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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2021	2020	Changes
	RMB'000	RMB'000	
	(Unaudited)	(Unaudited)	
Revenue	58,607	61,354	(4.5%)
Loss attributable to equity holders of the Company			
— Continuing operations	(35,029)	(70,364)	
— Discontinued operations	<u>27,237</u>	<u>(177)</u>	
	<u>(7,792)</u>	<u>(70,541)</u>	(89.0%)
Loss per share attributable to equity holders of the Company (expressed in RMB cents per share)			
Basic loss per share			
— From continuing operations	(3.33)	(6.59)	
— From discontinued operations	<u>2.59</u>	<u>(0.02)</u>	
	<u>(0.74)</u>	<u>(6.61)</u>	
Diluted loss per share			
— From continuing operations	(3.33)	(6.59)	
— From discontinued operations	<u>2.59</u>	<u>(0.02)</u>	
	<u>(0.74)</u>	<u>(6.61)</u>	

REVENUE BY GEOGRAPHICAL AREAS

	Six months ended 30 June		Changes
	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)	
The People's Republic of China (the "PRC") ⁽¹⁾	50,027	49,552	1.0%
Outside the PRC ⁽²⁾	<u>8,580</u>	<u>11,802</u>	(27.3%)
Total revenue	<u>58,607</u>	<u>61,354</u>	(4.5%)

- (1) For the purpose of this interim 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 the eSports business.

The board (the “**Board**”) of directors (the “**Directors**”) of Ourgame International Holdings Limited (“**Ourgame**” or the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2021. These unaudited consolidated interim results have been reviewed and approved by the Company’s audit committee (the “**Audit Committee**”).

BUSINESS REVIEW

In the first half of 2021, the Company’s business in China developed steadily, with consistent “value added” performance in its existing business and continuous exploration into the new sectors. Though the Company’s events at eSports venues outside China and the offline tournaments were under restrictions to a certain extent due to COVID-19 pandemic, they have gradually resumed to normal and are persistently endorsed by cooperative partners and sponsors.

In respect of the traditional card and board games projects, Ourgame continues to press ahead with the cooperation strategy with various channels, among which, the partnership with iQIYI, a video platform giant, has made steady progress. “All City Fight Landlord” (全城鬥地主), a web game jointly operated by both parties, has been enlisted on the game centre of iQIYI, providing hundreds of millions of users with enriching entertainment experiences in different scenes. Meanwhile, “All Parties Fight Landlord” (鬥地主總動員), a game product of Ourgame, commenced cooperation with omni-channels, and is currently released via OPPO, 58.com and other channels, and will soon be introduced into more than 20 channels such as Tencent Mobile QQ, WeChat Mini Programs, VIVO, Xiaomi, UC, Kuaishou covering diversified platforms such as hardcore games, content, community groups, and tools app, thereby completing the comprehensive layout.

We have introduced various initiatives for optimising and fine-tuning the PC games business, which has a history of more than 20 years. Various measures including the enhancement of high-quality customers’ experience, increasing the loyalty to the brand and brand exposure, as well as combining the traditional products with the hot-pick items, including short videos and live broadcast projects for the sake of increasing user activities and promoting sustainable and healthy growth of the revenue derived from PC games in the first half of 2021.

Based on our industrial competitive edge in card and board games sector, the Company has set up a live broadcast association and operation team, which has prime focus on content of card and board games. The Company has also established connection with internet live streaming platforms such as Kuaishou and Douyin to kick-start various initiatives. Currently, the operation team has formulated our own anchor camp covering various categories, such as chess, mahjong, Fight Landlord (鬥地主), western chess, Four-nation War Chess (四國軍棋), bridge and others. Meanwhile, we are building a public channel featuring short videos with professional content in various aspects in order to make the best use of our competitive edge from our refined operation as compared to our industry peers. Our live broadcast business has reached a cooperative venture with the official card and board games of Kuaishou, which will assist Kuaishou’s promotion of its official card and board games in the live broadcasting sector. The cooperative venture is a new attempt for a win-win cooperation between Ourgame and other card and board games operators.

In the overseas market, after the business restructuring which lasted for nearly the entire year of 2020, AESE has adapted to the latest market environment. AESE has made new breakthroughs in online gaming competitions and programme production, and has renewed our contracts, as well as second-time cooperation venture, among others, with partners and sponsors. In early 2021, Allied Esports, a subsidiary of AESE, and HyperX renewed a long-term cooperation agreement, pursuant to which, HyperX continued to secure the exclusive naming rights to Allied Esports' global flagship property, located at the Luxor Hotel & Casino in Las Vegas, USA. In May 2021, Allied Esports entered into a cooperation agreement with Trovo, an emerging mobile live stream platform, with respect to tournament execution and platform content construction, whereby, the parties will create a new e-sports tournament, namely, Trovo Titans, covering North America, Latin America and Europe, with a total prize amounted to US\$250,000, by which Allied Esports has leveraged its competitive resources in tournament event planning, global operation and execution, and content output. This will be the second cooperation venture concluded between Trovo and Allied Esports.

Meanwhile, the Company has set up Ourgame Asia Limited in Macau, which, with active business planning ahead, will give full play to the regional advantages in entertainment and leisure and to develop mind sport games in the Southeast Asian regions such as Singapore, Vietnam and Cambodia. Various cooperation projects in Japan and South Korea markets by way of investment, joint venture, and licensing are gradually progressing. In the second half of the year, the Company's business in China will also explore any new opportunities in educational games and card and board games education, while continuing to consolidate its business foundation in card and board games industry.

