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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 2022

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Changes
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	
	Audited	Audited	
Revenue	217,712	143,815	51.4%
(Loss)/Profit attributable to equity holders of the Company for the year			
— Continuing operations ⁽¹⁾	(29,609)	(74,367)	(60.2)%
— Discontinued operations ⁽¹⁾	—	100,871	(100.0)%
	<u>(29,609)</u>	<u>26,504</u>	(211.7)%
(Loss)/Earnings per share attributable to equity holders of the Company for the year (expressed in RMB cents per share)			
Basic (loss)/earnings per share			
— From continuing operations ⁽¹⁾	(2.76)	(7.05)	(60.9)%
— From discontinued operations ⁽¹⁾	—	9.56	(100.0)%
	<u>(2.76)</u>	<u>2.51</u>	(210.0)%
Diluted (loss)/earnings per share			
— From continuing operations ⁽¹⁾	(2.76)	(7.05)	(60.9)%
— From discontinued operations ⁽¹⁾	—	9.56	(100.0)%
	<u>(2.76)</u>	<u>2.51</u>	(210.0)%

⁽¹⁾ For the purpose of this annual results announcement, discontinued operations refer to the Target Group as set out 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 and continuing operations refer to the remaining business operations of the Group.

REVENUE BY GEOGRAPHICAL AREAS

	Year ended 31 December		Changes
	2022	2021	
	<i>RMB'000</i>	<i>RMB'000</i>	
	Audited	Audited	
The People's Republic of China (the "PRC") ⁽¹⁾	174,983	111,836	56.5%
Outside the PRC ⁽²⁾	<u>42,729</u>	<u>31,979</u>	33.6%
Total revenue	<u>217,712</u>	<u>143,815</u>	51.4%

(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 Gaming & Entertainment Inc. (formerly known as Allied Esports Entertainment Inc.) ("AGAE"), an indirect non-wholly owned subsidiary of the Company, which is separately listed on the Nasdaq Stock Exchange ("NASDAQ") and operates eSports business.

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 2022. The annual results have been reviewed and approved by the Company’s audit committee (the “**Audit Committee**”).

BUSINESS REVIEW

In 2022, Ourgame recorded significant increase in its overall revenue despite impact of various adverse factors on its domestic and overseas businesses such as the policy environment and repeated pandemic. The annual revenue of the Company amounted to RMB217.7 million, representing an increase of approximately 51.4% as compared with last year. The increase in revenue was attributable to the trust and support of all users and partners of Ourgame, as well as the Company’s efforts in all aspects of the business, especially in mobile-based and diversified fields.

In respect of our PC game business that is popular among loyal users, while continuing to provide traditional Ourgame Hall services, the Company’s business platform sector has also been optimised and fine-tuned in various aspects, such as continuously improving user experience of the premium users, further enhancing our brand stickiness and visibility and combining the traditional products with the hot-pick items, including short videos and live broadcast projects in order to raise the user activities, thereby promoting sustainable and healthy growth of the revenue from PC games in 2022. The Company will further explore the value of Ourgame Hall platform users in the future and continue to provide hundreds of millions of platform users with better services. Meanwhile, we will further strengthen our efforts in marketing, expand cooperation channels on PC platform, and further attract new and existing users to experience our high-quality services.

In respect of the traditional card and board games projects, Ourgame continued to press ahead with the cooperation strategy with various channels. In addition to the existing well-run traditional products such as Fight Landlord and Mahjong, Ourgame launched a number of mobile-based game products in 2022, such as Experts Fight Landlord (達人鬥地主), Let’s Fight Landlord (鬥地主總動員) and Masters Fight Landlord (大師鬥地主), which have been promoted on Kuaishou platform and cooperated with multiple advertisers. After more than half a year of operation, such products and services have been widely recognised by the market with higher revenue and more users. The Company plans to apply the model of such products to the promotion of other card and board games products in the future, enlarge product categories jointly promoted with partners, and continue to cultivate the traditional card and board games market. Meanwhile, the Company also plans to continue to make exploration and layout in leisure and puzzle games, and further provide high-quality services for users of different age groups.

In 2022, based on our industrial competitive edge in card and board games sector, the Company has established a live broadcast association and operation team that focuses on card and board games contents. The Company has established extensive connection with internet live streaming platforms such as Kuaishou and Douyin to kick-start various initiatives. Currently, the operation team has built its own superior 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 other sectors. The relevant live streaming accounts have already had millions of users and fans, and a large number of head accounts

have been created, such as Mahjong Competitor (競技麻將君), where competitive card and board games players interact with fans in real time, providing users with high-quality live card and board games and events. 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 has assisted 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. For offline operations, the Company also actively attempts to operate card and board games venues to provide more and better services for enthusiasts and fans of card and board games.

