high-calibre individuals. As at the date of this annual results announcement, the Board comprises two executive Directors (including Mr. Li), three non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition.

Code provision E.2.1 requires that the chairmen of the audit, remuneration and nomination committees (or another member of the committee in their absence) should attend the annual general meeting. Other than Mr. Yang who was the then Chairman of the Nomination and Corporate Governance Committee attended the annual general meeting of the Company held on 29 June 2020 (the "**2020 AGM**"), all members of the Audit Committee and Remuneration Committee, and other members of Nomination and Corporate Governance Committee were unable to attend the 2020 AGM due to pre-arranged business commitments. The Company will endeavour to fix annual meeting plan of the Board in a better way so that all members of the Board committees will be able to attend annual general meetings of the Company in the future.

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

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules to govern securities transactions by its Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they have strictly complied with the required standards as set out in the Model Code during the year ended 31 December 2020.

Audit Committee

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

As at 31 December 2020, the Audit Committee consisted of three members: Mr. Lu Jingsheng, Mr. Ma Shaohua and Mr. Hu Wen. Mr. Lu Jingsheng and Mr. Ma Shaohua are independent non-executive Directors, and Mr. Hu Wen is a non-executive Director. Mr. Lu Jingsheng is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated results of the Group for the year ended 31 December 2020. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

The figures in respect of the announcement of the Group’s results for the year ended 31 December 2020 have been agreed by the Group’s auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year.

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

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

On 16 January 2018, the Company and Tianjin Shengyou Shidai Technology Development Co., Ltd.* (天津盛遊時代科技發展有限公司) (“**Tianjin Shengyou Shidai**”) entered into a share transfer agreement (the “**Share Transfer Agreement**”) with Ms. Zhu Guifeng (the “**Nanjing Seller**”) and Mr. Chen Zhong (the “**Nanjing Seller Guarantor**”), pursuant to which Tianjin Shengyou Shidai purchased the entire equity interest in Nanjing Haoyun from the Nanjing Seller and the Nanjing Seller Guarantor at a consideration of RMB220 million (subject to adjustment) (the “**Nanjing Acquisition**”). The consideration of RMB220 million for the Nanjing Acquisition was settled (i) as to RMB136 million in

cash (subject to adjustment); and (ii) as to RMB84 million by the Company allotting and issuing 38,888,888 consideration shares (subject to adjustment) at the issue price of HK\$2.62 (equivalent to approximately RMB2.16). The Nanjing Acquisition was completed on 9 February 2018 and the first instalment consideration shares (being 15,555,556 shares of the Company) were issued to the Nanjing Seller on 9 February 2018.

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

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

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2020.

Material Litigation

During the year ended 31 December 2020, the Group was not involved in any material litigation or other arbitration. Nor were the Directors aware of any material litigation or claims that were pending or threatening against the Group.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: nil).

ANNUAL GENERAL MEETING AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS

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

Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000 Audited	2019 RMB'000 Audited (Restated)
CONTINUING OPERATIONS:			
Revenue	3	110,407	144,661
Cost of revenue		<u>(85,745)</u>	<u>(92,763)</u>
Gross profit		24,662	51,898
Other income	4	7,640	3,586
Selling and marketing expenses		(4,192)	(31,024)
Administrative expenses		(170,345)	(172,867)
Share-based compensation expense		(25,978)	(2,992)
Research and development expenses		(155)	(393)
Finance costs		(42,271)	(13,265)
Share of profits/(losses) of associates, net		3,813	(2,273)
Fair value changes of financial assets at fair value through profit or loss		(13,373)	(28,668)
Fair value changes of convertible notes		(6,902)	—
Gain/(Loss) on deregistration/disposal/rescission of subsidiaries		4,682	(56,025)
Loss on disposal of associates		—	(12,213)
Loss on disposal of financial assets at fair value through profit or loss		—	(672)
Loss on conversion of convertible notes		(47,711)	—
Impairment of assets	8	<u>(126,383)</u>	<u>(175,474)</u>
Loss before income tax from continuing operations	5	(396,513)	(440,382)
Income tax (expense)/credit	6	<u>(152)</u>	<u>687</u>
Loss for the year from continuing operations		<u>(396,665)</u>	<u>(439,695)</u>
DISCONTINUED OPERATIONS:			
Loss after tax for the year from discontinued operations	16	<u>(5,923)</u>	<u>(16,570)</u>
Loss for the year		<u>(402,588)</u>	<u>(456,265)</u>
Other comprehensive loss for the year			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		<u>(26,129)</u>	<u>(8,938)</u>
Total comprehensive loss for the year		<u>(428,717)</u>	<u>(465,203)</u>

