

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Ourgame International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**(1) VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION
IN RELATION TO THE TRANSACTION MERGER
(2) THE PROPOSED SPIN-OFF
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

A letter from the Board is set out on pages 6 to 53 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 54 to 55 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 56 to 103 of this circular.

A notice convening the EGM of Ourgame International Holdings Limited to be held in the Conference Room, 19/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China on 5 July 2019 at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.ourgame.com and www.lianzhong.com).

Whether or not you are able to attend the EGM, please complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on 3 July 2019) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish.

* *For identification purpose only*

19 June 2019

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	6
Letter from the Independent Board Committee	54
Letter from the Independent Financial Adviser	56
Appendix I — Financial Information of the Group	I-1
Appendix II — Financial Information of the Disposal Group	II-1
Appendix III — Financial Information of Black Ridge	III-1
Appendix IV — Unaudited Pro Forma Financial Information of the Group after completion of the Very Substantial Acquisition and Very Substantial Disposal	IV-1
Appendix V — Management Discussion and Analysis of the Disposal Group and the Remaining Group	V-1
Appendix VI — Biographies of the directors and the senior management of the Remaining Group	VI-1
Appendix VII — General Information	VII-1
Notice of Extraordinary General meeting	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AES Common Stock”	shares of the common stock of Allied Esports with a par value of US\$0.0001
“AES Shareholders”	the holders of the common stock of Allied Esports immediately prior to the effective time of the Mergers
“AES Minority Shareholders”	(i) Mr. Yang Eric Qing, (ii) Mr. Ng Kwok Leung Frank, (iii) five (5) subscribers of the convertible notes in the Convertible Debt Financing I as disclosed in the announcement of the Company dated 15 October 2018, (iv) 15 management members of Allied Esports or controlled entities of such management members, and (v) two (2) Independent Third Parties, who together hold a total of approximately 28.10% equity interests in Allied Esports immediately before the Transaction Merger
“AESWPT Holdco”	Allied Esports upon the Redomestication Merger and Transaction Merger, being a direct wholly-owned subsidiary of Black Ridge and the holding company of certain subsidiaries of Black Ridge through which Black Ridge operates the Merger Businesses
“Allied Esports”	Allied Esports Media, Inc. (formerly known as Allied Esports Entertainment, Inc.), a Delaware corporation, an indirect non-wholly owned subsidiary of the Company and the holding company of certain subsidiaries of the Company through which the Company operates the Esports business, as at the Latest Practicable Date. Upon the Redomestication Merger, it will become an indirect non-wholly owned subsidiary of the Company and the holding company of certain subsidiaries of the Company through which the Company operates the Merger Businesses
“Announcement”	the announcement of the Company dated 24 December 2018 in relation to, among other things, the Mergers and Proposed Spin-off
“Black Ridge”	Black Ridge Acquisition Corp., a Delaware corporation incorporated on 9 May 2017, whose shares are listed on Nasdaq with ticker symbol BRAC
“Board”	the Board of Directors

DEFINITIONS

“BR Common Stock”	shares of the common stock of Black Ridge with a par value of US\$0.0001 per share
“BR Warrants”	warrants to purchase BR Common Stock at an exercise price per share of US\$11.50, being the same price per share for warrants previously offered by Black Ridge to other investors, exercisable any time. The BR Warrants are traded on Nasdaq under the ticker symbol BRACW and will expire five years from the Completion. The BR Warrants can be redeemed by Black Ridge at any time for US\$0.01 per BR Warrant provided the last reported sales price of the BR Common Stock equals or exceeds US\$18 per share for any 20 trading days within a 30-trading day period ending on the third business day prior to notice of redemption to the holders of the BR Warrants
“Business Day”	a day (other than a Saturday, Sunday or statutory holiday in the United States) on which licensed banks in the United States are generally open for ordinary banking business throughout their normal business hours
“Company”	Ourgame International Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands whose issued Shares are listed on the Stock Exchange
“Completion”	consummation of Redomestication Merger and Transaction Merger in accordance with the terms of the Merger Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Debt Financings”	means Convertible Debt Financing I and Convertible Debt Financing II
“Convertible Debt Financing I”	means the sale by the Company of US\$10 million of convertible notes as disclosed and further clarified in the announcements of the Company dated 15 October 2018 and 9 November 2018, respectively
“Convertible Debt Financing II”	means the sale by the Company of US\$4 million of convertible notes as disclosed and further clarified in the announcements of the Company dated 20 May 2019 and 17 June 2019, respectively
“Convertible Equity Securities”	equity securities to be issued by Black Ridge upon exercise of the conversion rights attached to the Convertible Notes by the Subscribers

DEFINITIONS

“Convertible Notes”	means the convertible notes subscribed in the Convertible Debt Financings
“Directors”	the director(s) of the Company
“Disposal Group”	the subsidiaries that own and operate the Merger Businesses
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off
“Government Entity”	any court, administrative agency, commission, governmental or regulatory authority or similar body (including any relevant securities exchange), domestic or foreign
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards
“Independent Board Committee”	an independent board committee established by the Board, comprising all the independent non-executive Directors, namely Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony to advise the Independent Shareholders in relation to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off
“Independent Shareholders”	Shareholders other than those who are required under the Listing Rules to abstain from voting at the EGM for the resolution(s) approving the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off
“Independent Third Party(ies)”	third party independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)
“Insider(s)”	any officer, director, employee, shareholder, or holder of derivative securities of Allied Esports or any subsidiary thereof

DEFINITIONS

“Issue Date”	the respective dates of issue of the Convertible Notes
“Latest Practicable Date”	16 June 2019 being the latest practicable date prior to the printing of this circular, for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mergers”	Redomestication Merger and Transaction Merger
“Merger Agreement”	the agreement dated 19 December 2018 entered into among Black Ridge, Merger Sub, Allied Esports, Noble Link, the Company and Primo Vital in relation to the Redomestication Merger and Transaction Merger
“Merger Businesses”	the entire Esports business and WPT Business of the Company
“Merger Sub”	Black Ridge Merger Sub Corp., a Delaware corporation and wholly-owned subsidiary of Black Ridge as of the Latest Practicable Date
“Nasdaq”	National Association of Securities Dealers Automated Quotations
“Noble Link”	Noble Link Global Limited, a private limited company incorporated in the British Virgin Islands, a wholly-owned subsidiary of the Company and the holding company of certain subsidiaries of the Company through which the Company operates the WPT Business, as at the Latest Practicable Date
“PN15”	Practice Note 15 of the Listing Rules
“PRC” or “China”	The People’s Republic of China, which for the sole purpose of this circular excludes Hong Kong, Macau and Taiwan
“Primo Vital”	Primo Vital Limited, a private limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Proposed Spin-off”	the proposed disposal of the Merger Businesses by way of the Transaction Merger pursuant to the terms and conditions of the Merger Agreement, thereby effectively resulting in the Merger Businesses becoming separately listed on the Nasdaq

DEFINITIONS

“Redomestication Merger”	a business combination transaction by which Noble Link merges with and into Allied Esports with Allied Esports being the surviving entity of such merger
“Remaining Group”	the Group, excluding the subsidiaries that own and operate the Merger Businesses
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company with a par value of US\$0.00005 each
“Share Issuance”	the issue of up to 1,424,500 shares of BR Common Stock to certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering as further described in the section headed “Letter from the Board — Information About Black Ridge and Merger Sub” in this circular
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	means the subscribers of the Convertible Notes in the Convertible Debt Financings
“Transaction Merger”	a business combination transaction by which, immediately after the consummation of the Redomestication Merger, Merger Sub merges with and into Allied Esports with the Allied Esports being the surviving entity of such merger
“US\$”	United States dollars, the lawful currency of the United States
“US GAAP”	the United States generally accepted accounting principles
“WPT Business”	the World Poker Tour business
“%”	per cent.



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)

Executive Directors:

Yang Eric Qing

(Chairman and Co-Chief Executive Officer)

Ng Kwok Leung Frank

(Co-Chief Executive Officer)

Non-executive Directors:

Liu Jiang

Fu Qiang

Fan Tai

Chen Xian

Independent Non-executive Directors:

Ge Xuan

Lu Zhong

Tyen Kan Hee Anthony

Registered Office:

PO Box 309, Uglan House

Grand Cayman KY1-1104

Cayman Islands

Head Office:

19/F, Tower B Fairmont

No. 1 Building

33# Community

Guangshun North Street

Chaoyang District

Beijing, PRC

Principal Place of Business

in Hong Kong:

31/F, Tower Two

Times Square

1 Matheson Street Hong Kong

19 June 2019

To the Shareholders

Dear Sir/Madam,

**(1) VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION
IN RELATION TO THE TRANSACTION MERGER
(2) THE PROPOSED SPIN-OFF
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement in which it was disclosed that on 19 December 2018 (U.S. time), the Company, Allied Esports, Noble Link and Primo Vital entered into the conditional Merger Agreement with Black Ridge and Merger Sub in relation to the Redomestication Merger and Transaction Merger.

* *For identification purpose only*

LETTER FROM THE BOARD

THE MERGER AGREEMENT

Date: 19 December 2018 (U.S. time)

Parties:

- (1) Black Ridge
- (2) Merger Sub
- (3) the Company
- (4) Allied Esports
- (5) Noble Link
- (6) Primo Vital

(collectively, the “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Black Ridge, Merger Sub and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject matter: Subject to the terms and conditions of the Merger Agreement and in accordance with the Delaware Corporation Law and the British Virgin Islands Business Companies Act 2004, as amended (collectively, the “**Corporate Law**”), the Parties intend to enter into the following business combination transaction:

(a) Redomestication Merger

At the Redomestication Effective Time (as defined below), Noble Link will merge with and into Allied Esports, the separate existence of Noble Link will cease, and Allied Esports will continue as the surviving entity of the Redomestication Merger.

LETTER FROM THE BOARD

At the Redomestication Effective Time, all the property, rights, privileges, powers, and franchises of Noble Link shall vest in Allied Esports, and all debts, liabilities, and duties of Noble Link shall become the debts, liabilities, and duties of Allied Esports.

Subject to the conditions of the Merger Agreement, the Parties shall as soon as practicable on or after the Completion Date, cause the Redomestication Merger to be consummated by filing a certificate of merger in relation to the Redomestication Merger to the relevant government authority in Delaware and the British Virgin Islands in accordance with the applicable provisions of the Corporate Law (the time of such filing, or such later time as may be agreed in writing by Allied Esports and Black Ridge and specified in the certificate of merger in relation to the Redomestication Merger being the “**Redomestication Effective Time**”).

(b) Transaction Merger

Immediately after the consummation of the Redomestication Merger, Merger Sub will merge with and into Allied Esports, the separate corporate existence of Merger Sub shall cease and Allied Esports shall continue as the surviving entity after the Transaction Merger and as a wholly-owned subsidiary of Black Ridge (the “**AESWPT Holdco**”).

At the Transaction Effective Time (as defined below), all the property, rights, privileges, powers and franchises of Merger Sub shall vest in Allied Esports, and all debts, liabilities and duties of Merger Sub shall become the debts, liabilities and duties of Allied Esports, and each share of capital stock of the Company shall be converted as described in “Consideration for the Transaction Merger” below.

Subject to the conditions of the Merger Agreement, immediately after the Redomestication Effective Time, the Parties shall cause the Transaction Merger to be consummated by filing the certificates of merger in relation to the Redomestication Merger and Transaction Merger to the relevant government authority in Delaware and the British Virgin Islands in accordance with the applicable provisions of the Corporate Law (the time of such filing, or such later time as may be agreed in writing by Allied Esports and Black Ridge and specified in the certificate of merger in relation to the Transaction Merger being the “**Transaction Effective Time**”).

LETTER FROM THE BOARD

Completion shall take place no later than the fifth (5th) business day after the satisfaction or waiver of the conditions set forth below, or at such other time and date as the Parties agree in writing (the “**Completion Date**”).

Immediately after Completion,

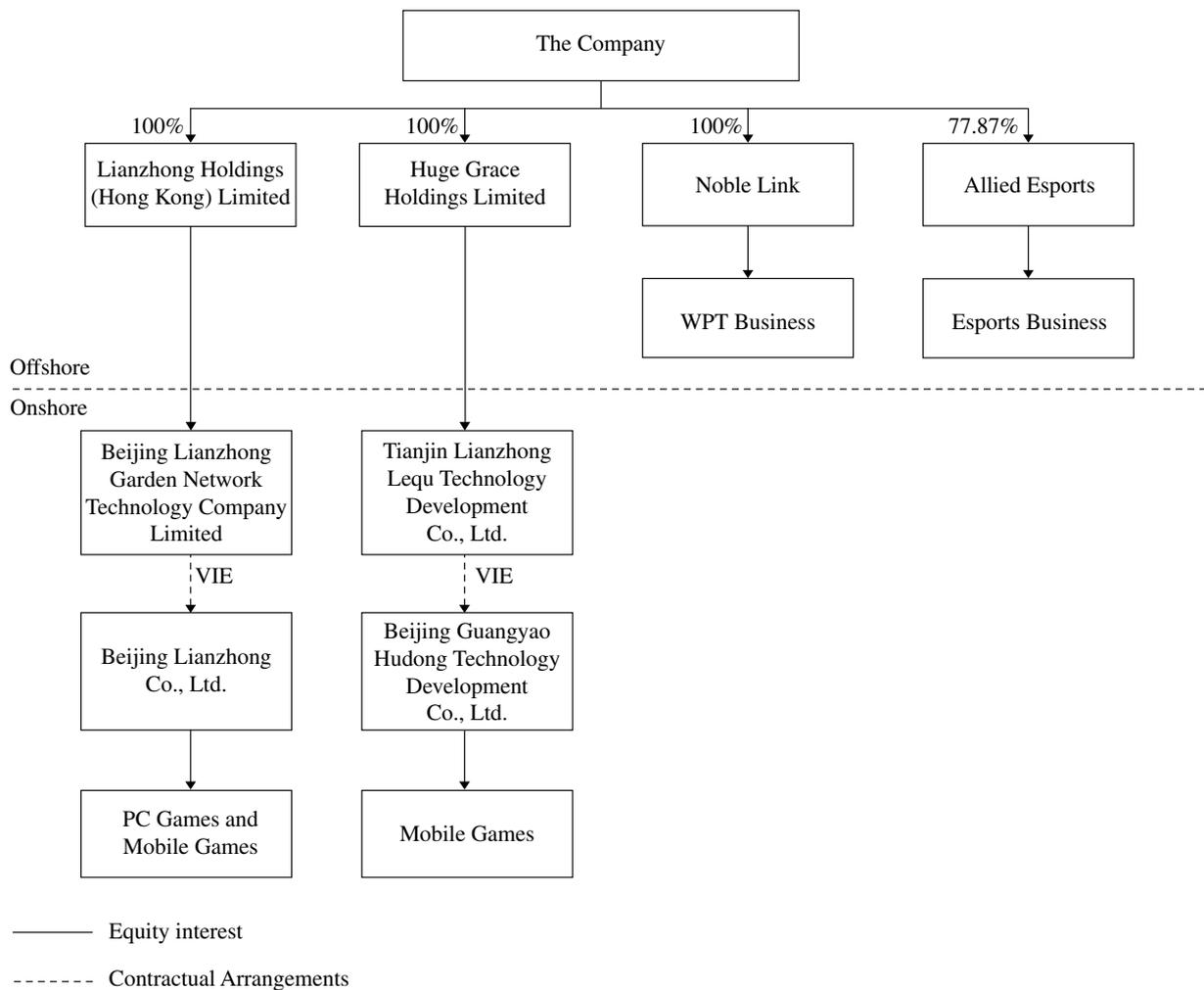
- (a) Black Ridge will own 100% of the equity interests in AESWPT Holdco and will own all AESWPT Holdco’s operating assets and intangible assets including the intellectual properties required for the operation of the Merger Businesses;
- (b) assuming that no current shareholders of Black Ridge redeem their shares prior to Completion and there are no changes to the share capital of Black Ridge other than those contemplated by the Merger Agreement and the Share Issuance, the shareholder structure of Black Ridge before and after the full conversion of the Convertible Notes will be as follows:

Shareholders	Before full conversion of the Convertible Notes	After full conversion of the Convertible Notes
Primo Vital	30.93%	26.74%
AES Minority Shareholders (excluding the Subscribers)	6.84%	6.73%
Subscribers of Convertible Debt Financing I	0%	3.72%
Subscribers of Convertible Debt Financing II	0%	1.51%
Other Black Ridge shareholders	62.23%	61.30%
Total	100%	100%

LETTER FROM THE BOARD

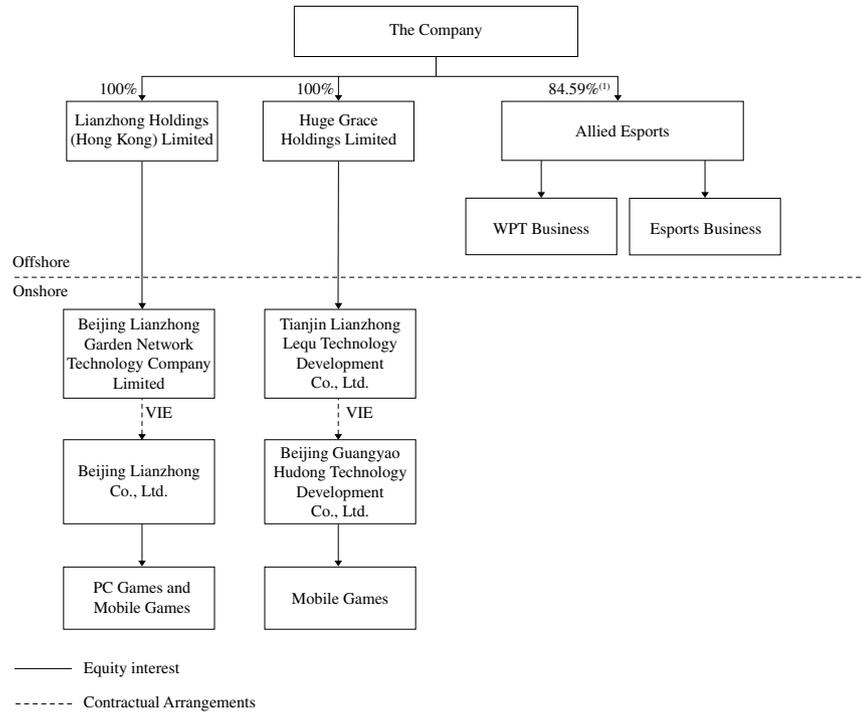
- (c) AESWPT Holdco, will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over it by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided and (4) the fact that there will be no other significant shareholder capable of exercising material influence over Black Ridge, please refer to the section headed “Financial Effect of the Transaction Merger and Proposed Spin-off” for further details regarding the Company’s control over Black Ridge. Black Ridge will become a non-wholly owned subsidiary of the Company through Primo Vital.

The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses before the Redomestication Merger as at the Latest Practicable Date:



LETTER FROM THE BOARD

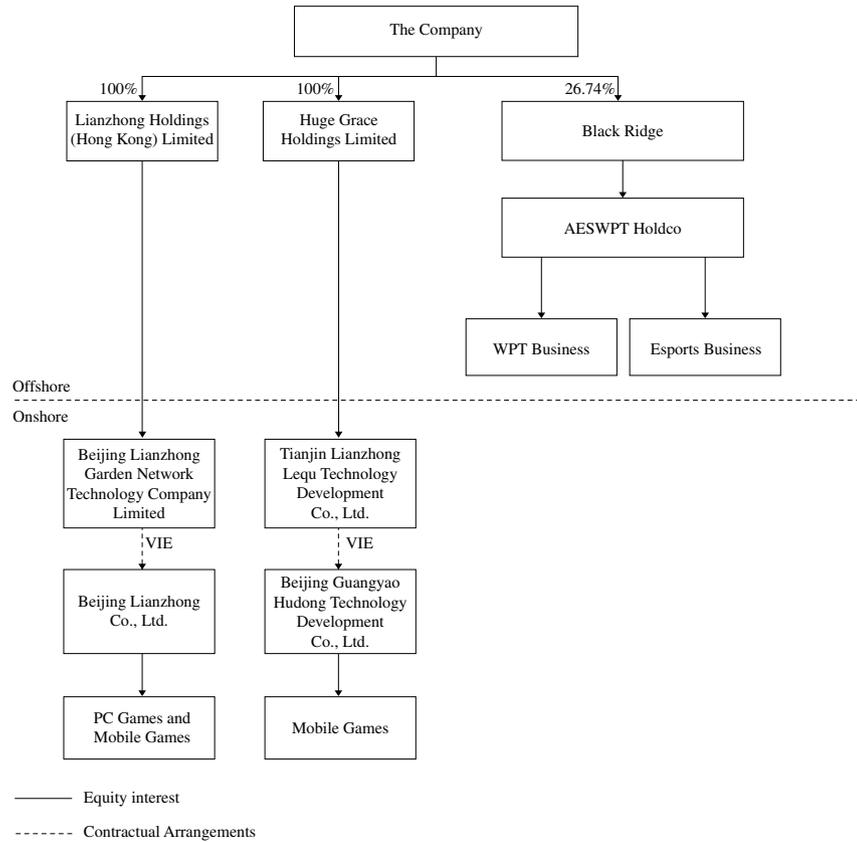
The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses upon completion of the Redomestication Merger:



Note 1: This percentage has been updated since the date of the Announcement to reflect the latest shareholding structure upon completion of the Redomestication Merger.

LETTER FROM THE BOARD

The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses upon completion of Transaction Merger:



Convertible Debt Financing I:

The principal terms of the Convertible Notes issued pursuant to Convertible Debt Financing I are summarized as follows:

Principal Amount:	Up to US\$10 million (equivalent to approximately HK\$78.3 million)
Issue Price:	100% of the principal amount of the Convertible Notes

LETTER FROM THE BOARD

Payment Terms: The principal amount shall be payable by the Subscribers of Convertible Debt Financing I in two separate payments. 50% of the principal amount is due and payable on the Issue Date of Convertible Debt Financing I (the “**First Payment**”). 50% of the principal amount is due and payable on or before 1 November 2018 (the “**Second Payment**”). If the Second Payment is not received by 1 November 2018, the Subscribers of Convertible Debt Financing I will have a remedy period until 1 December 2018 (the “**Final Payment Date**”) to make such Second Payment. If these Subscribers have not made the Second Payment on or before the Final Payment Date, the principal amount of the Convertible Notes issued pursuant to Convertible Debt Financing I will be adjusted automatically to reflect the amount of the First Payment.

Interest Rate: Interest on the principal amount of the Convertible Notes issued pursuant to Convertible Debt Financing I shall accrue from the Issue Date of Convertible Debt Financing I until payment in full at an annual rate equal to 12%. Upon an event of default as set out below, such interest rate shall increase to an annual rate of 15%. Notwithstanding the foregoing, if the Subscribers of Convertible Debt Financing I do not make the Second Payment by the Final Payment Date, then such interest rate will automatically adjust to 6%, which rate will apply retroactively back to the Issue Date of Convertible Debt Financing I.

No payments of interest shall be due until the first to occur of (i) the Maturity Date (as defined below), or (ii) on or immediately prior to the closing date of a Qualified Financing (as defined in the announcement of the Company dated 15 October 2018) (the “**Financing Closing Date**”). Interest will be payable only in cash or cash equivalents. Notwithstanding the foregoing, no interest shall be payable to a Subscriber of Convertible Debt Financing I if such Subscriber elects to convert the Convertible Note for Conversion Equity Securities.

LETTER FROM THE BOARD

Prepayment and Maturity Date: The Company shall have the right to prepay the Convertible Notes issued pursuant to Convertible Debt Financing I in full at any time prior to the first anniversary of the Issue Date of Convertible Debt Financing I without the imposition of any prepayment fee or penalty by providing advance written notice of such intent to prepay at least 20 days in advance of the date of such prepayment.

Prior to the date of such prepayment, the Subscribers of Convertible Debt Financing I may convert their Convertible Notes for Conversion Equity Securities. If the Company prepays the Convertible Notes issued pursuant to Convertible Debt Financing I (including any accrued interest) in full, the “Maturity Date” will be the date of such prepayment; otherwise, the “Maturity Date” will be the first anniversary of the Issue Date of Convertible Debt Financing I (the “**CN1 Maturity Date**”).

Unless the Subscribers of Convertible Debt Financing I convert their Convertible Notes for Conversion Equity Securities, the principal amount of their Convertible Notes, together with interest thereon for the full one year (notwithstanding that such Convertible Notes may have been outstanding for less than one year), shall be due and payable in full on the first to occur of the CN1 Maturity Date or the Financing Closing Date.

Conversion to Equity Securities: Based on the pre-qualified financing valuation in relation to the Convertible Debt Financing I, upon exercise of the Conversion Right attached to the Convertible Notes issued pursuant to Convertible Debt Financing I in full, the Subscribers of Convertible Debt Financing I will receive up to 10% of the outstanding equity securities of either (i) 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 Convertible Notes issued pursuant to Convertible Debt Financing I).

LETTER FROM THE BOARD

The Company has also agreed that in the event that a Qualified Financing involving either the merger of (i) Allied Esports and Noble Link or (ii) AESWPT Holdco is consummated, the Subscribers of Convertible Debt Financing I shall be entitled to their pro rata share (namely, up to 10%) of any equity securities issued to the Company in connection therewith.

In the event that a Convertible Note issued pursuant to Convertible Debt Financing I is duly converted and a Qualified Financing is not consummated by the first anniversary of the Issue Date of Convertible Debt Financing I or is otherwise terminated or withdrawn, then applicable Subscriber's rights under such Convertible Note (including all payments under such Convertible Note, such as payment of the principal amount and accrued interest at the maturity of such Convertible Note) shall be reinstated as if such conversion did not take place.

In light of the entry into the Merger Agreement, and in order to give the Subscribers of Convertible Debt Financing I the same conversion and repayment options the Subscribers of Convertible Debt Financing II have, the relevant parties of Convertible Debt Financing I agreed to amend the terms of the Convertible Notes issued pursuant to Convertible Debt Financing I such that if the Subscribers of Convertible Debt Financing I elect to exercise their conversion rights, such conversion rights must be exercised during the period beginning on the closing date of the Transaction Merger and ending on the date that is three (3) months after the closing date of the Transaction Merger (the "**Conversion Period**") and that upon such conversion, the Subscribers of Convertible Debt Financing I will receive BR Common Stock transferred to them from the BR Common Stock held by the Company.

LETTER FROM THE BOARD

The Board wishes to clarify that the Convertible Notes issued pursuant to Convertible Debt Financing I will never be convertible into shares of Allied Esports. Instead, the Subscribers of Convertible Debt Financing I shall have an option, exercisable only during the Conversion Period, to convert or exchange (as the case may be), all, but not less than all, the remaining unpaid principal amount of their Convertible Notes (but not any accrued interest), into a number of new BR Common Stock to be issued by Black Ridge equal to their pro rata shares, namely up to 10% of the BR Common Stock to be issued to the Company upon Completion, at a conversion price of approximately US\$8.62. As a result, all the Convertible Notes can only be converted into BR Common Stock during the Conversion Period.

The Convertible Notes issued pursuant to Convertible Debt Financing I are not convertible into any equity securities of the Company.

Convertible Debt Financing II: The principal terms of the Convertible Notes issued pursuant to Convertible Debt Financing II are summarized as follows:

Principal Amount:	Up to US\$4 million (equivalent to approximately HK\$31 million)
Issue Price:	100% of the principal amount of the Convertible Notes issued pursuant to Convertible Debt Financing II
Payment Terms:	The purchase price of the Convertible Notes issued pursuant to Convertible Debt Financing II shall be payable on the Issue Date of Convertible Debt Financing II.
Interest Rate:	Interest on the principal amount of the Convertible Notes issued pursuant to Convertible Debt Financing II shall accrue from the Issue Date of Convertible Debt Financing II until payment in full at an annual rate equal to 12%. Upon an event of default as set out below, such interest rate shall increase to an annual rate of 15% (the “ Default Interest Rate ”).

LETTER FROM THE BOARD

No payments of interest shall be due until the first to occur of (i) the CN2 Maturity Date (as defined below), or (ii) at such time that Noble Link prepays all or any portion of a Convertible Note issued pursuant to Convertible Debt Financing II. Interest will be payable only in cash or cash equivalents.

Notwithstanding the foregoing, no interest shall be payable to a Subscriber of Convertible Debt Financing II if such Subscriber elects to convert his Convertible Note into Conversion Equity Securities.

Notwithstanding anything to the contrary:

- (a) If the Merger is consummated and the Subscribers of Convertible Debt Financing II elect not to immediately convert the principal amount of the Convertible Notes issued pursuant to Convertible Debt Financing II into Conversion Equity Securities, then at any time during the Conversion Period such Subscribers have the option to either (i) demand repayment of the entire principal amount of their Convertible Notes, plus a full year of accrued interest (notwithstanding that such Convertible Notes may have been outstanding for less than one year); or (ii) elect to convert their Convertible Notes into BR Common Stock as further described below.
- (b) If the Merger is not consummated on or prior to the CN1 Maturity Date, and the CN2 Maturity Date has not otherwise occurred, then, as of the CN1 Maturity Date (unless the applicable Convertible Note is prepaid in full on such date), a full year of accrued interest (notwithstanding that such Convertible Note may have been outstanding for less than one year), will be added to the principal amount of the applicable Convertible Note and thereafter the Default Interest Rate shall apply until the applicable Convertible Note is repaid in full.

LETTER FROM THE BOARD

Prepayment and Maturity Date: Noble Link shall have the right to prepay the Convertible Notes issued pursuant to Convertible Debt Financing II in full at any time prior to the CN2 Maturity Date without the imposition of any prepayment fee or penalty by providing advance written notice of such intent to prepay at least 20 days in advance of the date of such prepayment.

Prior to the date of such prepayment, the Subscribers may convert the Convertible Notes issued pursuant to Convertible Debt Financing II for Conversion Equity Securities. If Noble Link prepays these Convertible Notes (including any accrued interest) in full, the “Maturity Date” will be the date of such prepayment; otherwise, the “Maturity Date” will be the first to occur of (i) the date on which a demand for payment is made the Conversion Period; or (ii) the one-year anniversary of the Issue Date of Convertible Debt Financing II (the “**CN2 Maturity Date**”).

Each of the Subscribers of Convertible Debt Financing II shall have an option, exercisable only during the Conversion Period, to convert or exchange (as the case may be), all, but not less than all, the remaining unpaid principal amount of their Convertible Note issued pursuant to Convertible Debt Financing II (but not any accrued interest), into BR Common Stock equal to the product of (i) the principal amount of these Convertible Notes being converted into Conversion Equity Securities, divided by (ii) US\$8.50.

The Convertible Notes issued pursuant to Convertible Debt Financing II are not convertible into any equity securities of Noble Link.

BR Warrants: Upon Completion, each Subscriber of the Convertible Debt Financing II shall receive BR Warrants in an amount equal to the product of 3,800,003 BR Common Stock multiplied by the purchase price of the applicable Convertible Notes divided by 100,000,000.

LETTER FROM THE BOARD

Contingent Shares: Each Subscriber of the Convertible Debt Financing II shall be issued additional BR Common Stock (the “**Contingent Shares**”) in an amount equal to the product of 3,846,153 BR Common Stock multiplied by the purchase price of the applicable Convertible Notes divided by 100,000,000, if the last sales price of BR Common Stock reported equals or exceeds US\$13.00 per share (as adjusted for stock splits, stock dividends, reorganisations and recapitalisations) for any consecutive thirty (30) calendar days during the five (5) year period commencing on the date of Completion.

As such, upon Completion and assuming the issue of Contingent Shares, the Subscribers of the Convertible Debt Financing II will be entitled to 470,588 BR Common Stock, 152,000 BR Warrants and 153,846 Contingent Shares.

Pursuant to the terms and conditions of the Merger Agreement, the Company had obtained the prior written consent of Black Ridge to approve the Company’s entering into the purchase agreement and the transactions contemplated thereunder in relation to Convertible Debt Financing II. As such, despite not being a party to the same purchase agreement, Black Ridge has approved the issue of the BR Common Stock, BR Warrants and Contingent Shares in accordance with the terms stated above.

Please refer to the announcements of the Company dated 15 October 2018, 9 November 2018, 20 May 2019 and 17 June 2019 for further details of the Convertible Debt Financings.

As at the Latest Practicable Date, the Company has not been advised by any of the Subscribers as to whether or not they intend to exercise the conversion rights attached to their Convertible Notes. The Company is therefore not in a position to assess whether and when the Subscribers may exercise their conversion rights under the terms of the applicable Convertible Notes.

Given that the Subscribers can only exercise their conversion rights into BR Common Stock under the terms of the applicable Convertible Notes during the Conversion Period, the shareholding structure of Allied Esports before the completion of the Transaction Merger will not be affected by the Convertible Debt Financings.

LETTER FROM THE BOARD

Consideration for the Transaction Merger: Subject to the terms and conditions of the Merger Agreement, at the Transaction Effective Time, by virtue of the Mergers and the Merger Agreement and without any further action on the part of Black Ridge, Merger Sub or Allied Esports or the holders of any of the securities of Black Ridge or Allied Esports, the following shall occur:

(a) Payment of Company Notes

Black Ridge will assume US\$35 million of outstanding debt obligations of Allied Esports held by the Company (the “**Company Notes**”), and upon Completion, Black Ridge will repay the Company Notes.

(b) Conversion of AES Common Stock

All of AES Common Stock issued and outstanding immediately prior to the Transaction Effective Time will be automatically cancelled and extinguished and be converted, collectively, into the right to receive (i) an aggregate of 11,602,754 shares of BR Common Stock (valued at US\$10.17 per share of BR Common Stock) (the “**Consideration Shares**”), (ii) an aggregate of 3,800,003 BR Warrants, and (iii) an aggregate of 3,846,153 Contingent Shares (as defined below) (collectively, the “**Merger Consideration**”).

The AES Shareholders shall be issued their pro rata portion of an aggregate of 3,846,153 Contingent Shares, if the last sales price of BR Common Stock reported equals or exceeds US\$13.00 per share (as adjusted for stock splits, stock dividends, reorganisations, and recapitalisations) for any consecutive thirty (30) calendar days during the five (5) year period commencing on the Completion Date.

On the day before Completion, the Company will hold approximately 81.9% equity interest in Allied Esports and other AES Minority Shareholders (excluding the Subscribers of the Convertible Debt Financing) will hold approximately 18.1% equity interests in Allied Esports in aggregate.

LETTER FROM THE BOARD

Pursuant to the terms of the Convertible Debt Financing I, upon Completion, the Subscribers of the Convertible Debt Financing I shall be entitled to their pro rata shares, namely, up to 10% of any equity securities issued to the Company. Specifically, the Subscribers of the Convertible Debt Financing I shall be entitled to:

- (i) upon conversion of the relevant Convertible Notes during the Conversion Period, 10% of the Consideration Shares issued to the Company pursuant to the terms as stated on pages 14 to 16 of this circular;
- (ii) BR Warrants equal to the product of 3,800,003 BR Warrants multiplied by the purchase price of the relevant Convertible Notes divided by \$100,000,000; and
- (iii) Contingent Shares equal to the product of 3,846,153 Contingent Shares multiplied by the purchase price of the relevant Convertible Notes divided by \$100,000,000 subject to fulfillment of the conditions as set out on page 20 of this circular.

As such, upon Completion, Primo Vital, the Subscribers of the Convertible Debt Financing I and the other AES Minority Shareholders will receive 71.9%, 10% and 18.1% of (i) an aggregate of 11,602,754 BR Common Stock, (ii) an aggregate of 3,800,003 BR Warrants and (iii) an aggregate of 3,846,153 Contingent Shares, respectively. A detailed breakdown of the amount of BR Common Stock, BR Warrants and Contingent Shares to be issued to each of the parties mentioned above is set out below:

Shareholders	Share Percentage	BR Common Stock	BR Warrants	BR Contingent Shares
Primo Vital	71.9%	8,342,368	2,732,196	2,765,384
Subscribers of the Convertible Debt Financing I	10%	1,160,275	380,000	384,615
Other AES Minority Shareholders	<u>18.1%</u>	<u>2,100,111</u>	<u>687,807</u>	<u>696,154</u>
Total	<u>100%</u>	<u>11,602,754</u>	<u>3,800,003</u>	<u>3,846,153</u>

LETTER FROM THE BOARD

(c) Adjustments to Merger Consideration

The numbers of shares of BR Common Stock and BR Warrants that the AES Shareholders are entitled to receive as a result of the Mergers shall be equitably adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into shares of BR Common Stock), extraordinary cash dividends, reorganisation, recapitalisation, reclassification, combination, exchange of shares or other like change with respect to BR Common Stock occurring on or after the date of the Merger Agreement until the Completion Date.

The consideration for the Transaction Merger amounts to approximately US\$203 million (being the sum of the amount of the Company Notes and the Merger Consideration). The Board considers that the consideration for the Transaction Merger is fair and reasonable taking into account the following factors:

- the consideration of US\$203 million reflects (i) the value of BR Common Stock issued upon Completion being US\$118 million (being 11,602,754 BR Common Stock x US\$10.17); (ii) cash consideration paid by Black Ridge being US\$35 million; and (iii) the value of the Contingent Shares being approximately US\$50 million (being 3,846,153 shares of BR Common Stock x US\$13);

LETTER FROM THE BOARD

- the acquisition cost for the WPT Business was US\$35 million and the businesses required substantial capital investment in its initial development phases due to its development physical Esports venue (such as the flagship arena in Las Vegas) as well as large scale content production. The Company has invested approximately US\$75 million accumulatively in developing the Merger Businesses up to 31 December 2018. The Merger Businesses have been loss-making, and will continue to require a significant ongoing level of capital injection. Without taking into account the value of the Contingent Shares, the remaining consideration of US\$153 million represents an approximately 39% premium over the estimated acquisition and development costs of approximately US\$110 million of the Merger Businesses. The remaining US\$50 million in the form of contingent consideration represents an “earn-up” payment in the event that the Merger Businesses perform well after the proposed Transaction Merger has been consummated. It has, therefore been negotiated in a manner such that the Company will be able to enjoy additional upside in the event that the Merger Businesses perform well in the future in addition to the minimum 26.74% interest in Black Ridge that the Company will obtain;
- the Disposal Group recorded net losses for the three years ended 31 December 2018 and had net assets attributable to owners of the Company of approximately US\$0.3 million as at 31 December 2018;
- the value of the BR Common Stock of US\$10.17 per share was determined by reference to the value of the proceeds obtained from the listing of Black Ridge (which was US\$10.05 per share) that was in the BRAC trust account plus the related accrued interest and the prevailing market price;
- the Contingent Shares will only be issued if the last sales price of BR Common Stock reported equals or exceed US\$13.00 for any consecutive thirty calendar days during the five year period commencing the Completion Date. As such, in deciding the value of the Contingent Shares, the Company used US\$13.00 to value the Contingent Shares, being the price where issuance of the Contingent Shares is triggered; and
- the business prospects of the Merger Businesses.

For reference only, the closing price of the BR Common Stock and BR Warrants per share was US\$10.3 and US\$0.22 on 14 June 2019, respectively.

LETTER FROM THE BOARD

**Treatment of
Stock Options
of Allied
Esports:**

Allied Esports shall take any actions necessary to ensure that all outstanding stock options of Allied Esports (the “**AES Options**”) will vest immediately prior to the Transaction Effective Time. Holders of AES Options who properly exercise all or a portion of their AES Options prior to the Transaction Effective Time shall, to the extent of such holder’s exercised AES Options, be entitled to receive their pro rata portion of the Merger Consideration. AES Options unexercised as of the Transaction Effective Time shall be cancelled.

**Conditions
precedent to
the Merger
Agreement:**

Conditions to Obligations of Each Party to Effect the Mergers

The respective obligations of each party to the Merger Agreement to effect the Mergers shall be subject to the satisfaction at or prior to the Completion Date of the following conditions:

- (a) the matters below shall have been duly approved and adopted by the stockholders of Black Ridge at a special meeting (the “**Special Meeting**”) by the requisite vote under the Corporate Law and Black Ridge’s charter documents:
 - (i) the adoption of the Merger Agreement and the approval of the Transaction Merger;
 - (ii) the change of the name of Black Ridge to “Allied Esports Entertainment, Inc.”;
 - (iii) an increase in the number of authorized shares of BR Common Stock to a number mutually agreeable to Black Ridge and Allied Esports;
 - (iv) amendments to Black Ridge’s certificate of incorporation to be effective from and after the Completion to amend Article Sixth thereof so that the existence of Black Ridge shall be perpetual and to remove all special purpose acquisition company (SPAC) related provisions that will no longer be applicable to Black Ridge following the Completion;
 - (v) the election of (a) Mr. Yang Eric Qing as the vice chairman, (b) Mr. Ng Kwok Leung Frank as a director, and (c) four additional individuals to be appointed by the Company to the board of directors of Black Ridge (together with matters (i) to (iv) above, the “**BR Stockholder Matters**”); and

LETTER FROM THE BOARD

- (vi) the adoption of an incentive stock option plan, the terms of which shall comply with chapter 17 of the Listing Rules (the “**Incentive Plan**”);
- (b) the Company has to comply with all requirements of the Listing Rules, including the approval by the Independent Shareholders at the general meeting in respect of the adoption of the Merger Agreement, approval of the Transaction Merger, transactions contemplated under the Merger Agreement (collectively, the “**Ourgame Stockholder Matters**”);
- (c) Black Ridge shall have at least US\$5,000,001 of net tangible assets following the exercise by holders of shares of BR Common Stock issued in Black Ridge’s initial public offering of securities and outstanding immediately before the Completion of their right to convert their shares into a pro rata share of the trust fund of Black Ridge in accordance with Black Ridge’s charter documents;
- (d) all specified waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired and no Governmental Entity shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the Mergers illegal or otherwise prohibiting consummation of the Mergers, substantially on the terms contemplated by the Merger Agreement; and
- (e) the shares of BR Common Stock and BR Warrants shall be approved for listing upon Completion on Nasdaq subject to the requirement to have a sufficient number of round lot holders.

LETTER FROM THE BOARD

Additional Conditions to Obligations of the Company and Noble Link

The obligations of Allied Esports and Noble Link to consummate and effect the Mergers shall be subject to the satisfaction at or prior to the Completion Date of each of the following conditions, any of which may be waived, in writing, by Allied Esports or Noble Link for itself and its subsidiaries:

- (a) each representation and warranty of Black Ridge and Merger Sub contained in the Merger Agreement that is (i) qualified as to “materiality” or “material adverse effect” shall have been true and correct (A) as at the date of the Merger Agreement and (B) on and as at the Completion Date with the same force and effect as if made on the Completion Date, and (ii) not qualified as to “materiality” or “material adverse effect” shall have been true and correct (A) as at the date of the Merger Agreement and (B) in all material respects on and as at the Completion Date with the same force and effect as if made on the Completion Date. Allied Esports shall have received a certificate with respect to the foregoing signed on behalf of Black Ridge and Merger Sub by an authorized officer of Black Ridge and Merger Sub (the “**BR Closing Certificate**”);
- (b) Black Ridge and Merger Sub shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by them on or prior to the Completion Date, except to the extent that any failure to perform or comply (other than a willful failure to perform or comply or failure to perform or comply with an agreement or covenant reasonably within the control of Black Ridge) does not, or is not reasonably expected to, constitute a material adverse effect with respect to Black Ridge, and the BR Closing Certificate shall include a provision to such effect;
- (c) no action, suit or proceeding shall be pending or threatened before any Governmental Entity which is reasonably likely to (i) prevent consummation of any of the transactions contemplated by the Merger Agreement, (ii) cause any of the transactions contemplated by the Merger Agreement to be rescinded following consummation or (iii) affect materially and adversely or otherwise encumber the title of the shares of BR Common Stock to be issued by Black Ridge in connection with the Transaction Merger, and no order, judgment, decree, stipulation or injunction to any such effect shall be in effect;

LETTER FROM THE BOARD

- (d) Black Ridge and Merger Sub shall have obtained the consents, waivers and approvals required to be obtained by Black Ridge and Merger Sub in connection with the consummation of the transactions contemplated under the Merger Agreement, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, would not reasonably be expected to have a material adverse effect on Black Ridge and the BR Closing Certificate shall include a provision to such effect;
- (e) no material adverse effect with respect to Black Ridge shall have occurred since the date of the Merger Agreement;
- (f) immediately prior to the Completion, Black Ridge shall be in compliance with the reporting requirements under the Securities Act of 1933, as amended and Exchange Act of 1934, as amended;
- (g) at or prior to the Completion, Black Ridge shall have delivered to Allied Esports (i) certificates of good standing of Black Ridge and Merger Sub from the secretary of state of the State of Delaware, (ii) copies of resolutions and actions taken by Black Ridge's and Merger Sub's board of directors and stockholders in connection with the approval of the Merger Agreement and the transactions contemplated thereunder, and (iii) such other documents or certificates as shall reasonably be required by Allied Esports and its counsel in order to consummate the transactions contemplated thereunder;
- (h) the employees of Black Ridge and Merger Sub as listed in the Merger Agreement shall have resigned from all of their positions and offices with Black Ridge and Merger Sub, and they will take on different roles with AESWPT Holdco and/or Black Ridge; and
- (i) the Registration Rights Agreement (as defined below) shall have been executed and delivered and shall be in full force and effect.