In terms of overseas business, following the disposal of the World Poker Tour (“WPT”) business with significant gains on capital, as at 31 December 2022, AGAE's business includes operation of HyperX Arena Las Vegas, one of the world's most recognized eSports and entertainment events facilities, two mobile arenas, namely Allied Esports Trucks, and original content studio which creates and produces proprietary content series to serve brand launching and promotion, fans and community engagement. AGAE offers a variety of eSports and gaming-related content, including world class tournaments, live and virtual entertainment and gaming events, and original programming to continuously foster an engaged gaming community. In December 2022, AGAE completed a strategic review of its business operations and announced to expand its focus of the existing eSports business to include a broader array of entertainment and gaming products and services. Under this plan, AGAE intends to pursue multiple channels of opportunities to leverage its location-based-entertainment expertise with a focus on gaming lifestyle and experiential entertainment, as well as growing its digital footprint and monetization capabilities through mobile gaming. The gaming and entertainment business of AGAE will continue to utilize AGAE's three-pillar strategy — in-person experiences, multiplatform content, and interactive services both independently and in connection with its strategic partners, and provide the best services for users globally.

Despite various challenges such as the market environment and repeated pandemic, Ourgame continues to focus on the development and operation of card and board games. On such basis, Ourgame has built a mind sports ecosystem that incorporates online games, competitive sports events, programme production and live broadcasting, and continues to focus on emerging market opportunities and march towards the global sports and entertainment markets, which forms a strong linkage with domestic and international “dual-circulation” around Hong Kong and the United States 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

1. Overview

The loss attributable to equity holders of the Company amounted to RMB29.6 million for the year ended 31 December 2022, as compared with profit attributable to equity holders of the Company of RMB26.5 million (which comprised loss of RMB74.4 million from continuing operations and profit of RMB100.9 million from discontinued operations) for the year ended 31 December 2021. The profit attributable to equity holders of the Company for the year ended 31 December 2021 was primarily due to the gain on the disposal of the WPT business.

2. Revenue

In 2022, revenue of the Group amounted to RMB217.7 million, representing an increase of RMB73.9 million or 51.4% as compared with RMB143.8 million for the year ended 31 December 2021. The increase was mainly arisen from the increase in online advertising services income with enhanced co-operation with multiple distribution channels during the year. In addition, the in-person experience revenues of AGAE increased, primarily attributable to the increase in sponsorship revenue from a new contract entered into in the first quarter of 2022, and the increase in food and beverage, ticket and gaming and merchandising revenue was primarily attributable to the removal of COVID-19 pandemic-related capacity restrictions at AGAE's HyperX Esports Arena in Las Vegas.

3. Cost of Revenue and Gross Profit Margin

In 2022, cost of revenue of the Group amounted to RMB133.8 million, representing an increase of RMB46.1 million or 52.6% as compared with RMB87.7 million for the year ended 31 December 2021. The gross profit margin of the Group slightly decreased from 39.0% for the year ended 31 December 2021 to 38.5% for the year ended 31 December 2022.

4. Other Income

In 2022, other income of the Group amounted to RMB21.6 million, representing an increase of RMB11.1 million or 104.5% as compared with RMB10.5 million in 2021. This was primarily due to the increase in interest income from certificate of deposits, bad debt recovery of loan to third party and written off of other payables during the year.

5. Selling and Marketing Expenses

In 2022, selling and marketing expenses of the Group amounted to RMB21.5 million, representing a decrease of RMB0.5 million or 2.1% as compared with RMB22.0 million in 2021.

6. Administrative Expenses

In 2022, administrative expenses of the Group amounted to RMB121.7 million, representing a decrease of RMB7.2 million or 5.5% as compared with RMB128.9 million in 2021. The decrease was mainly attributable to the decrease in legal and professional fees related to the sale of the WPT business in 2021 and the decrease in corporate payroll and bonus of AGAE as compared to the year of 2021.

7. Research and Development Expenses

In 2022, research and development expenses of the Group amounted to RMB18.8 million, representing a decrease of RMB5.3 million or 22.2% as compared with RMB24.1 million in 2021. The decrease was mainly due to lower development efforts on new or updated versions of online games and costs incurred in associated research and development activities during the year.

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

In 2022, loss in fair value changes of financial assets at fair value through profit or loss of the Group amounted to RMB1.3 million, as compared with loss in fair value changes of financial assets at fair value through profit or loss of RMB14.2 million in 2021. The loss in 2022 and 2021 was mainly due to unexpected changes in the market environment and some of our investee companies also suffered from loss during the years ended 31 December 2022 and 2021.

9. Gain on Conversion/Redemption of Convertible Notes

In 2022, there was no gain on conversion/redemption of convertible notes of the Group, as compared with gain on conversion/redemption of convertible notes of RMB6.5 million for the year ended 31 December 2021. 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 AGAE signed in 2020.

