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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)**

### **INSIDE INFORMATION DECONSOLIDATION OF AGAE**

This announcement is made by Ourgame International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 24 June 2024, 12 July 2024, 24 September 2024 and 3 October 2024 (the “**Announcements**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless the context requires otherwise.

#### **UPDATES ON AGAE**

The board (the “**Board**”) of directors of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors the circumstances set out below in relation to Allied Gaming & Entertainment Inc. (“**AGAE**”). As set out in the Announcements, the Company has conducted several rounds of inquiries with AGAE to request understanding and investigation on the Relevant Events, and has formally issued a legal letter to AGAE to advance the relevant claims (the “**Claims**”). In addition, the Company has issued another legal letter to AGAE requesting its response as soon as possible and requesting AGAE to convene its 2024 annual general meeting as soon as possible and not later than 25 December 2024 (Beijing time) in accordance with its bylaws and applicable laws. Mr. Lu Jingsheng, Chairman of the Board of Directors, Executive Director and Chief Executive Officer of the Company, has also formally issued a legal letter to the Nomination and Corporate Governance Committee of AGAE, in his capacity as a member of the Nomination and

Corporate Governance Committee of AGAE, to advance the relevant claims regarding the nomination of Mr. Zhang Li and Mr. Ma Shaohua as directors of AGAE to replace the incumbent directors, Mr. Guo Yushi and Mr. Qu Yuanfei.

According to the form 8-k filed by AGAE dated 23 October 2024, AGAE entered into a subscription agreement with Blue Planet New Energy Technology Limited (“**Blue Planet**”), an independent third party to the Group, pursuant to which AGAE agreed to sell and issue and Blue Planet agreed to subscribe for 6 million of shares of AGAE and warrants to purchase up to 6 million shares of additional shares of AGAE (the “**Blue Planet Subscription**”). In this regard, the Company has issued a legal letter to the board of directors of AGAE expressing concerns regarding the Blue Planet Subscription with an objective to dilute the current shareholding of the Company. Mr. Lu Jingsheng also, in his capacity as a director of AGAE, has issued another legal letter to board of directors of AGAE in relation to the Blue Planet Subscription for (i) stating concerns regarding the Blue Planet Subscription with an objective to dilute the current shareholdings of shareholders of AGAE; and (ii) requesting AGAE to abolish the Blue Planet Subscription. However, Mr. Lu Jingsheng has also raised objections in this regard at the relevant meeting of the board of directors of AGAE.

Save for a legal letter from AGAE rejecting the Claims, as at the date of this announcement, the Company and/or Mr. Lu Jinsheng have not received any replies from AGAE and/or the Nomination and Corporate Governance Committee of AGAE on the aforesaid matters.

The Company has performed an assessment together with its legal advisers, accounting advisers and auditors, and based on the above events and the following key events, among others, that led to the deconsolidation of AGAE, is of the view that it has no control over AGAE, and the Company believes that it is no longer appropriate to consolidate the results of AGAE when preparing the consolidated financial statements of the Group.

## **DECONSOLIDATION OF AGAE**

### **Background of AGAE**

AGAE (formerly known as Allied Esports Entertainment, Inc., (“**AESE**”)), an indirect non-wholly owned subsidiary of the Company, which is separately listed on the Nasdaq Stock Exchange (“**NASDAQ**”). The shareholding interests of the Company in AGAE was 31.1% and 32.6% as at 1 January 2023 and 31 December 2023, respectively. For the avoidance of doubt, the number of shares held by the Company in AGAE has remained unchanged to date, and the change in shareholding interests is solely caused by the change in the total share capital of AGAE.

Under a merger agreement (the “**Merger Agreement**”) dated 19 December 2018, the Company, Black Ridge Acquisition Corp. (“**Black Ridge**”, a Delaware corporation incorporated on May 9, 2017, whose shares are listed on NASDAQ under the ticker symbol BRACU, and the predecessor of AESE through a spin-off listing transaction), and other relevant parties reached an agreement on the Group’s business restructuring and other matters. As per the rights granted under the Merger Agreement, according to the

Company's announcement on 11 August 2019, two Class B directors and four Class C directors of AGAE were appointed by the Company as directors of Black Ridge, constituting a majority (six out of eleven) of the board of directors of Black Ridge.

For more details of the merger and the spin-off listing transaction, please refer to the announcement of the Company dated 24 December 2018 and the 2019 annual report of the Company, respectively.

### **Key events leading to deconsolidation**

#### *The increase in shareholdings in AGAE by Knighted and Roy in 2023*

According to the Form 4 filings submitted by AGAE to the U.S. Securities and Exchange Commission during the relevant period, as a result mainly of multiple purchases of shares during the period of 2023, Knighted Pastures LLC ("**Knighted**") and its sole manager, Roy Choi ("**Roy**") have increased their shareholding in AGAE from 21.0% as at 1 January 2023 to 27.7% as at 31 December 2023. In addition, based on a joint Schedule 13D filed on 9 February 2022 by Knighted and Roy, they held 190,000 five-year warrants to purchase ordinary shares of AGAE.

In contrast, the shares in AGAE indirectly held by the Company have not changed since the completion of the merger and spin-off listing transaction.

According to the Schedule 13D jointly submitted by Knighted and Roy on 1 October 2024, the total number of shares they hold in AGAE was 11,986,423 shares, which is very close to 11,986,523 shares held by the Company in AGAE.

#### *Change in the Company's representation in the board of AGAE*

Six directors of AGAE had been appointed by the Company in accordance with the Merger Agreement as mentioned above, of which the two Class B directors appointed by the Company would serve until the annual meeting of AGAE to be held in 2021 and the four Class C directors appointed by the Company would serve until the annual meeting of AGAE to be held in 2022.