Since its inception in 1998, despite challenges in the market, Ourgame has continued to focus on the development of card and board games. Leveraged on its card and board games business, Ourgame has built an intellectual sports ecosystem that incorporates online games, competitive sports events, and program production, hence, has gradually entered into the global sports and entertainment markets, which forms a strong linkage between Hong Kong and US stock markets. It is expected that in the future, Ourgame will continue to stride forward and move towards the goal of becoming the world's top sports and entertainment company.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1. *Overview*

The loss attributable to equity holders of the Company amounted to RMB7.8 million (which comprised loss of RMB35.0 million from continuing operations and profit of RMB27.2 million from discontinued operations) for the six months ended 30 June 2021, as compared with the loss attributable to equity holders of the Company of RMB70.5 million (which comprised loss of RMB70.4 million from continuing operations and loss of RMB0.1 million from discontinued operations) for the six months ended 30 June 2020.

2. *Revenue*

For the six months ended 30 June 2021, revenue of the Group from continuing operations amounted to RMB58.6 million, representing a decrease of RMB2.8 million or 4.5% as compared with RMB61.4 million for the corresponding period of 2020. The decrease was mainly due to the COVID-19 pandemic and the consequential limited ability to hold events during the six months ended 30 June 2021.

3. *Cost of Revenue and Gross Profit Margin*

For the six months ended 30 June 2021, cost of revenue of the Group from continuing operations amounted to RMB34.4 million, representing a decrease of RMB17.4 million or 33.6% as compared with RMB51.8 million for the corresponding period of 2020. The gross profit margin from continuing operations increased from 15.5% for the six months ended 30 June 2020 to 41.3% for the six months ended 30 June 2021. The increase in gross profit margin from continuing operations was primarily due to different costs allocation with the termination of exclusive operation agreement between Beijing Lianzhong Co., Ltd.* and Beijing Maipu Taiqi Technology Co., Ltd. since 1 January 2021.

4. *Other Income*

For the six months ended 30 June 2021, other income of the Group from continuing operations amounted to RMB1.6 million, representing a decrease of RMB0.5 million or 25.1% as compared with RMB2.1 million for the corresponding period of 2020. This was primarily due to the decrease in COVID-19 related rent concessions received and subsidy income from government.

5. *Selling and Marketing Expenses*

For the six months ended 30 June 2021, selling and marketing expenses of the Group from continuing operations amounted to RMB7.3 million, representing an increase of RMB5.0 million or 218.4% as compared with RMB2.3 million for the corresponding period of 2020. The increase was mainly because the Group enhanced the co-operation with multiple distribution channels during the period.

6. *Administrative Expenses*

For the six months ended 30 June 2021, administrative expenses of the Group from continuing operations amounted to RMB66.9 million, representing a decrease of RMB36.2 million or 35.1% as compared with RMB103.1 million for the corresponding period of 2020. The decrease was mainly due to 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 AESE did not require Simon to return AESE common stock that it received in exchange for its investment in 2020.

7. *Research and Development Expenses*

For the six months ended 30 June 2021, research and development expenses of the Group from continuing operations amounted to RMB11.6 million, representing an increase of RMB11.5 million or 13,199% as compared with RMB0.1 million for the corresponding period of 2020. The increase was due to greater development efforts on new or updated versions of online games and costs incurred in associated research and development activities.

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

For the six months ended 30 June 2021, there were no fair value changes of financial assets at fair value through profit or loss of the Group from continuing operations, as compared with RMB8.2 million loss in fair value changes of financial assets at fair value through profit or loss for the corresponding period of 2020. The loss in fair value of financial assets at fair value through profit or loss mainly represented the fair value loss of investment in Esports Arena, LLC during 2020.

9. *Impairment of Assets*

For the six months ended 30 June 2021, impairment of assets of the Group from continuing operations amounted to RMB0.4 million, as compared with RMB1.3 million for the corresponding period of 2020.

10. *Gain/(Loss) on Redemption/Conversion of Convertible Notes*

For the six months ended 30 June 2021, gain on redemption/conversion of convertible notes of the Group from continuing operations amounted to RMB5.9 million, as compared with loss on redemption/conversion of convertible notes of RMB36.9 million for the corresponding period of 2020. The decrease 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 of the amendments of conversion prices of convertible notes of AESE signed in 2020.

11. *Loss Attributable to Equity Holders of the Company*

The loss attributable to equity holders of the Company amounted to RMB7.8 million (which comprised loss of RMB35.0 million from continuing operations and profit of RMB27.2 million from discontinued operations) for the six months ended 30 June 2021, as compared with loss attributable to equity holders of the Company of RMB70.5 million (which comprised loss of

RMB70.4 million from continuing operations and loss of RMB0.1 million from discontinued operations) for the six months ended 30 June 2020. The decrease was mainly due to the improvement in results from the increase of our operations and decrease in costs, expenses and other losses. For the six months ended 30 June 2021, the Company's business in China saw steady development. In addition, with the Company strengthens the managerial control on AESE, the administrative expenses, loss in fair value of financial assets at fair value through profit or loss, loss of conversion of convertible notes and other expenses of AESE were reduced significantly.

12. *Income Tax Expense*

For the six months ended 30 June 2021, income tax expense of the Group from continuing operations amounted to RMB3.4 million, as compared with RMB0.1 million for the corresponding period of 2020.

13. *Liquidity and Source of Funding and Borrowing*

As at 30 June 2021, the Group's total bank balances and cash increased by 8.8% from RMB79.4 million as at 31 December 2020 to RMB86.4 million as at 30 June 2021. The increase was net cash inflow from operating activities. As at 30 June 2021, the current assets of the Group amounted to RMB634.9 million, including bank balances and cash of RMB86.4 million, other current assets of RMB99.3 million and assets included in disposal group classified as held for sale of RMB449.2 million. Current liabilities of the Group amounted to RMB255.5 million, of which RMB126.2 million were trade and other payables and deferred revenue, other current liabilities were RMB36.2 million and liabilities included in disposal group classified as held for sale were RMB93.1 million. As at 30 June 2021, the Group had no borrowings. As at 30 June 2021, the current ratio (the current assets to current liabilities ratio) of the Group was 2.49 as compared to 3.15 as at 31 December 2020. 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 30 June 2021 was nil (30 June 2020: nil). The Group currently intends to finance future expansion, investments and business operations primarily with internal resources, but may further explore alternative sources of finance in appropriate circumstances.