10. Impairment of Assets

In 2022, the impairment of assets of the Group amounted to RMB2.6 million, as compared with RMB2.0 million in 2021. In 2022, the impairment of assets mainly arose from the write off of digital assets and trade and other receivables, for which the management determined that the future cash flows are not expected to be sufficient to recover the carrying value.

11. Gain on Disposal of Discontinued Operations

In 2021, the gain on disposal of discontinued operations (as included in profit after tax for the period from discontinued operations) of RMB319.0 million was arisen from the disposal of the entire equity interests of Club Services Inc. (“CSI”), an indirect non-wholly owned subsidiary of

the Company, owning 100% equity interests of each of the legal entities that collectively operate or engage in a poker-related business, commonly known as the WPT. There was no gain on disposal of discontinued operations in 2022.

12. (Loss)/Profit Attributable to Equity Holders of the Company

The loss attributable to equity holders of the Company amounted to RMB29.6 million for the year ended 31 December 2022, as compared with profit attributable to equity holders of the Company of RMB26.5 million (which comprised loss of RMB74.4 million from continuing operations and profit of RMB100.9 million from discontinued operations) for the year ended 31 December 2021. The profit attributable to equity holders of the Company for the year ended 31 December 2021 was primarily due to the gain on the disposal of the WPT business.

13. Income Tax Credit

In 2022, there was no income tax credit of the Group, as compared with income tax credit of RMB0.03 million in 2021.

14. Liquidity and Source of Funding and Borrowing

As at 31 December 2022, the Group's total bank balances and cash decreased by 85.7% from RMB609.1 million as at 31 December 2021 to RMB87.3 million as at 31 December 2022. The decrease was primarily because the proceeds from the sale of the WPT business had been used for the purchase of certificate of deposits. As at 31 December 2022, the current assets of the Group amounted to RMB681.8 million, including bank balances and cash of RMB87.3 million, certificate of deposits of RMB484.6 million and other current assets of RMB109.9 million. Current liabilities of the Group amounted to RMB59.8 million, of which RMB46.4 million were trade and other payables and deferred revenue of RMB1.3 million, and other current liabilities of RMB12.1 million. As at 31 December 2022, the current ratio (the current assets to current liabilities ratio) of the Group was 11.4, as compared to 9.76 as at 31 December 2021. 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 2022 was nil (2021: 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.

15. Material Investments

The Group did not have any material investments during the year ended 31 December 2022.

16. Material Acquisitions

The Group did not have any material acquisitions during the year ended 31 December 2022.

17. 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 and strategic and operational synergies, and (iii) leveraging on external financial resources for expertise and scale. As at 31 December 2022, the Group’s financial assets at fair value through profit or loss amounted to RMB45.8 million (which were included as non-current assets) (31 December 2021: RMB56.2 million which were included as non-current assets of RMB48.6 million and current assets of RMB7.6 million).

As at 31 December 2022, the Group’s investments in unlisted equity investments amounted to RMB45.8 million (which were included as non-current assets), 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
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
Juyou Universe (Suzhou) Culture Science and Technology Development Co., Ltd.	RMB1,500,000	4.58%	Investment/management

For the year ended 31 December 2022, no dividends have been paid from the above invested companies as included in non-current assets. All startup companies invested by the Group are in relatively early stage, and are mainly focused on product development and launching. The startup companies are in the internet, sports and entertainment segment, which are expected to 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 2022.

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 2022 are set out below:

Included as Non-current Assets

Unlisted equity investments *RMB'000*

Balance as at 1 January 2022	48,615
Addition	1,500
Disposals	(2,984)
Fair value changes recognised in profit or loss	<u>(1,285)</u>
Fair value as at 31 December 2022	<u><u>45,846</u></u>

Included as Current Assets

Unlisted equity investments *RMB'000*

Balance as at 1 January 2022	7,577
Disposals	<u>(7,577)</u>
Fair value as at 31 December 2022	<u><u>—</u></u>

18. Material Disposals

The Group did not have any material disposals during the year ended 31 December 2022.

19. Pledge of Assets

As at 31 December 2022 and 2021, none of the Group's assets was pledged.

20. Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2022 (2021: nil).

21. Foreign Exchange Exposure

During the year ended 31 December 2022, the Group mainly operated in the PRC and in the United States of America and the majority of its transactions were settled in Renminbi (“**RMB**”) or US\$, being the functional currencies of the Group entities to which the transactions relate. As at 31 December 2022, the Group did not have significant foreign currency exposure from its operations.

22. Employee’s Remuneration and Policy

As at 31 December 2022, the Group had 175 employees, 98 of which were responsible for games development and operation or general administration in the PRC (including Hong Kong), and 77 for AGAE. The total remuneration expenses (including share-based compensation expense) for the year ended 31 December 2022 were RMB75.7 million, representing a decrease of 1.9% as compared to the year of 2021.