LETTER FROM THE BOARD

Additional Conditions to the Obligations of Black Ridge and Merger Sub

The obligations of Black Ridge and Merger Sub to consummate and effect the Transaction Merger shall be subject to the satisfaction at or prior to the Completion Date of each of the following conditions, any of which may be waived, in writing, exclusively by Black Ridge:

- (a) each representation and warranty of Allied Esports, Noble Link, the Company and Primo Vital contained in the Merger Agreement that is (i) qualified as to “materiality” or “material adverse effect” shall have been true and correct (A) as at the date of the Merger Agreement and (B) on and as at the Completion Date with the same force and effect as if made on the Completion Date, and (ii) not qualified as to “materiality” or “material adverse effect” shall have been true and correct (A) as at the date at the Merger Agreement and (B) in all material respects on and as at the Completion Date with the same force and effect as if made on the Completion Date. Black Ridge shall have received a certificate with respect to the foregoing signed on behalf of Allied Esports by an authorized officer of Allied Esports (“**AES Closing Certificate**”) and a certificate with respect to the foregoing signed on behalf of Noble Link by an authorized officer of Noble Link (“**Noble Closing Certificate**”);
- (b) Allied Esports, Noble Link, and the AES Shareholders shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by them at or prior to the Completion Date, including the surrender of AES Certificates, and AES Closing Certificate shall include a provision to such effect;
- (c) no action, suit or proceeding shall be pending or threatened before any Governmental Entity which is reasonably likely to (i) prevent consummation of any of the transactions contemplated by the Merger Agreement, (ii) cause any of the transactions contemplated by the Merger Agreement to be rescinded following consummation or (iii) affect materially and adversely the right of AESWPT Holdco to own, operate or control any of the assets and operations of Merger Businesses following the Mergers, and no order, judgment, decree, stipulation or injunction to any such effect shall be in effect;

LETTER FROM THE BOARD

- (d) each of Allied Esports and Noble Link shall have obtained all consents, waivers, permits and approvals required to be obtained by it in connection with the consummation of the transactions contemplated by the Merger Agreement, other than consents, waivers and approvals the absence of which, either alone or in the aggregate, would not reasonably be expected to have a material adverse effect and AES Closing Certificate and Noble Closing Certificate shall each include a provision to such effect;
- (e) no material adverse effect with respect to Allied Esports or Noble Link shall have occurred since the date of the Merger Agreement;
- (f) the Lock-Up Agreements (as defined below) shall have been executed and delivered by each AES Shareholder and shall all be in full force and effect;
- (g) the Escrow Agreement (as defined below) shall have been executed and delivered and shall be in full force and effect;
- (h) at or prior to the Completion, Allied Esports and Noble Link, as applicable, shall have delivered to Black Ridge: (i) certificates of good standing (or the equivalent) of Allied Esports, Noble Link, and each of their respective subsidiaries from the secretary of state or similar governmental authority of the jurisdiction in which Allied Esports, Noble Link, and each of their respective subsidiaries is organized, (ii) a certificate pursuant to Treasury Regulations Section 1.1445-2(b) that Allied Esports is not a foreign person within the meaning of Section 1445 of Internal Revenue Code of 1986, as amended, (iii) copies of resolutions and actions taken by its respective board of directors and shareholders in connection with the approval of the Merger Agreement and the transactions contemplated thereunder, and a certificate of the secretary or equivalent officer stating that all such resolutions are in full force and effect, and (iv) such other documents or certificates as shall reasonably be required by Black Ridge and its counsel in order to consummate the transactions contemplated under the Merger Agreement;

LETTER FROM THE BOARD

- (i) (A) all outstanding indebtedness owed by Allied Esports, Noble Link, the subsidiaries of Allied Esports, and each of their Insiders shall have been repaid in full, including the indebtedness and other obligations described in the Merger Agreement; (B) all outstanding guaranties and similar arrangements pursuant to which Allied Esports or Noble Link has guaranteed the payment or performance of any obligations of any Insiders to a third party shall have been terminated; and (C) no Insider shall own any direct equity interests in any subsidiary of Allied Esports or any subsidiary of Noble Link, or in any other person that utilizes in its name “Esports” or “world poker tour” or any derivative thereof;
- (j) Allied Esports has, prior to the Completion, completed the reorganization of the corporate structure of the Merger Businesses pursuant to the Merger Agreement to facilitate the Mergers;
- (k) the Redomestication Effective Time shall have occurred and the Redomestication Merger shall have been consummated in accordance with the terms of the Merger Agreement; and
- (l) the draft combined/consolidated financial statements consisting of the combined/consolidated balance sheets and the related statements of operations/income and retained earnings, stockholders’ equity, and cash flow of Allied Esports and WPT Enterprises, Inc. (where applicable) for the fiscal years ended 31 December 2016 and 2017 and for the nine-month period ended 30 September 2018 (the “**Draft Financial Statements**”) shall have been finalized and auditors thereof shall have issued their audit reports with respect thereto (the “**Audited Financial Statements**”). The Audited Financial Statements shall be not have been materially different from the Draft Financial Statements (save for the exclusions as stated in the Merger Agreement), and shall comply as to form in all material respects, and be prepared in accordance, with US GAAP applied on a consistent basis throughout the periods involved, and fairly present in all material respects the financial position of Allied Esports and WPT Enterprises, Inc., as applicable, at the dates thereof and the results of their operations and cash flows for the period indicated.

As at the Latest Practicable Date, none of the conditions precedents set out above have been fulfilled or waived.

LETTER FROM THE BOARD

- Lock-up Agreements:** Prior to the Completion Date, each of the AES Shareholders shall enter into the agreed form of a lock-up agreement (the “**Lock-up Agreements**”) pursuant to which the AES Shareholders shall agree not to transfer the shares of BR Common Stock or BR Warrants to be received under the Merger Agreement for a period of twelve months from the Completion Date, subject to certain exceptions. The Company, being one of the AES Shareholders, will also be bound by the Lock-Up Agreements.
- Registration Rights Agreement:** The Parties agree to enter into the agreed form of a registration rights agreement (the “**Registration Rights Agreement**”) at the Completion pursuant to which, among other things, Black Ridge will under certain circumstances agree to register for resale under the Securities Act of 1933, as amended, the shares of BR Common Stock and the shares of BR Common Stock underlying the BR Warrants to be issued to the AES Shareholders pursuant to the Merger Agreement.
- Escrow Agreement:** As the sole remedy for the indemnity obligations set forth in the Merger Agreement, at the Closing, the AES Shareholders shall, as a group, deposit in escrow an aggregate of 10% of the shares of BR Common Stock and 10% of the BR Warrants received under the Merger Agreement (collectively, the “**Escrow Consideration**”), which shall be allocated among the AES Shareholders in the same proportions as the total Merger Consideration is allocated among them, all in accordance with the terms and conditions of the agreed form of an escrow agreement to be entered into at the Completion between Black Ridge, the representative appointed by the AES Shareholders, and the escrow agent (the “**Escrow Agreement**”).
- The Escrow Agreement shall provide that, on the first anniversary of the Completion Date, the escrow agent shall release the Escrow Consideration, less that portion of the Escrow Consideration applied in satisfaction of or reserved with respect to indemnification claims made prior to such date, to the AES Shareholders entitled to receive them in the same proportions as originally deposited into escrow.
- Termination:** The Merger Agreement may be terminated at any time prior to the Completion:
- (a) by mutual written agreement of Black Ridge, the Company, Noble Link, and Allied Esports at any time;

LETTER FROM THE BOARD

- (b) by any of Black Ridge, the Company, Noble Link, or Allied Esports if the Mergers shall not have been consummated by 10 July 2019, or such later date or dates as shall be set forth in an amendment or amendments to Black Ridge's amended and restated certificate of incorporation for the purpose of extending the date by which Black Ridge is required to have completed a business combination; provided, however, that the right to terminate the Merger Agreement shall not be available to any party whose action or failure to act has been a principal cause of or resulted in the failure of the Mergers to occur on or before such date and such action or failure to act constitutes a breach of the Merger Agreement;
- (c) by any of Black Ridge, the Company, Noble Link, or Allied Esports if a Governmental Entity shall have issued an order, decree, judgment or ruling or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the Mergers, which order, decree, ruling or other action is final and non-appealable;
- (d) by the Company, Noble Link, or Allied Esports, upon a material breach of any representation, warranty, covenant or agreement on the part of Black Ridge or Merger Sub set forth in the Merger Agreement, or if any representation or warranty of Black Ridge or Merger Sub shall have become untrue, in either case such that the conditions precedent would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such breach by Black Ridge or Merger Sub is curable by Black Ridge or Merger Sub prior to the Completion Date, then Allied Esports may not terminate this Agreement for thirty (30) days after delivery of written notice from the Company, Noble Link, or Allied Esports to Black Ridge and Merger Sub of such breach, provided Black Ridge and Merger Sub continues to exercise commercially reasonable best efforts to cure such breach;

LETTER FROM THE BOARD

- (e) by Black Ridge, upon a material breach of any representation, warranty, covenant or agreement on the part of Allied Esports, Noble Link, or the Company set forth in the Merger Agreement, or if any representation or warranty of Allied Esports, Noble Link, or the Company shall have become untrue, in either case such that the conditions precedent would not be satisfied as of the time of such breach or as of the time such representation or warranty shall have become untrue, provided, that if such breach is curable by Allied Esports, Noble Link, or the Company prior to the Completion Date, then Black Ridge may not terminate the Merger Agreement for thirty (30) days after delivery of written notice from Black Ridge to Allied Esports of such breach, provided Allied Esports and the AES Shareholders continue to exercise commercially reasonable best efforts to cure such breach;
- (f) by any of Allied Esports, Noble Link, or the Company, if, at the Special Meeting (including any adjournments thereof), the BR Stockholder Matters or the Incentive Plan are not approved as required by the Corporate Law and Black Ridge's charter documents;
- (g) by any of Black Ridge, the Company, Allied Esports or Noble Link, if, at the general meeting (including any adjournments thereof), the Ourgame Stockholder Matters are not approved;
- (h) by any of Black Ridge, the Company, Noble Link, or Allied Esports, if Black Ridge will have less than US\$5,000,001 of net tangible assets following the exercise by the holders of shares of BR Common Stock issued in Black Ridge's initial public offering of their rights to convert the shares of BR Common Stock held by them into cash in accordance with Black Ridge's charter documents; or
- (i) by Allied Esports, the Company or Noble Link, if immediately prior to the Mergers, Black Ridge does not have cash on hand of at least US\$80,000,000 after disbursement of funds from the trust fund of Black Ridge⁽¹⁾.

As at the Latest Practicable Date, given that the conditions precedent have not been fulfilled or waived, we expect completion to take place shortly after shareholders' approval is obtained. Unless the parties agreed otherwise, the long stop date is set on 10 July 2019.

(1) Subject to the Company's consent, Black Ridge is permitted under the terms of the Mergers to raise additional capital prior to Completion in order to ensure that it will be able to fulfil this requirement. However, the Company does not expect to provide its consent other than in circumstances where the Company's level of ownership in Black Ridge remains at least at 26.74% at Completion.

LETTER FROM THE BOARD

PROPOSED SPIN-OFF

(A) The Proposed Spin-off

The injection of the Merger Businesses into Black Ridge by way of the Transaction Merger pursuant to the Merger Agreement constitutes a spin-off pursuant to the applicable requirements under PN15. The Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and on 29 March 2019, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

Upon Completion, it is currently expected that (i) Black Ridge will own 100% of the equity interests in AESWPT Holdco and will own all AESWPT Holdco's operating assets and intangible assets including the intellectual properties required for the operation of the Merger Businesses; (ii) the Company, through Primo Vital, will be entitled to receive a minimum of 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financings, that no current shareholders of Black Ridge redeem their shares prior to Completion and there are no changes to the share capital of Black Ridge other than those contemplated by the Merger Agreement and the Share Issuance) as enlarged by the issue of the Consideration Shares (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings); and (iii) AESWPT Holdco, will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over it by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided and (4) the fact that there will be no other significant shareholder capable of exercising material influence over of Black Ridge (please see the paragraph headed "Information about Black Ridge and Merger Sub" for further details).

(B) Assured Entitlement

In accordance with the requirements under paragraph 3(f) of PN15, the Board is required to give due regard to the interests of the existing Shareholders by providing the Shareholders with an assured entitlement to the BR Common Stock of Black Ridge, being the immediate shareholder holding 100% equity interests in Allied Esports immediately upon completion of the Mergers and the Proposed Spin-off. However, the Proposed Spin-off is neither a new listing application, nor will an offering of shares be conducted by Black Ridge in connection with the Proposed Spin-off. Furthermore, as Black Ridge is a Nasdaq listed entity incorporated in Delaware, any offering of shares by it to the Hong Kong based shareholders of the Company would necessitate a prospectus prepared in accordance with the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which would be unduly burdensome, particularly in light of the fact that (to the best knowledge of the Company) no public offering of shares in a Delaware incorporated company has previously been made to the public in Hong Kong.

In light of the above, the Company proposes to put forward a resolution to Shareholders at the EGM to waive their rights to an assured entitlement to the BR Common Stock of Black Ridge.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE TRANSACTION MERGER AND PROPOSED SPIN-OFF

As at the Latest Practicable Date, the Company is interested in (i) 77.87% of the issued share capital of Allied Esports, being the holding company of certain subsidiaries of the Company through which the Company operates the Esports business and (ii) 100% of the issued share capital of Noble Link, being the holding company of certain subsidiaries of the Company through which the Company operates the WPT Business. Upon completion of the Redomestication Merger and immediately before the Transaction Merger, Allied Esports will be 84.59% owned by Primo Vital and 15.41% owned by AES Minority Shareholders. Immediately after Completion, the Company through its wholly-owned subsidiary, Primo Vital, will be interested in a minimum of 26.74% of the issued share capital of Black Ridge (as enlarged by the issue of the Consideration Shares, excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings). Immediately after Completion, the holding company of the Merger Businesses, AESWPT Holdco, will become a direct wholly-owned subsidiary of Black Ridge and the holding company of certain subsidiaries of Black Ridge through which Black Ridge operates the Merger Businesses.

Although the Company will only hold a no less than 26.74% equity interest in AESWPT Holdco (through Black Ridge) immediately after Completion (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings), AESWPT Holdco will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over Black Ridge, by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided and (4) the fact that there will be no other significant shareholder capable of exercising material influence over Black Ridge. Furthermore, under the by-laws of Black Ridge, a director can only be removed prior to the end of their term by a majority shareholder vote at a shareholder meeting and then only for cause. Special shareholder meetings can only be called by (i) a majority of the board of Black Ridge; (ii) the president of Black Ridge; (iii) the chairman of the board of Black Ridge; or (iv) by a majority of the shareholders of Black Ridge. Furthermore, only people nominated by the nominating committee of the board of Black Ridge, or properly nominated by any shareholder of the company in accordance with the procedure set out in the by-laws of Black Ridge can be elected. As a result, the financial results of AESWPT Holdco will continue to be consolidated in the financial statements of the Remaining Group and the Company expects to consolidate the financial results of Black Ridge and its subsidiaries following Completion.

LETTER FROM THE BOARD

On 5 November 2018, 16 members of the management team of the Merger Businesses (the “**Management Team**”) agreed to grant to the Company irrevocable proxies to exercise their voting rights over their Black Ridge shares until 1 June 2020. The Management Team consists of Yang Eric Qing, Ng Kwok Leung Frank, David Polgreen, Ray Mikhail Asad, Brian Fisher, Mark Green, Leonardus Groenewoud, Judson Hannigan, Ian Langstaff, Edgar Pastrana, Adam Pliska, Simon Temperley, Matthias Zander, Paul Chamberlain, David Phil Hyun Moon and Justin Ohlmeyer. The Management Team will hold 1,199,192 shares of Black Ridge in aggregate, representing 3.9% of the total issued shares of Black Ridge. Please also refer to the paragraph headed "Proposed Spin-off — (A) The Proposed Spin-off" for further details.

The Black Ridge shares held by the Management Team are subject to a one-year lock-up period starting from the date of Completion. The elapse period of the irrevocable proxies granted to the Company approximates the share lock-up period and the irrevocable proxies will further enhance the Company’s voting control of Black Ridge.

Shareholders should note that there is no ongoing right to appoint a majority of the board of directors of Black Ridge either in the Merger Agreement or by-laws of Black Ridge. The directors of Black Ridge will be subject to annual re-election at each annual general meeting. The Company will be in a position to exert significant influence over the re-election of its directors, who will include individuals that are most familiar with the operations of the underlying Esports business and WPT Business at any subsequent. However, in the unlikely event that the Company’s appointees are not re-elected at the annual general meeting of Black Ridge, and as a result, the number of directors appointed by the Company no longer represents the majority of the board of directors of Black Ridge, the Company would lose the ability to consolidate the financial results of Black Ridge and its subsidiaries.

The Company has taken the following measures to ensure that it would continue to maintain significant control over Black Ridge so that it is unlikely that the Company’s appointees to the board of directors of Black Ridge are not re-elected at annual general meeting of Black Ridge:

- (1) upon Completion, Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Adam Pliska, Ms. Maya Rogers, Dr. K. H. Anthony Tyen and Mr. Jimmy Kim will be appointed by the Company as directors of Black Ridge, representing the majority of the board of directors of Black Ridge which will consist of 11 directors at Completion;
- (2) under the by-laws of Black Ridge, members of the board of directors serve staggered terms, with class A directors serving a term of one year, class B directors serving a term of two years and class C directors serving a term of three years, before re-election. At Completion, the Company will have appointed four class C directors and two class B directors to the board of Black Ridge. As such, at a minimum, the Company will control the board of Black Ridge until the annual general meeting of Black Ridge in 2021 at which time the class B directors appointed by the Company will be subject to re-election;

LETTER FROM THE BOARD

- (3) a director can only be removed prior to the end of their term by a majority shareholder vote at a shareholder meeting and then only for cause. Special shareholder meetings can only be called by (i) a majority of the board of Black Ridge; (ii) the president of Black Ridge; (iii) the chairman of the board of Black Ridge; or (iv) by a majority of the shareholders of Black Ridge. Furthermore, only people nominated by the nominating committee of the board of Black Ridge, or properly nominated by any shareholder of Black Ridge in accordance with the procedure set out in the by-laws of Black Ridge can be elected;
- (4) pursuant to the Merger Agreement, the Company has the right to nominate the chairman and a majority of the members of the nomination committee of Black Ridge, therefore having effective control of the director nomination process of Black Ridge to ensure the Company can control that the directors to be appointed are satisfactory to the Company;
- (5) upon Completion, the Company will be entitled to receive a minimum of 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financings that no current shareholders of Black Ridge redeem their shares prior to Completion the issue of up to 1,424,500 shares of BR Common Stock to certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering as further described in the section headed “Letter from the Board — Information About Black Ridge and Merger Sub” in this circular) and become the largest shareholder of Black Ridge; and
- (6) if the Company exercises its BR Warrants and Contingent Shares to be issued pursuant to the terms of the Merger Agreement (assuming full conversion of the Convertible Notes in the Convertible Debt Financings the issue of up to 1,424,500 shares of BR Common Stock to certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering as further described in the section headed “Letter from the Board — Information About Black Ridge and Merger Sub” in this circular), the Company’s equity interest in Black Ridge would increase to 35.36% as shown on page 45 of this circular, which would further enhance the Company’s control over Black Ridge.

As a result, upon completion, the holding company of the Merger Businesses, AESWPT Holdco, will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over Black Ridge, and the financial results of AESWPT Holdco will continue to be consolidated in the financial statements of the Remaining Group. As such, without losing control over the Disposal Group, the difference between the consideration for the Transaction Merger and the amount of non-controlling interests adjusted in the Disposal Group will be directly recognised in other reserve under the Group’s consolidated statement of changes in equity, and no gain or loss will therefore be recorded.

LETTER FROM THE BOARD

The appointment of a majority of the board of directors of Black Ridge by the Company pursuant to the terms of the Merger Agreement is one-off. Upon Completion, the Company will be able to continue to appoint a majority of the board of directors of Black Ridge for the reasons set out above (in particular, for its being the single largest shareholder and the proxy over the voting rights attached to the Black Ridge shares provided by the Management Team of the Merger Businesses).

THE PROPOSED REORGANISATION AND DISPOSAL

References are made to the Company's announcements dated 15 August 2018, 5 September 2018, 31 October 2018 and 10 May 2019 (the "**Reorganisation Announcements**") with respect to the proposed Reorganisation and proposed disposal of the Divested Businesses (the "**Proposed Disposal**"). Unless otherwise defined, capitalized terms used herein under the section headed "The Proposed Reorganisation and Disposal" shall have the same meanings as set out in the Reorganisation Announcements.

Given the performance of the Divested Businesses under the Exclusive Operation Agreement has shown continued stabilization, the Board has determined to terminate the Reorganisation. On 10 May 2019, the Company has entered into a second supplemental agreement to the Exclusive Operation Agreement pursuant to which (i) the term of the Exclusive Operation Agreement has been extended to 31 December 2023; and (ii) as consideration for the entrustment of operating rights of the Divested Businesses, Beijing Lianzhong shall be entitled to 40% of the distributable income in excess of RMB14.4 million and 60% of the distributable income in excess of RMB30 million. The distributable income shall be calculated as users' prepayments from the Divested Business less pre-share costs less share of combined operation costs less tax paid.

In addition, as a result of entering into of the termination agreement to terminate the Reorganisation and the Proposed Disposal on 10 May 2019, the Divested Businesses will remain with the Group and will not be treated as discontinued operations for the purposes of the Group's financial statements going forward.

INFORMATION ABOUT THE COMPANY

The Company is incorporated in the Cayman Islands as a company with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. As at the Latest Practicable Date, the Group is primarily engaged in the development and operation of PC and mobile card and board games, organising and broadcasting online to offline mind-sports events, tournaments, TV shows and contents in China and globally. As at the Latest Practicable Date, the Group also holds various investments in Esports, World Poker Tour and mind sports.

INFORMATION ABOUT THE REMAINING GROUP

Upon Completion, the Remaining Group will continue to engage in the development and operation of PC and mobile card and board games.

LETTER FROM THE BOARD

Business Plans

The Company, through the Remaining Group, has re-kicked off the development of its new games and the sourcing of third party developed games and plans to file game permit applications for several new card and board games in the first half of 2019. The Company expects the current process time for a new game permit application would be ranging from four (4) to six (6) months, and that some of its new games may be launched later in 2019. The Remaining Group is also developing and sourcing other new games that are still at a preliminary development stage and the Company plans to file application for other new games in the second half of 2019. Assuming a similar processing time for their new game permit applications, these games will be launched in either late 2019 or 2020.

The Remaining Group also plans to restructure or redevelop its Texas Hold'em games to cater the new industry regulatory policies in the PRC when these policies become available.

The Company recently launched 聯眾五子棋 on 15 May 2019. Below sets out the names of the games currently under development which are not required to obtain new game permits and their related tentative timetable:

	Product Name	Tentative Launch Date
1.	聯眾象棋	August 2019
2.	聯眾跳棋	August 2019
3.	街機萬人捕魚	July 2019
4.	頭號大腦	June 2019

街機萬人捕魚 and 頭號大腦 are expected to launch on time as scheduled.

Below sets out the name of the games currently under development which are required to obtain new game permits and their related tentative timetable:

	Product Name	Proposed Game Permit Application Date	Tentative Launch Date
1.	三國策OL	June/July 2019	October/November 2019
2.	將魂師	June/July 2019	October/November 2019

The Company will continue to develop its card and board games business both in PC and mobile forms by leveraging Ourgame's brand, the product and operation expertise and extensive user base, while active controlling and managing cost and risks. The Company has signed a third party outsourcing agreement to outsource the development and operation of the PC games business and has thus far achieved good results. The Company intends to continue with the outsourcing agreement and believes the prospects of the business will continue to improve. This arrangement allows the Company to receive distributable income but the Company shall not bear any costs or liabilities if it were to record any distributable losses. The Company intends to continue to grow the

LETTER FROM THE BOARD

mobile games businesses by adding new card and board games and other titles. The Company is exploring free-to-play and advertising-supported games model which does not require user in-game payment but gets revenue from in-game advertisements, thus does not require a games permit to operate. This model has proven to be effective on casual games which are the focus of the Company. This will to some extent alleviate the constrain of the game permit process and enables faster time to market. The Company is also adopting a publishing model that enables the Company to choose from the market best of breed products to publish. The mobile market will continue to be competitive but the Company believe it continue to present opportunities. The Company is also actively looking for the right teams and product to acquire to augment its development when the opportunities present themselves.

It is expected that the Remaining Group will not engage or invest in businesses relating to Esports or WPT Businesses (except through AESWPT Holdco) in the near future. The Remaining Group will not hold investments in Esports and Word Poker Tour business upon Completion of the Transaction Merger but will continue to hold investments in mind sports including several startup companies mainly engaged in mind sports related technological research and development currently held by the Remaining Group.

Management Team

As at the Latest Practicable Date, the board of directors of the Remaining Group consist of Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank as executive directors; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Fan Tai and Mr. Chen Xian as non-executive directors; and Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony as independent non-executive directors.

Mr. Ng Kwok Leung Frank has tendered his resignation on 21 May 2019 to resign as an executive director of the Company, taking effect from the conclusion of the annual general meeting of the Company on 29 June 2019, in order to devote his time to the Company's overseas business. Mr. Ng Kwok Leung Frank will remain as a co-chief executive officer of the Company after his resignation. Upon Completion, the directors and senior management of the Remaining Group are Mr. Yang Eric Qing, as executive director; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Fan Tai and Mr. Chen Xian, as non-executive directors; Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony, as independent non-executive directors; and Ms. Jiang Chen Hong, Ms. Wu Weiwei, Ms. Chan Nga Kwan Olivia, and Ms. Xiao Yundan as senior management. The executive director and the senior management will manage the day-to-day operations of the Remaining Group. Their related experience, history and roles in the Remaining Group are set out in Appendix VI — Biographies of the directors and the senior management of the Remaining Group.

Mr. Yang Eric Qing will not manage any day-to-day operation of the Disposal Group upon Completion. Upon Completion, Mr. Kwok Leung Frank plans to resign as the co-chief executive officer of the Company and will become the chief executive officer of Black Ridge.

Save for Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank and Dr. Tyen Kan Hee Anthony, no other directors or senior management of the Remaining Group would become directors or senior management of Black Ridge.

LETTER FROM THE BOARD

INFORMATION ABOUT THE DISPOSAL GROUP

Information of Allied Esports

Allied Esports is a Delaware corporation, an indirect non-wholly owned subsidiary of the Company and the holding company of certain subsidiaries of the Company through which the Company operates the Esports business, as at the Latest Practicable Date. Upon Completion, it will become an indirect wholly-owned subsidiary of Black Ridge and the holding company of certain subsidiaries of Black Ridge through which Black Ridge operates the Merger Businesses.

As at the Latest Practicable Date, the Company is interested in approximately 77.87% of the issued share capital of Allied Esports through several intermediate companies controlled by the Company.

Set out below are the net losses (both before and after taxation) of Allied Esports based on the audited consolidated accounts of Allied Esports prepared in accordance with IFRS, for the financial years ended 31 December 2017 and 2018:

	For the financial year ended	
	31 December	
	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net loss before taxation	187,498	29,587 ⁽¹⁾
Net loss after taxation	187,720	29,587 ⁽¹⁾

As at 31 December 2018, the unaudited total assets and the unaudited net liabilities of Allied Esports amounted to approximately RMB320.92 million and RMB196.99 million, respectively.

LETTER FROM THE BOARD

Information of Noble Link

Noble Link is a private limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. It is the holding company of certain subsidiaries of the Company through which the Company operates the WPT Business. Set out below are the net losses (both before and after taxation) of Noble Link based on the audited consolidated accounts of Noble Link prepared in accordance with IFRS, for the financial years ended 31 December 2017 and 2018:

	For the financial year ended	
	31 December	
	2018	2017
	RMB'000	RMB'000
	(Audited)	(Audited)
	(approximately)	(approximately)
Net loss before taxation	92,499	5,059 ⁽¹⁾
Net loss after taxation	91,613	3,371 ⁽¹⁾

As at 31 December 2018, the unaudited total assets and the unaudited net assets of Noble Link amounted to approximately RMB358.80 million and RMB194.58 million, respectively.

Notes:

- (1) Due to different reclassification approach, the financial figures of profit/loss before and after taxation of Allied Esports and Noble Link for the financial year ended 31 December 2017 in this circular are different from those disclosed in the Announcement.

Information of Primo Vital

Primo Vital is an investment holding company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company as at the Latest Practicable Date. As at the Latest Practicable Date, it is the holding company of certain subsidiaries of the Company through which the Company operates the Esports business.

LETTER FROM THE BOARD

Business Plans of the Disposal Group After Completion

The Disposal Group intends to expand the Merger Businesses after Completion through several avenues, including:

- The construction of at least two (2) additional flagship Esports arenas in Asia and Europe, respectively.
- Licensing its brand to third parties to create affiliate Esports arenas worldwide.
- Building up to eight (8) mobile Esports trucks to expand the Disposal Group's mobile Esports arena fleet.
- Developing new, compelling content through events at its arenas, and monetizing that content through sponsorship, licensing and distribution of such content.
- Creating a subscription-based online Esports gaming platform through which members can play exclusive Esports tournaments, have access to exclusive content, be eligible to win cash and prizes and receive exclusive access to events, merchandise and VIP talent and services at the Disposal Group's Esports arenas.
- Continuing to grow the WPT Business by finding new sponsorship partners, expanding the global reach of its poker tournament tours, increasing the marketing and reach of its social gaming products, and developing new regional partnerships with strategically valuable parties around the world.

INFORMATION ABOUT BLACK RIDGE AND MERGER SUB

Black Ridge is a blank check company formed under the laws of the State of Delaware on 9 May 2017, whose shares are listed on Nasdaq in October 2017 with the ticker symbol BRACU. It was formed for the sole purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities, which it refers to as a "target business." Its efforts to identify a prospective target business are not limited to a particular industry or geographic region. Prior to its initial public offering, Black Ridge's efforts were limited to organizational activities as well as activities related to the offering. As at the Latest Practicable Date, Black Ridge is an investing holding company and has no business operations. Upon Completion, Black Ridge will change its name to Allied Esports Entertainment, Inc., and will serve as the publicly traded entity owning AESWPT Holdco, which will continue to operate the Merger Businesses.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Black Ridge has 17,695,000 BR Common Stock outstanding, held by public shareholders, who are third parties independent of the Company and connected persons of the Company to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

Upon Completion, certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering will be entitled to receive an additional share of BR Common Stock for every existing 10 shares of BR Common Stock, amounting to an issuance of an additional 1,424,500 shares of BR Common Stock in total.

Assuming that there is no other change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion, in the different scenarios, namely,

- (1) at the Latest Practicable Date;
- (2) upon Completion and after the Share Issuance;
- (3) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings;
- (4) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings, and the full exercise of BR Warrants; and
- (5) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings, the full exercise of BR Warrants and the issuance of Contingent Shares,

LETTER FROM THE BOARD

the shareholding structure of Black Ridge will be as follows:

Shareholders	At the Latest Practicable Date		Upon Completion and full conversion of the Convertible Notes ⁽⁵⁾				Upon Completion and full exercise of BR Warrants ⁽⁶⁾ and issuance of Contingent Shares ⁽⁷⁾			
	Approximate		Ownership		Ownership		Ownership		Ownership	
	Number of BR Common Stock	percentage of total issue share capital	Number of BR Common Stock	percentage immediately upon Completion	Number of BR Common Stock	percentage immediately upon Completion	Number of BR Common Stock	percentage immediately upon Completion	Number of BR Common Stock	percentage immediately upon Completion
Primo Vital	—	—	9,502,643	30.93%	8,342,368 ⁽⁹⁾	26.74%	11,074,564	31.51%	13,839,948	35.36%
AES Minority Shareholders (excluding the Subscribers)	—	—	2,100,111	6.84%	2,100,111	6.73%	2,787,918	7.93%	3,484,072	8.90%
Subscribers of Convertible Debt Financing I	—	—	—	—	1,160,275 ⁽⁹⁾	3.72%	1,540,275	4.38%	1,924,890	4.92%
Subscribers of Convertible Debt Financing II	—	—	—	—	470,588	1.51%	622,588	1.77%	776,434	1.98%
HGC Investment Management Inc. ⁽¹⁾	1,002,121	5.66%	1,002,121	3.26%	1,002,121	3.21%	1,002,121	2.85%	1,002,121	2.56%
Weiss Asset Management LP ⁽²⁾	1,305,870	7.38%	1,305,870	4.25%	1,305,870	4.19%	1,305,870	3.72%	1,305,870	3.34%
Polar Asset Management Partners Inc. ⁽³⁾	1,636,325	9.25%	1,636,325	5.33%	1,636,325	5.25%	1,636,325	4.66%	1,636,325	4.18%
Black Ridge Oil & Gas, Inc.	3,895,000 ⁽⁴⁾	22.01%	3,939,500	12.82%	3,939,500	12.63%	3,939,500	11.21%	3,939,500	10.06%
Other public shareholders ⁽⁸⁾	9,855,684	55.70%	11,235,684	36.57%	11,235,684	36.02%	11,235,684	31.97%	11,235,684	28.70%
Total	17,695,000	100%	30,722,254	100%	31,192,842	100%	35,144,845	100%	39,144,844	100%

Notes:

- (1) HGC Investment Management Inc., a company incorporated under the laws of Canada, is the investment manager to HGC Arbitrage Fund LP, an Ontario limited partnership.
- (2) Weiss Asset Management LP, a Delaware limited partnership, WAM GP LLC, a Delaware limited liability company and Andrew M. Weiss share the voting and dispositive power of all these shares. Weiss Asset Management LP, of which WAM GP LLC is its general partner which in turn is managed by Andrew M. Weiss, is the investment manager to a private investment partnership and a private investment fund.
- (3) Polar Asset Management Partners Inc., a company incorporated under the laws of Ontario, is the investment advisor to Polar Multi-Strategy Master Fund, a Cayman Islands exempted company.
- (4) These shares represent 3,450,000 founder shares and 445,000 shares purchased in a private placement simultaneous with Black Ridge's initial public offering. Mr. Kenneth DeCubellis does not own these shares beneficially but he exercises voting and dispositive power over these shares. Black Ridge Oil & Gas, Inc. is a company whose common stock is traded on the OTCQB in the United States under the trading symbol "ANFC".
- (5) This includes the Share Issuance.
- (6) This includes the Share Issuance and assuming full conversion of the Convertible Notes in the Convertible Debt Financings. Upon full exercise of the BR Warrants, the Company and the AES Minority Shareholders are entitled to an aggregate of 3,800,003 BR Common Stock and the Subscribers of Convertible Debt Financing II are entitled to 152,000 BR Common Stock, respectively. Please refer to pages 19 and 21 of this circular for detailed breakdown of the amount of BR Warrants that each relevant party is entitled to.

LETTER FROM THE BOARD

- (7) This includes the Share Issuance, assuming full conversion of the Convertible Notes in the Convertible Debt Financings and full exercise of BR Warrants. Upon issue of the Contingent Shares, the Company and the AES Minority Shareholders are entitled to an aggregate of 3,846,153 Contingent Shares and the Subscribers of Convertible Debt Financing II are entitled to 153,846 Contingent Shares, respectively. Please refer to pages 19 and 21 of this circular for detailed breakdown of the amount of Contingent Shares that each relevant party is entitled to.
- (8) No other public shareholder holds more equity interest in Black Ridge than any individual shareholder in any scenarios disclosed above.
- (9) 1,160,275 BR Common Stock are transferred from the Company to the Subscribers of Convertible Debt Financing I pursuant to the terms of Convertible Debt Financing I. Please refer to page 21 for a detailed breakdown.
- (10) This includes issue of an aggregate of 11,602,754 BR Common Stock to the Company the AES Minority Shareholders.

The BR Warrants and Contingent Shares are issued to the Subscribers pursuant to the applicable terms of the Convertible Debt Financings. Pursuant to the terms of both the Convertible Debt Financing I and Convertible Debt Financing II, upon Completion the Subscribers shall be entitled to (i) BR Warrants equal to the product of 3,800,003 BR Warrants multiplied by the purchase price of the relevant Convertible Notes divided by \$100,000,000 and (ii) Contingent Shares equal to the product of 3,846,153 Contingent Shares multiplied by the purchase price of the relevant Convertible Notes divided by \$100,000,000. Nonetheless, the Subscribers of the Convertible Debt Financing I will receive the BR Warrants and Contingent Shares transferred to them from the BR Warrants and Contingent Shares held by the Company while the Subscribers of the Convertible Debt Financing II will receive the BR Warrants and Contingent Shares directly issued to them by Black Ridge.

Merger Sub is a company formed under the laws of the State of Delaware and is a wholly-owned subsidiary of Black Ridge as at the Latest Practicable Date. As at the Latest Practicable Date, Merger Sub is an investing holding company and has no business operations.

Black Ridge was incorporated on 9 May 2017. The audited net profit before and after taxation of Black Ridge, prepared in accordance with US GAAP, amounted to approximately US\$1.7 million and US\$1.1 million for the financial year ended 31 December 2018, respectively and approximately US\$0.2 million and US\$0.1 million for the financial period ended 31 December 2017, respectively. As at 31 December 2018, the audited total assets and the audited net assets of Black Ridge amounted to approximately US\$141.5 million and US\$140.5 million, respectively. The assets owned by Black Ridge are all cash and liquid securities held in a trust account. The funds originated from the investors in the initial public offering of Black Ridge.

LETTER FROM THE BOARD

Management Team of Black Ridge

Black Ridge currently has no operations. Upon Completion, the board of directors of Black Ridge is expected to consist of Mr. Lyle Berman, Mr. Ken DeCubellis, Mr. Bradley Berman, Mr. Benjamin Oshler, Mr. Joseph Lahti, Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Adam Pliska, Ms. Maya Rogers, Dr. K. H. Anthony Tyen and Mr. Jimmy Kim. Mr. Yang Eric Qing (an executive director of the Company) is expected to be the vice chairman of the board of Black Ridge and Mr. Ng Kwok Leung Frank is expected to be the chief executive officer and a director of the board of Black Ridge. Dr. K. H. Anthony Tyen (an independent non-executive director of the Company) is expected to be a director of the board of Black Ridge. Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Adam Pliska, Ms. Maya Rogers, Dr. K. H. Anthony Tyen and Mr. Jimmy Kim will be the directors of Black Ridge appointed by the Company upon Completion.

Upon Completion, the day-to-day operation of Black Ridge and its subsidiaries will be carried out by Mr. Ng Kwok Leung Frank and four other senior management, namely Mr. Adam Pliska, Mr. Ken DeCubellis, Mr. Jud Hannigan and Mr. David Moon. Mr. Ng Kwok Leung Frank would cease to be an executive director of the Company from 29 June 2019 and plans to resign as the co-chief executive officer of the Company upon Completion, and the other four senior management identified above do not hold any position in the Remaining Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION MERGER AND PROPOSED SPIN-OFF

The Directors (including the independent non-executive Directors) consider that the terms of the Merger Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Black Ridge will assume the Company Notes, and will repay those Company Notes upon Completion, resulting in debt forgiveness to the Company from the Transaction Merger of US\$35 million (equivalent to approximately HK\$273.7 million). Black Ridge would repay the Company Notes in the amount of US\$35 million by cash, of which US\$7.5 million is expected to be used to pay amounts owing to the management of the WPT Business and the remaining proceeds is expected to be used as working capital.

LETTER FROM THE BOARD

The Company strongly believes the following commercial benefits exist with respect to the Transaction Merger and Proposed Spin-off:

- *Unlocking the value of the Merger Businesses.* The Company believes that its share price has consistently failed to reflect the underlying value of the Merger Businesses. The Transaction Merger and Proposed Spin-off values these businesses at approximately US\$203 million (approximately HK\$1,587 million), which significantly exceeds the Company's current market capitalization of approximately HK\$798 million as at the Latest Practicable Date. The consideration includes Black Ridge's assumption of the Company Notes and the payment of such Company Notes in full upon Completion, resulting in the Company's debt forgiveness of US\$35 million (approximately HK\$273.7 million), which in itself represents almost one-third of the Company's current market capitalization. The Transaction Merger and Proposed Spin-off values these businesses at approximately US\$203 million (approximately RMB1,363 million), which significantly exceeds the net liabilities of the Disposal Group of approximately RMB2.4 million as at 31 December 2018, amounted to approximately RMB1,365.4 million.
- *Enhance corporate structure.* A separate listing of the Merger Businesses will enhance the corporate structure of both the Disposal Group and the Remaining Group. The Disposal Group will focus on the Merger Businesses, which by their nature are distinct (both functionally and geographically), whereas the Remaining Group will focus on the online games businesses. It will allow the management teams of the Disposal Group and the Remaining Group to specialize in the respective core businesses of the two groups of companies, thereby enhancing operational efficiency.
- *Provide new sources of capital.* The Transaction Merger and Proposed Spin-off will enable the Merger Businesses to establish their own shareholder base and independently access both equity and debt capital markets, as well as the bank credit market, on potentially more advantageous terms than are presently available. The separate listing will also provide new and more diversified funding sources to finance the existing operations and future expansion of the Disposal Group, including by way of the no less than US\$80 million in cash and cash equivalents required to be held by Black Ridge at Completion.
- *Enhance corporate and brand awareness.* The Transaction Merger and Proposed Spin-off would help enhance the profile of the Merger Businesses and grow their investor base. The U.S. listing status of a subsidiary of the Group may also raise the customer confidence level towards the Group and enhance the Group's corporate and brand awareness.

LETTER FROM THE BOARD

- *Increase transparency on business operations.* A separate listing of the Merger Businesses would provide investors and rating agencies with greater clarity on the business operations and financial status of the Disposal Group, thereby allowing the research community and rating agencies to provide coverage on the Merger Businesses and making it more comparable to industry peers, which in turn would further enhance the corporate profile of the Disposal Group and the Remaining Group.
- *Provide suitable financial incentives to key employees.* A separate listing of the Merger Businesses will enable them to offer listed securities to their key employees as part of their remuneration package. Competition for senior managers in the technology sector is intense. The ability by Black Ridge to offer attractive remuneration packages to its key employees is important to its continued success.
- *No adverse impact on the interests of shareholders of the Company.* As described above, the Company believes the Transaction Merger and Proposed Spin-off offer significant commercial benefits to shareholders of the Company. The Company does not believe the Transaction Merger and Proposed Spin-off would adversely impact the interests of its shareholders.

Since Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank are shareholders of Allied Esports, each holding approximately 1.80% of the equity interests in Allied Esports immediately before the Transaction Merger, they have abstained from voting on the Board resolutions in respect of the Merger Agreement and transaction contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off. Save for Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank, no Director is considered to have a material interest in the Transaction Merger and Proposed Spin-off, and therefore no Director was required to abstain from voting on the Board resolution approving the Merger Agreement and transaction contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off.

LISTING RULES IMPLICATIONS

The injection of the Merger Businesses into Black Ridge by way of the Transaction Merger pursuant to the Merger Agreement constitutes a spin-off subject to the applicable requirements of PN15 of the Listing Rules.