14. *Material Investments*

Save as disclosed in this announcement, the Group did not have any material investments during the six months ended 30 June 2021.

15. *Material Acquisitions*

Save as disclosed in this announcement, the Group did not have any material acquisitions during the six months ended 30 June 2021.

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, (ii) exploring new business opportunities in related areas of our business eco-system for acquisitions, strategic and operational synergies, and also leveraging on external financial resources for expertise and scale and (iii) other investment return. As at 30 June 2021, the Group's financial assets at fair value through profit or loss amounted to RMB67.8 million (31 December 2020: RMB69.7 million).

As at 30 June 2021, the Group's investments in unlisted equity investments amounted to RMB67.8 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	8.635%	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 six months ended 30 June 2021, no dividends have been paid from the invested companies. All startup companies invested by the Group are in relatively early stage, and mainly focus 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 investments 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 30 June 2021.

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 six months ended 30 June 2021 are set out below:

	Unlisted equity investments <i>RMB'000</i>
Balance as at 1 January 2021	69,683
Addition	5,000
Disposal	(6,740)
Gain on Disposal	<u>(110)</u>
Fair value as at 30 June 2021	<u><u>67,833</u></u>

17. Material Disposals

Save as disclosed in this announcement, the Group did not have any material disposals during the six months ended 30 June 2021.

18. Pledge of Assets

As at 30 June 2021, the convertible notes are secured by all assets of AESE.

19. Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2021 (31 December 2020: nil).

20. Foreign Exchange Exposure

During the six months ended 30 June 2021, the Group mainly operated in the PRC 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 30 June 2021, the Group did not have significant foreign currency exposure from its operations.

21. *Employees' Remuneration and Policy*

As at 30 June 2021, the Group had 194 employees, 73 of which were responsible for games development and operation or general administration in the PRC (including Hong Kong), and 121 of which were responsible for the operation of AESE. The total remuneration expenses (including share-based compensation expense) for the six months ended 30 June 2021 were RMB31.1 million, representing an increase of 8.4% as compared to the corresponding period of 2020.

22. *Events Occurred Since the End of the Six Months Ended 30 June 2021*

At a special meeting of AESE's stockholders on 1 July 2021 (U.S. time), the disposal (the "**Disposal**") of the entire equity interests of Club Services, Inc. ("**Club Services**"), an indirect non-wholly owned subsidiary of the Company, for a total consideration of US\$105.0 million (equivalent to approximately HK\$813.98 million) pursuant to the relevant stock purchase agreement (and its subsequent amendments) was approved. Club Services owns 100% of each of the legal entities that collectively operate or engage in a poker-related business, commonly known as the World Poker Tour.

Upon the closing of the Disposal, Club Services and its subsidiaries (collectively the "**Target Group**") ceased to be subsidiaries of AESE and the Company, and the financial results of the Target Group would no longer be consolidated into the financial statements of AESE and the Group.

23. *Future Plans for Material Investment or Capital Assets*

Save as disclosed in this 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 (the "Shareholders").

1. Compliance with the Listing Rules and Corporate Governance Code

During the six months ended 30 June 2021, the Company has complied with the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the deviations stated below.

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 January 2021 to 1 May 2021, Mr. Li Yangyang ("Mr. Li") was both the Chairman and acting Chief Executive Officer of the Company. During the period in which Mr. Li served as both the Chairman and the acting Chief Executive Officer, he was responsible for general operation, investment and strategy of the Company and was instrumental to the Company's growth and business expansion. The Board considered that vesting the roles of chairman and acting Chief Executive Officer in Mr. Li was beneficial to the management of the Group. The balance of power and authority was ensured by the operation of senior management and the Board, which comprises experienced and high-calibre individuals. The Board currently comprises two executive Directors (including Mr. Li), three non-executive Directors and two independent non-executive Directors and therefore has a fairly strong independence element in its composition. Mr. Lu Jingsheng ("Mr. Lu") was appointed as the Chief Executive Officer of the Company with effect from 1 May 2021 and immediately following the appointment of Mr. Lu as the Chief Executive Officer of the Company, Mr. Li resigned from the position of acting Chief Executive Officer of the Company and the Company has complied with code provision A.2.1 since then.

As Professor Huang Yong resigned as an independent non-executive Director with effect from 14 May 2021, the Company is not in compliance with (i) Rule 3.10 of the Listing Rules, which stipulates that the board of directors shall comprise at least three independent non-executive directors, (ii) Rule 3.10A of the Listing Rules, which stipulates that the independent non-executive directors shall represent at least one-third of the board, and (iii) Rule 3.25 of the Listing Rules, which stipulates that the remuneration committee must chaired by an independent non-executive director. As the Company requires more time to identify a suitable candidate, the Company has applied for and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has granted a waiver from strict compliance with Rules 3.10, 3.10A and 3.25 of the Listing Rules and an extension of time for a period expiring on 16 November 2021 for filling the vacancy. The Company will use its best endeavors to identify and appoint an independent non-executive Director with a view to fulfilling the requirements of the Listing Rules as soon as practicable.

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

2. 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**”) 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 strictly complied with the required standard set out in the Model Code during the six months ended 30 June 2021.

3. Audit Committee

The Company has established the Audit Committee in accordance with the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company’s internal control and financial reporting process and to maintain an appropriate relationship with the Company’s independent auditor. Currently, the Audit Committee comprised three members, namely, Mr. Zhang Li (independent non-executive Director), Mr. Liu Xueming (non-executive Director) and Mr. Ma Shaohua (independent non-executive Director). Mr. Zhang Li is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2021. 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.