23. Events Occurred since the End of the Year Ended 31 December 2022

Save as receiving the ICC Arbitral Award and the Beijing Arbitral Award (as defined hereinafter), the Group did not have any other material events occurred since the end of the year ended 31 December 2022.

24. Future Plans for Material Investments 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**”).

Compliance with the Corporate Governance Code

During the year ended 31 December 2022, the Company has complied with the applicable code provisions set out in the Corporate Governance Code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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 2022.

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 the date of this announcement, the Audit Committee consisted of three members: Mr. Zhang Li, Mr. Ma Shaohua and Mr. Liu Xueming. Mr. Zhang Li and Mr. Ma Shaohua are independent non-executive Directors, and Mr. Liu Xueming is a non-executive Director. Mr. Zhang Li 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 2022. 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 2022 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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2022.

Material Litigation

*Arbitration Proceedings against Beijing Lianzhong Co., Ltd. (“**Beijing Lianzhong**”) and Tianjin Zhongqi Weiye Sports Development Co., Ltd. (“**Tianjin Zhongqi**”)*

Reference is made to the voluntary announcement of the Company dated 31 May 2015, in which Beijing Lianzhong entered into a cooperation agreement as supplemented by a supplemental agreement to the cooperation agreement dated 30 June 2016 with Tianjin Zhongqi and the Board and Card Games Administrative Center of the General Administration of Sport of China* (國家體育總局棋牌運動管理中心) in respect of the Board and Card Integrated Business Internet Management Project (棋牌綜合業務網絡化管理項目).

In November 2021, Beijing Lianzhong and Tianjin Zhongqi received a notice of arbitration from the Beijing Arbitration Commission (北京仲裁委員會) enclosing an application for arbitration dated 22 October 2021 filed by the Applicants with the Beijing Arbitration Commission against Beijing Lianzhong (as the first respondent) and Tianjin Zhongqi (as the second respondent) for a claim of damages in respect of the arbitration proceedings and the aggregate amount of damages claimed by the Applicants is approximately RMB90 million.

On 15 February 2023, Beijing Arbitration Commission made an arbitral award (the “**Beijing Arbitral Award**”), ruling that Tianjin Zhongqi should pay approximately RMB3.6 million damages in aggregate to the applicants, and Beijing Lianzhong did not need to bear any joint liability for the damages.

Further details of the arbitration proceedings are set out in the Company’s announcements dated 3 December 2021 and 9 March 2023.

Loan to Fast Express Trading Limited (“Fast Express”)

During the period from 30 January 2018 to 6 February 2018, the Company provided loans in an aggregate amount of HK\$62,484,799 to Fast Express for a loan term of 30 days from the date of provision of such loan. Subsequent to the maturity of such loans, Fast Express failed to repay the loans as scheduled. After that, a loan agreement dated 30 June 2018 with Merit Horizon Limited (“**Merit Horizon**”) (the “**Merit Horizon Loan Agreement**”) was signed, pursuant to which Merit Horizon agreed to repay the loans of Fast Express and all accrued interests since 1 July 2018 (the “**Merit Horizon Loan**”). On the even date, Ms. Fu Qiang (“**Ms. Fu**”), the then non-executive Director, executed a letter of guarantee in favour of the Company in respect of the Merit Horizon Loan Agreement (the “**Guarantee**”), pursuant to which Ms. Fu has provided a guarantee to the Company on her joint and several liabilities with Merit Horizon for the performance of the Merit Horizon Loan Agreement. As Merit Horizon and Ms. Fu failed to honour their respective contractual obligations under the Merit Horizon Loan Agreement and the Guarantee and therefore the Company took relevant legal actions against Merit Horizon and Ms. Fu as follows:

On 10 January 2022, the Company as the plaintiff filed a civil complaint (the “**Civil Complaint**”) at the Fourth Intermediate People’s Court of Beijing Municipality (北京市第四中級人民法院) against Merit Horizon and Ms. Fu as the defendants in relation to the breach of a loan agreement and a letter of guarantee, respectively. On 7 February 2022, considering relevant factors, the Company applied to the Fourth Intermediate People’s Court of Beijing Municipality for withdrawal of the Civil Complaint, which was approved on 17 February 2022.

