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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board hereby announces that on 16 August 2023, the Vendor, the Purchaser, the Target Company, Shuimu Zhijiang and Mizar JY entered into the Equity Interest Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, which represented 40% equity interest of the Target Company, at the Consideration of USD7,000,000.

LISTING RULES IMPLICATIONS

Immediately prior to the Completion, the Company is indirectly interested in 50% equity interest of the Target Company. Immediately after the Completion, the Company shall indirectly hold interest in 10% equity interest of the Target Company through the Vendor and 40% equity interest of the Target Company through the Purchaser. Upon the Completion, the Target Company shall remain and be accounted as the subsidiary of the Company and shall continue to be consolidated into the Group's accounts.

As the transactions contemplated under the Equity Interest Purchase Agreement involve (i) a disposal of 40% equity interest in the Target Company by the Company; and (ii) an acquisition of the same by the Purchaser (being an indirect non-wholly owned subsidiary of the Company), they are in substance a group reorganization which will result in an effective net disposal of approximately 27.56% equity interest in the Target Company.

As the applicable percentage ratios in respect of the Disposal as calculated based on the alternative size tests exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that completion of the Disposal is subject to the fulfilment or waiver of the conditions precedent (as the case maybe) and the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.

INTRODUCTION

The Board hereby announces that on 16 August 2023, the Vendor, the Purchaser, the Target Company, Shuimu Zhijiang and Mizar JY entered into the Equity Interest Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, which represented 40% equity interest of the Target Company, at the Consideration of USD7,000,000.

THE EQUITY INTEREST PURCHASE AGREEMENT

The principal terms of the Equity Interest Purchase Agreement are set out as below:

- Date: 16 August 2023
- Parties:
- (1) Beijing Lianzhong, being the Vendor;
 - (2) Allied Mobile, being the Purchaser;
 - (3) Beijing Lianzhong Zhihe, being the Target Company;
 - (4) Shuimu Zhijiang, being the shareholder of the Target Company; and
 - (5) Mizar JY, being the shareholder of the Target Company.
- Subject Matter: Pursuant to the Equity Interest Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares, which represented 40% equity interest of the Target Company, at the Consideration of USD7,000,000 to be payable by cash.
- Basis of the Consideration: The Consideration was determined with reference to (1) the valuation report issued by an appraisal agency in respect of the 40% equity interest of the Target Company; (2) the nature of the business conducted by the Target Company; (3) commercial consideration of the reorganization of the Group; and (4) the financial condition of the Target Company.

Conditions Precedent: Completion is conditional on the fulfilment of the following conditions or waiver of the following conditions:

- (1) the representations, warranties and undertakings made by the Purchaser under the Equity Interest Purchase Agreement are true, complete, accurate and valid, and do not violate any terms and conditions of Equity Interest Purchase Agreement as of the Completion Date;
- (2) both the Purchaser and its shareholder, Allied Gaming & Entertainment Inc., have obtained the approval from their board of directors in connection with the transaction and the execution of the Equity Interest Purchase Agreement;
- (3) the Vendor has obtained its relevant board approval for the execution of the Equity Interest Purchase Agreement and the transaction contemplated therein;
- (4) the Vendor has caused the board approval from the Target Company to approve the execution of the Equity Interest Purchase Agreement and the transaction herein;
- (5) the Vendor has caused the Target Company to file and complete the relevant registration in relation to the transaction and the change of board of directors with the competent government authority in accordance with the Equity Interest Purchase Agreement;
- (6) the Vendor has filed and completed the relevant registration with the competent foreign exchange authority relating to the transaction; and
- (7) the Vendor has caused the Target Company and the other shareholders of the Target Company to consent to the articles of association of the Target Company or its amendments which have been satisfactory to the Purchaser.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY INTEREST PURCHASE AGREEMENT

Upon the Completion, the Company will further expand its mobile casual game business through the Target Company and further integrate it with offline venue entertainment business of the Purchaser and its shareholder, Allied Gaming & Entertainment Inc. At the same time, the funds obtained from this transaction will be invested in and support the continued expansion of the existing business of the Vendor and the Company in Asia. Furthermore, upon the Completion, the Target Company shall remain and be accounted as the subsidiary of the Company and shall continue to be consolidated into the Group's accounts, and this transaction is in substance a group reorganization. The Directors are of the view that this transaction is a strategic action by the Group to optimize the configuration of its business portfolio and eventually to achieve sustainable growth and profitability.

Taking into consideration the aforesaid, the Directors consider the terms of the Equity Interest Purchase Agreement to be fair and reasonable and in the interest of the Company and its shareholders as a whole.

INFORMATION OF THE COMPANY

The Company is a limited company incorporated in the Cayman Islands, and is 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 primarily in the PRC and the US.