The Remaining Group does not meet the profit requirement of Listing Rule 8.05 for the year ended 31 December 2018, and the Proposed Spin-off is therefore subject to the Stock Exchange granting a waiver in accordance with the provisions of the Note to Paragraph 3(c) of PN15 on the basis that it has achieved sufficient profits in three or four of the last five financial years and its results have been impacted by a significant market downturn. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 3(c) of PN15 regarding the minimum profit requirement of the Remaining Group on the grounds that the Company's financial results for 2018 were impacted by a significant market downturn, particularly within technology related sectors.

LETTER FROM THE BOARD

Upon completion of the Merger, no connected person at the level of the Company will be interested in 10% or more of the voting rights over Black Ridge. Black Ridge is therefore not a connected subsidiary of the Company for the purpose of Listing Rule 14A.16. However, for the purpose of the Transaction Merger and Proposed Spin-off only, the Company will treat the Transaction Merger and Proposed Spin-off as a connected transaction in light of the entering into of the Convertible Debt Financings.

Since one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction Merger and Proposed Spin-off exceed 75% and 100%, respectively, the Transaction Merger and Proposed Spin-off also constitute a very substantial disposal and very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the Transaction Merger and Proposed Spin-off are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

WAIVER RELATING TO CERTAIN FINANCIAL DISCLOSURE REQUIREMENTS

Rule 14.69(4)(a)(i) of the Listing Rules requires a listed issuer to include, among others, an accountants' report on the company being acquired in accordance with Chapter 4 of the Listing Rules (the "**Black Ridge Accountants' Report**") in the circular issued in relation to a very substantial acquisition.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Rule 14.69(4)(a)(i) of the Listing Rules on the following grounds:

- (i) Black Ridge is what is commonly referred to as a "blank check" company with no current business operations, pending its acquisition of the Disposal Group, and assets that consist almost entirely of cash and cash equivalents and marketable securities held in trust account. Black Ridge therefore has no business operations that are relevant to the Company's principal business activities. The Directors are therefore of the view that the only financial information of Black Ridge that is meaningful to the Shareholders for assessing the impact of the Proposed Spin-off is the amount of cash and cash equivalents and marketable securities held in trust account on the balance sheet of Black Ridge, which is already reflected in the unaudited pro form consolidated financial position of the Group following the completion of the Proposed Spin-off on pages IV-1 to IV-11 of the circular.
- (ii) Black Ridge is a company listed on Nasdaq, and it publishes its financial information on a regular basis pursuant to applicable laws and regulations. Such financial information can be easily obtained by the Shareholders and will enable them and the investing public to make a properly informed assessment of Black Ridge's historical financial performance.
- (iii) Black Ridge's financial statements are prepared in accordance with generally accepted accounting principles in the United States ("**US GAAP**"). Black Ridge's auditors issued a clean opinion on the audited financial statements. Black Ridge's auditors are Marcum LLP, a firm of accountants with international name and reputation, and are registered under the applicable laws of the United States and a founding member of the Leading

LETTER FROM THE BOARD

Edge Alliance, an international association of independent accounting firms. The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

- (iv) given that the historical financial information of Black Ridge is not meaningful to the Shareholders for assessing the impact of the Proposed Spin-off, and Black Ridge and the Company have adopted different financial reporting standards, it is unduly burdensome for the Company to engage internal and external resources to prepare an accountants' report on Black Ridge as required under Rules 14.69(4)(a)(i) in light of the substantial time and costs required.
- (v) in replacement of an accountants' report on Black Ridge prepared in accordance with IFRS, the following disclosures have been included in the Circular:
 - a. the published audited financial information on Black Ridge for the two period/year ended 31 December 2017 and 2018 prepared in accordance with US GAAP, including the management discussion and analysis as set out in Part A and D of Appendix III to the Circular.
 - b. a line-by-line reconciliation of the financial statements of Black Ridge for the two year/period ended 31 December 2017 and 2018 to address the differences in Black Ridge's financial statements had they been prepared in accordance with the Company's accounting policies under IFRS, with explanations of the differences (the "**Reconciliation**"). The Company's auditors, Grant Thornton Hong Kong Limited, have reviewed the Reconciliation under Hong Kong Standard of Assurance Engagements 3000 (Revised), as set out in Part C of Appendix III to the Circular.
 - c. all financial information of Black Ridge for the two period/year ended 31 December 2017 and 2018 required for an accountants' report under the Listing Rules have been disclosed in the published financial information of Black Ridge as set out in Part A and D of Appendix III to the Circular, excluding the information required under Rule 4.08(3) of the Listing Rules, (which requires the accountants' report to state that it has been prepared in accordance with the Hong Kong Standard on Investment Circular Reporting Engagements 200 — Accountants' Reports on Historical Financial Information in Investment Circulars (HKSIR 200) issued by the Hong Kong Institute of Certified Public Accountants).

In view of the above, the Directors are of the view that the published financial information of Black Ridge reproduced in the Circular, when taken together with the related management discussion and analysis and the Reconciliation, will give Shareholders all information necessary to assess the financial performance of Black Ridge through the periods presented, such information being broadly commensurate in all material aspects to the disclosure that would otherwise have been provided if an accountant's report on Black Ridge had been produced under Rule 14.67(6)(a)(i) of the Listing Rules.

LETTER FROM THE BOARD

EGM

A notice convening the EGM, at which the resolutions to approve the Transaction Merger, the Proposed Spin-off, the waiving of assured entitlements to shares in Black Ridge, and the transactions contemplated thereunder shall be proposed, is set out in pages EGM-1 to EGM-3 of this circular. The EGM will be held at the Conference Room, 19/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China, on 5 July 2019 at 10:00 a.m. or any adjournment thereof.

Since Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank are shareholders of Allied Esports, each holding approximately 1.80% of the equity interests in Allied Esports immediately before the Transaction Merger, they and the entity controlled by them (namely, Jianyin Ourgame High Growth Investment Fund which holds 221,653,555 Shares, representing approximately 20.27% of the total issued share capital of the Company) will abstain from voting on the resolutions to be proposed at the EGM. Save for the foregoing, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder or his or her associates or the Subscribers has any material interest in the Transaction Merger and Proposed Spin-off and the transactions contemplated thereunder and therefore, no Shareholder is required to abstain from voting for the resolutions to be proposed at the EGM.

Where a Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

The Board is pleased to advise that the Company has received irrevocable undertakings from the holders of a majority of the outstanding issued share capital of the Company entitled to vote in favor of the resolutions relating to the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off proposed to be put forth at the EGM. They hold in aggregate 294,526,199 Shares, representing approximately 45.23% of the total issued share capital of the Company.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

For determining the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Tuesday, 2 July 2019 to Friday, 5 July 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 28 June 2019.

RECOMMENDATION

The Independent Board Committee comprising Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off. BaoQiao Partners Capital Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off.

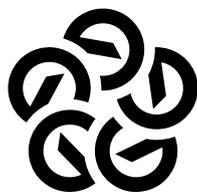
The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on pages 54 to 55 of this circular) are of the opinion that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off are entered into on normal commercial terms, and the terms and conditions of the Merger Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The text of the letter from Independent Board Committee is set out on pages 54 to 55 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 56 to 103 of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Co-Chief Executive Officer



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)

19 June 2019

To the Shareholders

Dear Sir/Madam,

**(1) VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION
IN RELATION TO THE TRANSACTION MERGER
(2) THE PROPOSED SPIN-OFF
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 19 June 2019 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off and the advice of Independent Financial Adviser in relation thereto as set out on pages 56 to 103 of this Circular, we are of the opinion that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off are entered into on normal commercial terms and the terms and conditions of the Merger Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole so far as the Shareholders are concerned.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off.

Yours faithfully,

For and on behalf of the

**Independent Board Committee of
Ourgame International Holdings Limited**

Mr. Ge Xuan

Independent non-executive

Director

Mr. Lu Zhong

Independent non-executive

Director

Dr. Tyen Kan Hee Anthony

Independent non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



BAOQIAO PARTNERS CAPITAL LIMITED

Unit 601, 6/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

19 June 2019

*To: the Independent Board Committee and the Independent Shareholders of
Ourgame International Holdings Limited*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION
AND CONNECTED TRANSACTION
IN RELATION TO THE TRANSACTION MERGER AND
(2) THE PROPOSED SPIN-OFF**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 19 June 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 19 December 2018 (U.S. time), the Company, Allied Esports, Noble Link and Primo Vital entered into the conditional Merger Agreement with Black Ridge and Merger Sub in relation to the Redomestication Merger and Transaction Merger.

The transactions contemplated under the Merger Agreement are effectively (i) a reorganisation of the entire Esports business and WPT Business of the Company (the “**Merger Businesses**”) under the Redomestication Merger and (ii) an injection of such Merger Businesses by the Company and its relevant subsidiaries into Black Ridge under the Transaction Merger, in exchange for an equity interest in Black Ridge to be held by Primo Vital, such that immediately after Completion, (a) Black Ridge will own 100% of the equity interests in AESWPT Holdco and will own all AESWPT Holdco’s operating assets and intangible assets including the intellectual properties required for the operation of the Merger Businesses; (b) the Company, through Primo Vital, will be

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

entitled to receive approximately 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financing) as enlarged by the issue of the Consideration Shares (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion) and (c) Black Ridge will be and AESWPT Holdco will continue to be an indirect non-wholly owned subsidiary of the Company. The consideration for the Transaction Merger amounts to approximately US\$203 million.

The injection of the Merger Businesses into Black Ridge by way of the Transaction Merger pursuant to the Merger Agreement is a spin-off subject to the applicable requirements of Practice Note 15 of the Listing Rules (“PN15”). The Company had submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off and on 29 March 2019, the Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off. The Company proposes to put forward a resolution to Shareholders at the EGM to waive their rights to an assured entitlement to the BR Common Stock of Black Ridge.

The Remaining Group does not meet the profit requirement of Listing Rule 8.05 for the year ended 31 December 2018, and the Proposed Spin-off is therefore subject to the Stock Exchange granting a waiver in accordance with the provisions of the Note to Paragraph 3(c) of PN15 on the basis that it has achieved sufficient profits in three or four of the last five financial years and its results have been impacted by a significant market downturn. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with paragraph 3(c) of PN15 regarding the minimum profit requirement of the Remaining Group on the grounds that the Company’s financial results for the year ended 31 December 2018 were impacted by a significant market downturn, particularly within technology related sectors.

As disclosed in the Letter from the Board, upon completion of the Merger, no connected person at the level of the Company will be interested in 10% or more of the voting rights over Black Ridge. Black Ridge is therefore not a connected subsidiary of the Company for the purpose of Listing Rule 14A.16. However, for the purpose of the Transaction Merger and the Proposed Spin-off only, the Company will treat the Transaction Merger and Proposed Spin-off as a connected transaction in light of the entering into of the Convertible Debt Financings.

Since one or more applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transaction Merger and Proposed Spin-off exceed 75% and 100%, respectively, the Transaction Merger and Proposed Spin-off also constitute a very substantial disposal and very substantial acquisition of the Company under Chapter 14 of the Listing Rules. Accordingly, the Transaction Merger and Proposed Spin-off are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

Since Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank are shareholders of Allied Esports, each holding approximately 1.80% of the equity interests in Allied Esports immediately before the Transaction Merger, they and the entity controlled by them (namely, Jianyin Ourgame High Growth Investment Fund which holds 221,653,555 Shares, representing approximately 20.27% of the total

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

issued share capital of the Company) will abstain from voting on the resolutions to be proposed at the EGM. Save for the foregoing, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder or his or her associates or the Subscribers has any material interest in the Transaction Merger and Proposed Spin-off and the transactions contemplated thereunder and therefore, no Shareholder is required to abstain from voting for the resolutions to be proposed at the EGM.

Where a Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

The Company has received irrevocable undertakings from the holders of a majority of the outstanding issued share capital of the Company entitled to vote in favor of the resolutions relating to the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off proposed to be put forth at the EGM. As disclosed in the Letter from the Board, they hold in aggregate 294,526,199 Shares, representing approximately 45.23% of the total issued share capital of the Company.

The Independent Board Committee, comprising Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off. We, BaoQiao Partners Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

For the purposes of this letter, the exchange rate of US\$1.00=RMB6.716 has been used, where applicable, for illustration purposes only and do not constitute representations 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.

OUR INDEPENDENCE

In the last two years, prior to the Latest Practicable Date, BaoQiao Partners Capital Limited was appointed as the independent financial adviser to advise the then independent board committee and independent shareholders of the Company for the major and connected transaction relating to the proposed reorganisation of the domestic personal computer (“PC”) online game businesses (“**Divested Businesses**”) held by Beijing Lianzhong Co., Ltd. (“**Beijing Lianzhong**”) (the “**Reorganisation**”) and deemed disposal (the “**Proposed Disposal**”) of Beijing Lianzhong announced by the Company on 15 August 2018 and 31 October 2018 (the “**Reorganisation Announcements**”). Unless otherwise defined, capitalised terms used herein relating the Proposed Disposal shall have the same meanings as set out in the Reorganisation Announcements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Group or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Announcement and the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Directors and the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were made and continue to be so as up to the Latest Practicable Date. We have also assumed that all statements of belief, opinions, expectations, representations and intentions made by the Directors and the Management in the Circular and/or discussed with/provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Directors and/or the Management, which have been provided to us.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Group, Black Ridge, Merger Sub and the transactions contemplated under the Merger Agreement and the Proposed Spin-off in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs, financial condition and future prospects of the Company, its subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into of Merger Agreement and the transactions contemplated thereunder and the Proposed Spin-off. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the facts, information, representations and opinions made available to us, at the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of approving the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off, and this letter, except for its inclusion in the Circular and for inspection as required under the Listing Rules, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to advise the Independent Board Committee and the Independent Shareholders in respect of the Mergers and the Proposed Spin-off, we have taken into consideration the following principal factors and reasons:

1. Information of the Group, the Disposal Group and Black Ridge

(a) Information of the Group

The Company is incorporated in the Cayman Islands as a company with limited liability, the issued Shares of which are listed on the Stock Exchange. The principal activity of the Company is investment holding. As at the Latest Practicable Date, the Group is primarily engaged in the development and operation of PC and mobile card and board games, organising and broadcasting online to offline mindsports events, tournaments, TV shows and contents in China and globally. The Group also holds various investments in Esports, World Poker Tour and mind sports.

Financial Information of the Group

Set out below is the financial information of the Group for the three years ended 31 December 2018 (“FY2018”), 31 December 2017 (“FY2017”) and 31 December 2016 (“FY2016”) as extracted from the annual reports of the Company for the years ended 31 December 2018 and 31 December 2017 (“2018 Annual Report” and “2017 Annual Report”) and the financial information of the Disposal Group as set out in Appendix II to the Circular:

	FY2018 <i>(Audited)</i>		FY2017 <i>(Audited)</i>		FY2016 <i>(Audited)</i>	
	Revenue <i>RMB'000</i>	Loss for the year <i>RMB'000</i>	Revenue <i>RMB'000</i>	Profit/ (loss) for the year <i>RMB'000</i>	Revenue <i>RMB'000</i>	Profit/ (loss) for the year <i>RMB'000</i>
Financial Performance						
Continuing Operations:						
Online games business <i>(Note 1)</i>	212,456	(244,608)	294,001	(125,874)	743,059	158,377
Disposal Group <i>(Note 2)</i>	130,907	(279,333)	83,757	(32,958)	128,089	(19,001)
	343,363	(523,941)	377,758	(158,832)	871,148	139,376
Discontinued Operations:						
Divested Businesses <i>(Note 1)</i>	45,803	(173,572)	239,267	115,876	—	—
Total (Continuing and Discontinued Operations)	389,166	(697,513)	617,025	(42,956)	871,148	139,376

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial Position

	As at 31 December		
	2018	2017	2016
	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	1,266,430	1,618,212	1,428,881
Total liabilities	286,456	162,682	174,335
Net assets	979,974	1,455,530	1,254,546

Notes:

1. The Company announced, on 15 August 2018, the reorganisation of the Divested Businesses and the financial results of the Divested Businesses for FY2017 and FY2018 were classified as Discontinued Operations in the 2018 Annual Report.

2. As announced by the Company on 24 December 2018, the Company entered into the Merger Agreement with Black Ridge on 19 December 2018, pursuant to which Allied Esports and WPT (collectively known as the “**Disposal Group**”) are expected to merge, subject to shareholder and regulatory approvals and satisfaction of other conditions to closing, with Black Ridge. Please refer to the section headed “Information of the Disposal Group” in this letter for the background and the financial information of the Disposal Group and details of the Merger Agreement are disclosed in the section headed “Principal terms of the Merger Agreement in connection with the Proposed Spin-off” in this letter as well as “The Merger Agreement” in the Letter from the Board.

FY2018 vs FY2017

As disclosed in the 2018 Annual Report, the Company announced the Reorganisation of the Divested Businesses and outsourced the operation of those businesses under the Exclusive Operation Agreement and the Reorganisation Agreement (as defined in the Reorganisation Announcements). The financial results of the Divested Businesses for FY2017 and FY2018 were classified as discontinued operations (“**Discontinued Operations**”) in the 2018 Annual Report. The financial results of the continuing operations (“**Continuing Operations**”) for both FY2018 and FY2017 represented the mobile online games business of Lianzhong Group (“**Mobile Business**”) as well as the Merger Businesses under the Disposal Group.

Total revenue of the Group from Continuing and Discontinued Operations decreased by approximately 36.9% from approximately RMB617.0 million for FY2017 to approximately RMB389.2 million for FY2018. If excluding the Discontinued Operations, the revenue of the Group from Continuing Operations slightly decreased by approximately 9.1% from approximately RMB377.8 million for FY2017 to approximately RMB343.4 million for FY2018. As disclosed in 2018 Annual Report, the decrease in revenue was mainly due to the unexpected and significant industry-wide regulatory headwinds in the PRC domestic card and board games business, including the suspension of new game permit issuance and stop approving the monetization of new games starting from early 2018. Regulations and regulatory practices on the approval,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

publishing and operation of card and board games in general and Texas Hold'em games in particular also became significantly more restrictive. The Company's PC games and Mobile Business were both adversely impacted by the uncertain government policies and administrative measures, in particular the Texas Hold'em and PC games in the PRC under the Divested Businesses being affected the most, which the revenue generated from the Discontinued Operations decreased from RMB239.3 million for FY2017 to RMB45.8 million for FY2018. The Company has taken proactive and drastic actions to address these challenges and negate the impact of the market downturn experienced during the year, including the Reorganisation of the Divested Business, tightening budgets and streamlining the operations across the board.

Loss from Continuing Operations was approximately RMB523.9 million for FY2018 as compared to loss of approximately RMB158.8 million for FY2017, the increase in loss was due primarily to (i) the consolidation of the operating expenses from the newly acquired subsidiaries, including Esports Arena LLC and Nanjing Haoyun Meicheng Electronics Co., Ltd during FY2018; and (ii) the impairment of the carrying values of the intangible assets, goodwill, investment and trade and loan/other receivables related to the Mobile Business amounting to approximately RMB231.0 million. The Discontinued Operations reported loss of approximately RMB173.6 million for FY2018 as compared to profit of approximately RMB115.9 million for FY2017, which was in line with the decrease in revenue as well as the impairment of assets of the Divested Businesses to fair value less costs to sell of approximately RMB127.6 million following the reclassification of assets of the Divested Business as held for sale relating to the Reorganisation.

As at 31 December 2018, the Group reported net assets of approximately RMB980.0 million, representing a decrease of 32.7% to approximately RMB1,455.5 million as at 31 December 2017. The decrease was mainly due to the above-mentioned impairment of assets of approximately RMB358.6 million relating to both the Mobile Business and the Discontinued Operations.

FY2017 vs FY2016

For FY2017, the revenue of the Group decreased by approximately 29.2% to approximately RMB617.0 million from approximately RMB871.1 million for FY2016 and loss of approximately RMB43.0 million was reported for FY2017 as compared to profit of approximately RMB139.4 million for FY2016.

As disclosed in the 2017 Annual Report, such decrease in revenue was mainly due to the decrease in income from the both the PC and mobile China domestic card and board game business as a result of the unexpected changes in the market environment including intensified competition and challenges in China domestic card and board games sector, both from intense competition from new apps that provide online game room cards function, as well as adverse payment policy changes in the Company's main mobile carrier payment partners. In line with the decrease in sales and the increased marketing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

costs to tackle growing competition, loss of approximately RMB43.0 million was reported for FY2017 as compared to profit of approximately RMB139.4 million for FY2016.

As at 31 December 2017, the Group reported net assets of approximately RMB1,455.5 million, representing an increase of 16.0% as compared to approximately RMB1,254.5 million as at 31 December 2016, mainly due to the fund raisings from the issuance of (i) 71,351,351 new Shares of the Company to an Independent Third Party in December 2017 with proceeds of approximately RMB110.5 million; and (ii) convertible notes to an Independent Third Party in July 2017 with an aggregate principal amount of RMB104.1 million and subsequent full conversion into 64,864,864 new Shares of the Company in December 2017.

Business Plan of the Group

As set out in the “Letter from the Board” contained in the Circular, the Proposed Spin-off will be effected by way of the Transaction Merger, whereby the Merger Businesses will be separately listed via Black Ridge on NASDAQ. The Company will hold a 26.74% equity interest in AESWPT Holdco, the holding company of the Merger Businesses (through Black Ridge) immediately after Completion, AESWPT Holdco will continue to be an indirect non-wholly owned subsidiary of the Company and consolidate the financial results of AESWPT Holdco into the financial statements of the Company following the merger through the significant control the Company will exercise over Black Ridge.

Please refer to the section headed “Information of the Disposal Group” in this letter for the background and the financial information of the Disposal Group and details of the Merger Agreement are disclosed in the section headed “Principal terms of the Merger Agreement in connection with the Proposed Spin-off” in this letter as well as “The Merger Agreement” in the Letter from the Board.

The Directors considered that a separate listing of the Merger Businesses (through Black Ridge) will enhance the corporate structure of both the Disposal Group and the Remaining Group. The Disposal Group will focus on the Merger Businesses, which by their nature are distinct (both functionally and geographically), whereas the Remaining Group will continue to focus on the online games businesses. It will allow the management teams of the Disposal Group and the Remaining Group to specialise in the respective core businesses of the two groups of companies, thereby enhancing operational efficiency.

In respect of the Remaining Group, the Company plans to restructure or redevelop its Texas Hold'em games to cater for the new industry regulatory policies in the PRC and also worked to shift the focus of its domestic PRC game operations onto games that are not impacted by the policy uncertainty. As disclosed in the letter from the Board, the Remaining Group has re-kicked off the development of its new games and the sourcing

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of third party developed games and plans to file game permit applications for several new card and board games in the first half of 2019. The Company expects the current process time for a new game permit application would be ranging from four (4) to six (6) months, and that some of its new games may be launched later in 2019. As disclosed in the Letter from the Board, the Company recently launches 聯眾王字棋 on 15 May 2019, and there are total 6 new games which are currently under development and expected to launch in the second half of 2019, of which 2 games will be subject to new game permit application and no such application is required for the other 4 games.

The Company will continue to develop its card and board games business both in PC and mobile forms by leveraging Ourgame's brand, the product and operation expertise and extensive user base, while active controlling and managing cost and risks.

In addition, as disclosed in the Letter from the Board with respect to the Reorganisation and the Proposed Disposal, given the performance of the Divested Businesses under the Exclusive Operation Agreement has shown continued stabilization, the Board has determined to terminate the Reorganisation. On 10 May 2019, the Company has entered into a second supplemental agreement to the Exclusive Operation Agreement pursuant to which (i) the term of the Exclusive Operation Arrangement has been extended to 31 December 2023; and (ii) as consideration for the entrustment of operating rights of the Divested Businesses, Beijing Lianzhong shall be entitled to 40% of the distributable income in excess of RMB14.4 million and 60% of the distributable income in excess of RMB30 million. The distributable income shall be calculated as users' prepayments from the Divested Business *less* pre-share costs *less* share of combined operation costs *less* tax paid.

As a result of entering into the termination agreement on 10 May 2019 to terminate the Reorganisation and the Proposed Disposal, the Divested Businesses will remain with the Group and will not be treated as Discontinued Operations for the purposes of the Group's financial statements going forward.

Furthermore, as disclosed in the Letter from the Board, the Remaining Group is exploring different operating models to alleviate the constraint of the game permit process and enables faster time to market, such as a free-to-play and advertising-supported games model which does not require user in-game payment but gets revenue from in-game advertisements, thus does not require a games permit to operate and a publishing model that enables the Company to choose from the market best of breed products to publish. The Company is also actively looking for the right teams and products to acquire to augment its development when the opportunities present themselves.

It is expected that the Remaining Group will not engage or invest in businesses relating to Esports or WPT Businesses (except through AESWPT Holdco) in the near future. The Remaining Group will not hold investments in Esports and WPT business

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

upon Completion of the Transaction Merger but will invest in mind sports including several startup companies mainly engaged in mind sports related technological research and development currently held by the Remaining Group.

Management Team of the Remaining Group

As at the Latest Practicable Date, the board of directors of the Remaining Group consist of Mr. Yang Eric Qing and Mr. Ng Kwok Leung Frank as executive directors; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Fan Tai and Mr. Chen Xian as non-executive directors; and Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony as independent non-executive directors.

As disclosed in the Letter from the Board, Mr. Ng Kwok Leung Frank has tendered his resignation on 21 May 2019 to resign as an executive director of the Company, taking effect from the conclusion of the annual general meeting of the Company on 29 June 2019, in order to devote his time to serving as a director and the chief executive officer of Black Ridge. Mr. Ng Kwok Leung Frank will remain as the co-chief executive officer of the Company after his resignation as executive Director. Upon Completion, the directors and senior management of the Remaining Group are Mr. Yang Eric Qing, as executive director; Mr. Liu Jiang, Ms. Fu Qiang, Mr. Fan Tai and Mr. Chen Xian, as non-executive directors; Mr. Ge Xuan, Mr. Lu Zhong and Dr. Tyen Kan Hee Anthony, as independent non-executive directors; and Ms. Jiang Chen Hong, Ms. Wu Weiwei, Ms. Chan Nga Kwan Olivia, and Ms. Xiao Yundan as senior management. The executive directors and the senior management will manage the day-to-day operations of the Remaining Group. Their related experience, history and roles in the Remaining Group are set out in “Appendix VI — Biographies of the directors and the senior management of the Remaining Group” in the Circular.

Save for Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank and Dr. Tyen Kan Hee Anthony, no other directors or senior management of the Remaining Group would become directors or senior management of Black Ridge.

Upon Completion, Mr. Ng Kwok Leung Frank plans to resign as the co-chief executive officer of the Company and will become the chief executive officer of Black Ridge. We understand from the Company that despite the common directorship to be held by Mr. Yang Eric Qing and Dr. Tyen Kan Hee Anthony, the Directors believe that independence between the Remaining Group and Black Ridge will be maintained.

Dr. Tyen Kan Hee Anthony, being an independent non-executive Director of the Company, is therefore not expected to be directly involved in the day-to-day management of the business operation of the Remaining Group. Even though Mr. Yang Eric Qing (an executive director) will be the vice chairman of Black Ridge, he will not manage any day-to-day operation of the Disposal Group upon Completion and he is mindful of his fiduciary duties as director to act in the best interests of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Further, as confirmed with the Management, the overlapping directors and senior management, namely Mr. Yang Eric Qing, Dr. Tyen Kan Hee Anthony and Mr. Ng Kwok Leung Frank (who will become senior management of the Company upon his resignation as executive director of the Company taking place from the conclusion of the annual general meeting of the Company on 29 June 2019) will also comply with the respective constitutional documents of the Company and Black Ridge, and any applicable laws and regulations (including but not limited to the Listing Rules) in the event that any conflict of interest arises between the Remaining Group and the Disposal Group. The Remaining Group and Black Ridge/Disposal Group will adopt a good corporate governance practice and provide checks and balances over the decision-making process of the board of directors of the Company and Black Ridge/Disposal Group on transactions involving actual or potential conflict of interests. In addition, given the different nature of the business of the Remaining Group and the Disposal Group, it is unlikely that there will be transactions of substantial amount where conflict of interest may arise between the Remaining Group and the Disposal Group.

(b) *Information of the Disposal Group*

Information of Allied Esports

Allied Esports is a Delaware corporation and a 77.87% indirect non-wholly owned subsidiary of the Company and the holding company of certain subsidiaries of the Company through which the Company operates the Esports business as at the Latest Practicable Date. Upon Completion, it will become a direct wholly-owned subsidiary of Black Ridge and the holding company of certain subsidiaries of Black Ridge through which Black Ridge operates the Merger Businesses.

Information of Noble Link

Noble Link is a private limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. It is the holding company of certain subsidiaries of the Company through which the Company operates the WPT Business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
--

Financial Information of the Disposal Group

Set out below is the unaudited combined financial information of the Disposal Group for FY2016, FY2017 and FY2018 as extracted from “Financial Information of the Disposal Group” as set out in Appendix II to the Circular, the Letter from the Board and the information provided by the Management:

Financial Performance	FY2018 <i>(Unaudited)</i> RMB'000	FY2017 <i>(Unaudited)</i> RMB'000	FY2016 <i>(Unaudited)</i> RMB'000
Revenue	130,907	83,757	128,089
Loss for the year			
— WPT	(91,613)	(3,370)	(15,506)
— Allied Esports	<u>(187,720)</u>	<u>(29,587)</u>	<u>(3,495)</u>
	(279,333)	(32,958)	(19,001)

Financial Position	As at 31 December		
	2018	2017	2016
	<i>(Unaudited)</i> RMB'000	<i>(Unaudited)</i> RMB'000	<i>(Unaudited)</i> RMB'000
Total assets	679,724	515,415	886,449
Total liabilities	682,130	291,577	616,680
Net assets/(liabilities)	(2,406)	223,838	269,769

FY2018 vs FY2017

Revenue amounted to approximately RMB130.9 million for FY2018, an increase of approximately 56.2% from RMB83.8 million for FY2017. The increase in revenue was primarily due to the opening of the flagship Esports arena in Las Vegas, which generated significantly higher revenues from game tournaments and sponsorship income. The loss for FY2018 amounted to approximately RMB279.3 million as compared with a loss of RMB33.0 million for FY2017 was resulted from the substantial increase of administrative expenses of Esports business from approximately RMB53.2 million to approximately RMB178.7 million following the acquisition of Esports Arena LLC in January 2018 and the consolidation of its expenses into the Disposal Group.

As at 31 December 2018, the Disposal Group reported net liabilities of approximately RMB2.4 million, of which approximately RMB507.4 million represented the net amount due to the Remaining Group (“**Intergroup Liabilities**”). If excluding the Intergroup Liabilities, the Disposal Group would have net assets of approximately RMB505.0 million as at 31 December 2018 as compared to net assets of approximately

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB427.2 million (excluding Intergroup Liabilities of RMB203.4 million) as at 31 December 2017. Such increase in net assets was mainly due to the consolidation of the assets and liabilities of Esports Arena LLC in 2018 and the increase in property, plant and equipment for the physical Esports venues of the Esports business.

FY2017 vs FY2016

Revenue amounted to approximately RMB83.8 million for FY2017, a decrease of approximately 34.6% from approximately RMB128.1 million in FY2016. The decrease in revenues was primarily due to the loss of sponsorship revenues from a major customer which was under contract through the end of 2016 and the contract was not renewed for 2017. The loss amounted to approximately RMB33.0 million for FY2017 as compared with a loss of approximately RMB19.0 million for FY2016, which was mainly due to the increase in selling and marketing expenses of approximately RMB16.9 million or 36.8% from approximately RMB46.1 million in FY2016 to approximately RMB63.0 million in FY2017 as a result of the increased spending for the advertising and promotional activities for the upcoming opening of Esports Las Vegas Arena in 2018.

As at 31 December 2017, the Disposal Group reported net assets of approximately RMB223.8 million, of which the Intragroup Liabilities were amounted to approximately RMB203.4 million. If excluding the Intergroup Liabilities, the net assets of the Disposal Group would have decreased to approximately RMB427.2 million as at 31 December 2017 from approximately RMB769.3 million (excluding Intergroup Liabilities of RMB499.5 million) as at 31 December 2016 and such decrease was mainly due to the decrease in trade receivables and amount due from an associate.

Business Plan of the Disposal Group

As disclosed in the Letter from the Board, the Disposal Group intends to expand the Merger Businesses after Completion through several avenues, including:

- The construction of at least two (2) additional flagship Esports arenas in Asia and Europe, respectively.
- Licensing its brand to third parties to create affiliate Esports arenas worldwide.
- Building up to eight (8) mobile Esports trucks to expand the Disposal Group's mobile Esports arena fleet.
- Developing new, compelling content through events at its arenas, and monetizing that content through sponsorship, licensing and distribution of such content.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Creating a subscription-based online Esports gaming platform through which members can play exclusive Esports tournaments, have access to exclusive content, be eligible to win cash and prizes and receive exclusive access to events, merchandise and VIP talent and services at the Disposal Group's Esports arenas.
- Continuing to grow the WPT Business by finding new sponsorship partners, expanding the global reach of its poker tournament tours, increasing the marketing and reach of its social gaming products, and developing new regional partnerships with strategically valuable parties around the world.

(c) Information of Primo Vital

Primo Vital is an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, holding certain subsidiaries of Esports business as at the Latest Practicable Date.

(d) Convertible Debt Financings

References are made to the announcements of the Company (i) dated 15 October 2018 (the “**2018 Announcement**”) in relation to the issue of convertible notes (“**CN1**”) in the aggregate principal amount up to US\$10 million under Convertible Debt Financing I; (ii) dated 20 May 2019 (the “**2019 Announcement**”) in relation to the issue of convertible notes (“**CN2**”) in the aggregate principal amount up to US\$4 million under Convertible Debt Financing II regarding fund raisings for the business operation of Allied Esports and its subsidiaries.

CN2 were issued after the entering into the Merger Agreement but before completion of the Merger Agreement. Principal terms of the Convertible Debt Financings are disclosed in the Letter from the Board.

As disclosed in the Letter from the Board, both CN1 and CN2 can only be converted into BR Common Stock during the Conversion Period (which is the period beginning on the closing date of the Merger and ending on the date that is three months after the closing date of the Merger). The conversion prices of CN1 and CN2 are US\$8.62 and US\$8.5 respectively and both carry interest at an annual rate of 12% and shall accrue from the issue date of CN1 and CN2 until repayment in full. No interest shall be payable to a Subscriber if the Subscriber elects to convert the CN1 and CN2 into BR Common Stock. BR Common Stock issued to the holders of the CN1 and CN2 will be subject to restrictions on transfer for a one-year period after the closing of the Merger.

We have reviewed and compared the principal terms of the CN2 with those of CN1 and noted that there is no material difference in comparison with the CN1.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that two subscribers of the CN1 and CN2 are connected persons of the Company, namely Mr. Martin Weigold (“**Mr. Weigold**”) and Ms. Man Sha. Details of the Subscribers of CN1 and CN2 and their respective interests in the BR Common Stock upon exercise of the conversion rights attached to the CN1 and CN2 in full in the different scenarios, namely (i) upon Completion; (ii) upon Completion and full exercise of BR Warrants; and (iii) upon Completion and full exercise of BR Warrants and issuance of Contingent Shares are as follows:

Name of Subscribers	Subscription amount		Interests in the BR Common Stock upon exercise of the conversion rights attached to the CN1 and CN2 in full during the Conversion Period		
	CN1 <i>US\$ million</i>	CN2 <i>US\$ million</i>	Upon Completion	Upon exercise of BR Warrants	Upon Completion and full exercise of BR Warrants and issuance of Contingent Shares
<i>Mr. Weigold (Note 1)</i>	2	1	1.12%	1.32%	1.48%
<i>Ms. Man Sha (Note 1)</i>	—	1	0.38%	0.44%	0.49%
<i>Others (Note 2)</i>	8	2	3.73%	4.39%	4.93%
	10	4	5.23%	6.15%	6.90%

Notes:

1. Mr. Weigold is a director of the Noble Link Subsidiaries (as defined in 2018 and 2019 Announcement) and Ms. Man Sha is the wife of Mr. Ng Kwok Leung Frank, the director of and co-chief executive officer of the Company and each of them is a connected person of the Company.
2. Others are Independent Third Parties and please refer the 2018 Announcement and 2019 Announcement for details of the background information of each Subscribers.

As discussed in the above section headed “Information of the Disposal Group”, the business operation of the Disposal Group is fast growing and significant funds are required to continue the development of its global Esports platform. In view of its continuous loss-making position, it relies on the ongoing financing support from the Company for its operations. As at 31 December 2018, the amount due from the Disposal Group to the Remaining Group amounted to approximately RMB507.4 million. As discussed with the Management, the Convertible Debts Financings serve as an alternative option of financing to fulfil the funding requirements of the Disposal Group. CN2 were issued after the entering into the Merger Agreement and based on our review of the latest management accounts of the Disposal Group for the four months ended 30 April 2019, we note that the bank balances of the Disposal Group as at 30 April 2019 dropped to approximately US\$1.4 million and the net proceeds of CN1 have been fully utilised for the business development of the Disposal Group. As

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

discussed with the Management, the Disposal Group is in need of working capital and the net proceeds of CN2 will be utilized to fund Allied Esports' on-going events, content production as well as for general working capital purpose. As the Merger and the Proposed Spin-off remain subject to a number of conditions precedent and therefore may or may not proceed, we concur with the Director's view that it is important that the Disposal Group's businesses have sufficient funding to support their ongoing development irrespective of whether the Merger and Proposed Spin-off are consummated or not.

We were advised by the Management that in addition to the issue of CN2, the Board has explored other fundraising methods, such as bank borrowings and bringing in other third party investors. However, given (i) CN2 can only be converted into BR Common Stock during the Conversion Period (if the Merger is consummated) or settled by repayment of principal and accrued interest in cash; (ii) the continuous loss-making performance and the net current liabilities position of the Disposal Group as at 31 December 2018; and (iii) the lack of sufficient collaterals to fortify the loans which the commercial banks or other third party investors generally require, the Directors consider that it is unlikely for the Disposal Group to obtain bank borrowings or bringing in new third party investors with favourable terms and without security. In addition, we understand from the Management that Ms. Man Sha's participation in the subscription was a necessity to close CN2 as the Company was unable to secure enough third party investors to subscribe CN2 in full. In addition, we noted in the board minutes of the Company that Ms. Man Sha was willing to novate her interest in CN2 to any shareholder or any willing investors on the same terms of CN2 for the face value of CN2.

The conversion price of CN2 is US\$8.5, which is slightly below the conversion price of US\$8.62 of CN1 and represents a discount of 16.4% respectively to the Issue Price of BR Common Stock under the Merger Agreement. Black Ridge is a blank check company and without operations. We have reviewed the trading volume of the common shares of Black Ridge since its listing in October 2017 and up to the Latest Practicable Date and we noted that the common shares of Black Ridge generally demonstrated a very low level of liquidity. The average daily trading volume of the shares of Black Ridge in each month ranged from the highest of approximately 339,739 shares in October 2017 to the lowest of approximately 249 shares in October 2018, representing approximately 1.920% and 0.001% to the total number of issued shares as at the end of the month, respectively (*Source: Bloomberg*). Therefore, the trading of the shares of Black Ridge is thin. Such thin trading generally indicate difficulty to pursue sizeable equity financing in the stock market without providing considerable discount.

As disclosed in the section headed "Effect on the shareholding structure of Black Ridge" below in this letter, we noted that the shareholding of the Company's in Black Ridge after Completion and full conversion of CN1 would be 27.15% and the shareholding of the Company in Black Ridge would decrease from 27.15% to 26.74% upon full conversion of CN2 into BR Common Stock assuming completion of full conversion CN1 prior to CN2, representing a dilution of approximately 0.41%, which is the difference in the percentage of shareholding of the Company immediately before and after the said conversion. Taking into account that (i) the issue of the CN2 and the use of proceeds therefrom are fair and reasonable

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and in the interests of the Company and the Shareholders as a whole; (ii) the lack of financing alternatives as discussed above and any other forms of non pro rata fund raising activities would also have dilution effect; (iii) the dilution impact to the Company regarding the issue of CN2 is only 0.41%, we consider that the possible dilution effects in respect of the issue of CN2 on the shareholding interests of the Company in Black Ridge is acceptable.

Having considered the above, we are of the opinion that the terms of CN2 are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(e) *Information of Black Ridge and Merger Sub*

Information of Black Ridge

Black Ridge is a blank check company formed under the laws of the State of Delaware on 9 May 2017, whose shares are listed on Nasdaq in October 2017 with ticker symbol BRAC. It was formed for the purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities, which it refers to as a “target business”. Its efforts to identify a prospective target business are not limited to a particular industry or geographic region. Prior to its initial public offering, Black Ridge’s efforts were limited to organizational activities as well as activities related to the offering. As at the Latest Practicable Date, Black Ridge is an investing holding company and has no business operations. Upon Completion, Black Ridge will change its name to Allied Esports Entertainment Inc., and will serve as the publicly traded entity owning AESWPT Holdco, which will continue to operate the Merger Businesses.

As at the Latest Practicable Date, Black Ridge has 17,695,000 BR Common Stock outstanding (of which 13,800,000 BR Common Stock (“**IPO Shares**”) were issued at initial public offering in October 2017 (“**IPO**”), 3,450,000 BR Common Stock are founder shares and 445,000 BR Common Stock were issued via private placement simultaneously with the IPO), held by public shareholders, who are third parties independent of the Company and connected persons of the Company to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries.

Financial information of the Black Ridge

As disclosed in the annual report of Black Ridge for the year ended 31 December 2018 prepared in accordance with US GAAP, Black Ridge had no operations and did not generate any revenue for the period from 9 May 2017 (inception) to 31 December 2017 and for the year ended 31 December 2018. Net income of approximately US\$0.09 million (equivalent to approximately RMB0.6 million) and US\$1.1 million (equivalent to approximately RMB7.4 million) were reported for the period from 9 May 2017 (date of incorporation) to 31 December 2017 and for the year ended 31 December 2018 respectively, which were mainly generated from the interest income earned from cash

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

and marketable securities held in a trust account of approximately US\$0.4 million (equivalent to approximately RMB2.7 million) and US\$2.5 million (equivalent to approximately RMB16.8 million) in each financial period, net of administrative expenses and income tax expenses incurred during the respective periods.

As at 31 December 2018, the total assets and the net assets of Black Ridge amounted to approximately US\$141.5 million (equivalent to approximately RMB950.3 million) and US\$140.5 million (equivalent to approximately RMB943.4 million). The assets owned by Black Ridge are all cash and liquid securities of approximately US\$141.3 million (equivalent approximately RMB949.0 million) held in a trust account. The funds originated from the investors of 13,800,000 IPO Shares in the initial public offering of Black Ridge. As at 31 December 2018, Black Ridge had commitments in relation to the possible redemption of 13,283,086 IPO Shares (“**Redemption Rights**”) with a fair value amounted to approximately US\$135.47 million (equivalent approximately RMB909.8 million). The stockholders’ equity of Black Ridge as at 31 December 2018 was US\$5.0 million (equivalent to approximately RMB33.6 million)

An extract of the audited financial statements of Black Ridge for the period from 9 May 2017 (inception) to 31 December 2017 and the year ended 31 December 2018 was set out in Appendix III “Financial information of Black Ridge” to the Circular.

Management Team of Black Ridge

Black Ridge currently has no operations. Upon Completion, the board of directors of Black Ridge is expected to consist of Mr. Lyle Berman, Mr. Ken DeCubellis, Mr. Bradley Berman, Mr. Benjamin Oshler, Mr. Joseph Lahti and the other six directors to be appointed by the Company, namely Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Adam Pliska, Ms. Maya Rogers, Dr. Tyen Kan Hee Anthony and Mr. Jimmy Kim. Mr. Yang Eric Qing (an executive director of the Company) is expected to be the vice chairman of the board of Black Ridge and Mr. Ng Kwok Leung Frank (who has tendered his resignation on 21 May 2019 to resign as an executive director of the Company, taking effect from the conclusion of the annual general meeting of the Company on 29 June 2019) is expected to be the chief executive officer and a director of the board of Black Ridge. Dr. Tyen Kan Hee Anthony (an independent non-executive Director of the Company) is expected to be a director of the board of Black Ridge.