On 7 February 2022, immediately after the Company applied for the Civil Complaint to be withdrawn, the Company further initiated an arbitration before the Hong Kong Arbitral Tribunal (the “**Tribunal**”) in relation to the breach of the Merit Horizon Loan Agreement, claiming against Merit Horizon for an aggregate amount of no less than HK\$97,948,090.47, being the principal, accrued interests and liquidated damages and arbitration costs as at 31 December 2021, for breach of the Merit Horizon Loan Agreement. Merit Horizon then added Glassy Mind Holdings Limited (亮智控股有限公司) (“**GMHL**”) as a party to the said arbitration case, and proposed six reliefs or remedies against GMHL. According to the disclosure of interest form filed by GMHL, it holds 290,690,848 shares of the Company,

representing approximately 26.97% of the issued share capital of the Company. GMHL is also an indirect wholly-owned subsidiary of Irena Group Co., Ltd. (體育之窗文化股份有限公司) (“iRENA”). On 22 July 2022, the Company received a consent interlocutory award (the “**Consent Interlocutory Award**”) from the Tribunal, which decided and held that, having considered the available evidence, it appeared from the prima facie evidence that the Tribunal has jurisdiction over the case. As at the date of this announcement, the arbitration proceedings are still in progress and no final arbitral award has been made.

On 16 September 2022, the Company (as plaintiff) has further lodged a civil litigation (the “**Litigation**”) at the Court of First Instance of the High Court of the Hong Kong Special Administration Region (the “**High Court**”) against GMHL, Ms. Fu, a former Director and a shareholder and the chairman of iRENA, and Mr. Gao Hong (“**Mr. Gao**”), a former Director and a shareholder and director of iRENA, respectively. In the Litigation, the Company has made a claim against GMHL and Ms. Fu pursuant to the undertakings made by GMHL and Ms. Fu to the Company, requesting them to repay the unpaid principal and accrued interests under the loan agreements executed in the name of Fast Express and/or Merit Horizon Limited, and has applied to the High Court for a permanent injunction that Glassy Mind shall not breach its undertaking on exercising its Shareholder’s rights. Meanwhile, the Company formally sought damages from Ms. Fu and Mr. Gao for their breach of respective fiduciary duties as former directors of the Company. As at the date of this announcement, the Litigation proceedings are still in progress and no judgment has been made.

Further details of the aforesaid arbitration and Litigation proceedings were set out in the Company’s announcements dated 11 January 2022, 10 July 2022, 24 July 2022, 15 September 2022, 16 September 2022 and 28 November 2022, respectively.

Arbitration Proceedings against Spoville Co., Ltd. (“Spoville”)

On 14 March 2022, the Company filed an arbitration application to the ICC International Court of Arbitration (the “**ICC Court**”) in respect of a convertible bond subscription agreement entered into between Spoville, Mr. Seung-Hwan Oh, its major shareholder, and the Company, and a supplemental agreement entered into between the same parties. On 20 March 2023, the ICC Court handed down the final judgment (the “**ICC Arbitral Award**”) in respect of the said arbitration, the main contents of which are set out below:

- (1) Spoville and Mr. Seung-Hwan Oh shall immediately pay to the Company jointly and severally the principal of the convertible bonds and its interests as of 18 August 2019 in aggregate of KRW2,184,541,667;
- (2) Spoville and Mr. Seung-Hwan Oh shall immediately pay to the Company jointly and severally the interests corresponding to KRW2,184,541,667, calculated at 1% per annum from 19 August 2019 to 18 March 2023;
- (3) Spoville and Mr. Seung-Hwan Oh shall immediately pay to the Company jointly and severally all legal fees and translation fees in aggregate of RMB727,468;

- (4) Spoville and Mr. Seung-Hwan Oh shall immediately pay to the Company jointly and severally the arbitration costs incurred by the Company in aggregate of US\$85,000; and
- (5) For the amounts determined in clauses 1 to 4 above, Spoville and Mr. Seung-Hwan Oh shall pay to the Company the interests accrued from 20 March 2023 to the day of full settlement of the above amounts at the prescribed rate as stipulated under the Arbitration Ordinance (Chapter 609 of the laws of Hong Kong).

Please refer to the announcement of the Company dated 23 March 2023 for further details.

Save as disclosed in this announcement, the Group was not involved in any other material legal proceedings or other arbitration during the year ended 31 December 2022. Nor were the Directors aware of any material legal proceedings or claims that were pending or threatening against the Group during the year ended 31 December 2022.

Final Dividend

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: 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 2022

	Notes	2022 RMB'000 Audited	2021 RMB'000 Audited
CONTINUING OPERATIONS:			
Revenue	3	217,712	143,815
Cost of revenue		<u>(133,797)</u>	<u>(87,670)</u>
Gross profit		83,915	56,145
Other income	4	21,566	10,547
Selling and marketing expenses		(21,520)	(21,981)
Administrative expenses		(121,725)	(128,876)
Share-based compensation expense		(11,983)	(18,686)
Research and development expenses		(18,778)	(24,141)
Finance costs		(4,749)	(6,441)
Share of loss of associates, net		(260)	—
Fair value changes of financial assets at fair value through profit or loss		(1,285)	(14,218)
Fair value changes of investment properties		—	150
Gain on disposal of associates		—	7,608
(Loss)/Gain on disposal of financial assets at fair value through profit or loss		(44)	110
Gain on conversion/redemption of convertible notes		—	6,453
Impairment of assets	8	<u>(2,551)</u>	<u>(2,021)</u>
Loss before income tax from continuing operations		(77,414)	(135,351)
Income tax credit	5	<u>—</u>	<u>34</u>
Loss for the year from continuing operations	6	<u>(77,414)</u>	<u>(135,317)</u>
DISCONTINUED OPERATIONS:			
Profit after tax for the period from discontinued operations	16	<u>—</u>	<u>329,643</u>
(Loss)/Profit for the year		<u>(77,414)</u>	<u>194,326</u>
Other comprehensive income/(loss) for the year			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		<u>51,292</u>	<u>(28,689)</u>
Total comprehensive (loss)/income for the year		<u>(26,122)</u>	<u>165,637</u>