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

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

5. Material Litigation

As at 30 June 2021, the Group was not involved in any material litigation or arbitration.

6. Interim Dividend

The Board does not declare any interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
CONTINUING OPERATIONS:			
Revenue	4	58,607	61,354
Cost of revenue		<u>(34,401)</u>	<u>(51,836)</u>
Gross profit		24,206	9,518
Other income	5	1,603	2,140
Selling and marketing expenses		(7,262)	(2,281)
Administrative expenses		(66,854)	(103,050)
Share-based compensation expense		(6,666)	(4,307)
Research and development expenses		(11,570)	(87)
Finance costs		(3,792)	(11,695)
Fair value changes of financial assets at fair value through profit or loss		—	(8,158)
Gain/(Loss) on disposal of associate		7,608	(919)
Gain on disposal of subsidiaries		—	937
Gain on disposal of financial assets at fair value through profit or loss		110	—
Gain/(Loss) on conversion/redemption of convertible notes	17	5,916	(36,903)
Impairment of assets		<u>(381)</u>	<u>(1,305)</u>
Loss before income tax from continuing operations	6	(57,082)	(156,110)
Income tax expense	7	<u>(3,365)</u>	<u>(138)</u>
Loss for the period from continuing operations		<u>(60,447)</u>	<u>(156,248)</u>
DISCONTINUED OPERATIONS:			
Profit/(Loss) after tax for the period from discontinued operations	19	<u>29,825</u>	<u>(417)</u>
Loss for the period		<u>(30,622)</u>	<u>(156,665)</u>
Other comprehensive loss for the period			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		<u>(5,543)</u>	<u>(19,803)</u>
Total comprehensive loss for the period		<u><u>(36,165)</u></u>	<u><u>(176,468)</u></u>

		Six months ended 30 June	
		2021	2020
<i>Notes</i>		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
			(Restated)
Loss for the period attributable to:			
Equity holders of the Company			
— Continuing operations		(35,029)	(70,364)
— Discontinued operations		27,237	(177)
Non-controlling interests			
— Continuing operations		(25,418)	(85,884)
— Discontinued operations		2,588	(240)
		(30,622)	(156,665)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company			
— Continuing operations		(38,140)	(70,553)
— Discontinued operations		27,237	(8,363)
Non-controlling interests			
— Continuing operations		(27,850)	(86,142)
— Discontinued operations		2,588	(11,410)
		(36,165)	(176,468)
Loss per share			
(expressed in RMB cents per share)			
Basic loss per share			
	9		
— From continuing operations		(3.33)	(6.59)
— From discontinued operations		2.59	(0.02)
		(0.74)	(6.61)
Diluted loss per share			
	9		
— From continuing operations		(3.33)	(6.59)
— From discontinued operations		2.59	(0.02)
		(0.74)	(6.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	<i>Notes</i>		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	38,684	48,723
Right-of-use assets		5,905	12,196
Investment properties		2,727	—
Interests in associates		—	4,250
Goodwill	11	—	—
Intangible assets	12	3,049	1,253
Financial assets at fair value through profit or loss	14	67,833	69,683
		<u>118,198</u>	<u>136,105</u>
Current assets			
Inventories		1,009	464
Trade and other receivables	15	66,040	51,906
Loans to third parties	13	—	—
Restricted bank balances		32,303	32,622
Bank balances and cash		86,414	79,417
		<u>185,766</u>	<u>164,409</u>
Assets of disposal group classified as held for sale	19	449,151	434,853
		<u>634,917</u>	<u>599,262</u>

		As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
	Notes		
Current liabilities			
Trade and other payables	16	111,234	52,228
Deferred revenue		14,910	13,493
Convertible notes	17	13,477	13,610
Loan payables		15,041	12,789
Lease liabilities		6,180	6,231
Income tax liabilities		<u>1,521</u>	<u>1,940</u>
		<u>162,363</u>	<u>100,291</u>
Liabilities of disposal group classified as held for sale	19	<u>93,135</u>	<u>90,111</u>
		<u>255,498</u>	<u>190,402</u>
Net current assets		<u>379,419</u>	<u>408,860</u>
Total assets less current liabilities		<u>497,617</u>	<u>544,965</u>
Non-current liabilities			
Convertible notes	17	—	9,734
Lease liabilities		41,309	44,944
Loan payables		<u>—</u>	<u>2,401</u>
		<u>41,309</u>	<u>57,079</u>
Net assets		<u><u>456,308</u></u>	<u><u>487,886</u></u>
EQUITY			
Share capital		335	335
Reserves		<u>228,089</u>	<u>240,615</u>
Equity attributable to equity holders of the Company		228,424	240,950
Non-controlling interests		<u>227,884</u>	<u>246,936</u>
Total equity		<u><u>456,308</u></u>	<u><u>487,886</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Ourgame International Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 4 December 2013 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 30 June 2014 (the “**Listing**”).

The Company is an investment holding company and its subsidiaries (collectively, the “**Group**”) are principally engaged in the development and operation of online card and board games, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents (collectively, the “**Online Games Business**”) primarily in the People’s Republic of China (the “**PRC**”/“**Lianzhong Group**”) and the United States (the “**US**”/“**AESE Group**”). The Group is expanding the eSports, sports e-commerce business and other non-card-and-board games new internet businesses (collectively, the “**eSports Business**”) globally.

These unaudited consolidated interim financial statements (the “**Interim Financial Statements**”) is presented in Renminbi (“**RMB**”), unless otherwise stated.

The Interim Financial Statements has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34 “Interim Financial Reporting”.