Upon Completion, the day-to-day operation of Black Ridge and its subsidiaries will be carried out by Mr. Ng Kwok Leung Frank and four other senior management, namely Mr. Adam Pliska, Mr. Ken DeCubellis, Mr. Jud Hannigan and Mr. David Moon. Mr. Ng Kwok Leung Frank would cease to be a director of the Company from 29 June 2019 and plan to resign as the co-chief executive officer of the Company upon Completion. The other four senior management identified above do not hold any position in the Remaining Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On the basis of the current proposed board composition of Black Ridge, it is believed that the board of directors and senior management of Black Ridge will operate and manage Black Ridge and the Merger Businesses independently from the Remaining Group.

Information of Merger Sub

Merger Sub is a company formed under the laws of the State of Delaware and is a wholly-owned subsidiary of Black Ridge as at the Latest Practicable Date. As at the Latest Practicable Date, Merger Sub is an investing holding company and has no business operations.

2. Principal terms of the Merger Agreement in connection with the Proposed Spin-off

The principal terms and conditions of the Merger Agreement are summarised below.

Please refer to the “Letter from the Board” set out in the Circular for further details.

Date of the Merger Agreement:

19 December 2018 (U.S. Time)

Parties to the Merger Agreement:

- (1) Black Ridge
- (2) Merger Sub
- (3) the Company
- (4) Allied Esports
- (5) Noble Link
- (6) Primo Vital

(collectively the “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Black Ridge, Merger Sub and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Redomestication Merger and The Transaction Merger

The Merger Agreement dated 19 December 2018 involves two business combination transactions of (a) the Redomestication Merger; and (b) the Transaction Merger.

(a) *The Redomestication Merger*

Subject to the conditions of the Merger Agreement, the Parties shall as soon as practicable on or after the Completion Date, cause the Redomestication Merger involving the reorganisation of the entire Esports business and WPT Business of the Company by the merger of Noble Link with and into Allied Esports, upon completion of which, the separate existence of Noble Link will cease, and Allied Esports will continue as the surviving entity of the Redomestication Merger.

(b) *The Transaction Merger*

Subject to the conditions of the Merger Agreement, the Parties shall as soon as practicable immediately after the effective of the Redomestication Merger, cause the Transaction Merger involving the merger of Merger Sub with and into Allied Esports, upon completion of which, the separate existence of Merger Sub will cease, and Allied Esports will continue as the surviving entity of the Transaction Merger and as a wholly owned subsidiary of Black Ridge, but shall change its name to one mutually agreeable to Allied Esports and Black Ridge (the “**AESWPT Holdco**”).

As disclosed in the Letter from the Board, immediately after Completion,

- (a) Black Ridge will own 100% of the equity interests in AESWPT Holdco and will own all AESWPT Holdco’s operating assets and intangible assets including the intellectual properties required for the operation of the Merger Businesses;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
--

- (b) assuming that no current shareholders of Black Ridge redeem their shares prior to Completion and there are no changes to the share capital of Black Ridge other than those contemplated by the Merger Agreement and the Share Issuance, the shareholding structure of Black Ridge before and after the full conversion of the Convertible Notes under the Convertible Debt Financings (Please refer to the Letter from the Board as well as the section headed “Convertible Debt Financings” in this letter for details of the Convertible Debt Financings) will be as follows:

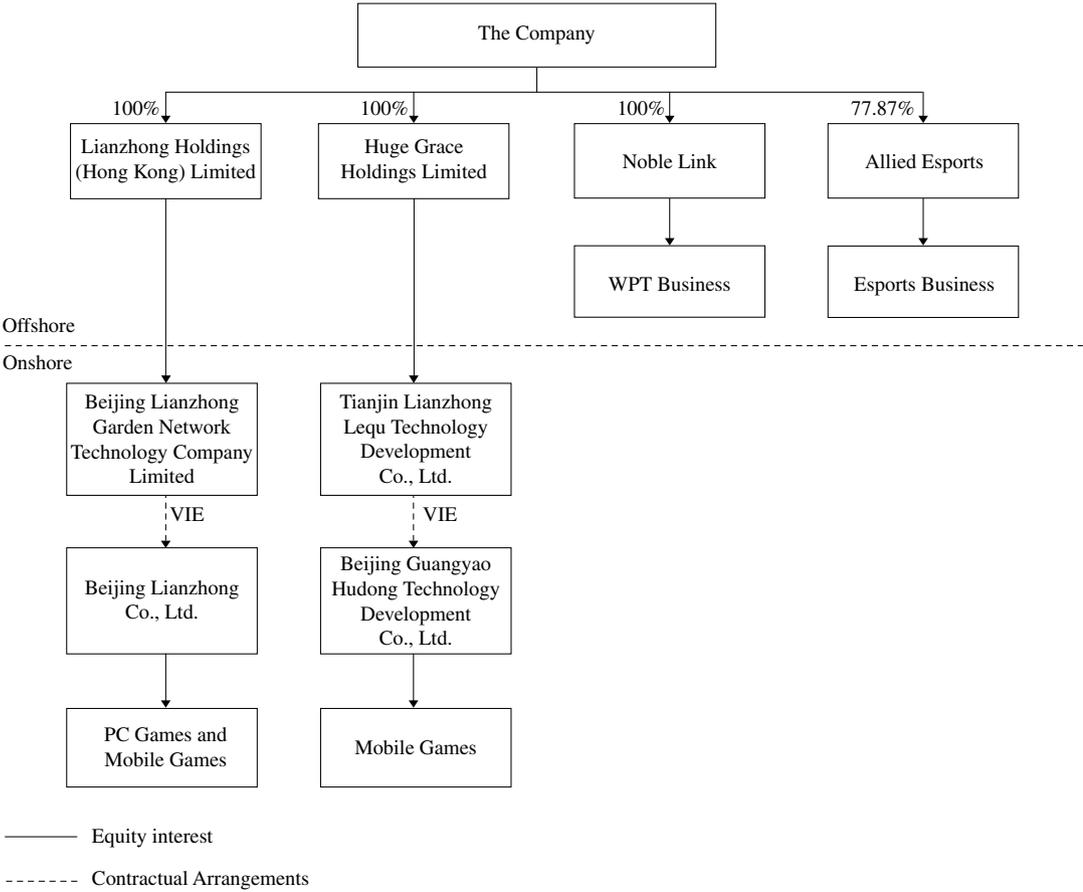
Shareholders	Before full conversion of the Convertible Notes	After full conversion of the Convertible Notes
Primo Vital	30.93%	26.74%
AES Minority Shareholders (excluding the Subscribers)	6.84%	6.73%
Subscribers of Convertible Debt Financing I	0%	3.72%
Subscribers of Convertible Debt Financing II	0%	1.51%
Other Black Ridge shareholders	62.23%	61.30%
Total	100%	100%

- (c) AESWPT Holdco, will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over it by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided, and (4) the fact that there will be no other significant shareholder capable of exercising material influence over Black Ridge, please refer to the section headed “6. Financial Effects” in this letter for further details regarding the Company’s control over Black Ridge. Black Ridge will become a non-wholly owned subsidiary of the Company through Primo Vital.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

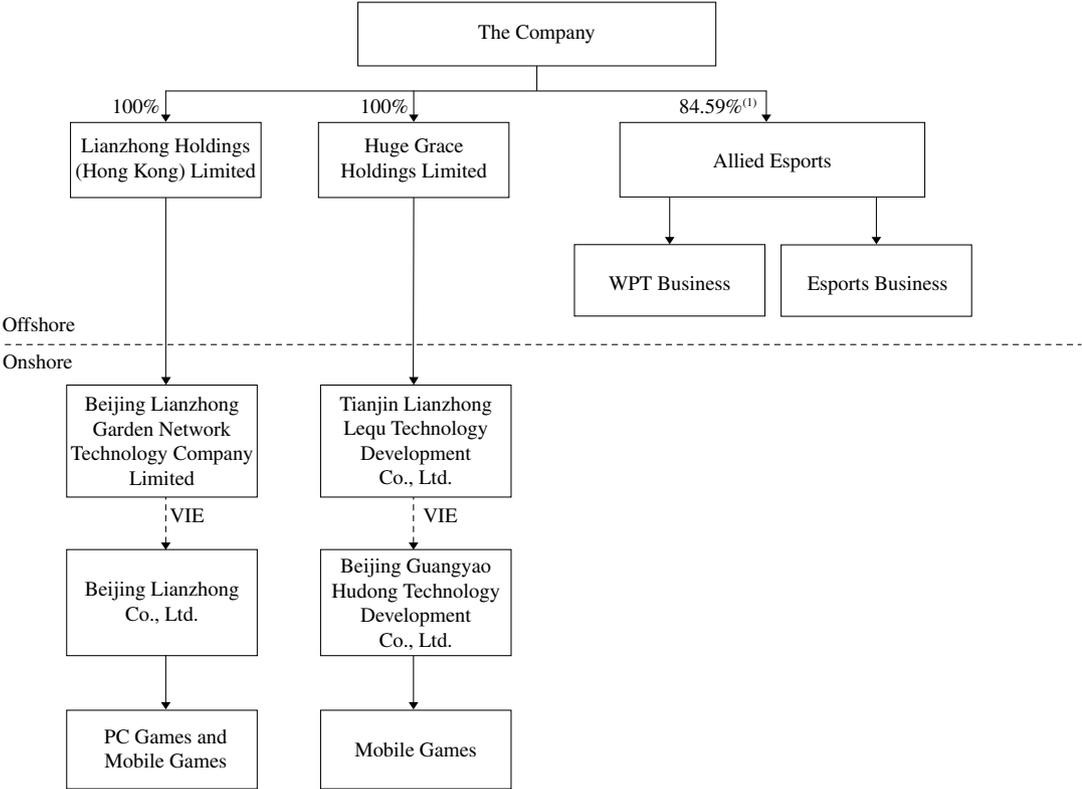
Corporate Structure of the Group before and after the Redomestication Merger and The Transaction Merger

The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses before the Redomestication Merger as at the Latest Practicable Date:



LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses upon completion of the Redomestication Merger:

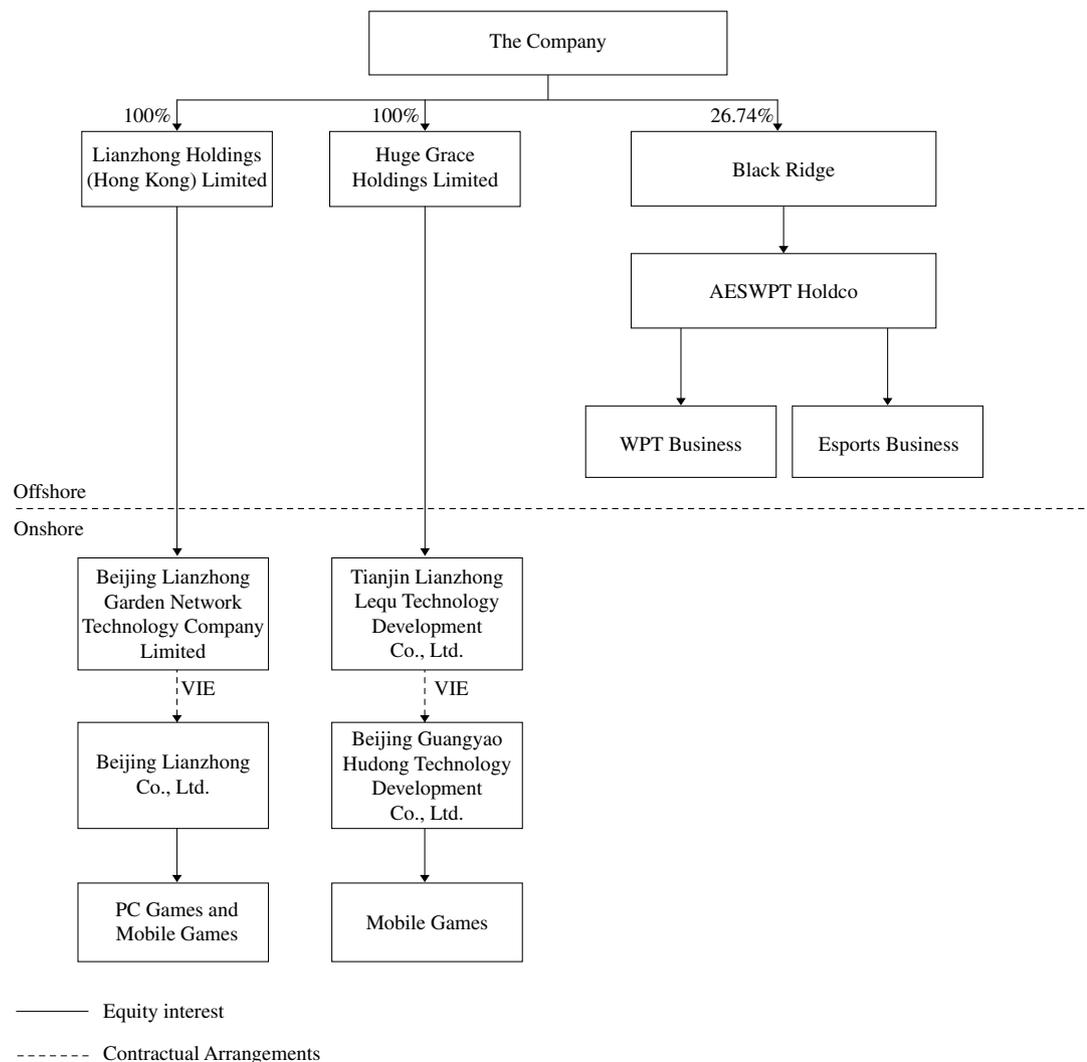


———— Equity interest
 - - - - - Contractual Arrangements

Note 1: This percentage has been updated since the date of the Announcement to reflect the latest shareholding structure upon completion of the Redomestication Merger.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following diagram is a simplified illustration of the corporate structure of the Group and the Merger Businesses upon completion of Transaction Merger:



Consideration for the Transaction Merger

The consideration for the Transaction Merger amounts to approximately US\$203 million (being the sum up of the amount of the Company Notes (as defined below) and the Merger Consideration (as defined below)), which will be settled at completion of the Transaction Merger subject to the terms and condition of the Merger Agreement.

(i) Company Notes

Black Ridge will assume US\$35 million of outstanding debt obligations of Allied Esports held by the Company (the “**Company Notes**”), and upon Completion, Black Ridge will repay the Company Notes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Merger Consideration

Conversion of AES Common Stock

All of AES Common Stock issued and outstanding immediately prior to the Transaction Effective Time will be automatically cancelled and extinguished and be converted, collectively, into the right to receive (i) an aggregate of 11,602,754 shares of BR Common Stock (valued at US\$10.17 per share (“**Issue Price**”) of BR Common Stock) (the “**Consideration Shares**”), (ii) an aggregate of 3,800,003 BR Warrants at an exercise price of US\$11.5 (“**Exercise Price**”), and (iii) an aggregate of 3,846,153 Contingent Shares (as defined below) (collectively, the “**Merger Consideration**”).

The AES Shareholders shall be issued their pro rata portion of an aggregate of additional 3,846,153 Contingent Shares, if the last sales price of BR Common Stock reported equals or exceeds US\$13.00 per share (“**Target Price**”) (as adjusted for stock splits, stock dividends, reorganisations, and recapitalisations) for any consecutive thirty (30) calendar days during the five (5) year period commencing on the Completion Date.

On the day before Completion, the Company will hold approximately 81.9% equity interest in Allied Esports and other AES Minority Shareholders (excluding the Subscribers of Convertible Debt Financings) will hold approximately 18.1% equity interests in Allied Esports in aggregate.

Adjustments to Merger Consideration

The numbers of shares of BR Common Stock and BR Warrants that the AES Shareholders are entitled to receive as a result of the Mergers shall be equitably adjusted to reflect appropriately the effect of any stock split, reverse stock split, stock dividend (including any dividend or distribution of securities convertible into shares of BR Common Stock), extraordinary cash dividends, reorganisation, recapitalisation, reclassification, combination, exchange of shares or other like change with respect to BR Common Stock occurring on or after the date of the Merger Agreement until the Completion Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Treatment of Stock Options of Allied Esports

Allied Esports shall take any actions necessary to ensure that all outstanding stock options of Allied Esports (the “**AES Options**”) will vest immediately prior to the Transaction Effective Time. Holders of AES Options who properly exercise all or a portion of their AES Options prior to the Transaction Effective Time shall, to the extent of such holder’s exercised AES Options, be entitled to receive their pro rata portion of the Merger Consideration. AES Options unexercised as of the Transaction Effective Time shall be cancelled.

As at the Latest Practicable Date, there are 1,209,242 AES Options outstanding.

Please refer to section headed “Effect on the shareholding structure of Black Ridge” in this letter illustrating the shareholding structure of Black Ridge under different scenarios after Completion.

(c) Conditions precedents to the Merger Agreement

Completion shall be subject to the satisfaction at or prior to the Completion Date, among other things, (i) the approval by the transactions contemplated under the Merger Agreement by the stockholders of Black Ridge, including the appointment of the Nominated Directors (as defined below); (ii) the compliance of the requirements of the Listing Rules by the Company, including the approval by the Independent Shareholders the transactions contemplated under the Merger Agreement; (iii) Black Ridge shall have at least US\$5,000,001 of net tangible assets following the exercise by holders of shares of BR Common Stock issued in Black Ridge’s initial public offering of securities and outstanding immediately before the Completion of their right to convert their shares into a pro rata share of the trust fund of Black Ridge in accordance with Black Ridge’s charter documents; and (iv) the approval for listing of the shares of BR Common Stock and BR Warrants on Nasdaq. For details of the conditions precedent to the Merger Agreement, please refer to the section headed “Conditions precedent to the Merger Agreement” in the Letter from the Board. As at the Latest Practicable Date, none of the conditions precedents set out above have been fulfilled or waived. As disclosed in the Letter from the Board, the Company expects Completion to take place shortly after shareholders’ approval is obtained. The long stop date is set on 10 July 2019 unless the parties agreed otherwise.

(d) Lock-up Agreements

Prior to the Completion Date, each of the AES Shareholders shall enter into the agreed form of a lock-up agreement (the “**Lock-up Agreements**”) pursuant to which the AES Shareholders shall agree not to transfer the shares of BR Common Stock or BR Warrants to be received under the Merger Agreement for a period of twelve months from the Completion Date, subject to certain exceptions. The Company, being one of the AES Shareholders, is also bound by the Lock-Up Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(e) Escrow Agreement

At the Closing, the AES Shareholders shall, as a group, deposit in escrow an aggregate of 10% of the shares of BR Common Stock and 10% of the BR Warrants received under the Merger Agreement (collectively, the “**Escrow Consideration**”), which shall be allocated among the AES Shareholders in the same proportions as the total Merger Consideration is allocated among them, all in accordance with the terms and conditions of the agreed form of an escrow agreement to be entered into at the Completion between Black Ridge, the representative appointed by the AES Shareholders, and the escrow agent (the “**Escrow Agreement**”). The Escrow Agreement shall provide that, on the first anniversary of the Completion Date, the escrow agent shall release the Escrow Consideration, less that portion of the Escrow Consideration applied in satisfaction of or reserved with respect to indemnification claims made prior to such date, to the AES Shareholders entitled to receive them in the same proportions as originally deposited into escrow.

(f) Nominated Directors

It is a condition to the Merger Agreement that Black Ridge shall appoint (a) Mr. Yang Eric Qing as the vice chairman, (b) Mr. Ng Kwok Leung Frank as a director, and (c) four additional individuals to be nominated by the Company as the directors of Black Ridge. Please refer to the section headed “Information of Black Ridge and Merger Sub” in this letter for the proposed board composition of Black Ridge for further details.

3. Reasons for and the benefits of the Proposed Spin-off

As disclosed in the Letter from the Board, the Company strongly believes the following commercial benefits exist with respect to the Mergers and the Proposed Spin-off:

(a) Unlocking the value of the Merger Businesses

The Company believes that its share price has consistently failed to reflect the underlying value of the Merger Businesses. The Transaction Merger and Proposed Spin-off values these businesses at approximately US\$203 million (approximately HK\$1,587 million), which significantly exceeds the Company’s current market capitalization of approximately HK\$798 million as at the Latest Practicable Date. The consideration includes Black Ridge’s assumption of the Company Notes and the payment of such Company Notes in full upon Completion, resulting in Company debt forgiveness of US\$35 million (approximately HK\$273.7 million), which in itself represents over one-third of the Company’s current market capitalization. The Transaction Merger and Proposed Spin-off values these businesses at approximately US\$203 million (approximately RMB1,363 million), which significantly exceeds the net liabilities of the Disposal Group approximately RMB2.4 million as at 31 December 2018, amounted to approximately RMB1,365.4 million.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) *Enhance corporate structure*

A separate listing of the Merger Businesses will enhance the corporate structure of both the Disposal Group and the Remaining Group. The Disposal Group will focus on the Merger Businesses, which by their nature are distinct (both functionally and geographically), whereas the Remaining Group will focus on the online game businesses. It will allow the management teams of the Disposal Group and the Remaining Group to specialize in the respective core businesses of the two groups of companies, thereby enhancing operational efficiency.

(c) *Provide new sources of capital*

The Transaction Merger and Proposed Spin-off will enable the Merger Businesses to establish their own shareholder base and independently access both equity and debt capital markets, as well as the bank credit market, on potentially more advantageous terms than are presently available. The separate listing will also provide new and more diversified funding sources to finance the existing operations and future expansion of the Disposal Group, including by way of the approximately US\$140 million in cash and cash equivalents currently held by Black Ridge.

(d) *Enhance corporate and brand awareness*

The Transaction Merger and Proposed Spin-off would help enhance the profile of the Merger Businesses and grow their investor base. The U.S. listing status of a subsidiary of the Group may also raise the customer confidence level towards the Group and enhance the Group's corporate and brand awareness.

(e) *Increase transparency on business operations*

A separate listing of the Merger Businesses would provide investors and rating agencies with greater clarity on the business operations and financial status of the Disposal Group, thereby allowing the research community and rating agencies to provide coverage on the Merger Businesses and making it more comparable to industry peers, which in turn would further enhance the corporate profile of the Disposal Group and the Remaining Group.

(f) *Provide suitable financial incentives to key employees*

A separate listing of the Merger Businesses will enable them to offer listed securities to their key employees as part of their remuneration package. Competition for senior managers in the technology sector is intense. The ability by Black Ridge to offer attractive remuneration packages to its key employees is important to its continued success.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(g) *No adverse impact on the interests of shareholders of the Company*

As described above, the Company believes the Transaction Merger and Proposed Spin-off offer significant commercial benefits to shareholders of the Company. The Company does not believe the Transaction Merger and Proposed Spin-off would adversely impact the interests of its shareholders. Transaction Merger and Proposed Spin-off offer significant commercial benefits to shareholders of the Company.

In addition, Black Ridge will assume the Company Notes, and will repay those Company Notes upon Completion, resulting in debt forgiveness to the Company from the Transaction Merger of US\$35 million (equivalent to approximately RMB235.1 million). Black Ridge would repay the Company Notes in the amount of US\$35 million by cash, of which US\$7.5 million is expected to be used to pay amounts owing to the management of the WPT Business and the remaining proceeds is expected to be used as working capital.

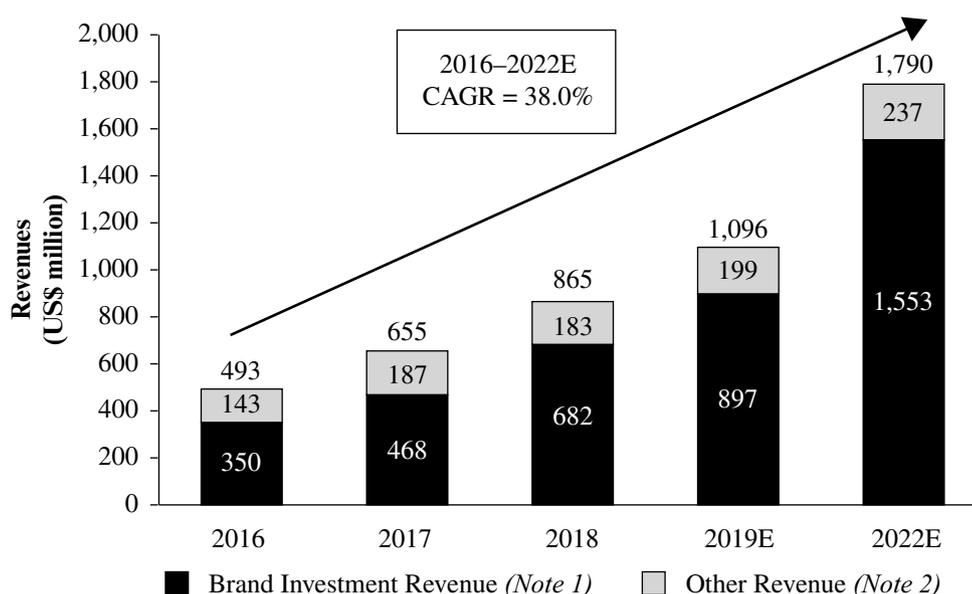
Based on our discussion with the Management, upon completion of the Transaction Merger and the Proposed Spin-off, the Remaining Group will continue to engage in the development and operation of PC and mobile card and board games and the business of Black Ridge primarily consists of the Merger Businesses, which are mainly operated outside the PRC and with focus in the US market. Given the differences in the business and operational focus, the executive Directors are of the view that the Transaction Merger and Proposed Spin-off will provide a delineation of Black Ridge's business and the business of the Remaining Group and promote an appropriate investor base for each of them.

As discussed with the Management and as disclosed in the 2018 Annual Report, there are favorable industry factors for the Merger Businesses, and it has continued to make progress on these businesses. During 2018, the Company officially opened the Esports Las Vegas Arena, its global flagship arena at the MGM Luxor Casino and Hotel in March in Las Vegas, US. The first major Esports event at the Esports Las Vegas Arena held with the leading Esports streamer in the US resulted in record breaking viewership of 680 thousand peak concurrent viewers and more than 2.5 million unique viewers. The Company has also introduced its first mobile arena truck into the US market in the first half of 2018 and has conducted successful tour events with partners such as NASCAR (National Association for Stock Car Auto Racing in US) and CBS Interactive (a US media company and is a division of the CBS Corporation). The Company's European subsidiary via its mobile arena has launched successful tour events with partners such as Pepsi throughout Europe. The Group's WPT business continues to expand into new geographies and has broadcasted globally in more than 150 countries and territories including the Fox Sports Regional Networks (a group of regional sports channels in the US and part of The Walt Disney Company) and its TV programs continue to reach a growing TV audience of more than 140 million households worldwide as of December 2018. In 2018, WPT announced a multi-year partnership with Zynga Inc, a leading mobile game developer and listed on Nasdaq (Nasdaq: ZGNA) to host WPT-themed tournaments on the Zynga Poker platform, given players the virtual experience in the sports of poker.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In addition, it is the business direction of management of the Merger Businesses to intermingle poker and Esports by introducing the vibrant Esports community into the poker ecosystem given the Esports audience already has a significantly larger growth trajectory than poker and based on the market statistics from Newzoo International B.V. (“**Newzoo**”), a global provider of games and Esports analytics, Esports has a significant large addressable market with audience and enthusiasts base of 395 million and 173 million in 2018. In November 2018, WPT announced its 2019 tour stops with final at Esports Las Vegas Arena with an aim to bring the WPT’s business model for live events and media distribution to the burgeoning world of competitive Esports gaming. In March 2019, WPT announced a 5-year strategic alliance with TV Azteca, a Mexican based TC network owned by Grupo Salinas that will bring WPT’s poker content library to Latin America audience and at the same time, Allied Esports and Grupo Salinas have entered into an agreement towards development and launching Esports in Mexico, which further demonstrates the cohesive integration between poker and Esports. According to the 2018 Global Esports Market Report and the 2019 Global Esports Market Report (the “**Newzoo Reports**”) published by Newzoo, the Esports industry has been experiencing continuously high growth in recent years and the estimated global revenues for year 2019 will reach approximately US\$1.1 billion (the “**2019 Estimated Esports Revenues**”), representing a year-on-year growth of approximately 26.7% (as illustrated in Exhibit 1 below).

Exhibit 1: Esports Revenue Growth (Global: 2016, 2017, 2018, 2019E, 2022E)



Source: Newzoo.

Notes:

1. Revenue from sponsorship, advertising and media rights; and
2. Revenue from merchandising, tickets and game publisher fees.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The global Esports revenue was approximately US\$865 million for 2018 and it is expected to grow by approximately 26% to approximately US\$1.1 billion in year 2019. Among the 2019 Estimated Revenues, North America will contribute for the most revenues of approximately US\$409 million (or 37%) while China will follow the next, accounting for the second highest revenues of approximately US\$210 million (or 19%). Furthermore, the total revenues for year 2022 are expected to reach US\$1,790 million, representing a compound annual growth rate (“CAGR”) of approximately 38.0% as compared to the total revenues of US\$493 million for year 2016. Sponsorship will continue to be the biggest revenue stream (US\$457 million in 2019), followed by media rights (US\$251 million in 2019), advertising (US\$189 million in 2019), merchandise and tickets (US\$104 million in 2019) and game publishing fees (US\$95 million in 2019). The approximately 23.9 million Esports Enthusiasts (a term Newzoo use to refer to a person that watches professional Esports content more than once a month) in North America will generate approximately US\$17.13 per fan this year, higher than in any other region, which is boosted by the number of North America’s Esports teams that have welcomed new sponsorships and the region will continue to host several of the world’s largest leagues and tournaments. Meanwhile, the Esports audience for year 2019 is expected by Newzoo to increase to approximately 454 million, representing an increase of approximately 15.0% as compared to that for year 2018.

Based on the above and together with the facts that (i) the Merger Businesses, by their nature are very clearly distinguished from the online games operated by the Remaining Group and (ii) the Merger Businesses are principally carried on outside the PRC with headquarter in the US and are currently managed and operated by different management teams in the Group; (iii) the Proposed Spin-off will enable the market to better appraise and assess the value of the Merger Businesses and provide a separate fund raising platform for the Company in the US; (iv) the Company will be better positioned to develop the Merger Businesses and to better cooperate with market participants in the US; (v) a separate listing platform in the US will help to promote the Company’s brand awareness and reputation globally; (vi) the Consideration is fair and reasonable as analysed below; and (vii) the Company and its shareholders will continue to enjoy the benefits from the growth and development of the Disposal Group and its subsidiaries as the financial results of Disposal Group will continue to be consolidated into the Company’s accounts upon Completion, we are of the view that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the Mergers and the Proposed Spin-off are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned and the entering into of the Merger Agreement is in the interest of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Merger Agreement have been negotiated on an arm’s length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Analysis of the Consideration under the Transaction Merger

The total consideration (“**Consideration**”) for the Transaction Merger amounts to approximately US\$203 million (equivalent to approximately RMB1,363.3 million) (being the sum up of the amount of the Company Notes and the Merger Consideration). The Merger Consideration shall be paid to AES Shareholders in proportion to their interests in Allied Esports, representing (i) 71.9% owned by Primo Vital and 28.1% by AES Minority Shareholder assuming full conversion of convertible notes in the Convertible Debt Financing I on the date of Completion (“**Scenario I**”) or (ii) 81.9% owned by Primo Vital and 18.1% by AES Minority Shareholder assuming no conversion of convertible notes in the Convertible Debt Financing I on the date of Completion (“**Scenario II**”). Based on the above, the Consideration with respect to the Company’s interest of 71.9% or 81.9% in Allied Esports amounts to approximately US\$156.6 million or US\$173.5 million respectively (equivalent to approximately RMB1,051.7 million or RMB1,165.2 million respectively).

As disclosed in the Letter from the Board, the Board considers that the Consideration is fair and reasonable given it was determined taking into account (i) the acquisition and development costs of the Merger Businesses incurred by the Group; (ii) the value of Company Notes, the BR Common Stock, the BR Warrants and the Contingent Shares; and (iii) the business prospects of the Merger Businesses, and following arm’s length negotiations between the Parties.

Acquisition and development costs of the Merger Businesses

As discussed with the Management, the Consideration (excluding the Contingent Shares) of US\$153 million (equivalent to approximately RMB1,027.5 million) was agreed after arm’s length negotiation among Parties of approximately 40% premium over the estimated acquisition and development costs of approximately US\$110 million (equivalent to approximately RMB742.5 million) of the Merger Businesses incurred by the Group up to 31 December 2018. The Contingent Shares, representing the remaining consideration of approximately US\$50 million (equivalent to approximately RMB335.8 million) is in effect, represents an “earn-up” payment in the event that the businesses perform well after the proposed Transaction Merger has been consummated.

Based on the information provided by the Group, the original costs of acquisition of the Merger Businesses were approximately US\$35.0 million (equivalent to approximately RMB235.1 million). The Group’s investments in the development of the Merger Businesses up to 31 December 2018 were approximately US\$75.6 million (equivalent to approximately RMB507.4 million), representing the Intragroup Liabilities as at 31 December 2018 based on the Financial Information of the Disposal Group as set out in Appendix II to this circular.

Up to 31 December 2018, the total acquisition and development costs of the Merger Businesses amounted to approximately US\$110.6 million (equivalent to approximately RMB742.5 million) and the Consideration (including and excluding the Contingent Shares) of

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

US\$153 million and US\$203 million respectively representing a premium of 38.3% or 83.5% over the total acquisition and development costs of the Merger Businesses incurred by the Group up to 31 December 2018 respectively.

In addition, the Disposal Group recorded net losses for the three years ended 31 December 2018, and had net assets attributable to owners of the Company (“**Net Assets**”) of approximately RMB2.1 million (equivalent to approximately US\$0.3 million) as at 31 December 2018 or RMB509.5 million (equivalent to approximately US\$75.9 million) if excluding the Intragroup Liabilities of approximately RMB507.4 million (the “**Adjusted Net Assets**”). The Consideration represented a premium of 67,566.7% or 167.5% over the Net Assets and Adjusted Net Assets respectively, or 50,900.0% or 101.6% respectively if excluding the Contingent Shares.

Peers comparison

We have carried out analysis to assess the value of the Disposal Group by researching comparable peers listed in the two major stock exchanges in the US, namely The New York Stock Exchange (“**NYSE**”) or National Association of Securities Dealers Automated Quotations (“**Nasdaq**”). In selecting appropriate comparable companies, we have adopted the following selection criteria, all of which must be satisfied: (i) the company is principally participating in the Merger Businesses with majority of its total revenues from continuing operations generated from the Merger Businesses in the latest financial year; (ii) shares of the company are being listed in NYSE or Nasdaq; (iii) the company with market capitalization below US\$1 billion in view of the Consideration; and (iv) detailed financial and operational information in respect of the company is publicly available. However, based on our research, there is no comparable company which satisfies all the criteria (i)-(iv) above as most of the Esports related companies are privately held or being part of listed groups principally engaged in technology-related companies, in particular video/online games business similar to the Group. We have therefore identified the following listed companies (the “**Comparable Companies**”) principally engaged in the video games business in NYSE or Nasdaq and applying the above criteria (ii) -(iv) in balancing the relevance of the comparable companies and the representativeness of the data extracted from the Comparable Companies.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of our knowledge and as far as we are aware, the selected comparable listed companies, in our view, are exhaustive, fair and representative samples for comparison. Their respective price-to-earnings ratio (“**PE ratio**”) and price-to-book ratio (“**PB ratio**”) are set out below.

Stock Code	Company Name	Market Cap <i>US\$ m</i>	Profit/(loss) to Shareholders <i>US\$ m</i>	Net asset to Shareholders <i>US\$ m</i>	P/E	P/B	
1	CYOU	Changyou.com Ltd	575.8	152.1	1,336.2	3.8	0.4
2	GME	GameStop Corp	549.0	96.6	829.7	5.7	0.7
3	GRVY	Gravity Co Ltd	538.9	137.8	796.2	3.9	0.7
4	CMM	Cheetah Mobile Inc	432.6	29.0	68.4	14.9	6.3
5	IMMR	Immersion Corp	229.4	56.6	99.7	4.1	2.3
6	RNWK	RealNetworks Inc	68.9	(23.9)	56.8	NA	1.2
7	GIGM	GigaMedia Ltd	28.3	(3.0)	58.2	NA	0.5
					Max	14.9	6.3
					Min	3.8	0.4
					Mean	6.5	1.7
					Median	4.1	0.7
		The Disposal Group	203.0	(38.4)	0.3	NA	676.7
		The Disposal Group (Adjusted)	203.0	(37.2)	75.9	NA	2.7

Source: Bloomberg

As disclosed in the “Financial Information of the Disposal Group” set out in Appendix II to the Circular, the Disposal recorded net loss for the year ended 31 December 2018 and the PE ratio is not applicable for comparison purpose. The estimated PB ratio of the Disposal Group as implied by the Consideration over its unaudited net assets attributable to owners of the company of approximately RMB2.1 million (equivalent to approximately US\$0.3 million) as at 31 December 2018 is approximately 676.7, which is substantially higher than the PB ratios of the Comparable Companies.

The Disposal Group will merge into Black Ridge on a debt-free basis and therefore if excluding the Intragroup Liabilities of RMB507.4 million as at 31 December 2018, the Disposal Group would have recorded profit attributable to owners of the Company of approximately RMB249.8 million (equivalent to approximately US\$37.19 million) for the year ended 31 December 2018 (the “**Adjusted Profit**”) and had net assets attributable to owners of the company of approximately RMB509.5 million (equivalent to approximately US\$75.9 million) as at 31 December 2018 (the “**Adjusted Net Assets**”). Since the Adjusted Profit is due to the adjustment of Intragroup Liabilities which is non-recurring and non-operating in nature, we consider the Adjusted PE Ratio is not meaningful in comparison for value and will not be applied for comparison purpose. As set out in the table above, the adjusted PB ratio

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(the “**Adjusted PB Ratio**”) of the Disposal Group as implied by the Consideration over the Adjusted Net Assets would be 2.7, which is equal to or higher than the PB Ratios of 6 out of all 7 Comparable Companies.

Given that (i) the Consideration (including and excluding the Contingent Shares) of US\$153 million and US\$203 million respectively representing a premium of 38.3% or 83.5% over the total acquisition and development costs of the Merger Businesses incurred by the Group up to 31 December 2018 respectively; (ii) the Consideration represented a premium of 67,566.7% or 167.5% over the Net Assets and Adjusted Net Assets respectively, or 50,900.0% or 101.7% respectively if excluding the Contingent Shares; (iii) the PB ratio of the Disposal Group as implied by the Consideration over its unaudited net assets attributable to owners of the company as at 31 December 2018 is substantially higher than the PB ratios of the Comparable Companies; and (iv) if excluding the Intragroup Liabilities, the Adjusted PB Ratio of the Disposal Group is higher than the PB Ratios of 6 out of all 7 listed Comparable Companies, it is considered that Consideration is fair and reasonable.

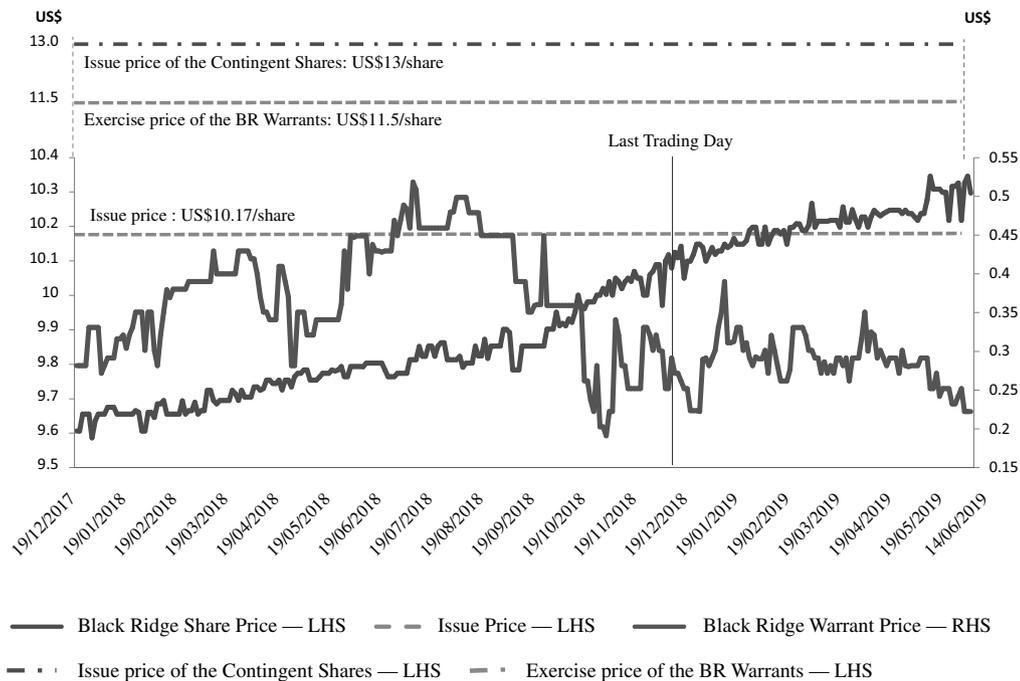
Analysis of the Issue Price of the BR Common Stock, Exercise Price of BR Warrants and the Contingent Shares

Based on our discussion with the Management, the Issue Price of the BR Common Stock of US\$10.17 per share and Exercise Price of BR Warrants of US\$11.5 per shares and Target Price of the Contingent Shares of US\$13 were determined between the parties after arm’s length negotiations with reference to the prevailing trading price of the BR Common Stock before the entering into the Merger Agreement and the business prospect of the Merger Businesses. The Issue Price of the BR Common Stock of US\$10.17 per share was also determined with reference with the price of the shares of Black Ridge at the time of listing in 2017 at US\$10.05 per share plus the interest accrued on the proceeds from its listing. BR Warrants are traded on Nasdaq under the ticker symbol BRACW.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The chart below shows the Issue Price, Exercise Price and the Target Price, and the closing price of BR Common Stock and BR Warrants during the one-year period preceding 19 December 2018, being the last trading day before Black Ridge announced about the Mergers on 20 December 2018 (the “**Last Trading Day**”), up to and including the Latest Practicable Date (the “**Review Period**”):

Exhibit 2



Source: Bloomberg

As shown above in Exhibit 2, the BR Common Stock generally was traded in an upward trend during the Review Period with the lowest closing price of US\$9.58 on 2 January 2018 and the highest closing price of US\$10.35 on 28 May 2019 and 13 June 2019. Meanwhile the closing price of BR Warrants fluctuated during the Review Period with the lowest closing price of US\$0.1883 on 24 December 2018 and the highest closing price of US\$0.52 on 19 July 2018.

During the period commencing from the beginning of the Review Period until the Last Trading Day (the “**Pre-Announcement Period**”), the BR Common Stock was traded in an upward trend but all the time closed below the Issue Price, Exercise Price and Target Price with the highest price of US\$10.00 on 21 November 2018 and 19 December 2018 and the lowest price of US\$9.58 on 2 January 2018. The average closing price of the BR Common Stock was approximately US\$9.77 during the Pre-Announcement Period. Meanwhile, the BR Warrant was traded in an upward trend first, reaching the highest closing price of US\$0.52 on

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

19 July 2018, and then traded in a downward trend, reaching the lowest closing price of US\$0.2200 on 18 December 2018. The average closing price of the BR Warrants was approximately US\$0.3863 during the Pre-Announcement Period.

From the first trading day of the BR Common Stock after the entering into the Merger Agreement to the Latest Practicable Date (the “**Post-Announcement Period**”), the BR Common Stock was traded in an upward trend and for the first time reaching the Issue Price of US\$10.17 on 26 February 2019 and then traded above the Issue Price for most of the time. The highest closing price, the lowest closing price and the average closing price of the BR Common Stock during the Post-Announcement Period was US\$10.35 on 28 May 2019 and 13 June 2019, US\$9.97 on 22 January 2019 and approximately US\$10.18 respectively. Meanwhile, the BR Warrants was traded in fluctuation with the highest closing price of US\$0.3900 on 20 February 2019 and the lowest closing price of US\$0.1883 on 24 December 2018. The average closing price of the BR Warrants was approximately US\$0.2806 during the Post-Announcement Period.

The Issue Price, Exercise Price and the Target Price have been determined based on the prevailing trading price of the BR Common Stock before the entering into the Merger Agreement. The Issue Price of US\$10.17 represented a premium of approximately 1.7% and 2.05% over the closing price of US\$10.00 per share on the Last Trading Day and the average closing prices of approximately US\$9.97 per share for the ten consecutive trading days up to and including the Last Trading Day. The average closing price of the BR Common Stock of approximately US\$10.18 during the Post-Announcement Period was slightly higher than the Issue Price.