	<i>Notes</i>	2022 RMB'000 Audited	2021 RMB'000 Audited
(Loss)/Profit for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(29,609)	(74,367)
— Discontinued operations		<u>—</u>	<u>100,871</u>
		<u>(29,609)</u>	<u>26,504</u>
Non-controlling interests			
— Continuing operations		(47,805)	(60,950)
— Discontinued operations		<u>—</u>	<u>228,772</u>
		<u>(47,805)</u>	<u>167,822</u>
		<u>(77,414)</u>	<u>194,326</u>
Total comprehensive (loss)/income for the year attributable to:			
Equity holders of the Company			
— Continuing operations		(1,313)	(94,995)
— Discontinued operations		<u>—</u>	<u>100,871</u>
		<u>(1,313)</u>	<u>5,876</u>
Non-controlling interests			
— Continuing operations		(24,809)	(69,011)
— Discontinued operations		<u>—</u>	<u>228,772</u>
		<u>(24,809)</u>	<u>159,761</u>
		<u>(26,122)</u>	<u>165,637</u>
(Loss)/Earnings per share			
(expressed in RMB cents per share)			
9			
Basic (loss)/ earnings per share			
— From continuing operations		(2.76)	(7.05)
— From discontinued operations		<u>—</u>	<u>9.56</u>
		<u>(2.76)</u>	<u>2.51</u>
Diluted (loss)/earnings per share			
— From continuing operations		(2.76)	(7.05)
— From discontinued operations		<u>—</u>	<u>9.56</u>
		<u>(2.76)</u>	<u>2.51</u>

Consolidated statement of financial position

As at 31 December 2022

	<i>Notes</i>	2022 RMB'000 Audited	2021 RMB'000 Audited
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		18,429	29,640
Right-of-use assets		21,207	20,527
Investment properties		2,900	2,900
Interests in associates		1,240	—
Digital assets		344	—
Intangible assets		1,879	2,411
Financial assets at fair value through profit or loss		45,846	48,615
		91,845	104,093
Current assets			
Inventories		549	565
Trade and other receivables	<i>10</i>	74,701	53,823
Loans to third parties		—	—
Financial assets at fair value through profit or loss		—	7,577
Certificate of deposits	<i>11</i>	484,602	—
Restricted bank balances	<i>12</i>	34,614	34,897
Cash and cash equivalents	<i>13</i>	87,289	609,070
		681,755	705,932
Current liabilities			
Trade and other payables	<i>14</i>	46,368	48,091
Deferred revenue		1,289	16,571
Lease liabilities		11,128	7,457
Bank loan		1,000	—
Income tax liabilities		—	188
		59,785	72,307
Net current assets		621,970	633,625
Total assets less current liabilities		713,815	737,718

	<i>Notes</i>	2022 RMB'000 Audited	2021 <i>RMB'000</i> Audited
Non-current liabilities			
Lease liabilities		<u>47,599</u>	<u>49,731</u>
Net assets		<u>666,216</u>	<u>687,987</u>
EQUITY			
Share capital	15	335	335
Reserves		<u>283,150</u>	<u>279,256</u>
Equity attributable to equity holders of the Company		283,485	279,591
Non-controlling interests		<u>382,731</u>	<u>408,396</u>
Total equity		<u>666,216</u>	<u>687,987</u>

Notes to the consolidated financial statements

for the year ended 31 December 2022

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 Listing Rules.

On 19 January 2021, the Company’s non-wholly owned subsidiary, AGAE entered into a Stock Purchase Agreement (“SPA”), as amended on 19 March 2021 and 29 March 2021 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 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.

On 12 July 2021, AGAE and the buyer consummated the transactions contemplated by the SPA, pursuant to which, among other things, AGAE sold 100% of the outstanding capital stock of CSI to the buyer. CSI is AGAE’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 AGAE’s WPT business (the “**Disposal Group**”).

The details of the discontinued operations are set out in Note 16.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and 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 2022

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 period beginning on 1 January 2022:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018–2020

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.