After the expiration of the term of office of the relevant directors appointed under the Merger Agreement mentioned above, and in 2023, according to the provisions of AGAE's articles of association and its corporate governance committee system, except that Mr. Lu Jingsheng, the chairman and executive director of the Company, acted as the only representative of the Company in AGAE's Nomination and Corporate Governance Committee, the Company was actually unable to dominate the nomination process for electing members of the Board of AGAE, nor had the ability to appoint and approve most directors of the board of AGAE. Most of the members of the board of directors and the Nominating & Corporate Governance Committee of AGAE, who were previously considered by the Company as its representatives had resigned as directors or key management personnel of the Group, except for Mr. Lu Jingsheng.

### *The change in strategic focus of AGAE*

According to the 2022 Annual Report of the Company, the principal activities of the Group for the year ended 31 December 2022 were online card and board games development and operation and live broadcast business via its subsidiaries in the PRC and eSports business via AESE in the United States.

However, as stated in AESE's 2022 Annual Report, in December 2022, AESE completed a strategic review of its business operations and announced plans to restructure the existing esports business and expand its focus to include a broader array of entertainment and gaming products and services. Under this plan, AESE intends to pursue multiple channels of opportunities instead of a single significant corporate transaction. It then changed its corporate name and rebranded to "Allied Gaming & Entertainment Inc." and continued to be publicly traded on NASDAQ under the new ticker symbol "AGAE" effective 1 December 2022.

### **Deconsolidation of AGAE**

In view of the above events happened for the years ended 31 December 2022 and 2023, the Company has therefore appointed an accounting adviser to assist the Directors in applying an appropriate accounting treatment on AGAE for the preparation of consolidated financial statements of the Group for the year ended 31 December 2023 under International Financial Reporting Standards.

According to the advice of the accounting adviser and discussions with the auditor, the Board considers that the Group has effectively lost control over AGAE, and hence AGAE shall be deconsolidated from the Group, with effect from 1 January 2023. The loss of control assessment was made on the basis that (i) since it cannot be justifiably considered as highly unlikely, the Company would not possess the majority of voting rights of all shareholders who attend these shareholders' meetings of AGAE and hence would not have the ability to appoint a majority of the members of the board of directors of AGAE (which is based on plurality of votes) unilaterally and thereby the ability to direct the relevant activities of AGAE unilaterally, and (ii) the key events leading to the loss of control assessment as discussed above took place over the course of the year 2023 rather than at a particular point in time in 2023, and the combined effects of these relevant events and arrangements had made it less clear in the year 2023 that the Company had power, and hence control, over AGAE.

In light of the above circumstances, the Group will not consolidate the financial position of AGAE and the results and cash flows of AGAE since 1 January 2023 in the consolidated financial statements of the Group for the financial year ended 31 December 2023 and the financial information of AGAE will be presented as discontinued operations in the consolidated financial statements of the Group for the year ended 31 December 2023. The Board considered that the consolidated financial statements of the Group for the year ended 31 December 2023 prepared on such basis will present the results and state of affairs of the Group more fairly as a whole in light of the current situation of AGAE.

### **Impact of the deconsolidation**

The Group, before the deconsolidation of AGAE, 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 People's Republic of China (the "PRC") and the United States (the "US"). The business of the Group in the US was operated via AGAE. The revenue of AGAE represented approximately 19.63% of the revenue of the Group for the year ended 31 December 2022.

The deconsolidation will result in a deconsolidation of assets, liabilities, certain reserves, revenue, income and expense AGAE, and will lead to a one-off loss in profit or loss for the year ended 31 December 2023. The Board expects that the deconsolidation will have a material impact on the consolidated financial statements of the Group for the year ended 31 December 2023. As at the date of this announcement, the annual audit for the year ended 31 December 2023 is still in progress and the Company is in the process of quantifying the financial impact of the deconsolidation of AGAE on the Group. The Company will make further announcement(s) to keep its Shareholders and potential investors informed as and when appropriate.

The business of the Group in the PRC is not affected by the loss of control over AGAE and the Group will continue its operation and development of the business in the PRC. On the other hand, following the deconsolidation of AGAE, AGAE will be accounted for as interest in associate in the consolidated financial statements of the Group under equity method.

The Board will protect the Company's legitimate interests in AGAE on a best endeavour basis.

### **LISTING RULES IMPLICATIONS**

As set out in the announcement above, deconsolidation of the AGAE was mainly caused by a number of events which were not caused by, or under the instructions of, the Company. In particular, (i) the Company has not disposed of or entered into any agreements to sell its interests in AGAE since the completion of the Merger Agreement; and (ii) the Company has not proposed any resolution at the shareholders meeting of AGAE to remove any of the directors of AGAE as appointed by the Company since the completion of the Merger Agreement. Deconsolidation of AGAE does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

### **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:07 a.m. on Thursday, 28 March 2024, and will remain suspended until the Company meets all resumption guidance, remedies the issues causing its trading suspension and fully complies with the Listing Rules to the Stock Exchange's satisfaction. The Company will keep the public informed of the latest developments by making further announcement(s) as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Ourgame International Holdings Limited**  
**Lu Jingsheng**  
*Chairman and executive Director*

Hong Kong, 5 December 2024

*As at the date of this announcement, the Board comprises Mr. Lu Jingsheng as executive Director; Ms. Gao Liping and Ms. Yu Bing as non-executive Directors, and Mr. Ma Shaohua, Mr. Zhang Li and Mr. Dai Bing as independent non-executive Directors.*

\* *For identification purpose only*