The BR Warrants will expire five years from Completion. The Exercise Price of the BR Warrants of US\$11.5 represented a premium of approximately 15.0% and 15.4% over the closing price of the BR Common Stock of US\$10.00 per share on the Last Trading Day and the average closing prices of the BR Common Stock of approximately US\$9.97 per share for the ten consecutive trading days up to and including the Last Trading Day. The average closing price of the BR Warrants was approximately US\$0.2806 during the Post-Announcement Period, representing a premium of 0.2% over the closing price of BR Warrants of US\$0.2800 on the Last Trading Day.

The Target Price of the Contingent Shares of US\$13 represented a premium of approximately of approximately 30.0% and 30.4% over the closing price of the BR Common Stock of US\$10.00 per share on the Last Trading Day and the average closing prices of the BR Common Stock of approximately US\$9.97 per share for the ten consecutive trading days up to and including the Last Trading Day.

We also note that the Issue Price was determined with reference to the price of Black Ridge’s shares of US\$10.05 per share at the time of listing plus the interest accrued on the proceeds from its listing in 2017, which represents approximately US\$10.26 per share (a premium of approximately 0.9% over the Issue Price) (the “**Reference Price**”) calculated

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

based on the proceeds from the 13,800,000 IPO Shares of US\$138.7 million placed in the trust account plus interest income accrued on the proceeds of approximately US\$2.9 million since its listing and up to the end of 2018 and the number of the 13,800,000 IPO Shares.

As discussed in the section headed “Information of Black Ridge and Merger Sub” in this letter, Black Ridge is a blank check company and has no business operations. Based on the annual report of Black Ridge for the year ended 31 December 2018, the principal assets of Black Ridge are all cash and liquid securities held in trust account (“Cash Assets”) originated from the proceeds of the IPO Shares of approximately US\$138.7 million (equivalent to approximately RMB931.5 million) with balance at approximately US\$141.3 million (equivalent to approximately RMB948.9 million) as at 31 December 2018 and the principal revenue of Black Ridge is generated from the interest income earned from the Cash Assets, representing approximately US\$2.5 million (equivalent to approximately RMB16.8 million) for the year ended 31 December 2018) or in aggregate of approximately US\$2.8 million (equivalent to approximately RMB19.0 million) since its listing in 2017 and up to 31 December 2018. In addition, Black Ridge had a commitment in relation to the Redemption Rights of the IPO Shares amounted to approximately US\$135.47 million (equivalent approximately RMB909.8 million) as at 31 December 2018.

As further illustrated in the pro forma consolidated statement of financial position of the Group as set out in Appendix III to the circular, we note that the Redemption Rights amounted to RMB929.7 million were reclassified as liabilities of Black Ridge under Hong Kong Financial Reporting Standards and such liabilities will extinguish upon Completion. In addition, the Cash Assets will be released for use in connection with the Mergers.

Based on the above, we consider that it is commercially reasonable for the Directors, after arm’s length negotiation with Black Ridge in consideration of the financial position of Black Ridge before and after Completion and the cost of the initial investment of the IPO shareholders, to determine the Consideration with reference to the Reference Price.

In view of the above, we concur with the view of the Directors that the determination of the Consideration based on (i) the prevailing market prices of Black Ridge’s securities; (ii) the Reference Price calculated based on Black Ridge’s shares of US\$10.05 per share at the time of IPO plus the interest accrued on the proceeds from its listing; and (iii) the business prospects of the Merger Businesses is fair and reasonable.

Theoretical value of the Group based on market price of the BR Common Stock and BR Warrants

Upon Completion, the Group will hold the Merger Businesses through its 26.74% interest in Black Ridge. The BR Common Stock and BR Warrants closed at US\$10.00 and US\$0.28 respectively on 19 December 2018, being the date of trading in the BR Common Stock after the entering into the Merger Agreement. The BR Common Stock and BR Warrants closed at US\$10.300 and US\$0.22 on 14 June 2019, being the last trading day prior to the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have performed a calculation of the theoretical value of the Group immediately upon completion of the Mergers based on the sum of (i) the market value of the BR Common Stock and BR Warrants to be held by the Company under Scenario I and Scenario II; and (ii) book value of other assets and liabilities of the Group. Set out below is the calculation of the theoretical value of the Group following completion of the Mergers.

	Scenario I	Scenario II
	<i>US\$ million</i>	<i>US\$ million</i>
Market value of the BR Common Stock and BR Warrants to be held by the Company ⁽¹⁾	86.5	98.6
Book value of assets and liabilities of the Remaining Group ⁽²⁾	143.4	143.4
	229.9	242.0
Market Price-related Value (as defined below)	229.9	242.0

Notes:

1. Market value of the BR Common Stock and BR Warrants is calculated based on 8,343,368 BR Common Stock and 2,732,196 BR Warrants under Scenario I and 9,502,643 BR Common Stock and 3,112,196 BR Warrants under Scenario II to be held by the Company multiplies the closing price of the BR Common Stock and BR Warrants as at the Latest Practicable Date.
2. Book value of other assets and liabilities of the Group is calculated based the Group's unaudited pro forma net assets of attributable to equity holders of the Company of approximately RMB963.4 million (equivalent to approximately US\$143.4 million) as set out in Appendix III to the Circular.

Based on the market value of the BR Common Stock and BR Warrants and the book value of assets and liabilities of the Remaining Group as at 31 December 2018, the aggregate market value of the Group ("**Market Price-related Value**") as at the Latest Practicable Date under Scenario I and Scenario II was approximately US\$229.9 million (equivalent to RMB1,544.6 million) and US\$242.0 million (equivalent to RMB1,625.3 million), respectively as compared to the net asset value of the Group attributable to equity holders of the Company as at 31 December 2018 of RMB963.38 million and the market capitalisation of the Group of HK\$852.82 million (equivalent to RMB752.05 million) on 19 December 2018, the last trading day before publication of the announcement by Black Ridge relating to the Mergers.

However, there is no assurance that the closing price of the BR Common Stock and BR Warrants will remain at such level after completion of the Mergers and therefore, the Market Price-related Value is for reference only.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Effect on the shareholding structure of Black Ridge

As at the Latest Practicable Date, Black Ridge has 17,695,000 BR Common Stock outstanding, held by public shareholders, who are third parties independent of the Company and connected persons of the Company to the best of the Directors' knowledge, information and belief having made all reasonable enquiries.

Upon Completion, certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering will be entitled to receive an additional share of BR Common Stock for every existing 10 shares of BR Common Stock, amounting to an issuance of an additional 1,424,500 shares of BR Common Stock in total.

Assuming that there is no other change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion, in the different scenarios, namely,

- (1) at the Latest Practicable Date;
- (2) upon Completion and after the Share Issuance;
- (3) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes issued pursuant to Convertible Debt Financings;
- (4) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings, and the full exercise of BR Warrants; and
- (5) upon Completion, after the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings, the full exercise of BR Warrants and the issuance of Contingent Shares,

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the shareholding structure of Black Ridge will be as follows:

Shareholders	At the Latest Practicable Date		Upon Completion and full conversion of the Convertible Notes ⁽⁵⁾				Upon Completion, full exercise of BR Warrants and issuance of Contingent Shares ⁽⁷⁾			
	Approximate Number of BR Common Stock	percentage of total issue share capital	Upon Completion and after Share Issuance ⁽¹⁰⁾		Upon Completion and full exercise of BR Warrants ⁽⁶⁾		Upon Completion, full exercise of BR Warrants and issuance of Contingent Shares ⁽⁷⁾			
			Number of BR Common Stock	Ownership percentage immediately upon Completion	Number of BR Common Stock	Ownership percentage immediately upon Completion	Number of BR Common Stock	Ownership percentage immediately upon Completion	Number of BR Common Stock	Ownership percentage immediately upon Completion
Primo Vital	—	—	9,502,643	30.93%	8,342,368 ⁽⁹⁾	26.74%	11,074,564	31.51%	13,839,948	35.36%
AES Minority Shareholders (excluding the Subscribers)	—	—	2,100,111	6.84%	2,100,111	6.73%	2,787,918	7.93%	3,484,072	8.90%
Subscribers of Convertible Debt Financing I	—	—	—	—	1,160,275 ⁽⁹⁾	3.72%	1,540,275	4.38%	1,924,890	4.92%
Subscribers of Convertible Debt Financing II	—	—	—	—	470,588	1.51%	622,588	1.77%	776,434	1.98%
HGC Investment Management Inc. ⁽¹⁾	1,002,121	5.66%	1,002,121	3.26%	1,002,121	3.21%	1,002,121	2.85%	1,002,121	2.56%
Weiss Asset Management LP ⁽²⁾	1,305,870	7.38%	1,305,870	4.25%	1,305,870	4.19%	1,305,870	3.72%	1,305,870	3.34%
Polar Asset Management Partners Inc. ⁽³⁾	1,636,325	9.25%	1,636,325	5.33%	1,636,325	5.25%	1,636,325	4.66%	1,636,325	4.18%
Black Ridge Oil & Gas, Inc.	3,895,000 ⁽⁴⁾	22.01%	3,939,500	12.82%	3,939,500	12.63%	3,939,500	11.21%	3,939,500	10.06%
Other public shareholders ⁽⁸⁾	9,855,684	55.70%	11,235,684	36.57%	11,235,684	36.02%	11,235,684	31.97%	11,235,684	28.70%
Total	17,695,000	100%	30,722,254	100%	31,192,842	100%	35,144,845	100%	39,144,844	100%

Notes:

- (1) HGC Investment Management Inc., a company incorporated under the laws of Canada, is the investment manager to HGC Arbitrage Fund LP, an Ontario limited partnership.
- (2) Weiss Asset Management LP, a Delaware limited partnership, WAM GP LLC, a Delaware limited liability company and Andrew M. Weiss share the voting and dispositive power of all these shares. Weiss Asset Management LP, of which WAM GP LLC is its general partner which in turn is managed by Andrew M. Weiss, is the investment manager to a private investment partnership and a private investment fund.
- (3) Polar Asset Management Partners Inc., a company incorporated under the laws of Ontario, is the investment advisor to Polar Multi-Strategy Master Fund, a Cayman Islands exempted company.
- (4) These shares represent 3,450,000 founder shares and 445,000 shares purchased in a private placement simultaneous with Black Ridge's initial public offering. Mr. Kenneth DeCubellis does not own these shares beneficially but he exercises voting and dispositive power over these shares. Black Ridge Oil & Gas, Inc. is a company whose common stock is traded on the OTCQB under the trading symbol "ANFC".
- (5) This includes the Share Issuance.
- (6) This includes the Share Issuance and assuming full conversion of the Convertible Notes in the Convertible Debt Financings. Upon full exercise of the BR Warrants, the Company and the AES Minority Shareholders are entitled to an aggregate of 3,800,003 BR Common Stock and the Subscribers of Convertible Debt Financing II are entitled to 152,000 BR Common Stock, respectively. Please refer to pages 19 and 21 of this circular for detailed breakdown of the amount of BR Warrants that each relevant party is entitled to.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (7) This includes the Share Issuance, assuming full conversion of the Convertible Notes in the Convertible Debt Financings and full exercise of BR Warrants. Upon issue of the Contingent Shares, the Company and the AES Minority Shareholders are entitled to an aggregate of 3,846,153 Contingent Shares and the Subscribers of Convertible Debt Financing II are entitled to 153,846 Contingent Shares, respectively. Please refer to pages 19 and 21 of the Circular for detailed breakdown of the amount of Contingent Shares that each relevant party is entitled to.
- (8) No other public shareholder holds more equity interest in Black Ridge than any individual shareholder in any scenarios disclosed above.
- (9) 1,160,275 BR Common Stock are transferred from the Company to the Subscribers of Convertible Debt Financing I pursuant to the terms of Convertible Debt Financing I. Please refer to page 21 for a detailed breakdown.
- (10) This includes issue of an aggregate of 11,602,754 BR Common Stock to the Company the AES Minority Shareholders.

6. Financial Effects

Although the Company will only hold a minimum of 26.74% equity interest in AESWPT Holdco (through Black Ridge) immediately after Completion (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in Convertible Debt Financings), AESWPT Holdco will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over Black Ridge, by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided, and (4) the fact that there will be no other significant shareholder capable of exercising material influence over Black Ridge (Please see the paragraph headed “Information about Black Ridge and Merger Sub” in the Letter from the Board for further details). As a result, the financial results of AESWPT Holdco will continue to be consolidated in the financial statements of the Remaining Group and the Company expects to consolidate the financial results of Black Ridge and its subsidiaries following Completion.

On 5 November 2018, 16 management team of the Merger Business (the “**Management Team**”) agreed to grant to the Company irrevocable proxies to exercise their voting rights over their Black Ridge shares until 1 June 2020. The Management Team consists of Yang Eric Qing, Ng Kwok Leung Frank, David Polgreen, Ray Mikhail Asad, Brian Fisher, Mark Green, Leonardus Groenewoud, Judson Hannigan, Ian Langstaff, Edgar Pastrana, Adam Pliska, Simon Temperley, Matthias Zander, Paul Chamberlain, David Phil Hyun Moon and Justin Ohlmeyer. The Management Team will hold 1,199,192 shares of Black Ridge in aggregate, representing 3.9% of the total issued shares of Black Ridge.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Black Ridge shares held by the Management Team are subject to a one-year lock-up period starting from the date of Completion. The elapse period of the irrevocable proxies granted to the Company approximates the share lock-up period and the irrevocable proxies will further enhance the Company's voting control of Black Ridge.

Shareholders should note that there is no ongoing right to appoint a majority of the board of directors of Black Ridge either in the Merger Agreement or by-laws of Black Ridge. The directors of Black Ridge will be subject to annual re-election at each annual general meeting. The Company will be in a position to exert significant influence over the re-election of its directors, who will include individuals that are most familiar with the operations of the underlying Esports business and WPT Business. However, in the unlikely event that the Company's appointees are not re-elected at the annual general meeting of Black Ridge, and as a result, the number of directors appointed by the Company no longer represents the majority of the board of directors of Black Ridge, the Company would lose the ability to consolidate the financial results of Black Ridge and its subsidiaries.

In addition, as disclosed in the Letter from the Board, the Company has taken the following measures to ensure that it would continue to maintain significant control over Black Ridge so that it is unlikely that the Company's appointees to the board of directors of Black Ridge are not re-elected at annual general meeting of Black Ridge:

- (1) upon Completion, Mr. Yang Eric Qing, Mr. Ng Kwok Leung Frank, Mr. Adam Pliska, Ms. Maya Rogers, Dr. Tyen Kan Hee Anthony and Mr. Jimmy Kim will be appointed by the Company as directors of Black Ridge, representing the majority of the board of directors of Black Ridge which will consist of 11 directors at Completion;
- (2) under the by-laws of Black Ridge, members of the board of directors serve staggered terms, with class A directors serving a term of one year, class B directors serving a term of two years and class C directors serving a term of three years, before re-election. At Completion, the Company will have appointed four class C directors and two class B directors to the board of Black Ridge. As such, at a minimum, the Company will control the board of Black Ridge until the annual general meeting of Black Ridge in 2021 at which time the class B directors appointed by the Company will be subject to re-election;
- (3) a director can only be removed prior to the end of their term by a majority shareholder vote at a shareholder meeting and then only for cause. Special shareholder meetings can only be called by (i) a majority of the board of Black Ridge; (ii) the president of Black Ridge; (iii) the chairman of the board of Black Ridge; or (iv) by a majority of the shareholders of Black Ridge. Furthermore, only people nominated by the nominating committee of the board of Black Ridge, or properly nominated by any shareholder of the Black Ridge in accordance with the procedure set out in the by-laws of Black Ridge can be elected;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (4) pursuant to the Merger Agreement, the Company has the right to nominate the chairman and a majority of the members of the nomination committee of Black Ridge, therefore having effective control of the director nomination process of Black Ridge to ensure the Company can control that the directors to be appointed are satisfactory to the Company.
- (5) upon Completion, the Company will be entitled to receive a minimum of 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financings that no current shareholders of Black Ridge redeem their shares prior to Completion the issue of up to 1,424,500 shares of BR Common Stock to certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering as further described in the section headed “Letter from the Board — Information About Black Ridge and Merger Sub” in the Circular) and become the largest shareholder of Black Ridge; and
- (6) if the Company exercises its BR Warrants and Contingent Shares to be issued pursuant to the terms of the Merger Agreement (assuming full conversion of the Convertible Notes in the Convertible Debt Financings the issue of up to 1,424,500 shares of BR Common Stock to certain shareholders of Black Ridge that participated in its initial public offering as well as the sponsor of that offering as further described in the section headed “Letter from the Board — Information About Black Ridge and Merger Sub” in the Circular), the Company’s equity interest in Black Ridge would increase to 35.36%, which would further enhance the Company’s control over Black Ridge.

The appointment of a majority of the board of directors of Black Ridge by the Company pursuant to the terms of the Merger Agreement is one-off. Upon Completion, the Company will be able to continue to appoint a majority of the board of directors of Black Ridge for the reasons set out above (in particular, for its being the single largest shareholder and the proxy over the voting rights attached to the Black Ridge shares provided by the management team of the Merger Business).

As a result, upon completion, the holding company of the Merger Businesses, AESWPT Holdco, will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over Black Ridge, and the financial results of AESWPT Holdco will continue to be consolidated in the financial statements of the Remaining Group. As such, without losing control over the Disposal Group, the Proposed Spin-off is treated as transaction with non-controlling interest and the difference between the consideration for the Transaction Merger and the decrease of the shared net assets of the Disposal Group is adjusted to reserves. Accordingly, it is expected there will be no gain or loss arising from the transactions for the Company and other than the legal and professional fees of approximately RMB72.8 million incurred for the Mergers and the Proposed Spin-off, it is expected there will be no material impact to the proforma profit or loss of the Group had Completion taken place on 31 December 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(a) *Effects on equity attributable to the Shareholders*

As illustrated in the pro forma consolidated statement of financial position of the Group as set out in Appendix III to the Circular, the proforma equity attributable to the Shareholders would be RMB1,379.5 million upon Completion as compared to equity attributable to the Shareholders of RMB963.4 million as at 31 December 2018. The variance reflects the sharing of 26.74% of (i) Black Ridge assets and liabilities as at 31 December 2018 and the adjustment to the amount of the non-controlling interests of the Merger Businesses as at 31 December 2018; (ii) the cash outflow of the legal and professional fees of RMB72.8 million in connection with the Mergers and the Proposed Spin-off; and (iii) the reclassification of all common stock subject to redemption amounted to RMB929.7 million as at 31 December 2018 to stockholders' equity of Black Ridge to reflect the redemption rights will longer exist following the Mergers under the Amended and Restated Certificate of Incorporation of Black Ridge.

(b) *Effects on Earnings*

As illustrated in the pro forma consolidated statement of profit or loss and other comprehensive income of the Group as set out in Appendix III to the circular, the proforma loss for the year would be increased from approximately RMB697.5 million for the year ended 31 December 2018 to approximately RMB770.3 million had Completion taken place at 31 December 2018, whereas the proforma loss attributable to the Shareholders would be approximately RMB443.3 million upon Completion as compared to loss attributable to the Shareholders of approximately RMB623.0 million as at 31 December 2018.

The increase in loss for the year on a pro forma basis was mainly due to the legal and professional expenses of approximately RMB72.8 million incurred in connection with the Mergers and the Proposed Spin-off. The decrease in proforma loss attributable to the Shareholders of approximately RMB179.7 million was mainly due to the decrease in sharing of the loss attributable to the Merger Businesses of approximately RMB199.1 million assuming Completion taking place at 1 January 2018.

(c) *Effects on working capital*

As at 31 December 2018, the Group's working capital, being current assets less current liabilities, was approximately RMB192.0 million and the current ratio was approximately 1.8. Based on the pro forma unaudited consolidated statement of financial position of the Group and the pro forma unaudited consolidated statement of cash flows of the Group as set out in Appendix III to the Circular, the Group's working capital and the current ratio would both improve significantly to RMB1,083.3 million and 5.2 respectively on pro forma basis assuming Completion on 31 December 2018, due mainly to the release of the cash and investments held in the trust account of Black Ridge of approximately RMB969.8 million to cash and cash equivalents to reflect that the cash and investments in the trust account is available for use in connection with the Mergers.

7. Assured Entitlement

In accordance with the requirements under paragraph 3(f) of PN15, the Board is required to give due regard to the interests of the existing Shareholders by providing the Shareholders with an assured entitlement to the BR Common Stock of Black Ridge, being the immediate shareholder holding 100% equity interests in Allied Esports immediately upon completion of the Mergers and the Proposed Spin-off. However, taking into consideration that the Proposed Spin-off is neither a new listing application, nor will an offering of shares be conducted by Black Ridge in connection with the Proposed Spin-off. Furthermore, as Black Ridge is a Nasdaq listed entity incorporated in Delaware, any offering of shares by it to the Hong Kong based shareholders of the Company would necessitate a prospectus prepared in accordance with the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which would be unduly burdensome, particularly in light of the fact that (to the best knowledge of the Company) no public offering of shares in a Delaware incorporated company has previously been made to the public in Hong Kong.

In light of the above, the Company will put forward a resolution to Shareholders at the EGM to waive their rights to an assured entitlement to the BR Common Stock of Black Ridge.

8. Discussion and Analysis

Objectives and benefits of the Mergers and the Proposed Spin-off

The principal objective of the Mergers and the Proposed Spin-off principally relate to the delineation the businesses in gaming and Esports held by two separate listed companies and to enable the Group to gain access to a separate fund raising platform in the US. On Completion of the Mergers, the resulting Group will look similar to the Group at the moment as AESWPT Holdco will continue to be the indirect wholly-owned subsidiary of the Company but with a strengthened Esports/WPT division and additional working capital of approximately RMB969.8 million (on pro forma basis assuming Completion on 31 December 2018) to be released from the cash and investments held in the trust account of Black Ridge for use in connection with the Mergers. AESWPT Holdco (via Black Ridge) will be a new entity combining the Esports and WPT businesses and listed on Nasdaq, where the Company will be better positioned to develop the Merger Businesses and to better cooperate with their market participants in the US.

Consideration basis

The Consideration (excluding the Contingent Shares) was agreed after arms' length negotiation among Parties based on approximately 40% premium over the estimated acquisition and development costs for the Merger Businesses incurred by the Group up to 31 December 2018. The Contingent Shares, representing the remaining consideration is in effect, represents an "earn-up" payment in the event that the businesses perform well after the proposed Transaction Merger has been consummated.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the Consideration of US\$203.0 million (equivalent to approximately RMB1,363.3 million), the value of the Mergers represented a premium of 83.5% over the total acquisition and development costs of approximately RMB742.5 million up to 31 December 2018. We have carried out our own analysis to assess the value of the Disposal Group by researching comparable peers listed in NYSE and Nasdaq that the Adjusted PB ratio of the Disposal Group, as implied by the Consideration over the Adjusted Net Assets (as the Disposal Group will merge into Black Ridge on a debt-free basis) as at 31 December 2018, of 2.7 is higher than the PB Ratios of 6 out of all the 7 Comparable Companies.

In addition, the Issue Price of the Consideration Shares, the Exercise Price of BR Warrants and Target Price of the Contingent Shares are determined based on the prevailing trading prices of Black Ridge before entering into the Merger Agreement and the business prospect of the Merger Businesses. The Issue Price is also reference to the Reference Price of approximately US\$10.26 per share of Black Ridge calculated based on Black Ridge's shares of US\$10.05 per share at the time of IPO in 2017 plus the interest accrued on the proceeds from its listing in consideration of the financial position of Black Ridge before and after Completion and the cost of initial investment of the IPO shareholders.

For illustration purpose, we have carried out an analysis to assess the market value of the Group upon Completion. As most of the assets will be held through the Black Ridge, a sum-of-the-parts valuation provides a general reference to the Group's market value. The Market Price-related Value amounted to US\$229.9 million (equivalent to approximately RMB1,544.6 million under Scenario I and US\$242.0 million (equivalently to approximately RMB1,625.3 million) under Scenario II, representing approximately 1.12 times or 1.18 times respectively the proforma equity attributable to Shareholders of approximately RMB1,379.5 million upon Completion.

Financial effects

Based on the proforma financial information of the Group set out in Appendix III to the Circular, the Proposed Spin-off will not result in the change in control over the Disposal Group and the assets and liabilities of the Disposal Group will continue to be consolidated into the Company's accounts so that the Company and its shareholders will continue to enjoy the benefits from the growth and development of the Disposal Group.

The dilution of the Group's interests in the Merger Businesses and the consideration of the Transaction Merger is adjusted to reserves and it is expected that no gain or loss will be resulted. The cash and cash equivalents of the Group is expected to be increased from RMB162.7 million to RMB1,606.0 million as a result of the release of the cash and investments held in the trust account of Black Ridge of approximately RMB969.8 million to cash and cash equivalents to reflect that the cash and investments in the trust account is available for use in connection with the Mergers. The equity attributable to Shareholders would also be increased from RMB963.4 million to RMB1,379.5 million on a proforma basis.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the working capital statement set out in Appendix I to the Circular and the working capital projection of the Group which has taken into account the cash balances and facilities available to the Group and concur with the Directors that the Group will have sufficient working capital after the Proposed Spin-off.

Assured entitlement

Under the Proposed Spin-off, no assured entitlement to the Black Ridge's shares will be offered to the Shareholders. The Proposed Spin-off is neither a new listing application, nor will an offering of shares be conducted by Black Ridge in connection with the Proposed Spin-off. Furthermore, as Black Ridge is a Nasdaq listed entity incorporated in Delaware, any offering of shares by it to the Hong Kong based shareholders of the Company would necessitate a prospectus prepared in accordance with the requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which would be unduly burdensome, particularly in light of the fact that (to the best knowledge of the Company) no public offering of shares in a Delaware incorporated company has previously been made to the public in Hong Kong. The Company proposes to put forward a resolution to Shareholders at the EGM to waive their rights to an assured entitlement to the BR Common Stock of Black Ridge.

Based on the above analysis, we consider the terms of the Mergers, the Proposed Spin-off and the transactions contemplated thereunder are fair and reasonable and in the interests of the Shareholders as a whole.

OPINION AND RECOMMENDATION

Having taken into consideration the above principal factors and reasons, we are of the view that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the terms of the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the relevant resolution at the EGM to approve the Merger Agreement and the transactions contemplated thereunder (including the Transaction Merger) and the Proposed Spin-off.

Yours faithfully,
BaoQiao Partners Capital Limited

THREE YEARS FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2018 has been disclosed on pages 119 to 296 of the annual report of the Group for the year ended 31 December 2018 (available from the hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429711.pdf>, pages 110 to 272 of the annual report of the Group for the year ended 31 December 2017 (available from the hyperlink: <http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0419/LTN20180419435.pdf>), and pages 100 to 235 of the annual report of the Group for the year ended 31 December 2016 (available from the hyperlink: <http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0413/LTN201704131002.pdf>), respectively, which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.ourgame.com/>).

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The year of 2018 has been one of the most challenging periods for the Company. The regulatory changes in China and uncertainties caused a substantial downturn in revenue and profitability of the Company for the year as a whole. Despite the challenges in 2018, the Directors believe that the Company has turned a difficult page. Going forward, the Directors believe that the Company's businesses all hold great promise. The China business, after cost cutting and optimization taken by the Company, as well as with gradually more regulatory clarity in China, will now look for opportunities to grow again. The Mergers, should they be consummated, will turbo charge the growth of WPT Business and Allied Esports. The Company, as the single largest shareholder of AESWPT Holdco, will continue to enjoy the benefits of this growth. In summary, we continue to be strongly confident in the Company's future prospects and will continue our endeavors to pursue them.

WORKING CAPITAL STATEMENT

The Directors are of the opinion that, in the absence of unforeseeable circumstances, upon completion of the Transaction Merger and Proposed Spin-off and taking into account the internal resources of the Group, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the Latest Practicable Date.

INDEBTEDNESS STATEMENT

As at 30 April 2019, being the latest practicable date for inclusion of information in this paragraph prior to the publication of this circular, the Group and Black Ridge had outstanding borrowings of approximately US\$10.65 million.

The following table sets forth a breakdown of the Group's and Black Ridge's borrowings as at 30 April 2019:

	<u>The Group</u>	<u>Black Ridge</u>
	<u>As at 30 April</u>	<u>As at 30 April</u>
	<u>2019</u>	<u>2019</u>
	<i>US\$'000</i>	<i>US\$'000</i>
Convertible notes	<u>10,000</u>	<u>650</u>
Total	<u>10,000</u>	<u>650</u>
Secured borrowings by the Group's assets	10,000	—
Unsecured borrowings	<u>—</u>	<u>650</u>
Total	<u>10,000</u>	<u>650</u>
Guaranteed borrowings by an independent third party	—	—
Unguaranteed borrowings	<u>10,000</u>	<u>650</u>
Total	<u>10,000</u>	<u>650</u>

The following table sets forth the maturity profile of the Group's and Black Ridge's borrowings as at 30 April 2019:

	<u>The Group</u>	<u>Black Ridge</u>
	<u>As at 30 April</u>	<u>As at 30 April</u>
	<u>2019</u>	<u>2019</u>
	<i>US\$'000</i>	<i>US\$'000</i>
Carrying amount repayable within one year	<u>10,000</u>	<u>650</u>
Total	<u>10,000</u>	<u>650</u>

As at 30 April 2019, the Group and Black Ridge did not have banking facilities.

As at 30 April 2019, except as disclosed above and otherwise mentioned in this circular, the Group and Black Ridge did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

As at the Latest Practicable Date, save as the issue of convertible debts in an amount up to US\$4 million by Noble Link on 17 May 2019 (as described in “Letter from the Board — Convertible Debt Financing II” of this circular), the Directors are not aware of any material adverse change in the Group’s indebtedness position and contingent liabilities compared to that at 30 April 2019.

According to the terms and conditions of the Merger Agreement, upon Completion, Black Ridge shall have at least US\$5,000,001 of net tangible assets following the exercise by holders of shares of BR Common Stock issued in Black Ridge’s initial public offering of securities and outstanding immediately before the Completion of their right to convert their shares into a pro rata share of the trust fund of Black Ridge. Furthermore, the Company has the right not to proceed with the Transaction Merger if Black Ridge has less than US\$80 million in cash and cash equivalents at Completion.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables, as the Latest Practicable Date, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP
--

The unaudited combined financial information of the Disposal Group has been reviewed by the auditor of the Company, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE DISPOSAL GROUP
FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018

	Year Ended 31 December		
	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	128,089	83,757	130,907
Cost of sales and services	<u>(47,767)</u>	<u>(32,210)</u>	<u>(47,234)</u>
Gross profit	<u>80,322</u>	<u>51,547</u>	<u>83,673</u>
Other income and other gains and losses	8,550	54,072	5,606
Distribution and selling expenses	(46,080)	(63,017)	(20,243)
Administrative expenses	(51,437)	(53,243)	(300,134)
Research and development expenses	(13,682)	(11,787)	(5,349)
Share-based compensation expense	(5,970)	(6,483)	(26,241)
Finance costs	—	(3,718)	(15,980)
Impairment of assets	—	—	(71)
Share of losses of associates	<u>—</u>	<u>(2,018)</u>	<u>(1,258)</u>
Loss before tax	(28,297)	(34,647)	(279,997)
Income tax expense	<u>9,296</u>	<u>1,689</u>	<u>664</u>
Loss for the year	<u>(19,001)</u>	<u>(32,958)</u>	<u>(279,333)</u>
Currency translation differences	<u>17,030</u>	<u>(30,491)</u>	<u>21,658</u>
Loss and total comprehensive loss for the year	<u>(1,971)</u>	<u>(63,449)</u>	<u>(257,675)</u>
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company	(1,971)	(58,975)	(257,605)
Non-controlling interests	<u>—</u>	<u>(4,474)</u>	<u>(70)</u>
	<u>(1,971)</u>	<u>(63,449)</u>	<u>(257,675)</u>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

UNAUDITED COMBINED STATEMENTS OF FINANCIAL POSITION OF THE DISPOSAL GROUP

AT 31 DECEMBER 2016, 2017 AND 2018

	As at 31 December		
	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment	15,126	60,244	152,604
Goodwill	103,850	94,834	99,609
Intangible assets	170,733	186,914	204,987
Interests in associates	12,011	11,550	17,533
Other non-current receivable	<u>13,759</u>	<u>256</u>	<u>—</u>
	<u>315,479</u>	<u>353,798</u>	<u>474,733</u>
Current assets			
Inventories	102	97	48
Trade and other receivables	154,103	11,738	17,901
Amounts due from group companies	—	—	114,318
Amounts due from an associate	374,009	21,979	—
Other non-current receivable	25,285	38,872	—
Restricted bank	—	52,410	—
Bank balances and cash	<u>17,471</u>	<u>36,521</u>	<u>72,724</u>
	<u>570,970</u>	<u>161,617</u>	<u>204,991</u>
Current liabilities			
Trade and other payables	82,766	33,539	32,021
Amounts due to group companies	499,534	203,448	621,720
Provision for staff costs	1,579	—	—
Current portion of other non-current payable	—	38,872	—
Income tax liabilities	6,078	—	—
Deferred revenue	<u>12,966</u>	<u>11,375</u>	<u>25,326</u>
	<u>602,923</u>	<u>287,234</u>	<u>679,067</u>
Net current liabilities	<u>(31,953)</u>	<u>(125,617)</u>	<u>(474,076)</u>
Total asset less current liabilities	<u>283,526</u>	<u>228,181</u>	<u>657</u>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

	As at 31 December		
	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities			
Other non-current payable	13,757	256	—
Deferred tax liabilities	<u>—</u>	<u>4,087</u>	<u>3,063</u>
	<u>13,757</u>	<u>4,343</u>	<u>3,063</u>
Net assets/(liabilities)	<u>269,769</u>	<u>223,838</u>	<u>(2,406)</u>
Capital and reserves			
Paid-in capital	217	217	31,788
Reserves	<u>269,552</u>	<u>228,095</u>	<u>(29,650)</u>
Equity attributable to the owner of the Company	269,769	228,312	2,138
Non-controlling interests	<u>—</u>	<u>(4,474)</u>	<u>(4,544)</u>
Total equity/(Capital deficiency)	<u>269,769</u>	<u>223,838</u>	<u>(2,406)</u>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY OF THE DISPOSAL GROUP

FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018

	Attributable to owners of the Company						Subtotal RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Share options reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000			
As at 1 January 2016	32	361,830	1,704	16,848	8,476	(345,493)	43,397	—	43,397
Loss for the year	—	—	—	—	—	(19,001)	(19,001)	—	(19,001)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—
Currency translation differences	—	—	17,030	—	—	—	17,030	—	17,030
Total comprehensive loss for the year	—	—	17,030	—	—	(19,001)	(1,971)	—	(1,971)
Transactions with owners									
Acquisition of subsidiaries	185	—	12,491	—	5,970	209,697	228,343	—	228,343
Total transaction with the owners	185	—	12,491	—	5,970	209,697	228,343	—	228,343
As at 31 December 2016	217	361,830	31,225	16,848	14,446	(154,797)	269,769	—	269,769
Loss for the year	—	—	—	—	—	(28,484)	(28,484)	(4,474)	(32,958)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—
Currency translation differences	—	—	(30,274)	—	—	(217)	(30,491)	—	(30,491)
Total comprehensive loss for the year	—	—	(30,274)	—	—	(28,701)	(58,975)	(4,474)	(63,449)
Transactions with owners									
Share-based compensation	—	—	—	619,778	(14,446)	—	605,332	—	605,332
Reclassification	—	—	—	(633,410)	—	633,410	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	(225,984)	(225,984)	—	(225,984)
Pre-acquisition share premium	—	(361,830)	—	—	—	—	(361,830)	—	(361,830)
Total transaction with the owners	—	(361,830)	—	(13,632)	(14,446)	407,426	17,518	—	17,518
As at 31 December 2017	217	—	951	3,216	—	223,928	228,312	(4,474)	223,838
Loss for the year	—	—	—	—	—	(279,333)	(279,333)	—	(279,333)
Other comprehensive income for the year	—	—	—	—	—	—	—	—	—
Currency translation differences	—	—	23,806	(2,058)	—	(20)	21,728	(70)	21,658
Total comprehensive loss for the year	—	—	23,806	(2,058)	—	(279,353)	(257,605)	(70)	(257,675)
Transactions with owners									
Reclassification	—	—	—	633,410	—	(633,410)	—	—	—
Reorganisation	31,571	—	—	—	(140)	—	31,431	—	31,431
Total transaction with the owners	31,571	—	—	633,410	(140)	(633,410)	31,431	—	31,431
As at 31 December 2018	31,788	—	24,757	634,568	(140)	(688,835)	2,138	(4,544)	(2,406)

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

**UNAUDITED COMBINED STATEMENTS OF CASH FLOWS OF THE DISPOSAL GROUP
FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018**

	Year ended 31 December		
	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
OPERATING ACTIVITIES			
Loss before income tax	(28,297)	(34,647)	(279,997)
Depreciation of property, plant and equipment	5,281	5,776	53,930
Amortisation of intangible assets	<u>—</u>	<u>1,711</u>	<u>—</u>
<i>Operating loss before working capital change</i>	(23,016)	(27,160)	(226,067)
Decrease in inventories	165	5	49
Decrease/(Increase) in trade and other receivables	30,590	(65,060)	32,964
(Decrease)/Increase in trade and other payables	(159,419)	181,903	(40,645)
(Decrease)/Increase in deferred revenue	(1,615)	(1,590)	13,951
Decrease/(Increase) in amount due from/to associates	—	(21,979)	21,979
Increase in amount due from/to Group companies	<u>128,042</u>	<u>77,923</u>	<u>303,955</u>
<i>Cash (used in)/generated from operations</i>	(25,253)	144,042	106,186
Income taxes received/(paid)	<u>11,408</u>	<u>(302)</u>	<u>(359)</u>
Net cash (used in)/from operating activities	<u>(13,845)</u>	<u>143,740</u>	<u>105,827</u>

APPENDIX II FINANCIAL INFORMATION OF THE DISPOSAL GROUP

	Year ended 31 December		
	2016	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
INVESTING ACTIVITIES			
(Increase)/Decrease in restricted bank balances	—	(52,410)	52,410
Purchase of property, plant and equipment	(8,337)	(12,598)	(146,818)
Purchase of intangible assets	(43,593)	(17,891)	—
Proceeds from disposal of property, plant and equipment	638	1,231	—
Investments in associates	(4,195)	461	(5,984)
Investments in subsidiaries	<u>46,559</u>	<u>(12,993)</u>	<u>7,052</u>
<i>Net cash used in investing activities</i>	<u>(8,928)</u>	<u>(94,200)</u>	<u>(93,340)</u>
Net (decrease)/increase in cash and cash equivalents	(22,773)	49,540	12,487
Cash and cash equivalents at beginning of year	10,723	17,471	36,521
Effect of foreign exchange rate changes	<u>29,521</u>	<u>(30,490)</u>	<u>23,716</u>
Cash and cash equivalents at end of year	<u><u>17,471</u></u>	<u><u>36,521</u></u>	<u><u>72,724</u></u>

NOTES TO THE UNAUDITED COMBINED FINANCIAL INFORMATION OF THE DISPOSAL GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

On 19 December 2018 (U.S. time), the Company, Allied Esports, Noble Link and Primo Vital entered into the conditional Merger Agreement with Black Ridge and Merger Sub in relation to the Redomestication Merger and Transaction Merger. The transactions contemplated under the Merger Agreement are effectively (i) a reorganisation of the Merger Businesses and (ii) an injection of such Merger Businesses by the Company and its relevant subsidiaries into Black Ridge, in exchange for an equity interest in Black Ridge to be held by Primo Vital.

The unaudited combined financial information of the Disposal Group for each of the three years ended 31 December 2018 comprises (i) the financial performance and financial position of the Disposal Group, and (ii) the assets, liabilities and results directly attributable to the business operated by the Disposal Group.

Subject to the terms and conditions of the Merger Agreement and in accordance with the Delaware Corporation Law and the British Virgin Islands Business Companies Act 2004, as amended (collectively, the “Corporate Law”), the Group and Black Ridge intend to conduct the following business combination transactions: (i) at the Redomestication Effective Time, Noble Link will merge with and into Allied Esports, the separate existence of Noble Link will cease, and Allied Esports will continue as the surviving entity of the Redomestication Merger. At the Redomestication Effective Time, all the property, rights, privileges, powers, and franchises of Noble Link shall vest in Allied Esports, and all debts, liabilities, and duties of Noble Link shall become the debts, liabilities, and duties of Allied Esports. (ii) Immediately after the consummation of the Redomestication Merger, Merger Sub will merge with and into Allied Esports, the separate corporate existence of Merger Sub shall cease and Allied Esports shall continue as the surviving entity after the Transaction Merger and as a wholly-owned subsidiary of Black Ridge, namely the “AESWPT Holdco”. At the Transaction Effective Time, all the property, rights, privileges, powers and franchises of Merger Sub shall vest in Allied Esports, and all debts, liabilities and duties of Merger Sub shall become the debts, liabilities and duties of Allied Esports, and each share of capital stock of the Company shall be converted as described in “Consideration for the Transaction Merger” above.

Upon Completion, (i) Black Ridge will change its name to Allied Esports Entertainment, Inc., and will serve as the publicly traded entity in Nasdaq Stock Exchange owning 100% of the equity interests in AESWPT Holdco and all AESWPT Holdco’s operating assets and intangible assets including the intellectual properties required for the operation of the Merger Businesses, which will continue to operate the Merger Businesses; (ii) the Company, through Primo Vital, will be entitled to receive approximately 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financings) as enlarged by the issue of the Consideration Shares (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the date of this announcement to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of Convertible Notes in the Convertible Debt Financings); and (iii) AESWPT Holdco, will continue to

be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over it by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided and (4) the fact that there will be no other significant shareholder capable of exercising material influence over of Black Ridge.

2. BASIS OF PREPARATION OF THE UNAUDITED COMBINED FINANCIAL INFORMATION

The unaudited combined financial information have been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and solely for the purpose of inclusion in the circular to be issued by the Company in connection with, among other things, the spin-off of the Disposal Group.

The unaudited combined financial information of the Disposal Group for each of the three years ended 31 December 2018 has been prepared using the same accounting policies as those adopted by the Company in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2018, which conform with International Financial Reporting Standards (“IFRSs”).

The unaudited combined financial information does not contain sufficient information to constitute a complete set of financial statements as defined in International Auditing Standards 1 “Presentation of Financial Statements” nor an interim report as defined in International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. It should be read in connection with the Group’s relevant published annual financial statements.

3. SUBSEQUENT EVENT

On 6 March 2019 (U.S. time), WPT Enterprises Inc., a subsidiary of the Company, entered into a five-year strategic alliance with TV Azteca SAB de CV (the “Strategic Alliance Agreement”), a company listed on the Mexican Stock Exchange (stock code: AZTECACP) and a company of Grupo Salinas, to bring WPT’s poker content library to growing Latin America audience. In addition, Allied Esports International, Inc., a subsidiary of the Company, entered into an agreement (the “Allied Esports Agreement”) with Grupo Salinas to work toward to deliver live Esports experiences, Esports related content, and an online platform to the markets in Mexico and throughout Latin America developing and launching an Esports strategy in Mexico. Further details of the Strategic Alliance Agreement and the Allied Esports Agreement are set out in the announcement of the Company dated 7 March 2019.

On 17 May 2019, Noble Link has entered into a purchase agreement with several subscribers for the issue of convertible debts in an amount up to US\$4 million. Please see “Letter from the Board — Convertible Debt Financing II” of this circular for further details.

A. PUBLISHED FINANCIAL INFORMATION OF BLACK RIDGE OF THE PERIOD FROM 9 MAY 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017, THE YEAR ENDED 31 DECEMBER 2018 AND THE QUARTER ENDED 31 MARCH 2019

For the purpose of this section only, unless the context requires otherwise, references to the “Company”, “we”, “us” and “our” refer to Black Ridge and references to “\$” refer to USD.

1. The following is an extract of the audited financial statements of Black Ridge for the period from 9 May 2017 (date of incorporation) to 31 December 2017, which were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), from the 2017 Annual Report on Form 10-K of Black Ridge issued on 22 March 2018.