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 ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to IAS 1	Classification of Liabilities As Current or Non-Current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

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

² Effective for annual periods beginning on or after 1 January 2024

³ Effective date not yet determined

3. REVENUE

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Revenue from contract with customers		
Lianzhong Group		
— Online games revenue	84,556	111,836
— Online advertising services income	90,427	—
AGAE Group		
— In-person revenue	41,037	27,109
— Multiplatform content revenue	1,692	4,870
	<u>217,712</u>	<u>143,815</u>

4. OTHER INCOME

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Other revenue		
Bank interest income	922	2,057
Interest income from certificate of deposits	4,556	—
Net foreign exchange gain	56	—
Dividend income	23	77
	<u>5,557</u>	<u>2,134</u>
Other net income		
Bad debt recovery of loan to third party (2021: Bad debts recovery)	6,500	1,536
Gain on forgiveness of PayCheck Protection Program loans and interest	—	5,888
Written off of other payables	8,583	—
Sundry income	926	989
	<u>16,009</u>	<u>8,413</u>
	<u>21,566</u>	<u>10,547</u>

5. INCOME TAX CREDIT

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Current tax		
The PRC		
— Current year	—	—
— Prior years	—	(34)
	<u>—</u>	<u>(34)</u>
Income tax credit	<u>—</u>	<u>(34)</u>

6. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Finance costs		
Interest charges and transaction cost on convertible notes	—	602
Interest charges on bridge loan payables	—	806
Interest expenses	12	326
Finance charges on lease liabilities	4,737	4,707
	<u>4,749</u>	<u>6,441</u>

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Employee benefit expenses (including directors' emoluments)		
Salaries, bonus and allowances	50,476	50,205
Retirement benefit scheme contributions	7,512	5,705
Severance payments	5,757	2,581
Share-based compensation expenses	11,983	18,686
	<u>75,728</u>	<u>77,177</u>

7. DIVIDENDS

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

8. IMPAIRMENT OF ASSETS

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Trade and other receivables	1,446	1,980
Inventories	—	41
Digital assets	<u>1,105</u>	<u>—</u>
Total	<u>2,551</u>	<u>2,021</u>

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

	2022 Audited	2021 Audited
(Loss)/Profit attributable to equity holders of the Company for the year (RMB'000)		
— Continuing operations	(29,609)	(74,367)
— Discontinued operations	<u>—</u>	<u>100,871</u>
	<u>(29,609)</u>	<u>26,504</u>
Weighted average number of ordinary shares in issue during the year (<i>note (i)</i>)	<u>1,073,222,248</u>	<u>1,055,122,400</u>
Basic (loss)/earnings per share (in RMB cents per share)		
— Continuing operations	(2.76)	(7.05)
— Discontinued operations	<u>—</u>	<u>9.56</u>
	<u>(2.76)</u>	<u>2.51</u>

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the (loss)/profit 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 2022, the Company has six categories of potential ordinary shares, being the Company's share option schemes, options, warrants, restricted common shares, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. The impacts had anti-dilutive effect on the basic loss per share amounts presented.

For the year ended 31 December 2021, the Company has six categories of potential ordinary shares, being the Company's share option schemes, options, warrants, restricted common shares, unit purchase options and contingent consideration shares issued by a subsidiary of the Company. The impacts had anti-dilutive effect on the basic earnings 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 year is based on outstanding ordinary shares less weighted average number of ordinary shares repurchase of ordinary shares for the Share Award Scheme.

10. TRADE RECEIVABLES

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Trade receivables		
From third parties	13,274	7,226
Less: ECL allowance	<u>(1,089)</u>	<u>(943)</u>
	<u>12,185</u>	<u>6,283</u>

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:

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
0–30 days	3,164	3,533
31–60 days	8,232	1,073
61–90 days	132	961
91–180 days	744	756
181–365 days	148	300
Over 1 year	<u>854</u>	<u>603</u>
	<u>13,274</u>	<u>7,226</u>

11. CERTIFICATE OF DEPOSITS

As at 31 December 2022, certificate of deposits of US\$80,000,000 (equivalent to RMB553,831,000) (2021: Nil) had a maturity of less than one year. Among the total certificate of deposits, an amount of US\$10,000,000 (equivalent to RMB69,229,000) (2021: Nil) had a maturity period of three months or less when purchased and was included in cash equivalents. Accrued interest receivable on certificate of deposits of US\$677,000 (equivalent to RMB4,690,000) (2021: Nil) was included in other receivables.

12. RESTRICTED BANK BALANCES

As at 31 December 2022, the restricted bank balances primarily represented US\$5,000,000 (equivalent to RMB34,614,400) (2021: US\$5,000,000 (equivalent to RMB31,852,000)) 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.