On 19 January 2021, the Company’s non-wholly owned subsidiary, Allied Esports Entertainment, Inc. (“**AESE**”) entered into a Stock Purchase Agreement (“**SPA**”), as amended on 19 March 2021 and 29 March 2021 SPA respectively, 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, commonly known as the World Poker Tour (“**WPT**”). 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, the Disposal Group has been reclassified as “Discontinued operations” and its assets and liabilities also reclassified as “Assets of disposal group classified as held for sale” and “Liabilities of disposal group classified as held for sale”.

On 12 July 2021, AESE and the buyer consummated the transactions contemplated by the SPA, pursuant to which, among other things, AESE sold 100% of the outstanding capital stock of CSI to the buyer. CSI is AESE’s indirect wholly-owned subsidiary that directly or indirectly owns 100% of the outstanding capital stock of each of the legal entities that collectively operate or engage in AESE’s WPT business.

At a special meeting of AESE’s stockholders on 1 July 2021 (U.S. time), the disposal (the “**Disposal**”) of the entire equity interests of CSI, an indirect non-wholly owned subsidiary of the Company for a total consideration of US\$105 million pursuant to the relevant SPA (and its subsequent amendments) was approved.

On 12 July 2021, AESE issued the press release announcing the completion of the disposal of CSI.

Except for the above, the accounting policies and methods of computation used in the preparation of the Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2020 except for the adoption of the new and amended International Financial Reporting Standards (“**IFRSs**”) as disclosed in Note 3.

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Interim Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2020.

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with the accounting policies adopted in the Group's annual financial statements for the year ended 31 December 2020, except for the adoption of the following amended IFRSs effective as of 1 January 2021. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendment to IFRS 16, COVID-19-related rent concessions beyond 30 June 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

Other than the amendment to IFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendment to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)

The Group previously applied the practical expedient in IFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. There is no impact on this Interim Financial Statements as the Group did not receive any rent concessions during the six months ended 30 June 2021. There is no impact on the opening balance of equity at 1 January 2021.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform — phase 2

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (the “**IBOR reform**”). The amendments do not have an impact on this interim financial report as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

4. REVENUE AND SEGMENT INFORMATION

Revenue

The Group's principal activities are disclosed in Note 1 to the interim financial report. The Group's revenue from external customers recognised during the period is as follows:

Continuing operations

Revenue from contract with customers

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Lianzhong Group		
— Online games revenue	50,027	49,552
AESE Group		
— In-person revenue	7,585	11,802
— Multiplatform content revenue	995	—
	<u>58,607</u>	<u>61,354</u>

Timing of revenue recognition:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
At a point in time	56,189	54,409
Over time	2,418	6,945
	<u>58,607</u>	<u>61,354</u>

Revenue from external customers recognised under discontinued operation in Note 19 during the period is as follows:

Discontinued operations

Revenue from contract with customers

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
Disposal Group		
— In-person revenue	5,586	9,326
— Multiplatform content revenue	24,933	13,517
— Interactive revenue	48,301	40,091
	78,820	62,934

Timing of revenue recognition:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
		(Restated)
At a point in time	20,473	15,862
Over time	58,347	47,072
	78,820	62,934

5. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Other revenue		
Bank interest income	<u>641</u>	<u>172</u>
Other net income		
COVID-19 related rent concessions received	—	569
Subsidy income from government	—	780
Sundry income	<u>962</u>	<u>619</u>
	<u>962</u>	<u>1,968</u>
	<u>1,603</u>	<u>2,140</u>

6. LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Loss before income tax from continuing operations is arrived at after charging/(crediting):

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Employee benefit expenses		
Salaries, bonus and allowances	20,581	19,942
Retirement benefit scheme contributions	3,900	3,688
Share-based compensation expense	<u>6,666</u>	<u>4,307</u>
	<u>31,147</u>	<u>27,937</u>
Other items		
Lease charges related to short-term leases	216	—
COVID-19-related rent concessions received	—	(569)
Depreciation:		
— Owned assets	10,993	14,154
— Right-of-use assets	<u>4,101</u>	<u>6,028</u>
Total depreciation	<u>15,094</u>	<u>20,182</u>
Amortisation of intangible assets	<u>1,031</u>	<u>772</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited) (Restated)
Current tax		
PRC enterprise income tax		
— Current period	<u>3,365</u>	<u>505</u>
Deferred tax	<u>—</u>	<u>(367)</u>
Income tax expense	<u>3,365</u>	<u>138</u>

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

9. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share for the six months ended 30 June is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited) (Restated)
Loss for the period attributable to equity holders of the Company (in RMB'000)		
— Continuing operations	(35,029)	(70,364)
— Discontinued operations	<u>27,237</u>	<u>(177)</u>
	<u>(7,792)</u>	<u>(70,541)</u>
Weighted average number of ordinary shares in issue during the period (Note (i))	<u>1,051,666,542</u>	<u>1,067,879,893</u>
Basic loss per share (in RMB cents per share)		
— From continuing operations	(3.33)	(6.59)
— From discontinued operations	<u>2.59</u>	<u>(0.02)</u>
	<u>(0.74)</u>	<u>(6.61)</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 period after adjusting for the effects of all dilutive potential ordinary shares.

For the six months ended 30 June 2021, the Company has seven categories of dilutive ordinary shares, being the Company's share option schemes, options, warrants, restricted common shares, convertible notes, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. The impacts had antidilutive effect on the basic loss per share amounts presented.

For the six months ended 30 June 2020, the Company has six categories of dilutive ordinary shares, being the Company's share option schemes, options, warrants, convertible notes, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. The impacts had antidilutive effect on the basic loss per share amounts presented.

Note:

(i) Weighted average number of ordinary shares in issue

The calculation of weighted average number of ordinary shares in issue during the period is based on outstanding ordinary shares less weighted average number of ordinary shares repurchase of ordinary shares for the Share Award Scheme.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired property, plant and equipment from continuing operation at a cost of RMB1,547,000 (six months ended 30 June 2020: RMB2,413,000).