The 2017 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316818000741/blackridgeacq_10k-123117.htm

BALANCE SHEET

	31 December 2017 \$
ASSETS	
Current assets:	
Cash and cash equivalents	427,954
Prepaid expenses	33,093
Deferred income taxes	<u>18,678</u>
Total current assets	479,725
Cash and marketable securities held in Trust Account	<u>138,980,353</u>
Total assets	<u><u>139,460,078</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	45,391
Accounts payable — related party	2,940
Income taxes payable	<u>85,722</u>
Total current liabilities	<u>134,053</u>
Total liabilities	<u>134,053</u>
Commitments	
Common stock, \$0.0001 par value, subject to possible redemption, 13,348,443 shares at redemption value	<u>134,326,020</u>
Stockholders' equity:	
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, none issued and outstanding	—
Common stock, \$0.0001 par value; 35,000,000 shares authorized, 4,346,557 shares issued and outstanding (excluding 13,348,443 shares subject to possible redemption)	435
Additional paid in capital	4,906,420
Retained earnings	<u>93,150</u>
Total stockholders' equity	<u>5,000,005</u>
Total liabilities and stockholders' equity	<u><u>139,460,078</u></u>

STATEMENT OF OPERATIONS

	Period from 9 May 2017 (Inception) through 31 December 2017 \$
General and administrative costs	<u>130,159</u>
Loss from operations	(130,159)
Other income	
Interest income	355,338
Unrealized loss on marketable securities held in Trust Account	<u>(64,985)</u>
Total other income	<u>290,353</u>
Income before taxes	160,194
Provision for income taxes	<u>(67,044)</u>
Net income	<u><u>93,150</u></u>
Weighted average shares outstanding, basic and diluted (1)	<u><u>3,452,106</u></u>
Basic and diluted net loss per common share (see Note 2)	<u><u>(0.02)</u></u>

- (1) Excludes an aggregate of 13,348,443 shares subject to possible redemption at 31 December 2017 and excludes an aggregate of 450,000 shares that had been subject to forfeiture to the extent that the underwriters' over-allotment was not exercised from 9 May 2017, the date of issuance, through 18 October 2017, the date of exercise of the underwriters' over-allotment in full.

STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholder's
		\$	Capital	\$	Equity
			\$		\$
Balance, 9 May 2017	—	—	—	—	—
Issuance of common stock to Sponsor, net	3,450,000	345	24,655	—	25,000
Sale of units in initial public offering, net of offering costs	13,800,000	1,380	134,756,395	—	134,757,775
Sale of units to Sponsor in private placement	445,000	45	4,449,955	—	4,450,000
Sale of unit purchase option to underwriter	—	—	100	—	100
Common stock subject to possible redemption	(13,348,443)	(1,335)	(134,324,685)	—	(134,326,020)
Net income	—	—	—	93,150	93,150
Balance, 31 December 2017	<u>4,346,557</u>	<u>435</u>	<u>4,906,420</u>	<u>93,150</u>	<u>5,000,005</u>

STATEMENT OF CASH FLOWS

	Period from 9 May 2017 (Inception) through 31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	93,150
Adjustments to reconcile net loss to net cash provided by operating activities:	
Interest earned on cash and marketable securities held in trust	(355,338)
Unrealized loss on marketable securities held in Trust Account	64,985
Deferred tax	(18,678)
Changes in operating assets and liabilities:	
Prepaid expenses	(33,093)
Accounts payable and accrued expenses	45,391
Accounts payable — related party	2,940
Income taxes payable	<u>85,722</u>
Net cash used in operating activities	<u>(114,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Principal deposited in trust account	<u>(138,690,000)</u>
Net cash used in investing activities	<u>(138,690,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from promissory note — related party	62,500
Repayment of promissory note — related party	(125,000)
Proceeds from issuance of common stock to Sponsor	25,000
Proceeds from initial public offering, net of offering costs	134,820,275
Proceeds from private placement to Sponsor	4,450,000
Proceeds from sale of unit option to underwriter	<u>100</u>
Net cash provided by financing activities	<u>139,232,875</u>

	Period from 9 May 2017 (Inception) through 31 December 2017 \$
NET CHANGE IN CASH AND CASH EQUIVALENTS	427,954
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>—</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>427,954</u></u>
NON-CASH INVESTING AND FINANCE ACTIVITIES:	
Payment of offering costs through promissory note — related party	<u><u>62,500</u></u>
Initial value of common stock subject to possible exemption	<u><u>134,231,177</u></u>
Change in value of common stock subject to possible redemption	<u><u>94,843</u></u>

NOTES TO THE FINANCIAL STATEMENTS**NOTE 1 — ORGANIZATION AND PLAN OF BUSINESS OPERATIONS**

Black Ridge Acquisition Corp. (“BRAC” or the “Company”, “we”, “us” and “our”) was incorporated in Delaware on 9 May 2017 as a blank check company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (a “Business Combination”). The Company’s efforts to identify a prospective target business are not limited to a particular industry or geographic region. The Company is focusing its search on businesses in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America.

As of 31 December 2017, the Company had not yet commenced operations. All activity through 31 December 2017 relates to the Company’s formation and its Initial Public Offering, described below and identifying a target company for a Business Combination. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

The registration statement for the Company’s initial public offering (“Initial Public Offering”) was declared effective on 4 October 2017. The registration statement was initially declared effective for 10,000,000 units (“Units” and, with respect to the common stock included in the Units being offered, the “Public Shares”), but the offering was increased to 12,000,000 Units pursuant to Rule 462(b) under the Securities Act of 1933, as amended. On 10 October 2017, the Company consummated the Initial Public Offering of 12,000,000 units, generating gross proceeds of \$120,000,000, which is described in Note 3.

Simultaneous with the closing of the Initial Public Offering, the Company consummated the sale of 400,000 units (the “Placement Units”) at a price of \$10.00 per Unit in a private placement to the Company’s sponsor and sole stockholder prior to the Initial Public Offering, Black Ridge Oil & Gas, Inc. (the “Sponsor”), generating gross proceeds of \$4,000,000, which is described in Note 3.

Transaction costs amounted to \$2,882,226, consisting of \$2,400,000 of underwriting fees and \$482,226 of Initial Public Offering costs.

Following the closing of the Initial Public Offering on 10 October 2017, an amount of \$120,600,000 (\$10.05 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Placement Units was placed in a trust account (“Trust Account”) and will be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as described below.

On 18 October 2017, in connection with the underwriters’ exercise of their over-allotment option in full, the Company consummated the sale of an additional 1,800,000 Units, and the sale of an additional 45,000 Placement Units at \$10.00 per Unit, generating total proceeds of \$18,450,000. Transaction costs for underwriting fees on the sale of the over-allotment units were \$360,000. Following the closing, an additional \$18,090,000 of the net proceeds (\$10.05 per Unit) was placed in the Trust Account, bringing the total aggregate proceeds held in the Trust Account to \$138,690,000 (\$10.05 per Unit).

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and private placement, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. Upon the closing of the Initial Public Offering, \$10.05 per Unit sold in the Initial Public Offering, including the proceeds of the Private Placements was deposited in a trust account (“Trust Account”) to be held until the earlier of (i) the consummation of its initial Business Combination or (ii) the Company’s failure to consummate a Business Combination within 21 months from the consummation of the Initial Public Offering (the

“Combination Period”). Placing funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, service providers, prospective target businesses or other entities it engages, execute agreements with the Company waiving any claim of any kind in or to any monies held in the Trust Account, there is no guarantee that such persons will execute such agreements. The Trust Account is maintained by a third party trustee. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to the Company for any amounts that are necessary to pay the Company’s income and other tax obligations and up to \$50,000 that may be used to pay for the costs of liquidating the Company. The Sponsor has agreed that it will be liable to ensure that the proceeds in the Trust Account are not reduced below \$10.05 per share by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company, but there is no assurance that the Sponsor will be able to satisfy its indemnification obligations if it is required to do so. Additionally, the agreement entered into by the Sponsor specifically provides for two exceptions to the indemnity it has given: it will have no liability (1) as to any claimed amounts owed to a target business or vendor or other entity who has executed an agreement with the Company waiving any right, title, interest or claim of any kind they may have in or to any monies held in the Trust Account, or (2) as to any claims for indemnification by the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Initial Business Combination

Pursuant to the Nasdaq Capital Markets listing rules, the Company’s initial Business Combination must be with a target business or businesses whose collective fair market value is at least equal to 80% of the balance in the Trust Account at the time of the execution of a definitive agreement for such Business Combination, although this may entail simultaneous acquisitions of several target businesses. The fair market value of the target will be determined by the Company’s board of directors based upon one or more standards generally accepted by the financial community (such as actual and potential sales, earnings, cash flow and/or book value). The target business or businesses that the Company acquires may have a collective fair market value substantially in excess of 80% of the Trust Account balance. In order to consummate such a Business Combination, the Company may issue a significant amount of its debt or equity securities to the sellers of such business and/or seek to raise additional funds through a private offering of debt or equity securities. If the Company’s securities are not listed on NASDAQ after the Initial Public Offering, the Company would not be required to satisfy the 80% requirement. However, the Company intends to satisfy the 80% requirement even if the Company’s securities are not listed on NASDAQ at the time of the initial Business Combination.

The Company will provide the public stockholders, who are the holders of the Common stock which was sold as part of the Units in the Initial Public Offering, whether they are purchased in the Initial Public Offering or in the aftermarket, or “Public Shares”, including the Sponsor to the extent that they purchase such Public Shares (“Public Stockholders”), with an opportunity to redeem all or a portion of their Public Shares of the Company’s Common stock, irrespective of whether they vote for or against the proposed transaction or if the Company conducts a tender offer, upon the completion of the initial Business Combination either (1) in connection with a stockholder meeting called to approve the Business Combination, or (ii) by means of a tender offer, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest (net of franchise and income taxes payable, divided by the number of then outstanding Public Shares. The amount in the Trust Account, net of franchise and income taxes payable, currently amounts to \$10.06 per Public Share. The common stock subject to redemption will be recorded at a redemption value and classified a temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity”. The Company will proceed with a Business Combination only if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and in the case of a stockholder vote, a majority of the outstanding shares voted are voted in favor of the Business Combination. The decision as to whether the Company will seek stockholder approval of a proposed Business Combination or conduct a tender offer will be made by the Company, solely in its discretion, based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would otherwise require it to seek stockholder approval under the law or stock exchange listing requirement. If a stockholder vote is not required and the Company decides not to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to the proposed amended and restated certificate of incorporation, (i) conduct the redemptions pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers, and (ii) file tender offer documents with the SEC

prior to completing the initial Business Combination which contain substantially the same financial and other information about the initial Business Combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies.

The Sponsor has agreed to vote its Founder Shares (as described in Note 6) and any Public Shares purchased during or after the Initial Public Offering in favor of the initial Business Combination, and the Company's executive officers and directors have also agreed to vote any Public Shares purchased during or after the Initial Public Offering in favor of the Initial Business Combination. The Sponsor entered into a letter agreement, pursuant to which it agreed to waive its redemption rights with respect to the Founder Shares, shares included in the Placement Units and Public Shares in connection with the completion of the initial Business Combination. In addition, the Sponsor has agreed to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares and shares included in the Placement Units if the Company fails to complete the initial Business Combination within the prescribed time frame. However, if the Sponsor (or any of the Company's executive officers, directors or affiliates) acquires Public Shares in or after the Initial Public Offering, it will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares in the event the Company does not complete the initial Business Combination within such applicable time period.

Failure to Consummate a Business Combination

If the Company is unable to complete the initial Business Combination within the Combination Period, the Company must: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of franchise and income taxes payable divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholders and the Company's Board of Directors, dissolve and liquidate, subject in the case of clauses (ii) and (iii) to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying balance sheet is presented in conformity with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the SEC.

Going concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of 31 December 2017, the Company had \$427,954 in cash and cash equivalents held outside of the Trust Account, \$110,293 in interest income available from the Company's investments in the Trust Account to pay its franchise and income taxes payable, and liabilities of \$134,053. Further, the Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. The Company's plans to consummate an initial Business Combination may not be successful. These matters, among others, raise substantial doubt about the Company's ability to continue as a going concern.

Based on the foregoing, the Company may not have sufficient funds available to operate its business for at least one year from the date the financial statements are issued or until it closes an initial business combination and may need to obtain additional financing in order to meet its obligations. The Company cannot be certain that additional funding will be available on acceptable terms, or at all.

The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Emerging growth company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, (the “Securities Act”), as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of 31 December 2017.

Cash and securities held in Trust Account

As of 31 December 2017, \$39,742 of cash and \$138,940,611 of marketable securities were held in the Trust Account.

Common Stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. The Company’s common stock features certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, as of 31 December 2017, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders’ equity section of the Company’s balance sheet.

Offering costs

Offering costs consist of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that are directly related to the Initial Public Offering. Offering costs totaling to \$3,242,226 were charged to stockholders’ equity upon the completion of the Initial Public Offering and subsequent sale of Units in connection with the underwriters’ exercise of their over-allotment option.

Income taxes

The Company accounts for income taxes under ASC Topic 740 “Income Taxes” (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of 10 October 2017. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential examination by federal, state and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal, state and city tax laws. The Company’s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

On 22 December 2017 the U.S. Tax Cuts and Jobs Act of 2017 (“Tax Reform”) was signed into law. As a result of Tax Reform, the U.S. statutory rate was lowered from 35% to 21% effective 1 January 2018, among other changes. ASC Topic 740 requires companies to recognize the effect of tax law changes in the period of enactment; therefore, the Company was required to value its deferred tax assets and liabilities at 31 December 2017 at the new rate. The SEC issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain effects of Tax Reform. The ultimate impact may differ from the provisional amount, possibly materially, as a result of additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued and actions the Company may take as a result of Tax Reform.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. As of 31 December 2017, the Company had not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Use of estimates

The preparation of the balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

The fair value of the Company’s assets and liabilities, which qualify as financial instruments under ASC Topic 820, “Fair Value Measurements and Disclosures”, approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Net income (loss) per share

Net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. An aggregate of 13,348,443 shares of common stock subject to possible redemption at 31 December have been excluded from the calculation of basic income (loss) per share since such shares, if redeemed, only participate in their pro rata share of the trust earnings.

The Company's net income (loss) is also shown adjusted for the portion of income attributable to shares subject to redemption, as these shares only participate in the income of the trust account and not the operating losses of the Company. Accordingly, basic and diluted net income (loss) per share attributable to shares not subject to redemption is as follows:

	\$
Net income (loss)	93,150
Less: Income attributable to shares subject to redemption	<u>(174,168)</u>
Adjusted net income (loss)	<u>(81,018)</u>
Weighted average shares outstanding, basic and diluted	<u>3,452,106</u>
Basic and diluted net income (loss) per share attributable to remaining shares	<u>(0.02)</u>

The Company has not considered the effect of 1) warrants to purchase 14,845,000 shares of common stock, 2) rights that convert to 1,484,500 shares and 3) 600,000 shares included in the underwriters' unit option sold in Public Offering, Private Placement or underlying the unit option sold to the underwriter in the calculation of diluted loss per share, since the exercise of the warrants, receipt of rights and shares is contingent on the occurrence of future events.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

NOTE 3 — INITIAL PUBLIC OFFERING AND PRIVATE PLACEMENT**Initial Public Offering**

Pursuant to the Initial Public Offering and including the subsequent over-allotment option exercised by the underwriter, the Company sold 13,800,000 Units at a purchase price of \$10.00 per Unit. Each Unit consists of one share of common stock, one right ("Public Right") and one warrant ("Public Warrant"). Each Public Right will convert into one-tenth (1/10) of one share of common stock upon consummation of a Business Combination (see Note 6). Each Public Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50 (see Note 6).

Private Placement

Simultaneous with the Initial Public Offering and over-allotment option exercise, the Sponsor purchased an aggregate of 445,000 Placement Units at a price of \$10.00 per Unit (or an aggregate purchase price of \$4,450,000). Each Placement Unit consists of one share of common stock ("Placement Share"), one right ("Placement Right") and one warrant (each, a "Placement Warrant") to purchase one share of the common stock at an exercise price of \$11.50 per share. The proceeds from the Placement Units were added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Placement Units will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Placement Rights and Placement Warrants will expire worthless.

The Placement Units are identical to the Units sold in the Initial Public Offering except that the Placement Warrants (i) are not redeemable by the Company and (ii) may be exercised for cash or on a cashless basis, so long as they are held by the Sponsor or any of its permitted transferees. In addition, the Placement Units and their component securities may not be transferable, assignable or salable until after the consummation of a Business Combination, subject to certain limited exceptions.

NOTE 4 — RELATED PARTY TRANSACTIONS

Founder Shares

In connection with the organization of the Company, a total of 2,875,000 shares of common stock were sold to the Sponsor at a price of approximately \$0.0087 per share for an aggregate of \$25,000 (“Founder Shares”). On 4 October 2017, the Company effected a stock dividend of 0.2 shares for each of the then outstanding shares, resulting in 3,450,000 Founders Shares including an aggregate of up to 450,000 shares of common stock that would have been subject to forfeiture to the extent that the over-allotment option was not exercised by the underwriters in full or in part (the underwriters exercised their over-allotment option in full). All share and per share amounts have been retroactively restated to reflect the effect of the stock dividend.

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of the initial Business Combination or (ii) the date on which the closing price of the Company’s common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing 150 days after the initial Business Combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until one year after the date of the consummation of the initial Business Combination, or earlier, in either case, if, subsequent to the Company’s initial Business Combination, the Company consummates a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

Related Party Loans

Prior to the closing of the Initial Public Offering, the Company’s Sponsor advanced the Company an aggregate of \$125,000. The advances were non-interest bearing, unsecured and due on demand. The advances were repaid upon the consummation of the Initial Public Offering on 10 October 2017.

In order to finance transaction costs in connection with an intended initial business combination, our sponsor, officers, directors or their affiliates may, but are not obligated to, loan us funds as may be required. If we consummate an initial business combination, we would repay such loaned amounts. In the event that the initial business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts, but no proceeds from our trust account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into units of the post business combination entity at a price of \$10.00 per unit at the option of the lender. The units would be identical to the Placement Units.

Administrative Services Agreement

Commencing on the effective date of the Initial Public Offering through the earlier of our consummation of our initial business combination or our liquidation, the Sponsor will make available to us certain general and administrative services, including office space, utilities and administrative support, as we may require from time to time. The Company agreed to pay the Sponsor \$10,000 per month for these services. Management fee expense of \$28,710 was recognized by the Company for the period from the effective date, 4 October 2017, through 31 December 2017.

Accounts payable — related party

Accounts payable — related party represents balances due to the Sponsor for administrative services and out of pocket expenses paid by the Sponsor on behalf of the Company.

NOTE 5 — COMMITMENTS**Agreements with underwriters**

The Company engaged the underwriters as advisors in connection with our Initial Business Combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. The Company will pay the underwriters a cash fee for such services upon the consummation of our initial business combination in an amount equal to 3.5% of the gross proceeds of this offering (exclusive of any applicable finders' fees which might become payable).

Registration Rights

The holders of our founders' shares issued and outstanding on the date of the Initial Public Offering, as well as the holders of the private units and any units our sponsor, officers, directors or their affiliates may be issued in payment of working capital loans made to us (and all underlying securities), are entitled to registration rights pursuant to a registration rights agreement dated 4 October 2017. The holders of a majority of these securities are entitled to make up to two demands that we register such securities. The holders of the majority of the founders' shares can elect to exercise these registration rights at any time commencing three months prior to the date on which these shares of common stock are to be released from escrow. The holders of a majority of the private units and units issued to our sponsor, officers, directors or their affiliates in payment of working capital loans made to us (or underlying securities) can elect to exercise these registration rights at any time after we consummate a business combination. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to our consummation of a business combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

NOTE 6 — STOCKHOLDERS' EQUITY**Preferred Stock**

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors. As of 10 October 2017, no preferred stock is issued or outstanding.

Common Stock

The Company is authorized to issue 35,000,000 shares of common stock, par value \$0.0001 per share. As of 31 December 2017, the Company has issued an aggregate of 17,695,000 shares of common stock, inclusive of 13,348,443 shares of common stock subject to possible redemption classified as temporary equity in the accompanying Balance Sheet.

Rights

Each holder of a right will receive one-tenth (1/10) of one share of common stock upon consummation of a Business Combination, even if a holder of such right converted all ordinary shares held by it in connection with a Business Combination. No fractional shares will be issued upon exchange of the rights. No additional consideration will be required to be paid by a holder of rights in order to receive its additional shares upon consummation of a Business Combination as the consideration related thereto has been included in the Unit purchase price paid for by investors in the Initial Public Offering. If the Company enters into a definitive agreement for a Business Combination in which the Company will not be the surviving entity, the definitive agreement will provide for the holders of rights to receive the same per share consideration the holders of the shares of common stock will receive in the transaction on an as-converted into shares of common stock basis and each holder of rights will be required to affirmatively convert its rights in order to receive 1/10 of a share of common stock underlying each right (without paying additional consideration). The shares of common stock issuable upon exchange of the rights will be freely tradable (except to the extent held by affiliates of the Company).

If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of rights will not receive any of such funds with respect to their rights, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such rights, and the rights will expire worthless. Further, there are no contractual penalties for failure to deliver securities to the holders of the rights upon consummation of a Business Combination. Additionally, in no event will the Company be required to net cash settle the rights. Accordingly, the rights may expire worthless.

The rights included in the Private Units sold in the Private Placement are identical to the rights included in the Units sold in the Initial Public Offering, except that, among others, the rights including the shares issuable upon exchange of such rights, are being purchased pursuant to an exemption from the registration requirements of the Securities Act and will become tradable only after certain conditions are met or the resale of such rights (including underlying securities) is registered under the Securities Act.

Warrants

Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Warrants. The Warrants will become exercisable on the later of (a) 30 days after the consummation of a Business Combination or (b) 10 October 2018. No Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the shares of common stock issuable upon exercise of the Warrants and a current prospectus relating to such shares. Notwithstanding the foregoing, if a registration statement covering the shares of common stock issuable upon the exercise of the Warrants is not effective within 30 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their Warrants on a cashless basis. The Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Private Warrants will be identical to the Warrants underlying the Units being sold in the Initial Public Offering, except the Private Warrants will be exercisable for cash (even if a registration statement covering the shares of common stock issuable upon exercise of such Private Warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by the Company, in each case so long as they are still held by the Sponsor or its affiliates.

The Company may call the Warrants for redemption (excluding the Private Warrants but including any outstanding Warrants issued upon exercise of the unit purchase option issued to EarlyBirdCapital), in whole and not in part, at a price of \$0.01 per Warrant:

- at any time while the Warrants are exercisable,
- upon not less than 30 days' prior written notice of redemption to each Warrant holder,
- if, and only if, the reported last sale price of the shares of common stock equals or exceeds \$18.00 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to Warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such Warrants at the time of redemption and for the entire 30-day redemption period and continuing each day thereafter until the date of redemption.

If the Company calls the Warrants for redemption, management will have the option to require all holders that wish to exercise the Warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of shares of common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuances of shares of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the

Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Warrants will not receive any of such funds with respect to their Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Warrants. Accordingly, the Warrants may expire worthless.

Unit Purchase Option

On 10 October 2017, the Company sold to the underwriter (and/or its designees), for \$100, an option to purchase up to 600,000 Units exercisable at \$11.50 per Unit (or an aggregate exercise price of \$6,900,000) commencing on the later of the first anniversary of the effective date of the registration statement related to the Initial Public Offering and the consummation of a Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder's option, and expires five years from the effective date of the registration statement related to the Initial Public Offering. The Units issuable upon exercise of this option are identical to those offered in the Initial Public Offering. The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to stockholders' equity. The Company estimated the fair value of this unit purchase option to be approximately \$1,778,978 (or \$2.97 per Unit) using the Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the underwriters was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.94% and (3) expected life of five years. The option and such units purchased pursuant to the option, as well as the common stock underlying such units, the rights included in such units, the common stock that is issuable for the rights included in such units, the warrants included in such units, and the shares underlying such warrants, have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA's NASDAQ Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of Initial Public Offering except to any underwriter and selected dealer participating in the Initial Public Offering and their bona fide officers or partners. The option grants to holders demand and "piggy back" rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or the Company's recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price.

NOTE 7 — INCOME TAXES

We account for income taxes under the provisions of ASC Topic 740, Income Taxes, which provides for an asset and liability approach for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted laws, attributable to temporary differences between the carrying value amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

The Company's net deferred tax assets are as follows:

	As of
	31 December 2017
	\$
Deferred tax assets:	
Unrealized loss on marketable securities held in Trust Account	18,678
Other	<u>—</u>
Total deferred tax assets	18,678
Valuation allowance	<u>—</u>
Deferred tax assets, net of allowance	<u><u>18,678</u></u>

The company believes that it is more likely than not that it will realize the deferred tax asset and therefore there is no valuation allowance.

The income tax provision (benefit) consists of the following:

	For the Period
	From
	9 May 2017
	(Inception)
	to 31 December
	2017
	\$
Federal	
Current	63,395
Deferred	(13,647)
State and Local	
Current	22,327
Deferred	<u>(5,031)</u>
Income tax provision (benefit)	<u><u>67,044</u></u>

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	For the Period From 9 May 2017 (Inception) to 31 December 2017
Statutory federal income tax rate	30.8%
State and local taxes, net of federal benefit	6.8%
Permanent differences	0.2%
Effect of federal rate change on deferred taxes	<u>3.6%</u>
Income tax provision	<u><u>41.4%</u></u>

NOTE 8 — SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date through the date hereof, which these financial statements were issued.

2. The following is an extract of the audited financial statements of Black Ridge for the year ended 31 December 2018, which were prepared in accordance with US GAAP, from the 2018 Annual Report on Form 10-K of Black Ridge issued on 18 March 2019.

The 2018 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316819000700/brac_10k-123118.htm

CONSOLIDATED BALANCE SHEETS

	31 December 2018	31 December 2017
	\$	\$
ASSETS		
Current assets:		
Cash and cash equivalents	133,729	427,954
Prepaid expenses	11,250	33,093
Deferred income taxes	<u>—</u>	<u>18,678</u>
Total current assets	144,979	479,725
Cash and marketable securities held in Trust Account	<u>141,307,307</u>	<u>138,980,353</u>
Total assets	<u><u>141,452,286</u></u>	<u><u>139,460,078</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	148,514	45,391
Accounts payable — related party	13,340	2,940
Income taxes payable	472,770	85,722
Deferred income taxes	438	—
Convertible note payable — related party	<u>350,000</u>	<u>—</u>
Total current liabilities	<u>985,062</u>	<u>134,053</u>
Total liabilities	<u>985,062</u>	<u>134,053</u>

	31 December 2018	31 December 2017
	\$	\$
Commitments		
Common stock, \$0.0001 par value, subject to possible redemption, 13,283,086 and 13,348,443 shares at December, 2018 and 2017, respectively, at redemption value	<u>135,467,219</u>	<u>134,326,020</u>
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value; 35,000,000 shares authorized, 4,411,914 and 4,346,557 shares at 31 December 2018 and 31 December 2017, respectively, issued and outstanding (excluding 13,283,086 and 13,348,443 shares at 31 December 2018 and 2017, respectively, subject to possible redemption)	442	435
Additional paid in capital	3,765,214	4,906,420
Retained earnings	<u>1,234,349</u>	<u>93,150</u>
Total stockholders' equity	<u>5,000,005</u>	<u>5,000,005</u>
Total liabilities and stockholders' equity	<u><u>141,452,286</u></u>	<u><u>139,460,078</u></u>

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended 31 December 2018 \$	Period from 9 May 2017 (Inception) through 31 December 2017 \$
General and administrative expenses	<u>823,779</u>	<u>130,159</u>
Loss from operations	(823,779)	(130,159)
Other income		
Interest income	2,474,344	355,338
Unrealized gain (loss) on marketable securities held in Trust Account	<u>66,507</u>	<u>(64,985)</u>
Total other income	<u>2,540,851</u>	<u>290,353</u>
Income before taxes	1,717,072	160,194
Provision for income taxes	<u>(575,873)</u>	<u>(67,044)</u>
Net income	<u><u>1,141,199</u></u>	<u><u>93,150</u></u>
Weighted average shares outstanding, basic and diluted ⁽¹⁾	<u><u>4,361,619</u></u>	<u><u>3,452,106</u></u>
Basic and diluted net loss per common share	<u><u>(0.15)</u></u>	<u><u>(0.02)</u></u>

(1) Excludes an aggregate of up to 13,283,086 and 13,348,443 shares subject to redemption at 31 December 2018 and 2017, respectively.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
		\$	Capital	\$	Equity
			\$		\$
Balance, 9 May 2017	—	—	—	—	—
Issuance of common stock to					
Sponsor, net	3,450,000	345	24,655	—	25,000
Sale of units in initial public					
offering, net of offering costs	13,800,000	1,380	134,756,395	—	134,757,775
Sale of units to Sponsor in private					
placement	445,000	45	4,449,955	—	4,450,000
Sale of unit purchase option to					
underwriter	—	—	100	—	100
Common stock subject to possible					
redemption	(13,348,443)	(1,335)	(134,324,685)	—	(134,326,020)
Net income	—	—	—	93,150	93,150
Balance, 31 December 2017	<u>4,346,557</u>	<u>435</u>	<u>4,906,420</u>	<u>93,150</u>	<u>5,000,005</u>
Common stock subject to possible					
redemption	65,357	7	(1,141,206)	—	(1,141,199)
Net income	—	—	—	1,141,199	1,141,199
Balance, 31 December 2018	<u>4,411,914</u>	<u>442</u>	<u>3,765,214</u>	<u>1,234,349</u>	<u>5,000,005</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended 31 December 2018 \$	Period from 9 May 2017 (Inception) through 31 December 2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	1,141,199	93,150
Adjustments to reconcile net income to net cash used in operating activities:		
Interest income	(2,474,344)	(355,338)
Unrealized (loss) gain on marketable securities held in Trust Account	(66,507)	64,985
Deferred income taxes	19,116	(18,678)
Changes in operating assets and liabilities:		
Prepaid expenses	21,843	(33,093)
Accounts payable and accrued expenses	103,123	45,391
Accounts payable — related party	10,400	2,940
Income taxes payable	<u>387,048</u>	<u>85,722</u>
Net cash used in operating activities	<u>(858,122)</u>	<u>(114,921)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal deposited in Trust Account	—	(138,690,000)
Withdrawal from Trust Account to pay for taxes and franchise fees	<u>213,897</u>	<u>—</u>
Net cash provided by (used in) investing activities	<u>213,897</u>	<u>(138,690,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from promissory note — related party	350,000	62,500
Repayment of promissory note — related party	—	(125,000)
Proceeds from issuance of common stock to Sponsor	—	25,000
Proceeds from initial public offering, net of offering costs	—	134,820,275
Proceeds from private placement to Sponsor	—	4,450,000
Proceeds from sale of unit option to underwriter	<u>—</u>	<u>100</u>
Net cash provided by financing activities	<u>350,000</u>	<u>139,232,875</u>

	Year Ended 31 December 2018	Period from 9 May 2017 (Inception) through 31 December 2017
	\$	\$
NET CHANGE IN CASH AND CASH EQUIVALENTS	(294,225)	427,954
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>427,954</u>	<u>—</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>133,729</u></u>	<u><u>427,954</u></u>
SUPPLEMENTAL INFORMATION:		
Income taxes paid	<u><u>169,709</u></u>	<u><u>—</u></u>
NON-CASH INVESTING AND FINANCE ACTIVITIES:		
Payment of deferred offering costs through promissory note — related party	<u><u>—</u></u>	<u><u>62,500</u></u>
Initial value of common stock subject to possible exemption	<u><u>—</u></u>	<u><u>134,231,177</u></u>
Change in value of common stock subject to possible redemption	<u><u>1,141,199</u></u>	<u><u>94,843</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**NOTE 1 — ORGANIZATION AND PLAN OF BUSINESS OPERATIONS**

Black Ridge Acquisition Corp. (“BRAC” or the “Company”, “we”, “us” and “our”) was incorporated in Delaware on 9 May 2017 as a blank check company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (a “Business Combination”). The Company’s efforts to identify a prospective target business were focused on businesses in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America, but are not limited to a particular industry or geographic region.

As of 31 December 2018, the Company had not yet commenced operations. All activity through 31 December 2018 relates to the Company’s formation and its Initial Public Offering, described below, identifying a target company for a Business Combination and costs in connection with the Proposed Business Combination, discussed below. The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

The registration statement for the Company’s initial public offering (“Initial Public Offering”) was declared effective on 4 October 2017. The registration statement was initially declared effective for 10,000,000 units (“Units” and, with respect to the common stock included in the Units being offered, the “Public Shares”), but the offering was increased to 12,000,000 Units pursuant to Rule 462(b) under the Securities Act of 1933, as amended. On 10 October 2017, the Company consummated the Initial Public Offering of 12,000,000 units, generating gross proceeds of \$120,000,000, which is described in Note 3.

Simultaneous with the closing of the Initial Public Offering, the Company consummated the sale of 400,000 units (the “Placement Units”) at a price of \$10.00 per Unit in a private placement to the Company’s sponsor and sole stockholder prior to the Initial Public Offering, Black Ridge Oil & Gas, Inc. (the “Sponsor”), generating gross proceeds of \$4,000,000, which is described in Note 3.

Transaction costs amounted to \$2,882,226, consisting of \$2,400,000 of underwriting fees and \$482,226 of Initial Public Offering costs.

Following the closing of the Initial Public Offering on 10 October 2017, an amount of \$120,600,000 (\$10.05 per Unit) from the net proceeds of the sale of the Units in the Initial Public Offering and the Placement Units was placed in a trust account (“Trust Account”) and will be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as described below.

On 18 October 2017, in connection with the underwriters’ exercise of their over-allotment option in full, the Company consummated the sale of an additional 1,800,000 Units, and the sale of an additional 45,000 Placement Units at \$10.00 per Unit, generating total proceeds of \$18,450,000. Transaction costs for underwriting fees on the sale of the over-allotment units were \$360,000. Following the closing, an additional \$18,090,000 of the net proceeds (\$10.05 per Unit) was placed in the Trust Account, bringing the total aggregate proceeds held in the Trust Account to \$138,690,000 (\$10.05 per Unit).

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and private placement, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. Upon the closing of the Initial Public Offering, \$10.05 per Unit sold in the Initial Public Offering, including the proceeds of the Private Placements was deposited in a Trust Account to be held until the earlier of (i) the consummation of its initial Business Combination or (ii) the Company’s failure to consummate a Business

Combination within 21 months from the consummation of the Initial Public Offering (the “Combination Period”). Placing funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, service providers, prospective target businesses or other entities it engages, execute agreements with the Company waiving any claim of any kind in or to any monies held in the Trust Account, there is no guarantee that such persons will execute such agreements. The Trust Account is maintained by a third party trustee. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to the Company for any amounts that are necessary to pay the Company’s income and other tax obligations and up to \$50,000 that may be used to pay for the costs of liquidating the Company. The Sponsor has agreed that it will be liable to ensure that the proceeds in the Trust Account are not reduced below \$10.05 per share by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company, but there is no assurance that the Sponsor will be able to satisfy its indemnification obligations if it is required to do so. Additionally, the agreement entered into by the Sponsor specifically provides for two exceptions to the indemnity it has given: it will have no liability (1) as to any claimed amounts owed to a target business or vendor or other entity who has executed an agreement with the Company waiving any right, title, interest or claim of any kind they may have in or to any monies held in the Trust Account, or (2) as to any claims for indemnification by the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Initial Business Combination

Pursuant to the Nasdaq Capital Markets listing rules, the Company’s initial Business Combination must be with a target business or businesses whose collective fair market value is at least equal to 80% of the balance in the Trust Account at the time of the execution of a definitive agreement for such Business Combination, although this may entail simultaneous acquisitions of several target businesses. The fair market value of the target will be determined by the Company’s board of directors based upon one or more standards generally accepted by the financial community (such as actual and potential sales, earnings, cash flow and/or book value). The target business or businesses that the Company acquires may have a collective fair market value substantially in excess of 80% of the Trust Account balance. In order to consummate such a Business Combination, the Company may issue a significant amount of its debt or equity securities to the sellers of such business and/or seek to raise additional funds through a private offering of debt or equity securities. If the Company’s securities are not listed on NASDAQ after the Initial Public Offering, the Company would not be required to satisfy the 80% requirement. However, the Company intends to satisfy the 80% requirement even if the Company’s securities are not listed on NASDAQ at the time of the initial Business Combination.

The Company will provide the public stockholders, who are the holders of the Common stock which was sold as part of the Units in the Initial Public Offering, whether they are purchased in the Initial Public Offering or in the aftermarket, or “Public Shares”, including the Sponsor to the extent that they purchase such Public Shares (“Public Stockholders”), with an opportunity to redeem all or a portion of their Public Shares of the Company’s Common stock, irrespective of whether they vote for or against the proposed transaction or if the Company conducts a tender offer, upon the completion of the initial Business Combination either (1) in connection with a stockholder meeting called to approve the Business Combination, or (ii) by means of a tender offer, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest (net of franchise and income taxes payable, divided by the number of then outstanding Public Shares). The amount in the Trust Account, net of franchise and income taxes payable, amounts to approximately \$10.20 per Public Share as of 31 December 2018. The common stock subject to redemption will be recorded at a redemption value and classified a temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity”. The Company will proceed with a Business Combination only if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and in the case of a stockholder vote, a majority of the outstanding shares voted are voted in favor of the Business Combination. The decision as to whether the Company will seek stockholder approval of a proposed Business Combination or conduct a tender offer will be made by the Company, solely in its discretion, based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would otherwise require it to seek stockholder approval under the law or stock exchange listing requirement. If a stockholder vote is not required and the Company decides not to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to the proposed amended and restated certificate of incorporation, (i) conduct the redemptions pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers, and (ii)

file tender offer documents with the SEC prior to completing the initial Business Combination which contain substantially the same financial and other information about the initial Business Combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies.

The Sponsor has agreed to vote its Founder Shares (as described in Note 6), shares underlying the Placement units and any Public Shares purchased during or after the Initial Public Offering in favor of the initial Business Combination, and the Company's executive officers and directors have also agreed to vote any Public Shares purchased during or after the Initial Public Offering in favor of the Initial Business Combination. The Sponsor entered into a letter agreement, pursuant to which it agreed to waive its redemption rights with respect to the Founder Shares, shares included in the Placement Units and Public Shares in connection with the completion of the initial Business Combination. In addition, the Sponsor has agreed to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares and shares included in the Placement Units if the Company fails to complete the initial Business Combination within the prescribed time frame. However, if the Sponsor (or any of the Company's executive officers, directors or affiliates) acquires Public Shares in or after the Initial Public Offering, it will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares in the event the Company does not complete the initial Business Combination within such applicable time period.

Proposed Business Combination

On 19 December 2018, the Company entered into a business combination agreement (the "Business Combination Agreement") with Allied Esports Entertainment, Inc. ("Allied Esports"), Ourgame International Holdings Ltd. ("Ourgame"), Noble Link Global Limited, a wholly-owned subsidiary of Ourgame ("Noble"), and Primo Vital Ltd., also a wholly-owned subsidiary of Ourgame ("Primo"), pursuant to which the Company will acquire two of Ourgame's global Esports and entertainment assets, Allied Esports and WPT Enterprises, Inc. ("WPT"). See Note 7.

Failure to Consummate a Business Combination

If the Company is unable to complete the initial Business Combination within the Combination Period, the Company must: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of franchise and income taxes payable and up to \$50,000 to pay for our liquidation and dissolution expenses.) divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholders and the Company's Board of Directors, dissolve and liquidate, subject in the case of clauses (ii) and (iii) to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

NOTE 2 — BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**Consolidation Policy**

The accompanying consolidated financial statements include the accounts of the following legal entities:

Name of entity	State of Incorporation	Relationship
Black Ridge Acquisition Corp.	Delaware	Parent
Black Ridge Merger Sub Corp.	Delaware	Subsidiary ⁽¹⁾

(1) Wholly owned subsidiary formed on 19 December 2018 to facilitate a Business Combination.

The parent company, Black Ridge Acquisition Corp., and Black Ridge Merger Sub Corp. will collectively be referred to herein as “the Company” or “Black Ridge”. All significant intercompany transactions have been eliminated in the preparation of these financial statements.

Basis of presentation

The accompanying consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the SEC.

Going concern

The accompanying financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of 31 December 2018, the Company had working capital of \$78,000 (excluding income taxes and franchise fees which may be paid out of the Trust Account and the note payable to our sponsor). Further, the Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. The Company’s plans to consummate an initial Business Combination may not be successful.

Based on the foregoing, the Company may not have sufficient funds available to operate its business for at least one year from the date the financial statements are issued or until it closes an initial business combination and may need to obtain additional financing from its sponsor or other sources in order to meet its obligations. The Company cannot be certain that additional funding will be available on acceptable terms, or at all.

These matters, among others, raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Emerging growth company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, (the “Securities Act”), as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are

required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of 31 December 2018 and 2017.

Cash and securities held in Trust Account

As of 31 December 2018 and 2017, \$2,312 and \$39,742, respectively, of cash and \$141,304,995 and \$138,940,611, respectively, of marketable securities were held in the Trust Account.

Common Stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Offering costs

Offering costs consist of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that are directly related to the Initial Public Offering. Offering costs totaling to \$3,242,226 were charged to stockholders' equity upon the completion of the Initial Public Offering and subsequent sale of Units in connection with the underwriters' exercise of their over-allotment option.

Income taxes

The Company accounts for income taxes under ASC Topic 740 "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of 31 December 2018. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential examination by federal, state and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal, state and city tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

The Company's policy for recording interest and penalties associated with income tax audits is to record such expense as a component of interest tax expense. There were no amounts accrued for penalties or interest as of 31 December 2018 and 2017. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

On 22 December 2017 the U.S. Tax Cuts and Jobs Act of 2017 ("Tax Reform") was signed into law. As a result of Tax Reform, the U.S. statutory rate was lowered from 35% to 21% effective 1 January 2018, among other changes. ASC Topic 740 requires companies to recognize the effect of tax law changes in the period of enactment; therefore, the Company was required to value its deferred tax assets and liabilities at 31 December 2017 at the new rate. The impact on the financial statements was not material.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. As of 31 December 2018, the Company had not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Use of estimates

The preparation of the balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures", approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Net income (loss) per share

Net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. An aggregate of 13,283,086 and 13,348,443 shares of common stock subject to possible redemption as of 31 December 2018 and 2017, respectively, have been excluded from the calculation of basic income (loss) per share since such shares, if redeemed, only participate in their pro rata share of the trust earnings.

The Company's net income (loss) is also shown adjusted for the portion of income attributable to shares subject to redemption, as these shares only participate in the income of the trust account and not the operating losses of the Company. Accordingly, basic and diluted net income (loss) per share attributable to shares not subject to redemption is as follows:

	Year Ended 31 December 2018	Period from 9 May 2017 (Inception) through 31 December 2017
	\$	\$
Net income	1,141,199	93,150
Less income attributable to shares subject to redemption	<u>(1,798,890)</u>	<u>(174,168)</u>
Adjusted net loss	<u>(657,691)</u>	<u>(81,018)</u>
Weighted average shares outstanding, basic and diluted	<u>4,361,619</u>	<u>3,452,106</u>
Basic and diluted net loss per common share attributable to remaining shares	<u>(0.15)</u>	<u>(0.02)</u>

The Company has not considered the effect of 1) warrants to purchase 14,845,000 shares of common stock, 2) rights that convert to 1,484,500 shares and 3) 600,000 shares included in the underwriters' unit option sold in Public Offering, Private Placement or underlying the unit option sold to the underwriter in the calculation of diluted loss per share, since the exercise of the warrants, receipt of rights and ability exercise the unit option underlying the shares is contingent on the occurrence of future events. Additionally, the Company has not considered the effect of any conversion into units of the convertible note payable as that conversion is also contingent on future events.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

NOTE 3 — INITIAL PUBLIC OFFERING AND PRIVATE PLACEMENT

Initial Public Offering

Pursuant to the Initial Public Offering and including the subsequent over-allotment option exercised by the underwriter, the Company sold 13,800,000 Units at a purchase price of \$10.00 per Unit. Each Unit consists of one share of common stock, one right ("Public Right") and one warrant ("Public Warrant"). Each Public Right will convert into one-tenth (1/10) of one share of common stock upon consummation of a Business Combination (see Note 6). Each Public Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50 (see Note 6).