	<i>Notes</i>	2020 RMB'000 Audited	2019 RMB'000 Audited (Restated)
Loss for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(180,806)	(410,646)
— Discontinued operations		(5,586)	(8,567)
Non-controlling interests			
— Continuing operations		(215,859)	(29,049)
— Discontinued operations		<u>(337)</u>	<u>(8,003)</u>
		<u>(402,588)</u>	<u>(456,265)</u>
Total comprehensive loss for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(179,881)	(403,593)
— Discontinued operations		(14,637)	(12,957)
Non-controlling interests			
— Continuing operations		(213,811)	(36,549)
— Discontinued operations		<u>(20,388)</u>	<u>(12,104)</u>
		<u>(428,717)</u>	<u>(465,203)</u>
Loss per share			
(expressed in RMB cents per share)			
Basic loss per share			
— From Continuing operations		(17.12)	(37.92)
— From Discontinued operations		<u>(0.53)</u>	<u>(0.80)</u>
		<u>(17.65)</u>	<u>(38.72)</u>
Diluted loss per share			
— From Continuing operations		(17.12)	(37.92)
— From Discontinued operations		<u>(0.53)</u>	<u>(0.80)</u>
		<u>(17.65)</u>	<u>(38.72)</u>

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Consolidated statement of financial position
as at 31 December 2020

	<i>Notes</i>	2020 RMB'000 Audited	2019 RMB'000 Audited
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		48,723	145,260
Right-of-use assets		12,196	89,732
Interests in associates		4,250	437
Goodwill	<i>10</i>	—	101,249
Intangible assets		1,253	281,455
Loans to third parties		—	6,443
Financial assets at fair value through profit or loss		69,683	63,414
Non-current prepayments		—	24,417
		<u>136,105</u>	<u>712,407</u>
Current assets			
Inventories		464	504
Trade and other receivables	<i>11</i>	51,906	50,512
Loans to third parties		—	4,068
Restricted bank balances	<i>12</i>	32,622	25,463
Bank balances and cash		79,417	185,848
		<u>164,409</u>	<u>266,395</u>
Assets of disposal group classified as held for sale	<i>16</i>	<u>434,853</u>	—
		<u>599,262</u>	<u>266,395</u>
Current liabilities			
Trade and other payables	<i>13</i>	52,228	87,453
Deferred revenue		13,493	40,741
Convertible notes	<i>14</i>	13,610	96,506
Lease liabilities		6,231	7,674
Loans payable		12,789	—
Income tax liabilities		1,940	1,264
		<u>100,291</u>	<u>233,638</u>
Liabilities of disposal group classified as held for sale	<i>16</i>	<u>90,111</u>	—
		<u>190,402</u>	<u>233,638</u>
Net current assets		<u>408,860</u>	<u>32,757</u>
Total assets less current liabilities		<u>544,965</u>	<u>745,164</u>