11. GOODWILL

During the six months ended 30 June 2021, there was no addition to goodwill acquired from continuing operation (six months ended 30 June 2020: Nil).

Due to the disposal of the WPT business, RMB93,765,000 (six months ended 30 June 2020: RMB94,691,000) of goodwill being reclassified as held for sale. Details refer to Note 19.

12. INTANGIBLE ASSETS

During the six months ended 30 June 2021, additions to intangible assets from continuing operation by acquisition amounted to RMB2,828,000 (six months ended 30 June 2020: Nil).

Due to the disposal the WPT business, RMB272,932,000 (six months ended 30 June 2020: RMB266,769,000) of intangible assets was reclassified as held for sale. Details refer to Note 19.

13. LOANS TO THIRD PARTIES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Current portion		
Loans	48,237	48,237
Interest receivables	<u>1,843</u>	<u>1,843</u>
	50,080	50,080
Less: ECL allowance	<u>(50,080)</u>	<u>(50,080)</u>
	<u><u>—</u></u>	<u><u>—</u></u>

As at 31 December 2020 and 30 June 2021, the loans to third parties of RMB48,237,000 become due within next 12 months and are included in the current portion. The amount comprises of:

- (i) RMB26,452,000 loan secured by a personal guarantee of Ms. Fu Qiang, a former non-executive director of the Company, with interest rate of 5.5% per annum. In any event of default, a default interest rate of 0.1% per day is charged;
- (ii) RMB13,285,000 unsecured loan with interest rate of 1% annum;
- (iii) RMB8,500,000 was secured by unlisted equity interest in companies of the debtors incorporated in the PRC, of which RMB4,000,000 were with interest rate 4.75% per annum and RMB4,500,000 were interest-free.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Included in non-current assets		
Unlisted equity investments	<u><u>67,833</u></u>	<u><u>69,683</u></u>

15. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables		
From third parties	5,915	5,248
Less: ECL allowance	<u>(759)</u>	<u>(544)</u>
	<u>5,156</u>	<u>4,704</u>
Other receivables		
Deposits, prepayments and other receivables	72,681	59,808
Advances to employees	1,788	550
Loan to a former director of the Company	<u>4,480</u>	<u>4,480</u>
	78,949	64,838
Less: ECL allowance	<u>(18,065)</u>	<u>(17,636)</u>
	<u>60,884</u>	<u>47,202</u>
	<u>66,040</u>	<u>51,906</u>

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

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:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
0–30 days	1,996	2,959
31–60 days	621	534
61–90 days	421	575
91–180 days	55	359
181–365 days	401	283
Over 1 year	<u>2,421</u>	<u>538</u>
	<u>5,915</u>	<u>5,248</u>

The movement in the ECL allowance is as follows:

	2021 RMB'000	2020 RMB'000
As at 1 January (Audited)	544	27,582
ECL allowance recognised	215	682
Reversal of ECL allowance	—	(48)
Amount written off during the period	<u>—</u>	<u>(27,295)</u>
As at 30 June (Unaudited)	<u>759</u>	<u>921</u>

The Group applies the simplified approach to provide for expected credit losses prescribed in IFRS 9. Provision for or reversal of impaired receivables have been included in “Impairment of assets” in the consolidated statement of profit or loss and other comprehensive income.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade payables		
To third parties	<u>14,110</u>	<u>11,589</u>
Other payables		
Deposits received for disposal of Disposal Group (details refer to Note 19 and Note 20)	65,899	—
Other payables and accrued charges	20,226	34,057
Staff costs and welfare accruals	10,999	5,627
Accrued interests on convertible notes	<u>—</u>	<u>955</u>
	<u>97,124</u>	<u>40,639</u>
	<u>111,234</u>	<u>52,228</u>

All amounts are short-term and hence the carrying values of trade and other payables as at 30 June 2021 and 31 December 2020 were considered to be a reasonable approximation of their fair values.

The credit terms granted to the Group are usually 30 to 90 days.

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
0–30 days	3,824	5,816
31–60 days	2,041	69
61–90 days	120	3
91–180 days	299	284
181–365 days	2,562	3,100
Over 1 year	<u>5,264</u>	<u>2,317</u>
	<u>14,110</u>	<u>11,589</u>

17. CONVERTIBLE NOTES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Non-current portion		
Convertible Notes issued in 2020	—	9,734
Current portion		
Convertible Notes issued in 2019	<u>13,477</u>	<u>13,610</u>
	<u>13,477</u>	<u>23,344</u>

Convertible Notes issued in 2020

On 8 June 2020, the Company's non-wholly owned subsidiary, AESE, issued convertible notes with an aggregate principal amount of US\$9,600,000 (equivalent to approximately RMB66,271,000) (the “**2020 Convertible Notes**”) and immediately vested five-year warrants to purchase an aggregate 1,454,546 shares of common stock of AESE at an exercise price of US\$4.125 per share for net cash proceeds of US\$9,000,000 (equivalent to approximately RMB62,129,000). The 2020 Convertible Notes are secured by the assets of AESE, interest bearing at 8% per annum and mature on 8 June 2022, with an aggregate of interest guaranteed to be paid to the noteholders of US\$1,536,000. The 2020 Convertible Notes were accounted for as financial liabilities at fair value through profit or loss.

The 2020 Convertible Notes and two years of interest are payable in equal monthly instalments (the “**Monthly Redemption Payment**”), commencing on 7 August 2020.

Each Monthly Redemption Payment may be paid at the AESE's option in cash, or in AESE's common stock (the "**Stock Settlement Option**") at a price equals to 87% of the lowest daily volume weighted average price in the 10 days prior to the scheduled payment date (the "**Stock Settlement Price**"). The Stock Settlement Price cannot be lower than US\$0.734 per share. Monthly Redemption Payments paid in cash require the payment of a 10% premium in addition to the monthly instalment.