Private Placement

Simultaneous with the Initial Public Offering and over-allotment option exercise, the Sponsor purchased an aggregate of 445,000 Placement Units at a price of \$10.00 per Unit (or an aggregate purchase price of \$4,450,000). Each Placement Unit consists of one share of common stock ("Placement Share"), one right ("Placement Right") and one warrant (each, a "Placement Warrant") to purchase one share of the common stock at an exercise price of \$11.50 per share. The proceeds from the Placement Units were added to the proceeds from the Initial Public Offering held in the Trust

Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Placement Units will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Placement Rights and Placement Warrants will expire worthless.

The Placement Units are identical to the Units sold in the Initial Public Offering except that the Placement Warrants (i) are not redeemable by the Company and (ii) may be exercised for cash or on a cashless basis, so long as they are held by the Sponsor or any of its permitted transferees. In addition, the Placement Units and their component securities may not be transferable, assignable or salable until after the consummation of a Business Combination, subject to certain limited exceptions.

NOTE 4 — RELATED PARTY TRANSACTIONS

Founder Shares

In connection with the organization of the Company, a total of 2,875,000 shares of common stock were sold to the Sponsor at a price of approximately \$0.0087 per share for an aggregate of \$25,000 (“Founder Shares”). On 4 October 2017, the Company effected a stock dividend of 0.2 shares for each of the then outstanding shares, resulting in 3,450,000 Founders Shares including an aggregate of up to 450,000 shares of common stock that would have been subject to forfeiture to the extent that the over-allotment option was not exercised by the underwriters in full or in part (the underwriters exercised their over-allotment option in full). All share and per share amounts have been retroactively restated to reflect the effect of the stock dividend.

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of the initial Business Combination or (ii) the date on which the closing price of the Company’s common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing 150 days after the initial Business Combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until one year after the date of the consummation of the initial Business Combination, or earlier, in either case, if, subsequent to the Company’s initial Business Combination, the Company consummates a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

Related Party Loans

Prior to the closing of the Initial Public Offering, the Company’s Sponsor advanced the Company an aggregate of \$125,000. The advances were non-interest bearing, unsecured and due on demand. The advances were repaid upon the consummation of the Initial Public Offering on 10 October 2017.

In order to finance transaction costs in connection with an intended initial business combination, our sponsor, officers, directors or their affiliates may, but are not obligated to, loan us funds as may be required. If we consummate an initial business combination, we would repay such loaned amounts. In the event that the initial business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts, but no proceeds from our trust account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into units of the post business combination entity at a price of \$10.00 per unit at the option of the lender. The units would be identical to the Placement Units.

As of 31 December 2018, the Sponsor has loaned the Company, in the form of a convertible promissory note, an aggregate of \$350,000 to cover expenses related to a proposed business combination. This note, issued on 10 December 2018, is unsecured, non-interest bearing and is payable at the consummation by the Company of a Business Combination. Upon consummation of a Business Combination, the principal balance of the note may be converted, at the Sponsor’s option, to units at a price of \$10.00 per unit. The terms of the units are identical to the units issued by the Company in its private placement. If the Sponsor converts the entire principal balance of the convertible promissory note, it would receive 35,000 units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company has funds available to it outside of its trust account established in connection with the initial public offering. The issuance of the note to the Sponsor was exempt pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Administrative Services Agreement

Commencing on the effective date of the Initial Public Offering through the earlier of our consummation of our initial business combination or our liquidation, the Sponsor will make available to us certain general and administrative services, including office space, utilities and administrative support, as we may require from time to time. The Company agreed to pay the Sponsor \$10,000 per month for these services. Management fee expense of \$120,000 for the year ended 31 December 2018 and \$28,710 for the period from the effective date, 4 October 2017, through 31 December 2017 was recognized by the Company.

Accounts payable — related party

Accounts payable — related party represents balances due to the Sponsor for administrative services and out of pocket expenses paid by the Sponsor on behalf of the Company.

NOTE 5 — COMMITMENTS**Agreements with underwriters and investment advisors**

The Company engaged the underwriters as advisors in connection with our Initial Business Combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. The Company will pay the underwriters a cash fee for such services upon the consummation of our initial business combination in an amount of approximately \$4,080,000 (exclusive of any applicable finders' fees which might become payable).

We have engaged an investment advisor to assist us in connection with due diligence, financial analysis and positioning the Company in the capital markets (the "Capital Markets Fee") related to the Proposed Business Combination. The Company will pay the investment advisor a cash fee of approximately \$2,000,000 for due diligence and advisory services upon the consummation of the Proposed Business Combination. The Company will also pay the Capital Markets Fee of 3% of the cash or securities available for the closing of the Proposed Business Combination including the proceeds received from the trust account net of cash reserved to fulfill redemption requests upon the consummation of the Proposed Business Combination.

Registration Rights

The holders of our founders' shares issued and outstanding on the date of the Initial Public Offering, as well as the holders of the private units and any units our sponsor, officers, directors or their affiliates may be issued in payment of working capital loans made to us (and all underlying securities), are entitled to registration rights pursuant to a registration rights agreement dated 4 October 2017. The holders of a majority of these securities are entitled to make up to two demands that we register such securities. The holders of the majority of the founders' shares can elect to exercise these registration rights at any time commencing three months prior to the date on which these shares of common stock are to be released from escrow. The holders of a majority of the private units and units issued to our sponsor, officers, directors or their affiliates in payment of working capital loans made to us (or underlying securities) can elect to exercise these registration rights at any time after we consummate a business combination. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to our consummation of a business combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

NOTE 6 — STOCKHOLDERS' EQUITY**Preferred Stock**

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company's board of directors. As of 31 December 2018 and 2017, no preferred stock is issued or outstanding.

Common Stock

The Company is authorized to issue 35,000,000 shares of common stock, par value \$0.0001 per share. As of 31 December 2018 and 2017, the Company has issued an aggregate of 17,695,000 shares of common stock, inclusive of 13,283,086 and 13,348,443 shares of common stock as of 31 December 2018 and 2017, respectively, subject to possible redemption classified as temporary equity in the accompanying Balance Sheets.

Rights

Each holder of a right will receive one-tenth (1/10) of one share of common stock upon consummation of a Business Combination, even if a holder of such right converted all ordinary shares held by it in connection with a Business Combination. No fractional shares will be issued upon exchange of the rights. No additional consideration will be required to be paid by a holder of rights in order to receive its additional shares upon consummation of a Business Combination as the consideration related thereto has been included in the Unit purchase price paid for by investors in the Initial Public Offering. If the Company enters into a definitive agreement for a Business Combination in which the Company will not be the surviving entity, the definitive agreement will provide for the holders of rights to receive the same per share consideration the holders of the shares of common stock will receive in the transaction on an as-converted into shares of common stock basis and each holder of rights will be required to affirmatively convert its rights in order to receive 1/10 of a share of common stock underlying each right (without paying additional consideration). The shares of common stock issuable upon exchange of the rights will be freely tradable (except to the extent held by affiliates of the Company).

If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of rights will not receive any of such funds with respect to their rights, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such rights, and the rights will expire worthless. Further, there are no contractual penalties for failure to deliver securities to the holders of the rights upon consummation of a Business Combination. Additionally, in no event will the Company be required to net cash settle the rights. Accordingly, the rights may expire worthless.

The rights included in the Private Units sold in the Private Placement are identical to the rights included in the Units sold in the Initial Public Offering, except that, among others, the rights including the shares issuable upon exchange of such rights, are being purchased pursuant to an exemption from the registration requirements of the Securities Act and will become tradable only after certain conditions are met or the resale of such rights (including underlying securities) is registered under the Securities Act.

Warrants

Warrants may only be exercised for a whole number of shares. No fractional shares will be issued upon exercise of the Warrants. The Warrants will become exercisable on the later of (a) 30 days after the consummation of a Business Combination or (b) 10 October 2018. No Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the shares of common stock issuable upon exercise of the Warrants and a current prospectus relating to such shares. Notwithstanding the foregoing, if a registration statement covering the shares of common stock issuable upon the exercise of the Warrants is not effective within 30 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their Warrants on a cashless basis. The Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Private Warrants will be identical to the Warrants underlying the Units being sold in the Initial Public Offering, except the Private Warrants will be exercisable for cash (even if a registration statement covering the shares of common stock issuable upon exercise of such Private Warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by the Company, in each case so long as they are still held by the Sponsor or its affiliates.

The Company may call the Warrants for redemption (excluding the Private Warrants but including any outstanding Warrants issued upon exercise of the unit purchase option issued to EarlyBirdCapital), in whole and not in part, at a price of \$0.01 per Warrant:

- at any time while the Warrants are exercisable,
- upon not less than 30 days' prior written notice of redemption to each Warrant holder,
- if, and only if, the reported last sale price of the shares of common stock equals or exceeds \$18.00 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to Warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such Warrants at the time of redemption and for the entire 30-day redemption period and continuing each day thereafter until the date of redemption.

If the Company calls the Warrants for redemption, management will have the option to require all holders that wish to exercise the Warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of shares of common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuances of shares of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Warrants will not receive any of such funds with respect to their Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Warrants. Accordingly, the Warrants may expire worthless.

Unit Purchase Option

On 10 October 2017, the Company sold to the underwriter (and/or its designees), for \$100, an option to purchase up to 600,000 Units exercisable at \$11.50 per Unit (or an aggregate exercise price of \$6,900,000) commencing on the later of the first anniversary of the effective date of the registration statement related to the Initial Public Offering and the consummation of a Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder's option, and expires five years from the effective date of the registration statement related to the Initial Public Offering. The Units issuable upon exercise of this option are identical to those offered in the Initial Public Offering. The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to stockholders' equity. The Company estimated the fair value of this unit purchase option to be approximately \$1,778,978 (or \$2.97 per Unit) using the Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the underwriters was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.94% and (3) expected life of five years. The option and such units purchased pursuant to the option, as well as the common stock underlying such units, the rights included in such units, the common stock that is issuable for the rights included in such units, the warrants included in such units, and the shares underlying such warrants, have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA's NASDAQ Conduct Rules. Additionally, the option may not be sold, transferred, assigned, pledged or hypothecated for a one-year period (including the foregoing 180-day period) following the date of Initial Public Offering except to any underwriter and selected dealer participating in the Initial Public Offering and their bona fide officers or partners. The option grants to holders demand and "piggy back" rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or the Company's recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price.

NOTE 7 — PROPOSED BUSINESS COMBINATION**Business Combination Agreement**

On 19 December 2018, the Company entered into an Agreement and Plan of Reorganization (the “Agreement”) by and among the Company, Black Ridge Merger Sub, Corp., a Delaware corporation and wholly-owned subsidiary of the Company formed on 19 December 2018 (“Merger Sub”), Allied Esports Entertainment, Inc. (the “Allied Esports”), Ourgame International Holdings Ltd. (“Ourgame”), Noble Link Global Limited, a wholly-owned subsidiary of Ourgame (“Noble”), and Primo Vital Ltd., also a wholly-owned subsidiary of Ourgame (“Primo”).

Subject to the Agreement, (i) Noble will merge with and into Allied Esports (the “Redomestication Merger”) with Allied Esports being the surviving entity in such merger and (ii) immediately after the Redomestication Merger, Merger Sub will merge with and into Allied Esports with Allied Esports being the surviving entity of such merger (the “Transaction Merger” and together with the Redomestication Merger, the “Mergers”).

The Mergers will result in the Company acquiring two of Ourgame’s global Esports and entertainment assets, Allied Esports International, Inc. (“Allied Esports”) and WPT Enterprises, Inc. (“WPT”). Allied Esports is a premier Esports entertainment company with a global network of dedicated Esports properties and content production facilities. WPT is the creator of the World Poker Tour® (WPT®) — the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online and mobile. The proposed transaction will seek to strategically combine the globally recognized Allied Esports brand with the three-pronged business model of the iconic World Poker Tour, featuring in-person experiences, multiplatform content and interactive services, to leverage the high-growth opportunities in the global Esports industry.

Upon consummation of the Mergers (the “Closing”), the Company will issue to the former owners of Allied Esports and WPT (i) an aggregate of 11,602,754 shares of common stock, par value \$0.0001 per share, of the Company’s common stock and (ii) an aggregate of 3,800,003 warrants to purchase shares of common stock of the Company.

In addition to the consideration described above, the former owners of Allied Esports and WPT will be entitled to receive their pro rata portion of an aggregate of an additional 3,846,153 shares of the Company’s common stock if the last sales price of the Company’s common stock equals or exceeds \$13.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for thirty (30) consecutive days at any time during the five (5) year period commencing on the date of the Closing (the “Closing Date”).

Proposed Changes to the Capital Structure

The Company is seeking shareholder approval to amend its charter to increase the authorized shares of the Company’s common stock to 65,000,000 shares.

Conditions to Consummation of the Business Combination

Consummation of the transactions contemplated by the Agreement is subject to certain closing conditions including, among others, (i) approval by the stockholders of the Company and Ourgame, and (ii) that the Company have available cash in an amount not less than \$80,000,000 after payment to stockholders who elect to redeem their shares of common stock in accordance with the provisions of the Company’s Charter Documents.

Termination

The Agreement may be terminated at any time prior to the consummation of the Agreement (whether before or after the Company’s shareholder vote has been obtained) by mutual written consent of the Company and Ourgame, Noble and the Acquired Company and in certain other limited circumstances, including if the Proposed Business Combination has not been consummated by July, 10, 2019.

NOTE 8 — INCOME TAXES

We account for income taxes under the provisions of ASC Topic 740, Income Taxes, which provides for an asset and liability approach for income taxes. Under this approach, deferred tax assets and liabilities are recognized based on anticipated future tax consequences, using currently enacted laws, attributable to temporary differences between the carrying value amounts of assets and liabilities for financial reporting purposes and the amounts calculated for income tax purposes.

The Company's net deferred tax assets are as follows:

	As of 31 December	
	2018	2017
	\$	\$
Deferred tax assets:		
Unrealized loss on marketable securities held in Trust Account	—	18,678
Total deferred tax assets	<u>—</u>	<u>18,678</u>
Deferred tax liabilities:		
Unrealized gain on marketable securities held in Trust Account	<u>(438)</u>	<u>—</u>
Deferred tax assets (liabilities), net	<u>(438)</u>	<u>18,678</u>
Valuation allowance	<u>—</u>	<u>—</u>
Deferred tax assets (liabilities), net of allowance	<u>(438)</u>	<u>18,678</u>

The income tax provision (benefit) consists of the following:

	Year Ended	For the Period
	31 December	From 9 May 2017
	2018	(Inception) to
	\$	31 December
	\$	2017
	\$	\$
Federal		
Current	366,374	63,395
Deferred	13,969	(13,647)
State and Local		
Current	190,383	22,327
Deferred	<u>5,147</u>	<u>(5,031)</u>
Income tax provision	<u>575,873</u>	<u>67,044</u>

A reconciliation of the statutory federal income tax rate to the Company's effective tax rate is as follows:

	Year Ended 31 December 2018	For the Period From 9 May 2017 (Inception) to 31 December 2017
Statutory federal income tax rate	21.0%	30.8%
State and local taxes, net of federal benefit	7.7%	6.8%
Permanent differences	4.8%	0.2%
Effect of federal rate change on deferred taxes	0.0%	3.6%
Income tax provision	33.5%	41.4%

NOTE 9 — SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date through the date hereof, which these financial statements were issued. No events occurred of a material nature that would have required adjustments to or disclosure in these financial statements except as follows:

On 20 February 2019, the Company issued a \$100,000 convertible promissory note to the Sponsor. After issuing the promissory note, the total amount of convertible promissory notes issued to the Sponsor is \$450,000. The loan is unsecured, non-interest bearing and is payable at the consummation of a Business Combination. Upon consummation of a Business Combination, the principal balance of the note may be converted, at the Sponsor's option, to units at a price of \$10.00 per unit. The terms of the units will be identical to the units issued by the Company in its initial public offering, except the warrants included in such units will be non-redeemable and may be exercised on a cashless basis, in each case so long as they continue to be held by the Sponsor or its permitted transferees. If BROG converts the entire principal balance of the convertible promissory note, it would receive 10,000 units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company has funds available to it outside of its trust account established in connection with the initial public offering. The issuance of the note to the Sponsor was exempt pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

3. The following is an extract of the quarterly financial statements of Black Ridge for the quarter ended 31 March 2019, which were prepared in accordance with US GAAP, from quarterly report on Form 10-Q of Black Ridge issued on 9 May 2019.

The 2019 quarterly ended 31 March 2019 report on Form 10-Q have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316819001434/brac_10q-033119.htm#a_004

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2019	December 31, 2018
	\$	\$
	<i>(unaudited)</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	194,875	133,729
Prepaid expenses	<u>60,000</u>	<u>11,250</u>
Total current assets	254,875	144,979
Cash and marketable securities held in Trust Account	<u>142,027,742</u>	<u>141,307,307</u>
Total assets	<u><u>142,282,617</u></u>	<u><u>141,452,286</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	74,007	148,514
Accounts payable — related party	99,188	13,340
Income taxes payable	657,989	472,770
Deferred income taxes	1,798	438
Convertible notes payable — related party	<u>650,000</u>	<u>350,000</u>
Total current liabilities	<u>1,482,982</u>	<u>985,062</u>
Total liabilities	<u>1,482,982</u>	<u>985,062</u>

	March 31, 2019	December 31, 2018
	\$	\$
	<i>(unaudited)</i>	
Commitments		
Common stock, \$0.0001 par value, subject to possible redemption, 13,258,966 and 13,283,086 shares at March 31, 2019 and December 31, 2018, respectively, at redemption value	<u>135,799,630</u>	<u>135,467,219</u>
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.0001 par value; 35,000,000 shares authorized, 4,436,034 and 4,411,914 shares at March 31, 2019 and December 31, 2018, respectively, issued and outstanding (excluding 13,258,966 and 13,283,086 shares at March 31, 2019 and December 31, 2018, respectively, subject to possible redemption)	444	442
Additional paid in capital	3,432,801	3,765,214
Retained earnings	<u>1,566,760</u>	<u>1,234,349</u>
Total stockholders' equity	<u>5,000,005</u>	<u>5,000,005</u>
Total liabilities and stockholders' equity	<u><u>142,282,617</u></u>	<u><u>141,452,286</u></u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended March 31,	
	2019	2018
	\$	\$
General and administrative costs	<u>297,078</u>	<u>146,260</u>
Loss from operations	297,078	146,260
Other income		
Interest income	811,335	417,712
Unrealized gain on marketable securities held in Trust Account	<u>4,733</u>	<u>57,914</u>
Total other income	<u>816,068</u>	<u>475,626</u>
Income before taxes	518,990	329,366
Provision for income taxes	<u>(186,579)</u>	<u>(94,667)</u>
Net income	<u><u>332,411</u></u>	<u><u>234,699</u></u>
Weighted average shares outstanding, basic and diluted ⁽¹⁾	<u><u>4,411,914</u></u>	<u><u>4,346,557</u></u>
Basic and diluted net loss per common share	<u><u>(0.06)</u></u>	<u><u>(0.03)</u></u>

(1) Excludes an aggregate of up to 13,258,966 and 13,336,309 shares subject to possible redemption at March 31, 2019 and 2018, respectively.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
		\$	Capital	\$	Equity
			\$		\$
Balance, January 1, 2018	<u>4,346,557</u>	<u>435</u>	<u>4,906,420</u>	<u>93,150</u>	<u>5,000,005</u>
Common stock subject to possible redemption	12,134	1	(234,696)	—	(234,695)
Net income	<u>—</u>	<u>—</u>	<u>—</u>	<u>234,699</u>	<u>234,699</u>
Balance, March 31, 2018	<u><u>4,358,691</u></u>	<u><u>436</u></u>	<u><u>4,671,724</u></u>	<u><u>327,849</u></u>	<u><u>5,000,009</u></u>
	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-in	Earnings	Stockholders'
		\$	Capital	\$	Equity
			\$		\$
Balance, January 1, 2019	<u>4,411,914</u>	<u>442</u>	<u>3,765,214</u>	<u>1,234,349</u>	<u>5,000,005</u>
Common stock subject to possible redemption	24,120	2	(332,413)	—	(332,411)
Net income	<u>—</u>	<u>—</u>	<u>—</u>	<u>332,411</u>	<u>332,411</u>
Balance, March 31, 2019	<u><u>4,436,034</u></u>	<u><u>444</u></u>	<u><u>3,432,801</u></u>	<u><u>1,566,760</u></u>	<u><u>5,000,005</u></u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS*(Unaudited)*

	Three Months Ended March 31,	
	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	332,411	234,699
Adjustments to reconcile net income to net cash used in operating activities:		
Interest income	(811,335)	(417,712)
Unrealized gain on marketable securities held in Trust Account	(4,733)	(57,914)
Deferred income taxes	1,360	16,646
Changes in operating assets and liabilities:		
Prepaid expenses	(48,750)	(21,831)
Accounts payable and accrued expenses	(74,507)	39,162
Accounts payable — related party	85,848	3,697
Income taxes payable	<u>185,219</u>	<u>78,021</u>
Net cash used in operating activities	<u>(334,487)</u>	<u>(125,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawal from Trust Account to pay for income taxes and franchise fees	<u>95,633</u>	<u>—</u>
Net cash provided by investing activities	<u>95,633</u>	<u>—</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from convertible promissory notes — related party	<u>300,000</u>	<u>—</u>
Net cash provided by financing activities	<u>300,000</u>	<u>—</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	61,146	(125,232)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>133,729</u>	<u>427,954</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>194,875</u></u>	<u><u>302,722</u></u>
SUPPLEMENTAL INFORMATION:		
Income taxed paid	<u><u>—</u></u>	<u><u>—</u></u>
NON-CASH INVESTING AND FINANCE ACTIVITIES:		
Change in value of common stock subject to possible redemption	<u><u>332,411</u></u>	<u><u>234,695</u></u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*March 31, 2019 (Unaudited)***NOTE 1 — DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS**

Black Ridge Acquisition Corp. (“BRAC” or the “Company”, “we”, “us” and “our”) was incorporated in Delaware on May 9, 2017 as a blank check company for the purpose of effecting a merger, share exchange, asset acquisition, share purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities (a “Business Combination”). The Company’s efforts to identify a prospective target business were originally focused on businesses in the energy or energy-related industries with an emphasis on opportunities in the upstream oil and gas industry in North America, but are not limited to a particular industry or geographic region.

All activity through March 31, 2019 relates to the Company’s formation, its Initial Public Offering, described below, identifying a target company for a Business Combination and the Business Combination contemplated by the Business Combination Agreement (defined below). The Company is an early stage and emerging growth company and, as such, the Company is subject to all of the risks associated with early stage and emerging growth companies.

The registration statement for the Company’s initial public offering (“Initial Public Offering”) was declared effective on October 4, 2017. The registration statement was initially declared effective for 10,000,000 units (“Units” and, with respect to the common stock included in the Units being offered, the “Public Shares”), but the offering was increased to 12,000,000 Units pursuant to Rule 462(b) under the Securities Act of 1933, as amended. On October 10, 2017, the Company consummated the Initial Public Offering of 12,000,000 units, generating gross proceeds of \$120,000,000. Transaction costs for the Initial Public Offering amounted to \$2,882,226, including \$2,400,000 of underwriting fees.

Simultaneous with the closing of the Initial Public Offering, the Company consummated the sale of 400,000 units (the “Placement Units”) at a price of \$10.00 per Placement Unit in a private placement to the Company’s sponsor and sole stockholder prior to the Initial Public Offering, Black Ridge Oil & Gas, Inc. (the “Sponsor”), generating gross proceeds of \$4,000,000.

Following the closing of the Initial Public Offering on October 10, 2017, an amount of \$120,600,000 (\$10.05 per Public Share) from the net proceeds of the sale of the Units in the Initial Public Offering and the Placement Units was placed in a trust account (“Trust Account”) and was invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the consummation of a Business Combination or (ii) the distribution of the Trust Account, as described below.

On October 18, 2017, in connection with the underwriters’ exercise of their over-allotment option in full, the Company consummated the sale of an additional 1,800,000 Units at \$10.00 per Unit, and the sale of an additional 45,000 Placement Units at \$10.00 per Placement Unit, generating total proceeds of \$18,450,000. Transaction costs, representing underwriting fees on the sale of the over-allotment Units, were \$360,000. Following the closing, an additional \$18,090,000 of the net proceeds (\$10.05 per Public Share) was placed in the Trust Account, bringing the total aggregate proceeds held in the Trust Account to \$138,690,000 (\$10.05 per Public Share).

The Company’s management has broad discretion with respect to the specific application of the net proceeds of the Initial Public Offering and private placement, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. There is no assurance that the Company will be able to complete a Business Combination successfully. Upon the closing of the Initial Public Offering and private placement, \$10.05 per Public Share was deposited in the Trust Account to be held until the earlier of (i) the consummation of its initial Business Combination or (ii) the Company’s failure to consummate a Business Combination within 21 months from the consummation of the Initial Public Offering (the “Combination Period”). Placing funds in the Trust Account may not protect those funds from third party claims against the Company. Although the Company will seek to have all vendors, service providers, prospective target businesses or other entities it engages, execute agreements with the Company waiving

any claim of any kind in or to any monies held in the Trust Account, there is no guarantee that such persons will execute such agreements. The Trust Account is maintained by a third party trustee. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective acquisitions and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to the Company for any amounts that are necessary to pay the Company's income and other tax obligations and up to \$50,000 that may be used to pay for the costs of liquidating the Company. The Sponsor has agreed that it will be liable to ensure that the proceeds in the Trust Account are not reduced below \$10.05 per share by the claims of target businesses or claims of vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company, but there is no assurance that the Sponsor will be able to satisfy its indemnification obligations if it is required to do so. Additionally, the agreement entered into by the Sponsor specifically provides for two exceptions to the indemnity it has given: it will have no liability (1) as to any claimed amounts owed to a target business or vendor or other entity who has executed an agreement with the Company waiving any right, title, interest or claim of any kind they may have in or to any monies held in the Trust Account, or (2) as to any claims for indemnification by the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Initial Business Combination

Pursuant to the Nasdaq Capital Markets listing rules, the Company's initial Business Combination must be with a target business or businesses whose collective fair market value is at least equal to 80% of the balance in the Trust Account, net of tax obligations, at the time of the execution of a definitive agreement for such Business Combination, although this may entail simultaneous acquisitions of several target businesses. The fair market value of the target will be determined by the Company's board of directors based upon one or more standards generally accepted by the financial community (such as actual and potential sales, earnings, cash flow and/or book value). The target business or businesses that the Company acquires may have a collective fair market value substantially in excess of 80% of the Trust Account balance, net of tax obligations. In order to consummate such a Business Combination, the Company may issue a significant amount of its debt or equity securities to the sellers of such business and/or seek to raise additional funds through a private offering of debt or equity securities. If the Company's securities are not listed on NASDAQ after the Initial Public Offering, the Company would not be required to satisfy the 80% requirement. However, the Company intends to satisfy the 80% requirement even if the Company's securities are not listed on NASDAQ at the time of the initial Business Combination.

The Company will provide the holders of the Public Shares ("Public Stockholders") with an opportunity to redeem all or a portion of their Public Shares either (i) in connection with a stockholder meeting called to approve the Business Combination, irrespective of whether they vote for or against the proposed Business Combination, or (ii) by means of a tender offer, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account including interest (net of franchise and income taxes payable), divided by the number of then outstanding Public Shares. The amount in the Trust Account, net of franchise and income taxes payable, currently amounts to \$10.24 per Public Share. The common stock subject to redemption was recorded at a redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity". The Company will proceed with a Business Combination only if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and solely in the case of a stockholder vote, a majority of the outstanding shares voted are voted in favor of the Business Combination. The decision as to whether the Company will seek stockholder approval of a proposed Business Combination or conduct a tender offer will be made by the Company, solely in its discretion, based on a variety of factors such as the timing of the transaction and whether the terms of the transaction would otherwise require it to seek stockholder approval under the law or stock exchange listing requirement. If a stockholder vote is not required and the Company decides not to hold a stockholder vote for business or other legal reasons, the Company will, pursuant to the proposed amended and restated certificate of incorporation, (i) conduct the redemptions pursuant to Rule 13e-4 and Regulation 14E of the Exchange Act, which regulate issuer tender offers, and (ii) file tender offer documents with the SEC prior to completing the initial Business Combination which contain substantially the same financial and other information about the initial Business Combination and the redemption rights as is required under Regulation 14A of the Exchange Act, which regulates the solicitation of proxies.

The Sponsor has agreed to vote its Founder Shares (as described in Note 6) and any Public Shares purchased after the Initial Public Offering in favor of the initial Business Combination, and the Company's executive officers and directors have also agreed to vote any Public Shares purchased after the Initial Public Offering in favor of the Initial Business Combination. The Sponsor entered into a letter agreement, pursuant to which it agreed to waive its redemption rights with respect to the Founder Shares, shares included in the Placement Units and Public Shares in connection with the completion of the initial Business Combination. In addition, the Sponsor has agreed to waive its rights to liquidating distributions from the Trust Account with respect to the Founder Shares and shares included in the Placement Units if the Company fails to complete the initial Business Combination within the prescribed time frame. However, if the Sponsor (or any of the Company's executive officers, directors or affiliates) acquires Public Shares after the Initial Public Offering, it (and they) will be entitled to liquidating distributions from the Trust Account with respect to such Public Shares in the event the Company does not complete the initial Business Combination within such applicable time period.

Proposed Business Combination

On December 19, 2018, the Company entered into a business combination agreement (the "Business Combination Agreement") with Black Ridge Merger Sub, Corp., a Delaware corporation and wholly-owned subsidiary of the Company formed on December 19, 2018 ("Merger Sub"), Allied Esports Entertainment, Inc. ("Allied Esports"), Ourgame International Holdings Ltd. ("Ourgame"), Noble Link Global Limited, a wholly-owned subsidiary of Ourgame ("Noble"), and Primo Vital Ltd., also a wholly-owned subsidiary of Ourgame ("Primo"), pursuant to which the Company will acquire two of Ourgame's global Esports and entertainment assets, Allied Esports and WPT Enterprises, Inc. ("WPT"). See Note 7.

Failure to Consummate a Business Combination

If the Company is unable to complete the initial Business Combination within the Combination Period, the Company must: (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but not more than ten business days thereafter, redeem the public shares, at a per-share price, payable in cash, equal to the aggregate amount then on deposit in the Trust Account, including interest (which interest shall be net of franchise and income taxes payable) divided by the number of then outstanding Public Shares, which redemption will completely extinguish Public Stockholders' rights as stockholders (including the right to receive further liquidation distributions, if any), subject to applicable law, and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the Company's remaining stockholders and the Company's Board of Directors, dissolve and liquidate, subject in the case of clauses (ii) and (iii) to the Company's obligations under Delaware law to provide for claims of creditors and the requirements of other applicable law.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Consolidation Policy

The accompanying unaudited condensed consolidated financial statements include the accounts of the following legal entities:

Name of entity	State of Incorporation	Relationship
Black Ridge Acquisition Corp.	Delaware	Parent
Black Ridge Merger Sub Corp.	Delaware	Subsidiary ⁽¹⁾

- (1) Wholly owned subsidiary formed on December 19, 2018 to facilitate the proposed Business Combination with Allied Esports and Ourgame.

The parent company, Black Ridge Acquisition Corp., and Black Ridge Merger Sub Corp. are collectively be referred to herein as "the Company" or "Black Ridge". All significant intercompany transactions have been eliminated in the preparation of these financial statements.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X of the SEC. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K as filed with the SEC on March 18, 2019. The interim results for the three month periods ended March 31, 2019 and 2018 are not necessarily indicative of the results to be expected for the years ending December 31, 2019 and 2018 or for any future interim periods.

Going concern

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of March 31, 2019, the Company had working capital of \$108,682 (excluding income taxes and franchise fees which may be paid out of the Trust Account and the notes payable to our sponsor). During the three months ending March 31, 2019, the Company withdrew \$95,633 of interest from the Trust account to pay the Company’s income tax and franchise fee obligations. Further, the Company has incurred and expects to continue to incur significant costs in pursuit of its acquisition plans. The Company’s plans to consummate an initial Business Combination may not be successful.

Based on the foregoing, the Company may not have sufficient funds available to operate its business through the mandatory liquidation date or until it closes an initial business combination and may need to obtain additional financing from its sponsor or other sources in order to meet its obligations. The Company cannot be certain that additional funding will be available on acceptable terms, or at all. These matters, among others, raise substantial doubt about the Company’s ability to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Emerging growth company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, (the “Securities Act”), as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements

with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accountant standards used.

Cash and cash equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of March 31, 2019 or December 31, 2018.

Cash and securities held in Trust Account

As of March 31, 2019, \$638,654 of cash and \$141,389,088 of marketable securities were held in the Trust Account. As of December 31, 2018, \$2,312 of cash and \$141,304,995 of marketable securities were held in the Trust Account. During the three months ending March 31, 2019, the Company withdrew \$95,633 of interest from the Trust account to pay the Company's income tax and franchise fee obligations.

Income taxes

The Company accounts for income taxes under ASC Topic 740 "Income Taxes" ("ASC 740"). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

ASC Topic 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax benefits and no amounts accrued for interest and penalties as of March 31, 2019. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position.

The Company may be subject to potential examination by federal, state and city taxing authorities in the areas of income taxes. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with federal, state and city tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

The Company's policy for recording interest and penalties associated with income tax audits is to record such expense as a component of income tax expense. There are no amounts accrued for penalties or interest as of March 31, 2019 or December 31, 2018. Management is currently unaware of any issues under review that could result in significant payments, accruals or material deviations from its position.

The effective rate differs from the statutory rate primarily due to the impact of state taxes and non-deductible merger costs.

Common Stock subject to possible redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification ("ASC") Topic 480 "Distinguishing Liabilities from Equity." Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to

occurrence of uncertain future events. Accordingly, as of March 31, 2019 and December 31, 2018, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. As of March 31, 2019, the Company had not experienced losses on this account since the Company's inception and management believes the Company is not exposed to significant risks on such account.

Net income (loss) per share

Net income (loss) per share is computed by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. An aggregate of 13,258,966 and 13,283,086 shares of common stock subject to possible redemption at March 31, 2019 and December 31, 2018, respectively, have been excluded from the calculation of basic income (loss) per share since such shares, if redeemed, only participate in their pro rata share of the trust earnings.

The Company's net income (loss) is also shown adjusted for the portion of income attributable to shares subject to redemption, as these shares only participate in the income of the trust account less taxes and franchise fees and not the operating losses of the Company. Accordingly, basic and diluted net income (loss) per share attributable to shares not subject to redemption is as follows:

	Three Months Ended March 31,	
	2019	2018
	\$	\$
Net income	332,411	234,699
Less income attributable to shares subject to redemption	<u>(606,117)</u>	<u>(356,803)</u>
Adjusted net loss	<u>(273,706)</u>	<u>(122,104)</u>
Weighted average shares outstanding, basic and diluted	<u>4,411,914</u>	<u>4,346,557</u>
Basic and diluted net loss per common share attributable to remaining shares	<u>(0.06)</u>	<u>(0.03)</u>

The Company has not considered the effect of 1) warrants to purchase 14,845,000 shares of common stock, 2) rights that convert to 1,484,500 shares and 3) 600,000 shares included in the underwriters' unit option sold in Public Offering, Private Placement or underlying the unit option sold to the underwriter in the calculation of diluted loss per share, since the exercise of the warrants, receipt of rights and shares is contingent on the occurrence of future events. Additionally, the Company has not considered the effect of any conversion into units of the convertible notes payable issued to its sponsor as that conversion is also contingent on future events.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures", approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

NOTE 3 — PUBLIC OFFERING AND PRIVATE PLACEMENT**Initial Public Offering**

Pursuant to the Initial Public Offering, the Company sold 13,800,000 Units (including 1,800,000 Units subject to the underwriters' over-allotment option) at a purchase price of \$10.00 per Unit. Each Unit consists of one share of common stock, one right ("Public Right") and one warrant ("Public Warrant"). Each Public Right will convert into one-tenth (1/10) of one share of common stock upon consummation of a Business Combination (see Note 6). Each Public Warrant entitles the holder to purchase one share of common stock at an exercise price of \$11.50 (see Note 6).

Private Placement

Simultaneous with the closing of the Initial Public Offering and over-allotment option exercise, the Sponsor purchased an aggregate of 445,000 Placement Units at a price of \$10.00 per Unit (or an aggregate purchase price of \$4,450,000). Each Placement Unit consists of one share of common stock ("Placement Share"), one right ("Placement Right") and one warrant (each, a "Placement Warrant") to purchase one share of the common stock at an exercise price of \$11.50 per share. The proceeds from the Placement Units were added to the proceeds from the Initial Public Offering held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the proceeds of the sale of the Placement Units will be used to fund the redemption of the Public Shares (subject to the requirements of applicable law) and the Placement Rights and Placement Warrants will expire worthless.

The Placement Units are identical to the Units sold in the Initial Public Offering except that the Placement Warrants (i) are not redeemable by the Company and (ii) may be exercised for cash or on a cashless basis, so long as they are held by the Sponsor or any of its permitted transferees. In addition, the Placement Units and their component securities may not be transferable, assignable or salable until after the consummation of a Business Combination, subject to certain limited exceptions.

NOTE 4 — RELATED PARTY TRANSACTIONS**Founder Shares**

In connection with the organization of the Company, a total of 2,875,000 shares of common stock were sold to the Sponsor at a price of approximately \$0.0087 per share for an aggregate of \$25,000 ("Founder Shares"). On October 4, 2017, the Company effected a stock dividend of 0.2 shares for each of the then outstanding Founder Shares, resulting in the issuance of an additional 575,000 Founder Shares, bringing the total to 3,450,000 Founder Shares including an aggregate of up to 450,000 Founder Shares that were subject to forfeiture to the extent that the over-allotment option was not exercised by the underwriters in full or in part. The Sponsor would have been required to forfeit only a number of Founder Shares necessary to continue to maintain the 20.0% ownership interest in our shares of common stock after giving effect to the offering and exercise, if any, of the underwriters' over-allotment option (excluding the Placement Shares and any shares included in units acquired in the Initial Public Offering). As a result of the underwriters' election to exercise their over-allotment option in full on October 18, 2017, the 450,000 Founders Shares previously subject to forfeiture are no longer subject to forfeiture.

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of the initial Business Combination or (ii) the date on which the closing price of the Company's common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing after the initial Business Combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until one year after the date of the consummation of the initial Business Combination, or earlier, in either case, if, subsequent to the Company's initial Business Combination, the Company consummates a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

Related Party Loans

In order to finance transaction costs in connection with an intended initial business combination, our sponsor, officers, directors or their affiliates may, but are not obligated to, loan us funds as may be required. If we consummate an initial business combination, we would repay such loaned amounts. In the event that the initial business combination does not close, we may use a portion of the working capital held outside the trust account to repay such loaned amounts, but no proceeds from our trust account would be used for such repayment. Up to \$1,500,000 of such loans may be convertible into units of the post business combination entity at a price of \$10.00 per unit at the option of the lender. The units would be identical to the Placement Units.

As of March 31, 2019, the Sponsor has loaned the Company, in the form of a convertible promissory notes, an aggregate of \$650,000 to cover expenses related to a proposed business combination. The notes are unsecured, non-interest bearing and are payable at the consummation by the Company of a Business Combination. Upon consummation of a Business Combination, the principal balance of the notes may be converted, at the Sponsor's option, to units at a price of \$10.00 per unit. The terms of the units are identical to the units issued by the Company in its private placement. If the Sponsor converts the entire principal balance of the convertible promissory notes, it would receive 65,000 units. If a Business Combination is not consummated, the notes will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company has funds available to it outside of its trust account established in connection with the initial public offering. The issuance of the notes to the Sponsor were exempt pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Administrative Service Agreement

Commencing on the effective date of the Initial Public Offering through the earlier of our consummation of our initial business combination or our liquidation, the Sponsor makes available to us certain general and administrative services, including office space, utilities and administrative support, as we may require from time to time. The Company agreed to pay the Sponsor \$10,000 per month for these services. Management fee expense of \$30,000 was recognized by the Company for both the three months ended March 31, 2019 and 2018.

Accounts Payable — Related Party

Accounts payable-related party represents balances due to the Sponsor for general expenses paid by the Sponsor on behalf of the Company.

NOTE 5 — COMMITMENTS

Agreements with underwriters and investment advisors

The Company engaged the underwriters as advisors in connection with our Initial Business Combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. The Company will pay the underwriters a cash fee for such services upon the consummation of our initial business combination in an amount of approximately \$4,080,000 (exclusive of any applicable finders' fees which might become payable).

The Company has engaged an investment advisor to assist us in connection with due diligence, financial analysis and positioning the Company in the capital markets (the “Capital Markets Fee”) related to the Proposed Business Combination. The Company will pay the investment advisor a cash fee of approximately \$2,000,000 for due diligence and advisory services upon the consummation of the Proposed Business Combination. The Company will also pay the Capital Markets Fee of 3% of the cash or securities available for the closing of the Proposed Business Combination including the proceeds received from the trust account net of cash reserved to fulfill redemption requests upon the consummation of the Proposed Business Combination.

The Company has engaged additional investment advisors for financial advisory services related to the Proposed Business Combination. The Company will pay the investment advisors cash fees totaling \$490,000 for financial advisory services upon the consummation of the Proposed Business Combination. Additional discretionary success fees of up to \$120,000 may be paid to the investment advisors at the sole discretion of the Company only upon the consummation of the Proposed Business Combination.

Registration Rights

Pursuant to a registration rights agreement entered into on October 4, 2017, the holders of the Founders’ Shares, as well as the holders of the Placement Units and any units our Sponsor, officers, directors or their affiliates may be issued in payment of working capital loans made to us (and all underlying securities), are entitled to registration rights. The holders of a majority of these securities are entitled to make up to two demands that we register such securities. The holders of the majority of the Founders’ Shares can elect to exercise these registration rights at any time commencing three months prior to the date on which these shares of common stock are to be released from escrow. The holders of a majority of the Placement Units and units issued to our Sponsor, officers, directors or their affiliates in payment of working capital loans made to us (or underlying securities) can elect to exercise these registration rights at any time after we consummate a Business Combination. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to our consummation of a Business Combination. We will bear the expenses incurred in connection with the filing of any such registration statements.

NOTE 6 — STOCKHOLDERS’ EQUITY

Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with a par value of \$0.0001 per share with such designation, rights and preferences as may be determined from time to time by the Company’s board of directors. As of March 31, 2019, no preferred stock is issued or outstanding.

Common Stock

The Company is authorized to issue 35,000,000 shares of common stock, par value \$0.0001 per share. As of March 31, 2019 and December 31, 2018, the Company has issued an aggregate of 17,695,000 shares of common stock, inclusive of 13,258,966 and 13,283,086 shares of common stock, respectively, subject to possible redemption classified as temporary equity in the accompanying Balance Sheets.

Rights

Each holder of a right will receive one-tenth (1/10) of one share of common stock upon consummation of a Business Combination, even if a holder of such right converted all ordinary shares held by it in connection with a Business Combination. No fractional shares will be issued upon exchange of the rights. No additional consideration will be required to be paid by a holder of rights in order to receive its additional shares upon consummation of a Business Combination as the consideration related thereto has been included in the Unit purchase price paid for by investors in the Initial Public Offering. If the Company enters into a definitive agreement for a Business Combination in which the Company will not be the surviving entity, the definitive agreement will provide for the holders of rights to receive the same per share consideration the holders of the shares of common stock will receive in the transaction on an as-converted into shares of

common stock basis and each holder of rights will be required to affirmatively convert its rights in order to receive 1/10 of a share of common stock underlying each right (without paying additional consideration). The shares of common stock issuable upon exchange of the rights will be freely tradable (except to the extent held by affiliates of the Company).

If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of rights will not receive any of such funds with respect to their rights, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such rights, and the rights will expire worthless. Further, there are no contractual penalties for failure to deliver securities to the holders of the rights upon consummation of a Business Combination. Additionally, in no event will the Company be required to net cash settle the rights. Accordingly, the rights may expire worthless.

The Placement Rights are identical to the rights included in the Units sold in the Initial Public Offering, except that, among others, the Placement Rights and Placement Shares were purchased pursuant to an exemption from the registration requirements of the Securities Act and will become tradable only after certain conditions are met or the resale of such rights (including underlying securities) is registered under the Securities Act.