	<i>Notes</i>	2020 RMB'000 Audited	2019 RMB'000 Audited
Non-current liabilities			
Convertible notes	<i>14</i>	9,734	—
Lease liabilities		44,944	85,530
Loans payable		2,401	—
Deferred tax liabilities		<u>—</u>	<u>2,415</u>
		<u>57,079</u>	<u>87,945</u>
Net assets		<u>487,886</u>	<u>657,219</u>
EQUITY			
Share capital	<i>15</i>	335	340
Reserves		<u>240,615</u>	<u>418,371</u>
Equity attributable to equity holders of the Company		240,950	418,711
Non-controlling interests		<u>246,936</u>	<u>238,508</u>
Total equity		<u>487,886</u>	<u>657,219</u>

Notes to the consolidated financial statements

for the year ended 31 December 2020

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

On 19 January 2021, Allied Esports Entertainment, Inc. (“AESE”) entered into a Stock Purchase Agreement (the “SPA”) , as amended on 19 March 2021 and 29 March 2021 SPA, to sell 100% of the capital stock of its wholly-owned subsidiary, Club Services Inc (“CSI”). CSI owns 100% of each of the legal entities that collectively operate or engage in the Company’s poker-related business. World Poker Tour (“WPT”) is an internationally televised gaming and entertainment company that has been involved in the sport of poker since 2002 and created a television show based on a series of high-stakes poker tournaments. Due to the Group have committed to a plan to sell the WPT business (the “Disposal Group”) prior to 31 December 2020. Accordingly, the Disposal Group has been reclassified as “Discontinued operations” and its assets and liabilities also reclassified as to “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale”. Details of which are set out in the Company’s announcements on 19 January 2021, 23 March 2021, 29 March 2021 and 30 March 2021 and the circular of the Company dated 10 March 2021.

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

2. ADOPTION OF NEW AND AMENDED IFRSs

Amended IFRSs that are effective for annual periods beginning on 1 January 2020

In the current year, the Group has applied for the first time the following amended IFRSs, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual periods beginning on 1 January 2020:

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material

In addition, on 1 January 2020, the Group has early applied the Amendments to IFRS 16 “COVID-19-Related Rent Concessions” which will be effective for the Group for financial year beginning on or after 1 June 2020.

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

Amendments to IFRS 16 “Covid-19-Related Rent Concessions”

Amendments to IFRS 16 only apply to lessee accounting and have no effect on lessor accounting. The amendments provide a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 (“COVID-19-Related Rent Concessions”) are lease modification and, instead, account for those rent concessions as if they were not lease modifications.

The practical expedient is only applicable to COVID-19-Related Rent Concessions and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-Related Rent Concessions granted to the Company during the year.

Consequently, rent concessions received have been recognised in “Other income” in profit or loss in the period in which the event or condition that triggers those payments occurred. Total rent concessions recorded for the year ended 31 December 2020 are RMB4,395,000 (Note 4).

Issued but not yet effective IFRSs

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

IFRS 17	Insurance Contracts and related amendments ³
Amendments to IFRS 3	Reference to the Conceptual Framework ⁵
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current ³
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

⁵ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

3. REVENUE

	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Revenue from contract with customers		
Lianzhong Group		
— Online games revenue	88,242	92,523
AESE Group		
— In-person revenue	20,629	39,434
— Multiplatform content revenue	<u>1,536</u>	<u>12,704</u>
	<u><u>110,407</u></u>	<u><u>144,661</u></u>

4. OTHER INCOME

	<i>Notes</i>	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Other revenue			
Bank interest income		377	480
Interest income from loans to associates		<u>—</u>	<u>72</u>
		<u>377</u>	<u>552</u>
Other net income			
COVID-19-related rent concessions received	(a)	4,395	—
Subsidy income from government	(b)	1,431	1,402
Sundry income		<u>1,437</u>	<u>1,632</u>
		<u>7,263</u>	<u>3,034</u>
		<u><u>7,640</u></u>	<u><u>3,586</u></u>

(a) As disclosed in Note 2, the Group has early adopted Amendments to IFRS 16 “Covid-19-Related Rent Concessions” and applies the practical expedients introduced by the amendments to all eligible rent concessions received by the Group during the year ended 31 December 2020.