As at 31 December 2021, the remaining restricted bank balance of RMB3,045,000 represented cash at bank account which was frozen by the court. As at 31 December 2022, there was no such restricted bank balance as Beijing Lianzhong won the legal case and the court withdrew the restriction on the bank balance of RMB3,045,000.

13. CASH AND CASH EQUIVALENTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cash at bank and on hand	18,060	609,070
Certificate of deposits with maturity period of 12 months or less (<i>note 11</i>)	<u>553,831</u>	<u>—</u>
	571,891	609,070
Less: Certificate of deposits with maturity period exceeding 3 months but less than 12 months	<u>(484,602)</u>	<u>—</u>
Cash and cash equivalents	<u><u>87,289</u></u>	<u><u>609,070</u></u>

Included in bank balances and cash of the Group is RMB9,423,000 (2021: RMB19,303,000) of bank balances denominated in Renminbi (“RMB”) placed with banks in the PRC. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. As of 31 December 2022 and 2021, other than the restriction from exchange control regulations, there was no significant restriction on the Group.

14. TRADE PAYABLES

	2022 <i>RMB'000</i> Audited	2021 <i>RMB'000</i> Audited
Trade payables — to third parties	<u><u>13,679</u></u>	<u><u>10,053</u></u>

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

	2022	2021
	RMB'000	RMB'000
	Audited	Audited
0 – 30 days	7,804	5,271
31 – 60 days	2,360	534
61 – 90 days	222	600
91 – 180 days	237	288
181 – 365 days	501	720
Over 1 year	2,555	2,640
	<u>13,679</u>	<u>10,053</u>

15. SHARE CAPITAL

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

	Number of shares	Nominal value of shares US\$'000	Equivalent nominal value of shares RMB'000
Authorised:			
<i>Ordinary shares:</i>			
At 31 December 2021 and 2022	<u>10,000,000</u>	<u>500</u>	
Issued and fully paid:			
<i>Ordinary shares:</i>			
At 31 December 2021 and 2022	<u>1,077,799,887</u>	<u>55</u>	<u>335</u>

16. DISCONTINUED OPERATIONS

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

- (a) Profit for the period from 1 January 2021 to 12 July 2021 from discontinued operations of the Disposal Group are as follows:

	Period from 1 January 2021 to 12 July 2021 (the Date of Disposal) <i>RMB'000</i>
Revenue	83,995
Cost of revenue	<u>(32,040)</u>
Gross profit	51,955
Other income	4,452
Selling and marketing expenses	(3,553)
Administrative expenses	(41,008)
Share-based compensation expense	—
Finance costs	<u>(1,236)</u>
Profit before income tax	10,610
Income tax credit	<u>—</u>
Profit after income tax	10,610
Gain on disposal of discontinued operations, net of tax (<i>Note</i>)	<u>319,033</u>
Profit after tax for the period from discontinued operations	<u><u>329,643</u></u>

Profit for the period from 1 January 2021 to 12 July 2021 from discontinued operations did not include depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

Note:

Management has determined that there are no current federal or state income taxes payable in connection with the sale of discontinued operations, after considering the AGAE's tax basis in the stock of WPT, as well as AGAE's projected tax losses for the 2021 tax year.

(b) Gain on disposal of discontinued operations

Analysis of net cash flow in respect of the discontinued operations of the Disposal Group is as follows:

	As at 12 July 2021 <i>RMB'000</i>
Consideration received	684,291
Transaction expenses in connection with the disposal	<u>(15,910)</u>
Total cash inflow from disposal	<u><u>668,381</u></u>
	As at 12 July 2021 <i>RMB'000</i>
Consideration received	684,291
Net assets disposed of	<u>(362,263)</u>
Cumulative exchange differences in respect of net assets of the disposal group reclassified from equity to profit or loss on disposal of discontinued operation	12,915
Transaction expenses in connection with the disposal	<u>(15,910)</u>
Gain on disposal	<u><u>319,033</u></u>

(c) The cash flows of discontinued operations of the Disposal Group are as follows:

	Period from 1 January 2021 to 12 July 2021 (the Date of Disposal) <i>RMB'000</i>
Net cash flows from operating activities	414
Net cash flows used in investing activities	(23,950)
Net cash flows from financing activities	<u>—</u>
Net cash outflows	<u><u>(23,536)</u></u>

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 2022 will be published on the aforesaid websites in due course.

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

Beijing, 31 March 2023

For purpose of this announcement, the exchange rate of US\$1 = RMB6.9229 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. Lu Jingsheng as executive Director; Mr. Liu Xueming, Ms. Gao Liping, Mr. Hua Yumin, Ms. Yu Bing, Ms. Wang Ruyuan, Mr. Wang Runqun and Ms. Xiao Yundan as non-executive Directors, and Mr. Ma Shaohua, Mr. Zhang Li, Mr. Guo Yushi and Mr. Dai Bing as independent non-executive Directors.

* *For identification purpose only*