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OURGAME INTERNATIONAL HOLDINGS LIMITED

聯眾國際控股有限公司*

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

(Stock Code: 6899)

FINANCIAL RESULTS FOR THE FIRST QUARTER OF 2021 OF ALLIED ESPORTS ENTERTAINMENT, INC.

Allied Esports Entertainment, Inc. (“**AESE**”), an indirect non-wholly owned subsidiary of Ourgame International Holdings Limited (the “**Company**”), published its financial results for the three months ended March 31, 2021.

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

On May 24, 2021 (U.S. time), AESE, an indirect non-wholly owned subsidiary of the Company, published its financial results for the three months ended March 31, 2021. AESE’s shares are listed on Nasdaq.

The following summary of major financial data of AESE for the three months ended March 31, 2021 and March 31, 2020 were prepared in accordance with the Generally Accepted Accounting Principles of the United States (“U.S. GAAP”):

	For the Three Months Ended March 31,	
	2021	2020
	<i>U.S.\$</i>	<i>U.S.\$</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenues		
In-person	<u>501,028</u>	<u>1,057,741</u>
Total Revenues	<u>501,028</u>	<u>1,057,741</u>
Costs and Expenses		
In-person (exclusive of depreciation and amortization)	537,867	987,443
Online operating expenses	40,319	61,707
Selling and marketing expenses	43,934	75,727
General and administrative expenses	3,229,555	3,453,097
Stock-based compensation	643,148	3,946,786
Depreciation and amortization	<u>881,959</u>	<u>899,097</u>
Total Costs and Expenses	<u>5,376,782</u>	<u>9,423,857</u>
Loss From Operations	<u>(4,875,754)</u>	<u>(8,366,116)</u>
Other Income (Expense)		
Other income (expense), net	55,142	(2,202)
Interest expense	<u>(153,106)</u>	<u>(682,940)</u>
Total Other Expense	<u>(97,964)</u>	<u>(685,142)</u>
Loss from continuing operations	(4,973,718)	(9,051,258)
Income from discontinued operations, net of tax provision	<u>1,637,042</u>	<u>274,789</u>
Net loss	<u><u>(3,336,676)</u></u>	<u><u>(8,776,469)</u></u>

	As at March 31, 2021 U.S.\$ (unaudited)	As at December 31, 2020 U.S.\$ (audited)
Total Assets	<u>72,551,460</u>	<u>61,900,495</u>
Total Liabilities	<u>41,072,344</u>	<u>28,494,911</u>
Total Stockholders' Equity	<u>31,479,116</u>	<u>33,405,584</u>

EXPLANATION ON THE OPERATING RESULTS

Revenues

In-person experience revenues decreased by approximately \$557 thousand, or 53%, to approximately \$501 thousand for the three months ended March 31, 2021 from approximately \$1.1 million for the three months ended March 31, 2020. The decrease of in-person experience revenues was driven by a \$200 thousand decrease in Esports Arena Las Vegas revenue, a \$200 thousand decrease in sponsorship revenue, and a \$100 thousand decrease in truck rental revenue. These decreases are a direct result of the COVID-19 pandemic and the resulting limited ability to hold events during the three months ended March 31, 2021.

Costs and expenses

In-person costs (exclusive of depreciation and amortization) decreased by approximately \$449 thousand, or 45%, to approximately \$538 thousand for the three months ended March 31, 2021 from approximately \$987 thousand for the three months ended March 31, 2020. The decrease of in-person costs is primarily related to the decrease of in-person revenues as a result of the postponement or cancellation of events due to the COVID-19 pandemic.

Online operating expenses decreased by approximately \$22 thousand, or 35%, to approximately \$40 thousand for the three months ended March 31, 2021, from approximately \$62 thousand for the three months ended March 31, 2020.

Selling and marketing expenses decreased by approximately \$32 thousand, or 42%, to approximately \$44 thousand for the three months ended March 31, 2021 from approximately \$76 thousand for the three months ended March 31, 2020.

General and administrative expenses decreased by approximately \$223 thousand, or 6%, to approximately \$3.2 million for the three months ended March 31, 2021, from approximately \$3.5 million for the three months ended March 31, 2020. Compensation and other operating expenses in

connection with Allied Esports gaming operations decreased during the three months ended March 31, 2021 as a result of the Company's limited ability to hold events at the Esports Arena Las Vegas due to the COVID-19 pandemic. These decreases were partially offset by increases in legal and professional fees incurred during the period in connection with the sale of WPT.

Stock based compensation was \$643 thousand for the three months ended March 31, 2021, compared to \$4.0 million for the three months ended March 31, 2020. The decrease included \$3.7 million related to the return of cash held in escrow associated with an escrow agreement with Simon (the "**Simon Agreement**") that occurred during the three months ended March 31, 2020.

Depreciation and amortization decreased by approximately \$17 thousand, or 2%, to approximately \$882 thousand for the three months ended March 31, 2021, from approximately \$899 thousand for the three months ended March 31, 2020.

Other income (expense)

Other income (expense) increased by approximately \$57 thousand, to approximately \$55 thousand for the three months ended March 31, 2021 from approximately \$(2) thousand for the three months ended March 31, 2020. The increase was due to an insurance payment received for a claim submitted for damaged equipment.

Interest expense

Interest expense was approximately \$153 thousand for the three months ended March 31, 2021 compared to \$683 thousand for the three months ended March 31, 2020, a decrease of \$530 thousand, or 78%. The decrease is a result of the decrease in the principal balance of notes payable outstanding during the period.

Results of Discontinued Operations

We recognized income from discontinued operations, net of tax, of approximately \$1.6 million and \$0.3 million during the three months ended March 31, 2021 and 2020 respectively, representing an increase of \$1.4 million. 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-Q published by AESE on the website of the U.S. Securities and Exchange Commission (<https://www.sec.gov>) and the website of The Stock Exchange of Hong Kong Limited (<https://www.hkexnews.hk>) for further details.

The financial results of AESE contained in the Form 10-Q have been prepared in accordance with U.S. GAAP, which are different from the International Financial Reporting Standards that the Company uses to prepare and present its financial information. As such, the financial information in the Form 10-Q is not directly comparable to the financial results of AESE as reflected in the consolidated financial

results that the Company discloses. Consequently, the Company offers no assurance that the financial results of AESE for the three months ended March 31, 2021 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, May 25, 2021

As at the date of this announcement, the Board comprises Mr. Li Yangyang and Mr. Lu Jingsheng as executive Directors; Mr. Liu Jiang, Mr. Liu Xueming and Ms. Wu (Claire) Libing as non-executive Directors; and Mr. Ma Shaohua and Mr. Zhang Li as independent non-executive Directors.

* *For identification purpose only*