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

5. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

Loss for the year from continuing operations is arrived at after charging:

	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Finance costs		
Interest charges and transaction costs on Convertible Notes	37,273	7,469
Interest expenses	1	276
Finance charges on lease liabilities	<u>4,997</u>	<u>5,520</u>
	<u>42,271</u>	<u>13,265</u>
	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Employee benefit expenses (including directors' emoluments)		
Salaries, bonus and allowances	37,755	42,160
Retirement benefit scheme contributions	883	3,695
Severance payments	1,142	2,547
Share-based compensation expense	<u>25,978</u>	<u>2,992</u>
	<u>65,758</u>	<u>51,394</u>
6. INCOME TAX EXPENSE/(CREDIT)		
	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Current tax		
The PRC		
— Current year	<u>152</u>	<u>2,002</u>
Deferred tax		
Origination and reversal of temporary differences	<u>—</u>	<u>(2,689)</u>
Income tax expense/(credit)	<u>152</u>	<u>(687)</u>

7. DIVIDENDS

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

8. IMPAIRMENT OF ASSETS

	2020 <i>RMB'000</i> Audited	2019 <i>RMB'000</i> Audited (Restated)
Goodwill	—	6,238
Intangible assets	—	3,316
Loans to associates	—	1,828
Loans to third parties	—	55,146
Non-current prepayment	34,516	—
Property, plant and equipment	51,318	—
Right-of-use assets	27,981	—
Trade and other receivables	<u>12,568</u>	<u>108,946</u>
Total	<u>126,383</u>	<u>175,474</u>

9. LOSS PER SHARE

(a) Basic loss per share

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

	2020 Audited	2019 Audited (Restated)
Loss attributable to equity holders of the Company for the year (RMB'000)		
— Continuing operations	(180,806)	(410,646)
— Discontinued operations	<u>(5,586)</u>	<u>(8,567)</u>
	<u>(186,392)</u>	<u>(419,213)</u>
Weighted average number of ordinary shares in issue during the year (note (i))	<u>1,055,951,176</u>	<u>1,082,817,928</u>
Basic loss per share (in RMB cents per share)		
— From Continuing operations	(17.12)	(37.92)
— From Discontinued operations	<u>(0.53)</u>	<u>(0.80)</u>
	<u>(17.65)</u>	<u>(38.72)</u>

(b) Diluted loss per share from continuing operations and discontinued operation

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

For the year ended 31 December 2020, the Company has seven categories of dilutive ordinary shares, being the Company's share option schemes, and options, warrants, restricted common shares, convertible notes, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. Their impacts had anti-dilutive effect on the basic loss per share amounts presented.

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

Note (i): The calculation of weighted average number of ordinary shares in issue during the year is based on outstanding ordinary shares less weighted average number of ordinary shares repurchase of ordinary shares for the Share Award Scheme.

10. GOODWILL

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

	2020 RMB'000 Audited	2019 <i>RMB'000</i> Audited
At 1 January	101,249	180,441
Disposal/Rescission of subsidiaries	—	(74,594)
Provision for impairment	—	(6,238)
Net exchange differences	(6,558)	1,640
Reclassified as held for sale	(94,691)	—
	<hr/> <hr/>	<hr/> <hr/>
At 31 December	—	101,249

11. TRADE RECEIVABLES

	2020 RMB'000 Audited	2019 <i>RMB'000</i> Audited
Trade receivables		
From third parties	5,248	45,166
Less: ECL allowance	(544)	(27,582)
	<hr/> <hr/>	<hr/> <hr/>
	4,704	17,584

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Audited	Audited
0–30 days	2,959	11,608
31–60 days	534	1,925
61–90 days	575	614
91–180 days	359	2,603
181–365 days	283	—
Over 1 year	538	28,416
	5,248	45,166

12. RESTRICTED BANK BALANCES

For the year ended 31 December 2020, the restricted bank balances represented US\$5,000,000 (equivalent to RMB32,622,000) placed into an escrow account to be used for developing integrated eSports experience venues at mutually agreed upon shopping malls owned and/or operated by Brookfield or any of its affiliates, that will include a dedicated gaming space and production capabilities to attract and to activate eSports and other emerging live events.