Immediately prior to each Monthly Redemption Payment, the holders of the 2020 Convertible Notes may accelerate up to four Monthly Redemption Payments and may elect to have such accelerated Monthly Redemption Payments paid in AESE's common stock at the Stock Settlement Price, instead of in cash.

The 2020 Convertible Notes are convertible at each holder's option, in whole or in part, and from time to time, into shares of the AESE's common stock (the "**Holder Conversion Option**" and together, with the Stock Settlement Option, the "**ECOs**") at US\$3.30 per share (subject to adjustment to convert at the same price as any subsequent issuances of AESE common stock at a lower issuance price, subject to certain exceptions) (the "**Holder Conversion Price**"); provided, however, that the parties may not affect any such conversion that would result in a note holder (together with its affiliates) owning in excess of 4.99% of the number of AESE's common stock outstanding immediately after giving effect to the conversion (the "**Beneficial Ownership Limitation**"). Each holder, upon notice to AESE, may elect to increase or decrease its Beneficial Ownership Limitation, provided that the Beneficial Ownership Limitation may not exceed 9.99%.

During the six months ended 30 June 2021, principal amount of US\$581,818 was converted into AESE's common stock.

During the year ended 31 December 2020, principal amount of US\$9,018,182 was converted into AESE's common stock.

Gain on conversion of convertible notes of RMB5,916,000 (for the year ended 31 December 2020: Loss on conversion of convertible notes of RMB11,486,000) was charged to profit or loss for the six months ended 30 June 2021.

Convertible Notes issued in 2019

On 15 May 2019, the Company's non-wholly owned subsidiary, AESE, issued convertible notes with an aggregate principal amount of US\$4,000,000 (equivalent to approximately RMB26,479,000) (the "**2019 Convertible Notes**"). The 2019 Convertible Notes carry interest at 12% per annum, payable annually in arrears. The 2019 Convertible Notes will mature in 12 months and the Group shall redeem at 100% of the principal amount on the maturity date.

The noteholders shall have the right to convert the 2019 Convertible Notes into equity securities of either each of Allied Esports and Black Ridge (the "**Conversion Equity Securities**"), in each case in the event of a qualified financing. The number of Conversion Equity Securities to be issued to the noteholders shall equal to the product of (i) the principal amount of the Convertible Notes being converted into Conversion Equity Securities, divided by (ii) US\$8.50 (the "**Conversion Price**"). The 2019 Convertible Notes were accounted for as financial liabilities at fair value through profit or loss.

On 5 August 2019, pursuant to the amendment agreements, 2019 Convertible Notes are secured by all property and assets owned by AESE and its subsidiaries (after the Spin-off completed in 2019). The mature date amended matured on 23 August 2020 (the "**Maturity Date**"). The 2019 Convertible Notes were convertible into shares of AESE common stock at any time before the Maturity Date at a conversion price of US\$8.50 per share. Further, the minimum interest to be paid under each 2019 Convertible Notes shall be the greater of (a) 18 months of accrued interest at 12%

per annum; or (b) the sum of the actual interest accrued plus 6 months of additional interest at 12% per annum. In the event of default, the 2019 Convertible Notes shall become immediately due and payable upon the written notice of the holder.

On 8 June 2020, principal amount of US\$2,000,000 (equivalent to approximately RMB13,807,000) was repaid in cash together with accrued interest.

Further, on 8 June 2020, the Group and the noteholders of the two remaining outstanding in the aggregate principal amount of US\$2,000,000, entered into a Secured Convertible Note Modification (Extension) Agreement with the Group pursuant to which, among other things, the noteholders agreed to extend the maturity date of their respective 2019 Convertible Notes to 23 February 2022. Interest on the 2019 Convertible Notes will continue to accrue at 12.0% per year and may be prepaid without penalty. The remaining provisions of the 2019 Convertible Notes remain unchanged and in effect.

The 2019 Convertible Notes are secured by the WPT business. Accordingly, it will necessary to pay-off the 2019 Convertible Notes and the related interest payable upon the closing of the disposal of WPT business. Hence, the 2019 Convertible Notes and the related accrued interest have been classified as current liabilities as of 31 December 2020 and 30 June 2021.

Convertible Notes issued in 2018

On 11 October 2018, the Group issued convertible notes with an aggregate principal amount of US\$10,000,000 (equivalent to approximately RMB68,632,000) (the “**2018 Convertible Notes**”). The 2018 Convertible Notes carry interest at 12% per annum, payable annually in arrears. The 2018 Convertible Notes will mature in 12 months and the Group shall redeem at 100% of the principal amount on the maturity date.

The noteholders shall have the right to convert the 2018 Convertible Notes into equity securities of either (i) each of Allied Esports and Noble Link, or (ii) a holding company was incorporated to hold the Group’s interests in Allied Esports and Noble Link (the “**AESWPT Holdco**”), in each case in the event of a qualified financing. Upon exercise of the conversion right attached to the 2018 Convertible Notes in full, the noteholders will receive up to 10% of the outstanding equity securities of (i) each of Allied Esports and Noble Link or (ii) AESWPT Holdco immediately prior to the closing of a qualified financing (assuming full conversion or exercise of any convertible and exercisable securities then outstanding other than the 2018 Convertible Notes). The 2018 Convertible Notes were accounted for as financial liabilities at fair value through profit or loss.