INFORMATION OF THE PARTIES

The Vendor is a limited liability company established in the PRC and is principally engaged in the internet information services business, online games business and venue operations in the PRC. As at the date of this announcement, it was accounted as an indirect wholly owned subsidiary of the Company.

The Purchaser is a limited liability company incorporated in Hong Kong and is principally engaged in casual mobile gaming development and distribution business. As at the date of this announcement, the Purchaser was an indirect non-wholly owned subsidiary of the Company.

The Target Company is a limited liability company established in the PRC in April 2022, is an indirect non-wholly owned subsidiary of the Company and is principally engaged in technology development, software development and information technology consulting services in the PRC. As at the date of this announcement, the Target Company was held as to 50% by the Vendor, 35% by Shuimu Zhijiang and 15% by Mizar JY.

Shuimu Zhijiang is a limited partnership established in the PRC and is principally engaged in technology research and development services. The ultimate beneficial owner of Shuimu Zhijiang is Mr. Zhang Zhangfei, a director, the chief executive officer and the legal representative of the Target Company.

Mizar JY is a limited liability company established in the PRC and is principally engaged in technology development, software development and information technology consulting services in the PRC. The ultimate beneficial owner of Mizar JY is Ms. Guo Shimin and, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, is an independent third party.

Financial information of the Target Company

The audited net asset value of the Target Company as at 31 December 2022 was RMB2,201,863 and the valuation of the Target Company as at 31 May 2023 was RMB149,891,449.63.

As the Target Company was incorporated in April 2022, the net profits (before and after taxation) of the Target Company for the financial year ended 31 December 2022 (audited) and for the five months ended 31 May 2023 (unaudited) were as follows:

	For the financial year ended 31 December 2022 (RMB)	For the five months ended 31 May 2023 (RMB)
Net profit before taxation	701,863	2,274,200.64
Net profit after taxation	701,863	2,274,200.64

FINANCIAL EFFECT OF THE DISPOSAL

The Company does not expect to record any gain or loss in its consolidated income statement in relation to the Disposal.

LISTING RULES IMPLICATIONS

Immediately prior to the Completion, the Company is indirectly interested in 50% equity interest of the Target Company. Immediately after the Completion, the Company shall indirectly hold interest in 10% equity interest of the Target Company through the Vendor and 40% equity interest of the Target Company through the Purchaser. Upon the Completion, the Target Company shall remain and be accounted as the subsidiary of the Company and shall continue to be consolidated into the Group's accounts.

As the transactions contemplated under the Equity Interest Purchase Agreement involve (i) a disposal of 40% equity interest in the Target Company by the Company; and (ii) an acquisition of the same by the Purchaser (being an indirect non-wholly owned subsidiary of the Company), they are in substance a group reorganization which will result in an effective net disposal of approximately 27.56% equity interest in the Target Company.

As the applicable percentage ratios in respect of the Disposal as calculated based on the alternative size tests exceed 5% but are below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that completion of the Disposal is subject to the fulfilment or waiver of the conditions precedent (as the case maybe) and the Completion thereof may or may not proceed. Shareholders and potential investors are therefore reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Allied Mobile” or “Purchaser”	Allied Mobile Entertainment (Hong Kong) Limited, a limited company incorporated in Hong Kong and is an indirect non-wholly owned subsidiary of the Company
“Beijing Lianzhong” or “Vendor”	Beijing Lianzhong Co., Ltd.* (北京聯眾互動網路股份有限公司), a limited company established in the PRC and is accounted as an indirect wholly-owned subsidiary of the Company
“Beijing Lianzhong Zhihe” or “Target Company”	Beijing Lianzhong Zhihe Technology Co., Ltd.* (北京聯眾智合科技有限公司), a limited company established in the PRC and is an indirect non-wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Ourgame International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6899)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Equity Interest Purchase Agreement
“Completion Date”	the date of the Completion
“Consideration”	the consideration of USD7,000,000 for the Disposal

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares by the Vendor to the Purchaser under the Equity Interest Purchase Agreement
“Equity Interest Purchase Agreement”	the equity interest purchase agreement entered into by the Vendor, the Purchaser, the Target Company, Shuimu Zhijiang and Mizar JY on 16 August 2023, in relation to the sale and purchase of 40% equity interest in the Target Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent third party”	third party independent of the Company and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mizar JY”	Beijing Mizar JY Technology Co., Ltd.* (北京開陽久盈科技有限公司), a limited company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	40% equity interest of the Target Company held by the Vendor
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shuimu Zhijiang”	Beijing Shuimu Zhijiang Technology Center (LLP)* (北京水木之江科技中心(有限合夥)), a limited partnership established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“US”	the United States

“USD” the United States dollars, the lawful currency of the US

“%” per cent

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

Beijing, 16 August 2023

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*