For the year 31 December 2019, the restricted bank balances represented US\$3,650,000 (equivalent RMB25,463,000) placed into an escrow account to be utilised for various strategic initiatives including the build-out of branded eSports facilities at Simon Property's malls, and eSports event programs.

13. TRADE PAYABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Audited	Audited
Trade payables — to third parties	11,589	17,507

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	Audited	Audited
0 – 30 days	5,816	8,536
31 – 60 days	69	528
61 – 90 days	3	151
91 – 180 days	284	1,979
181 – 365 days	3,100	5,335
Over 1 year	2,317	978
	11,589	17,507

14. CONVERTIBLE NOTES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-Current portion		
Convertible Notes issued in 2020	<u>9,734</u>	<u>—</u>
Current portion		
Convertible Notes issued in 2019 and 2018	<u>13,610</u>	<u>96,506</u>
	<u><u>23,344</u></u>	<u><u>96,506</u></u>

15. SHARE CAPITAL

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

	<i>Note</i>	Number of shares	Nominal value of shares <i>US\$'000</i>	Equivalent nominal value of shares <i>RMB'000</i>
Authorised:				
<i>Ordinary shares:</i>				
At 31 December 2019 and 2020		<u>10,000,000,000</u>	<u>500</u>	
Issued and fully paid:				
<i>Ordinary shares:</i>				
At 1 January 2019 and 31 December 2019		1,093,355,443	56	340
Cancellation of issuance of shares	(i)	<u>(15,555,556)</u>	<u>(1)</u>	<u>(5)</u>
At 31 December 2020		<u>1,077,799,887</u>	<u>55</u>	<u>335</u>

Note:

(i) Cancellation of issuance of shares

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

On 23 December 2019, the Company received a binding arbitral award issued by Nanjing Arbitration Commission that the arbitration panel has determined that the Share Transfer Agreement should be rescinded and the respective parties returned to their respective positions prior to the entering into of the Share Transfer

Agreement. As a result of the rescission of the Share Transfer Agreement, the 15,555,556 consideration shares were returned to the Company. On 8 January 2020, the 15,555,556 consideration shares were returned to and cancelled by the Company.

Further details of the Nanjing Acquisition and cancellation of shares are set out in the Company's announcements dated 16 January 2018, 30 January 2018, 9 February 2018 and 23 December 2019.

16. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES INCLUDED IN DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As mentioned in Note 1, on 19 January 2021, AESE entered into a SPA to sell the equity interests of CSI that owns and operates the WPT business (the "Disposal Group"), subject to shareholder and regulatory approvals, the WPT business has been reclassified as discontinued operations.

(a) Assets and liabilities of the Disposal Group are as follows:

	2020 <i>RMB'000</i>
Current assets	434,853
Current liabilities	<u>(90,111)</u>
Net assets	<u><u>344,742</u></u>

(b) Loss for the year from discontinued operations of the Disposal Group are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Total income	139,139	128,072
Total expense	<u>(145,062)</u>	<u>(144,642)</u>
Loss for the year	<u><u>(5,923)</u></u>	<u><u>(16,570)</u></u>