On 5 August 2019, pursuant to the amendment agreements, 2018 Convertible Notes are secured by all property and assets owned by AESE and its subsidiaries (after the Spin-off completed in 2019). The mature date was extended to 23 August 2020 (the “**Maturity Date**”). The 2018 Convertible Notes were convertible into shares of AESE common stock at any time before the Maturity Date at a conversion price of US\$8.50 per share. Further, the minimum interest to be paid under each Note shall be the greater of (a) 18 months of accrued interest at 12% per annum; or (b) the sum of the actual interest accrued plus 6 months of additional interest at 12% per annum. In the event of default, the 2018 Convertible Notes shall become immediately due and payable upon the written notice of the holder.

On 29 April 2020, the Group and a noteholder of a US\$5,000,000 2018 Convertible Notes, entered into two amendments to offer the noteholder to convert at reduced conversion price. On 19 April 2020, the principal amount of US\$2,000,000 converted at a reduced conversion price of US\$1.60 per share, and on 22 May 2020, the principal amount of US\$3,000,000 converted at a reduced conversion price of US\$1.40 per share. Interest payable in the amount of US\$1,421,096 (equivalent to approximately RMB9,272,000) (the “**Accrued Interest**”) on the US\$5,000,000 principal amount owed to the noteholder prior to conversion will continue to accrue through the Maturity Date.

Loss on conversion of convertible notes of RMB36,903,000 was charged to profit or loss for the six months ended 30 June 2020.

On 8 June 2020, principal amount of US\$5,000,000 (equivalent to approximately RMB34,515,000) was repaid in cash together with accrued interest.

The movements of Convertible Notes are as follows:

	2021 RMB'000	2020 RMB'000
As at 1 January (Audited)	23,344	96,506
Issue of 2020 Convertible Notes	—	63,292
Repayment of Convertible Notes	—	(49,227)
Conversion to shares of a subsidiary — AESE	(3,766)	(34,029)
Gain on conversion of Convertible Notes	(5,916)	—
Exchange difference	<u>(185)</u>	<u>1,295</u>
As at 30 June (Unaudited)	<u>13,477</u>	<u>77,837</u>

18. COMMITMENTS

(a) Capital commitments

At the reporting date, the Group had the following capital commitments:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Contracted but not provided for:		
Expenditure in respect investment in financial assets at fair value through profit or loss	<u>—</u>	<u>10,000</u>

(b) Lease commitments

At the reporting date, the lease commitments for short term leases are as follows:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within one year	<u>31</u>	<u>253</u>

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

AESE's wholly owned subsidiaries, Peerless Media Limited, CSI and WPT Enterprises, Inc., operate the poker-related business of AESE and are collectively referred to herein as "World Poker Tour" or "WPT". The World Poker Tour 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.

On 19 January 2021, AESE entered into a SPA for the sale of 100% of the capital stock of its wholly-owned subsidiary, CSI. CSI owns 100% of each of the legal entities which comprise the World Poker Tour. On 12 July 2021, the Group consummated the sale of the World Poker Tour business (see Note 20 — Events after the reporting date).

Prior to 31 December 2020, management of AESE committed to a plan to sell the WPT business. As the result of the AESE entry into the SPA, the consolidated statements of profit or loss and other comprehensive income for the six months ended 30 June 2021 and 2020, the consolidated statement of financial position as of 30 June 2021 and 31 December 2020, and the consolidated statements of cash flows for the six months ended 30 June 2021 and 2020, present the results and accounts of World Poker Tour as discontinued operations and the related assets and liabilities are presented as held for sale.

During the first quarter of 2021, AESE entered into the SPA to sell the equity interests of its subsidiaries that own and operate its WPT business (the "Sale Transaction"), subject to the approval of AESE's shareholders and the regulatory authority, for a total purchase price of US\$105 million. This base purchase price will be adjusted to reflect the amount of CSI's cash, indebtedness and accrued and unpaid transaction expenses as of the closing of the Sale Transaction.

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
ASSETS		
Property, plant and equipment	10,878	10,924
Right-of-use assets	24,339	24,579
Intangible assets	272,932	266,769
Goodwill	93,765	94,691
Trade and other receivables	20,571	14,185
Restricted bank balances	646	—
Bank balances and cash	26,020	23,705
	449,151	434,853

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
LIABILITIES		
Trade and other payables	47,234	42,496
Deferred revenue	16,504	12,857
Lease liabilities	27,980	28,856
Deferred tax liabilities	1,417	1,431
Loans payables	—	4,471
	<u>93,135</u>	<u>90,111</u>
Net assets	<u>356,016</u>	<u>344,742</u>

- (b) Profit/(Loss) for the six months ended 30 June 2021 and 2020 from discontinued operations of the Disposal Group are as follows:

	Six months ended 30 June 2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Revenue	78,820	62,934
Cost of revenue	<u>(25,307)</u>	<u>(19,398)</u>
Gross profit	53,513	43,536
Other income	4,465	47
Selling and marketing expenses	(3,203)	(5,577)
Administrative expenses	(23,710)	(36,218)
Share-based compensation expense	—	(802)
Finance costs	<u>(1,240)</u>	<u>(1,403)</u>
Profit/(Loss) before income tax	29,825	(417)
Income tax expense	<u>—</u>	<u>—</u>
Profit/(Loss) after tax for the period	<u>29,825</u>	<u>(417)</u>

20. EVENTS AFTER THE REPORTING DATE

Disposal of WPT

At a special meeting of AESE's stockholders on 1 July 2021 (U.S. time), the Disposal of the entire equity interests of CSI, an indirect non-wholly owned subsidiary of the Company for a total consideration of US\$105 million pursuant to the relevant SPA (and its subsequent amendments) was approved.

This interim results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.lianzhong.com. The interim report of the Group for the six months ended 30 June 2021 will be published on the aforesaid websites of the Stock Exchange and the Company and will be dispatched to the Shareholders in due course.

By Order of the Board
Ourgame International Holdings Limited
Lu Jingsheng
Chief Executive Officer and Executive Director

Hong Kong, 31 August 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*