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Reference is made to the announcement of the Company dated 31 March 2021 in relation to the unaudited annual results of the Group for the year ended 31 December 2020 (the “**2020 Unaudited Annual Results Announcement**”). The Company would like to supplement the following information in relation to the 2020 Unaudited Annual Results Announcement:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	<i>Notes</i>	Disclosed in the 2020 Unaudited Annual Results Announcement <i>RMB'000</i>	Disclosed in the audited financial statements for the year ended 31 December 2020 <i>RMB'000</i>	Difference <i>RMB'000</i>
CONTINUING OPERATIONS:				
Revenue		110,407	110,407	—
Cost of revenue		<u>(85,745)</u>	<u>(85,745)</u>	<u>—</u>
Gross profit		24,662	24,662	—
Other income		7,640	7,640	—
Selling and marketing expenses		(4,192)	(4,192)	—
Administrative expenses	<i>(a), (b)</i>	(150,140)	(170,345)	(20,205)
Share-based compensation expense	<i>(b)</i>	(51,174)	(25,978)	25,196
Research and development expenses		(155)	(155)	—
Finance costs		(42,271)	(42,271)	—
Share of profits/(losses) of associates, net		3,813	3,813	—
Fair value changes of financial assets at fair value through profit or loss		(13,373)	(13,373)	—
Fair value changes of convertible notes		(6,902)	(6,902)	—
Gain/(Loss) on deregistration/disposal/rescission of subsidiaries		4,682	4,682	—
Loss on conversion of convertible notes		(47,711)	(47,711)	—
Impairment of assets	<i>(c)</i>	<u>(85,711)</u>	<u>(126,383)</u>	<u>(40,672)</u>
Loss before income tax from continuing operations	<i>(a), (b), (c)</i>	(360,832)	(396,513)	(35,681)
Income tax (expense)/credit		<u>(152)</u>	<u>(152)</u>	<u>—</u>
Loss for the year from continuing operations	<i>(a), (b), (c)</i>	<u>(360,984)</u>	<u>(396,665)</u>	<u>(35,681)</u>

	<i>Notes</i>	Disclosed in the 2020 Unaudited Annual Results Announcement <i>RMB'000</i>	Disclosed in the audited financial statements for the year ended 31 December 2020 <i>RMB'000</i>	Difference <i>RMB'000</i>
DISCONTINUED OPERATIONS:				
Loss after tax for the year from discontinued operations	<i>(a)</i>	<u>(932)</u>	<u>(5,923)</u>	<u>(4,991)</u>
Loss for the year		<u>(361,916)</u>	<u>(402,588)</u>	<u>(40,672)</u>
Other comprehensive loss for the year				
Item that may be subsequently reclassified to profit or loss:				
Currency translation differences		<u>(28,361)</u>	<u>(26,129)</u>	<u>2,232</u>
Total comprehensive loss for the year		<u><u>(390,277)</u></u>	<u><u>(428,717)</u></u>	<u><u>(38,440)</u></u>
Loss for the year attributable to:				
Equity holders of the Company				
— Continuing operations	<i>(a), (b), (c)</i>	(170,872)	(180,806)	(9,934)
— Discontinued operations	<i>(a)</i>	(595)	(5,586)	(4,991)
Non-controlling interests				
— Continuing operations		(190,112)	(215,859)	(25,747)
— Discontinued operations		<u>(337)</u>	<u>(337)</u>	<u>—</u>
		<u><u>(361,916)</u></u>	<u><u>(402,588)</u></u>	<u><u>(40,672)</u></u>

		Disclosed in the 2020 Unaudited Annual Results Announcement	Disclosed in the audited financial statements for the year ended 31 December 2020	Difference
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total comprehensive loss for the year attributable to:				
Equity holders of the Company				
— Continuing operations	<i>(a), (b), (c)</i>	(170,444)	(179,881)	(9,437)
— Discontinued operations	<i>(a), (b), (c)</i>	(9,843)	(14,637)	(4,794)
Non-controlling interests				
— Continuing operations		(189,910)	(213,811)	(23,901)
— Discontinued operations		<u>(20,080)</u>	<u>(20,388)</u>	<u>(308)</u>
		<u><u>(390,277)</u></u>	<u><u>(428,717)</u></u>	<u><u>(38,440)</u></u>
Loss per share				
(expressed in RMB cents per share)				
Basic loss per share				
— From Continuing operations	<i>(a), (b), (c)</i>	(16.18)	(17.12)	(0.94)
— From Discontinued operations	<i>(a), (b), (c)</i>	<u>(0.06)</u>	<u>(0.53)</u>	<u>(0.47)</u>
		<u><u>(16.24)</u></u>	<u><u>(17.65)</u></u>	<u><u>(1.41)</u></u>
Diluted loss per share				
— From Continuing operations	<i>(a), (b), (c)</i>	(16.18)	(17.12)	(0.94)
— From Discontinued operations	<i>(a), (b), (c)</i>	<u>(0.06)</u>	<u>(0.53)</u>	<u>(0.47)</u>
		<u><u>(16.24)</u></u>	<u><u>(17.65)</u></u>	<u><u>(1.41)</u></u>

Consolidated statement of financial position

As at 31 December 2020

	<i>Notes</i>	Disclosed in the 2020 Unaudited Annual Results Announcement <i>RMB'000</i>	Disclosed in the audited financial statements for the year ended 31 December 2020 <i>RMB'000</i>	Difference <i>RMB'000</i>
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	<i>(c)</i>	60,717	48,723	(11,994)
Right-of-use assets	<i>(c)</i>	46,338	12,196	(34,142)
Interests in associates		4,250	4,250	—
Intangible assets		1,253	1,253	—
Financial assets at fair value through profit or loss		<u>69,683</u>	<u>69,683</u>	<u>—</u>
	<i>(c)</i>	<u>182,241</u>	<u>136,105</u>	<u>(46,136)</u>
Current assets				
Inventories		464	464	—
Trade and other receivables		51,906	51,906	—
Restricted bank balances		32,622	32,622	—
Bank balances and cash		<u>79,417</u>	<u>79,417</u>	<u>—</u>
		<u>164,409</u>	<u>164,409</u>	<u>—</u>
Assets of disposal group classified as held for sale		<u>434,853</u>	<u>434,853</u>	<u>—</u>
		<u>599,262</u>	<u>599,262</u>	<u>—</u>
Current liabilities				
Trade and other payables	<i>(c)</i>	59,924	52,228	(7,696)
Deferred revenue		13,493	13,493	—
Convertible notes	<i>(d)</i>	—	13,610	13,610
Lease liabilities		6,231	6,231	—
Loans payable	<i>(e)</i>	3,517	12,789	9,272
Income tax liabilities		<u>1,940</u>	<u>1,940</u>	<u>—</u>
	<i>(c), (d), (e)</i>	<u>85,105</u>	<u>100,291</u>	<u>15,186</u>
Liabilities of disposal group classified as held for sale		<u>90,111</u>	<u>90,111</u>	<u>—</u>
	<i>(c), (d), (e)</i>	<u>175,216</u>	<u>190,402</u>	<u>15,186</u>
Net current assets	<i>(c), (d), (e)</i>	<u>424,046</u>	<u>408,860</u>	<u>(15,186)</u>
Total assets less current liabilities	<i>(c), (d), (e)</i>	<u>606,287</u>	<u>544,965</u>	<u>(61,322)</u>

	<i>Notes</i>	Disclosed in the 2020 Unaudited Annual Results Announcement RMB'000	Disclosed in the audited financial statements for the year ended 31 December 2020 RMB'000	Difference RMB'000
Non-current liabilities				
Convertible notes	<i>(d)</i>	23,344	9,734	(13,610)
Lease liabilities		44,944	44,944	—
Loans payable	<i>(e)</i>	<u>11,673</u>	<u>2,401</u>	<u>(9,272)</u>
	<i>(d), (e)</i>	<u>79,961</u>	<u>57,079</u>	<u>(22,882)</u>
Net assets	<i>(c)</i>	<u><u>526,326</u></u>	<u><u>487,886</u></u>	<u><u>(38,440)</u></u>
EQUITY				
Share capital		335	335	—
Reserves	<i>(c)</i>	<u>252,570</u>	<u>240,615</u>	<u>(11,955)</u>
Equity attributable to equity holders of the Company		252,905	240,950	(11,955)
Non-controlling interests	<i>(c)</i>	<u>273,421</u>	<u>246,936</u>	<u>(26,485)</u>
Total equity	<i>(c)</i>	<u><u>526,326</u></u>	<u><u>487,886</u></u>	<u><u>(38,440)</u></u>

Notes to the consolidated financial statements

8. IMPAIRMENT OF ASSETS

		Disclosed in the 2020 Unaudited Annual Results Announcement RMB'000	Disclosed in the audited financial statements for the year ended 31 December 2020 RMB'000	Difference RMB'000
	<i>Notes</i>			
Non-current prepayment		34,516	34,516	—
Property, plant and equipment	<i>(c)</i>	38,627	51,318	12,691
Right-of-use assets	<i>(c)</i>	—	27,981	27,981
Trade and other receivables		<u>12,568</u>	<u>12,568</u>	<u>—</u>
Total		<u><u>85,711</u></u>	<u><u>126,383</u></u>	<u><u>40,672</u></u>

9. LOSS PER SHARE

		Disclosed in the 2020 Unaudited Annual Results Announcement	Disclosed in the audited financial statements for the year ended 31 December 2020	Difference
	<i>Notes</i>			
Loss attributable to equity holders of the Company for the year (RMB'000)				
— Continuing operations	<i>(a), (b), (c)</i>	(170,872)	(180,806)	(9,934)
— Discontinued operations	<i>(a)</i>	<u>(595)</u>	<u>(5,586)</u>	<u>(4,991)</u>
		<u><u>(171,467)</u></u>	<u><u>(186,392)</u></u>	<u><u>(14,925)</u></u>
Weighted average number of ordinary shares in issue during the year		1,055,951,175	1,055,951,175	
Basic loss per share (in RMB cents per share)				
— Continuing operations		(16.18)	(17.12)	(0.94)
— Discontinued operations		<u>(0.06)</u>	<u>(0.53)</u>	<u>(0.47)</u>
		<u><u>(16.24)</u></u>	<u><u>(17.65)</u></u>	<u><u>(1.41)</u></u>

Notes:

- (a) Being reclassification of RMB4,991,000 from “Administrative expense” to “Loss after tax for the year from discontinued operations” in relation to employee bonus in 2020 and severance accrual associated with WPT employees.
- (b) Being reclassification of loss of restricted bank balance by the withdrawal of cash held in escrow account to Simon Equity Development, LLC from share-based compensation to administrative expense.
- (c) Being impairment of property, plant and equipment and right-of-use assets of eSports business due to the impairment resulted from management’s determination that the projected cash flows from non-current assets will not be sufficient to recover the carrying value of those assets.
- (d) Being reclassification of convertible notes issued in 2019 from non-current portion to current portion.
- (e) Being reclassification of bridge loan payables from non-current portion to current portion. Bridge loan payables will mature on 23 February 2022, but will be paid upon the sale of WPT. Interest on the bridge loan began to accrue on 23 August 2020 at 12% per annum. Principal and interest owed under the bridge loan is not convertible into AESE’s shares. The bridge loan payable is secured by the WPT business. Accordingly, it will be necessary to pay-off the bridge loan payable upon the closing of the sale transaction. Hence, the bridge loan payable has been classified as current liabilities as at 31 December 2020.

Save as disclosed above, the annual results of the Group for the year ended 31 December 2020 contained in the 2020 Unaudited Annual Results Announcement remain unchanged.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.lianzhong.com. The annual report of the Group for the year ended 31 December 2020 will be published on the aforesaid websites and will be dispatched to the shareholders of the Company on or before 30 April 2021.

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

Beijing, 21 April 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 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*