Warrants

The Warrants will become exercisable 30 days after the consummation of a Business Combination. No Warrants will be exercisable for cash unless the Company has an effective and current registration statement covering the shares of common stock issuable upon exercise of the Warrants and a current prospectus relating to such shares. Notwithstanding the foregoing, if a registration statement covering the shares of common stock issuable upon the exercise of the Warrants is not effective within 30 days from the consummation of a Business Combination, the holders may, until such time as there is an effective registration statement and during any period when the Company shall have failed to maintain an effective registration statement, exercise the Warrants on a cashless basis pursuant to an available exemption from registration under the Securities Act. If an exemption from registration is not available, holders will not be able to exercise their Warrants on a cashless basis. The Warrants will expire five years from the consummation of a Business Combination or earlier upon redemption or liquidation.

The Placement Warrants are identical to the Warrants underlying the Units being sold in the Initial Public Offering, except the Placement Warrants are exercisable for cash (even if a registration statement covering the shares of common stock issuable upon exercise of such Placement Warrants is not effective) or on a cashless basis, at the holder's option, and will not be redeemable by the Company, in each case so long as they are still held by the Sponsor or its affiliates.

The Company may call the Warrants for redemption (excluding the Placement Warrants but including any outstanding Warrants issued upon exercise of the unit purchase option issued to its underwriter), in whole and not in part, at a price of \$0.01 per Warrant:

- at any time while the Warrants are exercisable,
- upon not less than 30 days' prior written notice of redemption to each Warrant holder,
- if, and only if, the reported last sale price of the shares of common stock equals or exceeds \$18.00 per share, for any 20 trading days within a 30 trading day period ending on the third business day prior to the notice of redemption to Warrant holders, and
- if, and only if, there is a current registration statement in effect with respect to the shares of common stock underlying such Warrants at the time of redemption and for the entire 30-day redemption period and continuing each day thereafter until the date of redemption.

If the Company calls the Warrants for redemption, management will have the option to require all holders that wish to exercise the Warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of shares of common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. However, the Warrants will not be adjusted for issuances of shares of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Warrants. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of Warrants will not receive any of such funds with respect to their Warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with respect to such Warrants. Accordingly, the Warrants may expire worthless.

Unit Purchase Option

On October 10, 2017, the Company sold to its underwriter and its designees, for \$100, an option to purchase up to 600,000 Units exercisable at \$11.50 per Unit (or an aggregate exercise price of \$6,900,000) commencing on the consummation of a Business Combination. The unit purchase option may be exercised for cash or on a cashless basis, at the holder's option, and expires five years from the effective date of the registration statement related to the Initial Public Offering. The Units issuable upon exercise of this option are identical to those offered in the Initial Public Offering. The Company accounted for the unit purchase option, inclusive of the receipt of \$100 cash payment, as an expense of the Initial Public Offering resulting in a charge directly to stockholders' equity. The Company estimated the fair value of this unit purchase option to be approximately \$1,778,978 (or \$2.97 per Unit) using the Black-Scholes option-pricing model. The fair value of the unit purchase option granted to the underwriters was estimated as of the date of grant using the following assumptions: (1) expected volatility of 35%, (2) risk-free interest rate of 1.94% and (3) expected life of five years. The option grants to holders demand and "piggy back" rights for periods of five and seven years, respectively, from the effective date of the registration statement with respect to the registration under the Securities Act of the securities directly and indirectly issuable upon exercise of the option. The Company will bear all fees and expenses attendant to registering the securities, other than underwriting commissions which will be paid for by the holders themselves. The exercise price and number of units issuable upon exercise of the option may be adjusted in certain circumstances including in the event of a stock dividend, or the Company's recapitalization, reorganization, merger or consolidation. However, the option will not be adjusted for issuances of ordinary shares at a price below its exercise price.

NOTE 7 — PROPOSED BUSINESS COMBINATION

Business Combination Agreement

On December 19, 2018, the Company entered into the Business Combination Agreement with Merger Sub, Allied Esports, Ourgame, Noble and Primo.

Subject to the Business Combination Agreement, (i) Noble will merge with and into Allied Esports (the "Redomestication Merger") with Allied Esports being the surviving entity in such merger and (ii) immediately after the Redomestication Merger, Merger Sub will merge with and into Allied Esports with Allied Esports being the surviving entity of such merger (the "Transaction Merger" and together with the Redomestication Merger, the "Mergers").

The Mergers will result in the Company acquiring two of Ourgame's global Esports and entertainment assets, Allied Esports and WPT. Allied Esports is a premier Esports entertainment company with a global network of dedicated Esports properties and content production facilities. WPT is the creator of the World Poker Tour® (WPT®) — the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online and mobile. The proposed transaction will seek to strategically combine the globally recognized Allied Esports brand with the three-pronged business model of the iconic World Poker Tour, featuring in-person experiences, multiplatform content and interactive services, to leverage the high-growth opportunities in the global Esports industry.

Upon consummation of the Mergers (the "Closing"), the Company will issue to the former owners of Allied Esports and WPT (i) an aggregate of 11,602,754 shares of common stock, par value \$0.0001 per share, of the Company's common stock and (ii) an aggregate of 3,800,003 warrants to purchase shares of common stock of the Company.

In addition to the consideration described above, the former owners of Allied Esports and WPT will be entitled to receive their pro rata portion of an aggregate of an additional 3,846,153 shares of the Company's common stock if the last sales price of the Company's common stock equals or exceeds \$13.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for thirty (30) consecutive days at any time during the five (5) year period commencing on the date of the Closing (the "Closing Date").

Proposed Changes to the Capital Structure

In connection with the proposed Business Combination, the Company is seeking shareholder approval to amend its charter to increase the authorized shares of the Company's common stock to 65,000,000 shares.

Conditions to Consummation of the Business Combination

Consummation of the transactions contemplated by the Business Combination Agreement is subject to certain closing conditions including, among others, (i) approval by the stockholders of the Company and Ourgame, and (ii) that the Company have available cash in an amount not less than \$80,000,000 after payment to stockholders who elect to redeem their shares of common stock in accordance with the provisions of the Company's charter documents.

Termination

The Business Combination Agreement may be terminated at any time prior to the Closing Date (whether before or after the Company's shareholder vote has been obtained) by mutual written consent of the Company and Ourgame and Noble and in certain other limited circumstances, including if the proposed Business Combination has not been consummated by July 10, 2019.

NOTE 8 — FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company adopted FASB ASC 820-10 upon inception at April 9, 2010. Under FASB ASC 820-10-5, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The standard outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under GAAP, certain assets and liabilities must be measured at fair value, and FASB ASC 820-10-50 details the disclosures that are required for items measured at fair value.

The Company had revolving credit facilities that must be measured under the new fair value standard. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. The three levels are as follows:

Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 — Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 — Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following schedule summarizes the valuation of financial instruments at fair value on a recurring basis in the balance sheets as of March 31, 2019 and December 31, 2018:

	Fair Value Measurements at March 31, 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Assets			
Cash and marketable securities held in trust account	142,027,742	—	—
Cash and cash equivalents	<u>194,875</u>	<u>—</u>	<u>—</u>
Total assets	<u>142,222,617</u>	<u>—</u>	<u>—</u>
Liabilities			
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>
	<u>142,222,617</u>	<u>—</u>	<u>—</u>
Fair Value Measurements at December 31, 2018			
	Level 1	Level 2	Level 3
	\$	\$	\$
Assets			
Cash and marketable securities held in trust account	141,307,307	—	—
Cash and cash equivalents	<u>133,729</u>	<u>—</u>	<u>—</u>
Total assets	<u>141,441,036</u>	<u>—</u>	<u>—</u>
Liabilities			
Total liabilities	<u>—</u>	<u>—</u>	<u>—</u>
	<u>141,441,036</u>	<u>—</u>	<u>—</u>

There were no transfers of financial assets or liabilities between Level 1 and Level 2 inputs for the three months ended March 31, 2019.

NOTE 9 — SUBSEQUENT EVENTS

The Company evaluates events that have occurred after the balance sheet date through the date hereof, which these financial statements were issued. No events occurred of a material nature that would have required adjustments to or disclosure in these financial statements.

B. REPORTS FROM THE AUDITOR ON THE AUDITED FINANCIAL INFORMATION OF BLACK RIDGE OF THE PERIOD FROM 9 MAY 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017 AND THE YEAR ENDED 31 DECEMBER 2018

1. The following is the text of the report from Marcum LLP, independent registered public accounting firm in the United States in respect of the audited financial statements of Black Ridge as of 31 December 2017 and for the period from 9 May 2017 (date of incorporation) to 31 December 2017, issued on 22 March 2018.

This report is an extract from Form 10-K of Black Ridge issued on 22 March 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Black Ridge Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Black Ridge Acquisition Corp. (the “Company”) as of 31 December 2017, the related statements of operations, stockholders’ equity and cash flows for the period from 9 May 2017 (inception) through 31 December 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2017, and the results of its operations and its cash flows for the period from 9 May 2017 (inception) through 31 December 2017, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2017.

New York, NY

22 March 2018

2. The following is the text of the report from Marcum LLP, independent registered public accounting firm in the United States in respect of the audited financial statements of Black Ridge as of and for the year ended 31 December 2018, issued on 18 March 2019.

This report is an extract from Form 10-K of Black Ridge issued on 18 March 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Black Ridge Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of Black Ridge Acquisition Corp. (the “Company”) as of 31 December 2018 and 2017, the related statements of operations, stockholders’ equity and cash flows for the year ended 31 December 2018, and for the period from 9 May 2017 (inception) through 31 December 2017, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2018 and 2017, and the results of its operations and its cash flows for the year ended 31 December 2018, and for the period from 9 May 2017 (inception) through 31 December 2017, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph — Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over

financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2017.

New York, NY

18 March 2019

C. RECONCILIATION

The following is a line-by-line reconciliation of the statements of financial position and the statements of profit or loss of Black Ridge (for the financial period ended 31 December 2017 and year ended 31 December 2018) to address the differences in Black Ridge's financial information had it been prepared in accordance with the Company's accounting policies.

The process applied in the preparation of this reconciliation is set out in the "Basis of Preparation" and "Reconciliation Process" sections below.

(a)(i) Line-by-line reconciliation as at 31 December 2017

	Unadjusted Financial Information of Black Ridge	Reclassifications		Adjusted Financial Information of Black Ridge under the Company's policies
	<i>US\$</i>	<i>US\$</i>	<i>(Note)</i>	<i>US\$</i>
ASSETS				
Non-current assets				
Deferred income taxes	<u>—</u>	18,678	<i>(i)</i>	<u>18,678</u>
Current assets				
Cash and cash equivalents	427,954			427,954
Prepaid expenses	33,093			33,093
Deferred income taxes	18,678	(18,678)	<i>(i)</i>	—
Cash and marketable securities held in Trust Account	<u>138,980,353</u>			<u>138,980,353</u>
	<u>139,460,078</u>			<u>139,441,400</u>
Total assets	<u><u>139,460,078</u></u>			<u><u>139,460,078</u></u>

	Unadjusted Financial Information of Black Ridge US\$	Reclassifications US\$	<i>(Note)</i>	Adjusted Financial Information of Black Ridge under the Company's policies US\$
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued expenses	45,391			45,391
Accounts payable — related party	2,940			2,940
Common stock subject to possible redemption	—	134,326,020	<i>(ii)</i>	134,326,020
Income taxes payable	<u>85,722</u>			<u>85,722</u>
	<u>134,053</u>			<u>134,460,073</u>
Non-current liabilities				
Deferred income taxes	<u>—</u>			<u>—</u>
Total liabilities	<u>134,053</u>			<u>134,460,073</u>
Temporary equity — Commitments				
Common stock subject to possible redemption	<u>134,326,020</u>	(134,326,020)	<i>(ii)</i>	<u>—</u>
Equity				
Preferred stock	—			—
Common stock (excluding shares subject to possible redemption)	435	1	<i>(iii)</i>	436
Additional paid-in capital	4,906,420	93,149	<i>(iii)</i>	4,999,569
Retained earnings	<u>93,150</u>	(93,150)	<i>(iii)</i>	<u>—</u>
Total stockholders' equity	<u>5,000,005</u>			<u>5,000,005</u>
Total liabilities and stockholders' equity	<u><u>139,460,078</u></u>			<u><u>139,460,078</u></u>

(a)(ii) Line-by-line reconciliation as at 31 December 2018

	Unadjusted Financial Information of Black Ridge US\$	Reclassifications US\$	(Note)	Adjusted Financial Information of Black Ridge under the Company's policies US\$
ASSETS				
Non-current assets				
Deferred income taxes	<u>—</u>			<u>—</u>
Current assets				
Cash and cash equivalents	133,729			133,729
Prepaid expenses	11,250			11,250
Deferred income taxes	—			—
Cash and marketable securities held in Trust Account	<u>141,307,307</u>			<u>141,307,307</u>
	<u>141,452,286</u>			<u>141,452,286</u>
Total assets	<u>141,452,286</u>			<u>141,452,286</u>
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued expenses	148,514			148,514
Accounts payable — related party	13,340			13,340
Common stock subject to possible redemption	—	135,467,219	(ii)	135,467,219
Income taxes payable	472,770			472,770
Deferred income taxes	438	(438)	(i)	—
Convertible note payable — related party	<u>350,000</u>			<u>350,000</u>
	<u>985,062</u>			<u>136,451,843</u>

	Unadjusted Financial Information of Black Ridge US\$	Reclassifications US\$	<i>(Note)</i>	Adjusted Financial Information of Black Ridge under the Company's policies US\$
Non-current liabilities				
Deferred income taxes	<u>—</u>	438	<i>(i)</i>	<u>438</u>
Total liabilities	<u>985,062</u>			<u>136,452,281</u>
Temporary equity — Commitments				
Common stock subject to possible redemption	<u>135,467,219</u>	(135,467,219)	<i>(ii)</i>	<u>—</u>
Equity				
Preferred stock	—			—
Common stock (excluding shares subject to possible redemption)	442	8	<i>(iii)</i>	450
Additional paid-in capital	3,765,214	1,234,341	<i>(iii)</i>	4,999,555
Retained earnings	<u>1,234,349</u>	(1,234,349)	<i>(iii)</i>	<u>—</u>
Total stockholders' equity	<u>5,000,005</u>			<u>5,000,005</u>
Total liabilities and stockholders' equity	<u>141,452,286</u>			<u>141,452,286</u>

(a)(iii) Line-by-line reconciliation for the period from 9 May 2017
(date of incorporation) to 31 December 2017

	Unadjusted Financial Information of Black Ridge	Adjustments		Adjusted Financial Information of Black Ridge under the Company's policies
	<i>US\$</i>	<i>US\$</i>	<i>(Note)</i>	<i>US\$</i>
General and administrative expenses	<u>130,159</u>			<u>130,159</u>
Loss from operations	<u>(130,159)</u>			<u>(130,159)</u>
Other income				
Interest income	355,338			355,338
Unrealized loss on marketable securities held in Trust Account	<u>(64,985)</u>			<u>(64,985)</u>
Total other income	<u>290,353</u>			<u>290,353</u>
Change in fair value of common stock subject to possible redemption	<u>—</u>	(93,150)	<i>(iii)</i>	<u>(93,150)</u>
Income before taxes	160,194			67,044
Provision for income taxes	<u>(67,044)</u>			<u>(67,044)</u>
Net income	<u><u>93,150</u></u>			<u><u>—</u></u>

(a)(iv) Line-by-line reconciliation for the year ended 31 December 2018

	Unadjusted Financial Information of Black Ridge US\$	Adjustments US\$ (Note)	Adjusted Financial Information of Black Ridge under the Company's policies US\$
General and administrative expenses	<u>823,779</u>		<u>823,779</u>
Loss from operations	<u>(823,779)</u>		<u>(823,779)</u>
Other income			
Interest income	2,474,344		2,474,344
Unrealized loss on marketable securities held in Trust Account	<u>66,507</u>		<u>66,507</u>
Total other income	<u>2,540,851</u>		<u>2,540,851</u>
Change in fair value of common stock subject to possible redemption	<u>—</u>	(1,141,199) (iii)	<u>(1,141,199)</u>
Income before taxes	1,717,072		575,573
Provision for income taxes	<u>(575,573)</u>		<u>(575,573)</u>
Net income	<u><u>1,141,199</u></u>		<u><u>—</u></u>

Note: The following reclassifications and adjustments are to align the classifications of the respective amounts of the relevant financial line items shown in the statements of financial position and statements of profit or loss of Black Ridge to those of the statements of financial position and statements of profit or loss of the Group:

- (i) reclassifications from current assets/liabilities of Black Ridge to non-current assets/liabilities of the Group for “deferred income tax assets/liabilities” of Black Ridge;
- (ii) reclassifications from temporary equity of Black Ridge to financial liabilities of the Group for “common stock subject to possible redemption” of Black Ridge; and
- (iii) adjustments of change in fair value of common stock subject to possible redemption from recognition directly in equity of Black Ridge to recognition through profit or loss of Black Ridge.

Other than the reclassifications and adjustments set out in the Reconciliation above, there are no material differences between the statements of financial position of Black Ridge as at 31 December 2017 and 31 December 2018 and statements of profit or loss of Black Ridge for the period from 9 May 2017 (date of incorporation) to 31 December 2017 and for the year ended 31 December 2018, compared to such financial statements had they been prepared applying the accounting policies presently adopted by the Company.

Your attention is drawn to the fact that the work carried out in accordance with HKSAE 3000 (Revised) is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Grant Thornton Hong Kong Limited did not express an audit opinion nor a review conclusion on the Reconciliation.

(b) Basis of Preparation

The Reconciliation above for the period from 9 May 2017 (date of incorporation) to 31 December 2017 and the year ended 31 December 2018 was prepared by restating the “Unadjusted Financial Information of Black Ridge” as if it had been prepared in accordance with the accounting policies presently adopted by the Company, if any.

(c) Reconciliation Process

The Reconciliation above has been prepared by the Directors of the Company by comparing the differences between the accounting policies adopted by Black Ridge for the period from 9 May 2017 (date of incorporation) to 31 December 2017 and the year ended 31 December 2018 respectively on the one hand, and the accounting policies presently adopted by the Company on the other hand and in accordance with the basis of preparation in respect of the period from 9 May 2017 (date of incorporation) to 31 December 2017 and the year ended 31 December 2018, as appropriate, and quantifying the relevant material financial effects of such differences, if any. Your attention is drawn to the fact that the Reconciliation above has not been subject to an independent audit.

Accordingly, no opinion is expressed by an auditor on whether it presents a true and fair view of Black Ridge’s financial positions as at 31 December 2017 and 31 December 2018, nor its results for the period from 9 May 2017 (date of incorporation) to 31 December 2017 and the year ended 31 December 2018 under the accounting policies presently adopted by the Company.

Grant Thornton Hong Kong Limited (“Grant Thornton Hong Kong”) was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“HKSAE 3000 (Revised)”) issued by the HKICPA on the Reconciliation above. The work consisted primarily of:

- (i) comparing the “Unadjusted Financial Information of Black Ridge” as set out in the Reconciliation above with the audited financial statements of Black Ridge, as appropriate;
- (ii) considering the reclassifications and adjustments made and evidence supporting the reclassifications and adjustments made in arriving at the “Adjusted Financial Information of Black Ridge under the Company’s Policies” also set out above in the Reconciliation, which included examining the differences between Black Ridge’s accounting policies and the Company’s accounting policies; and
- (iii) checking the arithmetic accuracy of the computation of the “Adjusted Financial Information of Black Ridge under the Company’s Policies” in the Reconciliation above. Grant Thornton Hong Kong’s engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with HKSAE 3000 (Revised) is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Grant Thornton Hong Kong did not express an audit opinion nor a review conclusion on the Reconciliation.

Grant Thornton Hong Kong’s engagement was intended solely for the use of the Directors of the Company in connection with this Circular and may not be suitable for another purpose. Based on the work performed, Grant Thornton Hong Kong has concluded that:

- (i) the “Unadjusted Financial Information of Black Ridge” as set out in the Reconciliation above is in agreement with the audited financial statements of Black Ridge;
- (ii) the reclassifications and adjustments reflect, in all material respects, the differences between Black Ridge’s accounting policies and the Company’s accounting policies; and
- (iii) the computation of the “Adjusted Financial Information of Black Ridge under the Company’s Policies” in the Reconciliation above is arithmetically accurate.

D. MANAGEMENT DISCUSSION AND ANALYSIS OF BLACK RIDGE

1. The following is an extract of “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the period from 9 May 2017 (date of incorporation) to 31 December 2017 from the 2017 Annual Report on Form 10-K of Black Ridge issued on 22 March 2018.

The 2017 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316818000741/blackridgeacq_10k-123117.htm

Management’s Discussion and Analysis of Financial Condition and Results of Operations for the period from 9 May 2017 (date of incorporation) to 31 December 2017

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Forward-Looking Statement

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other SEC filings. The following discussion should be read in conjunction with our financial statements and related notes thereto included elsewhere in this report.

Overview

We are a blank check company incorporated as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities. We intend

to effectuate our initial business combination using cash from the proceeds of our initial public offering and a sale of stock in a private placement that occurred simultaneously with the completion of our initial public offering, our capital stock, debt or a combination of cash, stock and debt.

In October 2017, we consummated our initial public offering of 13,800,000 units (including the units sold in connection with the exercise of the underwriter's over-allotment option) at \$10.00 per unit, generating gross proceeds of \$138,000,000 million. Offering costs associated with the initial public offering were approximately \$3.24 million, inclusive of \$2,760,000 of underwriting commissions paid upon closing of the initial public offering, including the exercise of the over-allotment option.

Simultaneously with the closing of the initial public offering, including the exercise of the over-allotment option, we consummated the private placement of 445,000 private units at a price of \$10.00 per private unit, all of which were sold to the Sponsor, and the sale of the representative's purchase options to purchase 600,000 units to EBC and its designees, the representative of the underwriters in the initial public offering, for \$100.

An aggregate of \$138,690,000 million (\$10.05 per unit) from the net proceeds of the sale of the units in the initial public offering, the over-allotment units, and the private units was placed in the Trust Account currently at Morgan Stanley and maintained by Continental Stock Transfer & Trust Company, acting as trustee, and is invested in U.S. government treasury bills, until the earlier of (i) the consummation of the initial business combination or (ii) the Company's failure to consummate a business combination by 10 July 2019. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective merger or acquisition candidates and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to us for any amounts that are necessary to pay the Company's income tax obligations and up to \$50,000 of interest earned on the Trust Account balance may be released to us to pay for our liquidation expenses if we are unable to consummate an initial business combination within the required time period.

Our management has broad discretion with respect to the specific application of the net proceeds of the initial public offering and the private placement, although substantially all of the net proceeds are intended to be applied generally towards consummating a business combination.

Results of Operations

We have not generated any revenues to date, and we will not be generating any operating revenues until the closing and completion of our initial business combination. Our entire activity up to 31 December 2017 has been related to our company's formation, the initial public offering, and since the closing of the initial public offering, a search for a business combination candidate. We have, and expect to continue to generate small amounts of non-operating income in the form of interest income on cash and cash equivalents. We expect to continue to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the period from 9 May 2017 (inception) through 31 December 2017, we had net income of \$93,150, which consisted of operating expenses of \$130,159, offset by other income from our Trust Account (interest income offset by unrealized losses on our assets held in trust) of \$290,353 and including a provision for income taxes of \$67,044.

Liquidity and Capital Resources

We presently have no revenue; our net operating expenses were \$130,159 for the period from 9 May 2017 (inception) through 31 December 2017, and consisted primarily of formation costs prior to our initial public offering and of management fees paid to our sponsor, professional fees and other costs related to our search for a business combination subsequent to our initial public offering. Through 31 December 2017, our liquidity needs were satisfied through receipt of approximately \$518,000 held outside of the Trust Account from the sale of Units upon closing of the initial public offering, \$25,000 from the sale of the founders' shares, and proceeds from notes payable from the Sponsor in an aggregate amount of \$125,000 which was repaid at the time of the initial public offering.

In order to meet our ongoing working capital needs, the Sponsor, or its affiliates, or certain executive officers and directors, may, but are not obligated to, loan us funds as may be required. The loans would either be repaid upon consummation of our initial business combination, or, at the lender's discretion, up to \$1.5 million of such may be converted upon consummation of our business combination into additional private units at a price of \$10.00 per Unit. If we do not complete a business combination, the loans would be repaid only out of funds held outside of the Trust Account.

The accompanying financial statements have been prepared assuming we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of 31 December 2017, we had approximately \$346,000 in working capital (including cash and cash equivalents held outside Trust Account) approximately \$110,000 in interest income available from our investments in the Trust Account to pay our income tax and franchise fee obligations. Further, we have incurred and expect to continue to incur significant costs in pursuit of our financing and acquisition plans. Our plans to raise capital or to consummate the initial business combination may not be successful. These matters, among others, raise substantial doubt about our ability to continue as a going concern. Based on the foregoing, we currently do not have sufficient cash and working capital to meet our needs for one year from the date the financial statements are issued unless our sponsor provides us funds for our working capital needs or we obtain other financing.

The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Related Party Transactions***Sponsor Shares***

In connection with the organization of our company, a total of 3,450,000 shares common stock, as adjusted for a stock dividend declared on 4 October 2017, were sold to the Sponsor at a price of approximately \$0.007 per share for an aggregate of \$25,000 (“Founder Shares”).

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of our initial business combination or (ii) the date on which the closing price of our common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing 150 days after the initial business combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until six months after the date of the consummation of our initial business combination, or earlier, in either case, if, subsequent to our initial business combination, we consummate a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

Note Payable — Related Party

Prior to our initial public offering, the Sponsor had loaned to us an aggregate of \$125,000 to cover expenses related to our formation and the initial public offering. This note was repaid in full simultaneous with the initial public offering.

Other General and Administrative Services

We pay our Sponsor a management fee of \$10,000 per month for general and administrative services which includes the cost of the space we occupy and the costs of the personnel dedicated to us from our Sponsor. Our Sponsor, executive officers and directors, or any of their respective affiliates, are reimbursed for any out-of-pocket expenses, particularly travel, incurred in connection with activities on our behalf, including but not limited to identifying potential target businesses and performing due diligence on suitable business combinations. There is no cap or ceiling on the reimbursement of out-of-pocket expenses incurred by such persons in connection with activities on our behalf.

Critical Accounting Policies***Common Stock Subject to Possible Redemption***

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the

Company's control) is classified as temporary equity. At all other times, common stock is classified as stockholders' equity. The Company's common stock features certain redemption rights that are considered to be outside of the Company's control and subject to occurrence of uncertain future events. Accordingly, as of 31 December 2017, common stock subject to possible redemption is presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company's financial statements.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of 31 December 2017.

JOBS Act

On 5 April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We will qualify as an "emerging growth company" and under the JOBS Act will be allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We are electing to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an "emerging growth company", we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO's compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we are no longer an "emerging growth company," whichever is earlier.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities.

As discussed above, we have a management services agreement with our sponsor for a management fee of \$10,000 per month for general and administrative services which includes the cost of the space we occupy and the costs of the personnel dedicated to us from our Sponsor. Additionally, the Company has engaged its' underwriters as advisors in connection an initial business combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business' attributes, introduce us to potential investors that are interested in purchasing our securities, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. The Company will pay the underwriters a cash fee for such services upon the consummation of our initial business combination in an amount equal to 3.5% of the gross proceeds of our initial public offering, amounting to \$4,830,000.

Quantitative and Qualitative Disclosures about Market Risk

As of 31 December 2017, we were not subject to any market or interest rate risk. Following the consummation of the our initial public offering, the net proceeds of our initial public offering, including amounts in the rust account, may be invested in U.S. government treasury bills, notes or bonds with a maturity of 180 days or less or in certain money market funds that invest solely in US treasuries. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

2. The following is an extract of “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for year ended 31 December 2018 from the 2018 Annual Report on Form 10-K of Black Ridge issued on 18 March 2019.

The 2018 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316819000700/brac_10k-123118.htm

Management’s Discussion and Analysis of Financial Condition and Results of Operations for the year ended 31 December 2018

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Forward-Looking Statement

This Annual Report on Form 10-K includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other SEC filings. The following discussion should be read in conjunction with our financial statements and related notes thereto included elsewhere in this report.

Overview

We are a blank check company incorporated as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities. We intend to effectuate our initial business combination using cash from the proceeds of our initial public offering and a sale of stock in a private placement that occurred simultaneously with the completion of our initial public offering, our capital stock, debt or a combination of cash, stock and debt.

In October 2017, we consummated our initial public offering of 13,800,000 units (including the units sold in connection with the exercise of the underwriter's over-allotment option) at \$10.00 per unit, generating gross proceeds of \$138,000,000. Offering costs associated with the initial public offering were approximately \$3.24 million, inclusive of \$2,760,000 of underwriting commissions paid upon closing of the initial public offering, including the exercise of the over-allotment option.

Simultaneously with the closing of the initial public offering, including the exercise of the over-allotment option, we consummated the private placement of 445,000 private units at a price of \$10.00 per private unit, all of which were sold to the Sponsor, and the sale of the representative's purchase options to purchase 600,000 units to EBC and its designees, the representative of the underwriters in the initial public offering, for \$100.

An aggregate of \$138,690,000 (\$10.05 per unit) from the net proceeds of the sale of the units in the initial public offering, the over-allotment units, and the private units was placed in the Trust Account currently at Morgan Stanley and maintained by Continental Stock Transfer & Trust Company, acting as trustee, and is invested in U.S. government treasury bills, until the earlier of (i) the consummation of the initial business combination or (ii) the Company's failure to consummate a business combination by 10 July 2019. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective merger or acquisition candidates and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to us for any amounts that are necessary to pay the Company's income tax and other obligations and up to \$50,000 of interest earned on the Trust Account balance may be released to us to pay for our liquidation expenses if we are unable to consummate an initial business combination within the required time period.

Our management has broad discretion with respect to the specific application of the net proceeds of the initial public offering and the private placement, although substantially all of the net proceeds are intended to be applied generally towards consummating a business combination.

Proposed Business Combination

On 19 December 2018, we entered into an Agreement and Plan of Reorganization (the "Merger Agreement") with Black Ridge Merger Sub, Corp., a Delaware corporation and wholly-owned subsidiary of ours ("Merger Sub"), Allied Esports Entertainment, Inc. ("Allied Esports"), Ourgame International Holdings Ltd. ("Ourgame"), Noble Link Global Limited, a wholly-owned subsidiary of Ourgame ("Noble"), and Primo Vital Ltd., also a wholly-owned subsidiary of Ourgame ("Primo").

Subject to the Agreement, (i) Noble will merge with and into Allied Esports (the "Redomestication Merger") with Allied Esports being the surviving entity in such merger and (ii) immediately after the Redomestication Merger, Merger Sub will merge with and into Allied Esports with Allied Esports being the surviving entity of such merger (the "Transaction Merger" and together with the Redomestication Merger, the "Mergers" or the "Proposed Business Combination") and becoming a wholly-owned subsidiary of ours.

Upon consummation of the Mergers (the “Closing”), we will issue to the former owners of Allied Esports and WPT Enterprises, Inc. (“WPT”) (i) an aggregate of 11,602,754 shares of our common stock and (ii) an aggregate of 3,800,003 warrants to purchase shares of our common stock.

In addition to the consideration described above, the former owners of Allied Esports and WPT will be entitled to receive their pro rata portion of an aggregate of an additional 3,846,153 shares of our common stock if the last sales price of our common stock equals or exceeds \$13.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for thirty (30) consecutive days at any time during the five (5) year period commencing on the date of the Closing (the “Closing Date”).

The Mergers will result in Black Ridge acquiring two of Ourgame’s global Esports and entertainment assets, Allied Esports and WPT. Allied Esports is a premier Esports entertainment company with a global network of dedicated Esports properties and content production facilities. WPT is the creator of the World Poker Tour® (WPT®) — the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online and mobile. The proposed transaction will seek to strategically combine the globally recognized Allied Esports brand with the three-pronged business model of the iconic World Poker Tour, featuring in-person experiences, multiplatform content and interactive services, to leverage the high-growth opportunities in the global Esports industry.

Consummation of the transactions contemplated by the Merger Agreement is subject to customary conditions and covenants of the respective parties, including approval of our stockholders and us having cash on hand of at least \$80 million. Further information regarding the Proposed Business Combination, the proposed business of the combined company following consummation of the Proposed Business Combination and the risks related to the proposed business of the combined company following consummation of the Proposed Business Combination can be found in our Current Report on Form 8-K filed with the Securities and Exchange Commission on 20 December 2018, the preliminary proxy statement filed by the Company with the Securities and Exchange Commission and the definitive proxy statement to be filed by the Company with the Securities and Exchange Commission. Unless otherwise indicated, the information in this Report assumes we will not consummate the Proposed Business Combination and will be forced to seek an alternative target with which to consummate an initial business combination.

Results of Operations

We have not generated any revenues to date, and we will not be generating any operating revenues until the closing and completion of our initial business combination. Our entire activity up to 31 December 2018 has been related to our company’s formation, the initial public offering, and since the closing of the initial public offering, a search for a business combination candidate and expenses incurred in connection with the Proposed Business Combination. We have, and expect to continue to generate non-operating income in the form of interest income on cash and cash equivalents. We expect to continue to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the period from 9 May 2017 (inception) through 31 December 2017, we had net income of \$93,150, which consisted of operating expenses of \$130,159, offset by other income from our Trust Account (interest income offset by unrealized losses on our assets held in trust) of \$290,353 and including a provision for income taxes of \$67,044.

For the year ended 31 December 2018, we had net income of \$1,141,199, which consisted of operating expenses of \$823,779, offset by other income from our Trust Account (interest income and unrealized gains on our assets held in trust) of \$2,540,851 and including a provision for income taxes of \$575,873.

Liquidity and Capital Resources

We presently have no revenue; our net operating expenses were \$823,779 for the year ended 31 December 2018, and consisted primarily of management fees paid to our sponsor, professional fees and other costs related to our search for a business combination. Through 31 December 2018, our liquidity needs were satisfied through receipt of approximately \$518,000 held outside of the Trust Account from the sale of Units upon closing of the initial public offering, \$25,000 from the sale of the founders' shares, and proceeds from a notes payable from the Sponsor in an aggregate amount of \$475,000, of which \$350,000 remains outstanding as of 31 December 2018.

In order to meet our ongoing working capital needs, the Sponsor, or its affiliates, or certain executive officers and directors, may, but are not obligated to, loan us additional funds as may be required. The loans would either be repaid upon consummation of our initial business combination, or, at the lender's discretion, up to \$1.5 million of such loans (including the \$350,000 loan payable to our Sponsor as of 31 December 2018 and an additional \$100,000 loan payable to our Sponsor subsequent to 31 December 2018) may be converted upon consummation of our business combination into additional private units at a price of \$10.00 per Unit. If we do not complete a business combination, the loans would be repaid only out of funds held outside of the Trust Account.

The accompanying financial statements have been prepared assuming we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of 31 December 2018, we had working capital of approximately \$78,000 (excluding income taxes and franchise fees which may be paid out of the Trust Account and the note payable to our sponsor). Further, we have incurred and expect to continue to incur significant costs in pursuit of our financing and acquisition plans. Our plans to raise capital or to consummate the initial business combination may not be successful. These matters, among others, raise substantial doubt about our ability to continue as a going concern. Based on the foregoing, we currently do not have sufficient cash and working capital to meet our needs through the mandatory liquidation date unless our sponsor provides us additional funds for our working capital needs or we obtain other financing.

The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Related Party Transactions***Sponsor Shares***

In connection with the organization of our company, a total of 3,450,000 shares common stock, as adjusted for a stock dividend declared on 4 October 2017, were sold to the Sponsor at a price of approximately \$0.007 per share for an aggregate of \$25,000 (“Founder Shares”).

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of our initial business combination or (ii) the date on which the closing price of our common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing 150 days after the initial business combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until six months after the date of the consummation of our initial business combination, or earlier, in either case, if, subsequent to our initial business combination, we consummate a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

Note Payable — Related Party

Prior to our initial public offering, the Sponsor had loaned to us an aggregate of \$125,000 to cover expenses related to our formation and the initial public offering. This note was repaid in full simultaneous with the initial public offering.

On 10 December 2018, our Sponsor loaned us \$350,000 in the form of a convertible promissory note. This note is unsecured, non-interest bearing and is payable at the consummation by the Company of a merger, share exchange, asset acquisition, or other similar business combination, with one or more businesses or entities (a “Business Combination”). Upon consummation of a Business Combination, the principal balance of the note may be converted, at the Sponsor’s option, to units at a price of \$10.00 per unit. The terms of the units are identical to the units issued by the Company in its initial public offering, except the warrants included in such units will be non-redeemable and may be exercised on a cashless basis, in each case so long as they continue to be held by the Sponsor or its permitted transferees. If the Sponsor converts the entire principal balance of the convertible promissory note, it would receive 35,000 units. If a Business Combination is not consummated, the note will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company has funds available to it outside of its trust account established in connection with the initial public offering.

Subsequent to 31 December 2018 our Sponsor loaned us an additional \$100,000 with terms identical to the above outlined convertible promissory note.

Other General and Administrative Services

We pay our Sponsor a management fee of \$10,000 per month for general and administrative services which includes the cost of the space we occupy and the costs of the personnel dedicated to us from our Sponsor. Our Sponsor, executive officers and directors, or any of their respective affiliates, are reimbursed for any out-of-pocket expenses, particularly travel, incurred in connection with activities on our behalf, including but not limited to identifying potential target businesses and performing due diligence on suitable business combinations. There is no cap or ceiling on the reimbursement of out-of-pocket expenses incurred by such persons in connection with activities on our behalf.

Critical Accounting Policies***Common Stock Subject to Possible Redemption***

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. The Company’s common stock features certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, common stock subject to possible redemption is presented as temporary equity at redemption value, outside of the stockholders’ equity section of the Company’s balance sheet.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company’s financial statements.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of 31 December 2018.

JOBS Act

On 5 April 2012, the JOBS Act was signed into law. The JOBS Act contains provisions that, among other things, relax certain reporting requirements for qualifying public companies. We will qualify as an “emerging growth company” and under the JOBS Act will be allowed to comply with new or revised accounting pronouncements based on the effective date for private (not publicly traded) companies. We are electing to delay the adoption of new or revised accounting standards, and as a result, we may not comply with new or revised accounting standards on the relevant dates

on which adoption of such standards is required for non-emerging growth companies. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Additionally, we are in the process of evaluating the benefits of relying on the other reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if, as an “emerging growth company”, we choose to rely on such exemptions we may not be required to, among other things, (i) provide an auditor’s attestation report on our system of internal controls over financial reporting pursuant to Section 404, (ii) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act, (iii) comply with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor’s report providing additional information about the audit and the financial statements (auditor discussion and analysis), and (iv) disclose certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the CEO’s compensation to median employee compensation. These exemptions will apply for a period of five years following the completion of our initial public offering or until we are no longer an “emerging growth company,” whichever is earlier.

Contractual Obligations

We do not have any long-term debt, capital lease obligations, operating lease obligations or long-term liabilities.

As discussed above, we have a management services agreement with our sponsor for a management fee of \$10,000 per month for general and administrative services which includes the cost of the space we occupy and the costs of the personnel dedicated to us from our Sponsor.

We have engaged our underwriters as advisors in connection an initial business combination to assist us in holding meetings with our shareholders to discuss the potential business combination and the target business’ attributes, introduce us to potential investors that are interested in purchasing our securities, assist us in obtaining shareholder approval for the business combination and assist us with our press releases and public filings in connection with the business combination. The Company will pay the underwriters a cash fee for such services upon the consummation of our initial business combination in an amount of approximately \$4,080,000.

We have engaged an investment advisor to assist us in connection with due diligence, financial analysis and positioning the Company in the capital markets (the “Capital Markets Fee”) related to the Proposed Business Combination. The Company will pay the investment advisor a cash fee of approximately \$2,000,000 for due diligence and advisory services upon the consummation of the Proposed Business Combination. The Company will also pay the Capital Markets Fee of 3% of the cash or securities available for the closing of the Proposed Business Combination including the proceeds received from the trust account net of cash reserved to fulfill redemption requests upon the consummation of the Proposed Business Combination.

Quantitative and Qualitative Disclosures about Market Risk

As of 31 December 2018, we were not subject to any market or interest rate risk. Following the consummation of the our initial public offering, the net proceeds of our initial public offering, including amounts in the trust account, may be invested in U.S. government treasury bills, notes or bonds with a maturity of 180 days or less or in certain money market funds that invest solely in US treasuries. Due to the short-term nature of these investments, we believe there will be no associated material exposure to interest rate risk.

3. The following is an extract of “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Black Ridge for the quarter ended 31 March 2019 from quarterly report on Form 10-Q of Black Ridge issued on 9 May 2019.

The 2019 quarterly report for the quarter ended 31 March 2019 on Form 10-Q have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1708341/000168316819001434/brac_10q-033119.htm#a_004

Management’s Discussion and Analysis of Financial Condition and Results of Operations for the Quarter Ended 31 March 2019

References in this report (the “Quarterly Report”) to “we,” “us” or the “Company” refer to Black Ridge Acquisition Corp.. References to our “management” or our “management team” refer to our officers and directors, and references to the “sponsor” refer to Black Ridge Oil & Gas, Inc.. The following discussion and analysis of the Company’s financial condition and results of operations should be read in conjunction with the financial statements and the notes thereto contained elsewhere in this Quarterly Report. Certain information contained in the discussion and analysis set forth below includes forward-looking statements that involve risks and uncertainties.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “should,” “could,” “would,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “continue,” or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission (“SEC”) filings. References to “we”, “us”, “our” or the “Company” are to Black Ridge Acquisition Corp., except where the context requires otherwise. The following discussion should be read in conjunction with our condensed financial statements and related notes thereto included elsewhere in this report.

Overview

We are a blank check company incorporated as a Delaware corporation and formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses or entities. We intend

to effectuate our initial business combination using cash from the proceeds of our initial public offering and a sale of stock in a private placement that occurred simultaneously with the completion of our initial public offering, our capital stock, debt or a combination of cash, stock and debt.

In October 2017, we consummated our initial public offering of 13,800,000 units (including the units sold in connection with the exercise of the underwriter's over-allotment option) at \$10.00 per unit, generating gross proceeds of \$138,000,000 million. Offering costs associated with the initial public offering were approximately \$3.24 million, inclusive of \$2,760,000 of underwriting commissions paid upon closing of the initial public offering (including costs in connection with the exercise of the over-allotment option).

Simultaneously with the closing of the initial public offering, including the exercise of the over-allotment option, we consummated the private placement of 445,000 private units at a price of \$10.00 per private unit, all of which were sold to the Sponsor, and the sale of the representative's purchase options to purchase 600,000 units to EBC and its designees, the representative of the underwriters in the initial public offering, for \$100.

An aggregate of \$138,690,000 (\$10.05 per share) from the net proceeds of the sale of the units in the initial public offering, the over-allotment units, and the private units was placed in the Trust Account currently at Morgan Stanley and maintained by Continental Stock Transfer & Trust Company, acting as trustee, and is invested in U.S. government treasury bills, until the earlier of (i) the consummation of the initial business combination or (ii) the Company's failure to consummate a business combination by July 10, 2019. The remaining net proceeds (not held in the Trust Account) may be used to pay for business, legal and accounting due diligence on prospective merger or acquisition candidates and continuing general and administrative expenses. Additionally, the interest earned on the Trust Account balance may be released to us for any amounts that are necessary to pay the Company's income tax obligations and up to \$50,000 of interest earned on the Trust Account balance may be released to us to pay for our liquidation expenses if we are unable to consummate an initial business combination within the required time period.

Our management has broad discretion with respect to the specific application of the net proceeds of the initial public offering and the private placement, although substantially all of the net proceeds are intended to be applied generally towards consummating a business combination.

Proposed Business Combination

On December 19, 2018, we entered into an Agreement and Plan of Reorganization (the "Business Combination Agreement") with Black Ridge Merger Sub, Corp., a Delaware corporation and wholly-owned subsidiary of ours ("Merger Sub"), Allied Esports Entertainment, Inc. ("Allied Esports"), Ourgame International Holdings Ltd. ("Ourgame"), Noble Link Global Limited, a wholly-owned subsidiary of Ourgame ("Noble"), and Primo Vital Ltd., also a wholly-owned subsidiary of Ourgame ("Primo").

Subject to the Business Combination Agreement, (i) Noble will merge with and into Allied Esports (the “Redomestication Merger”) with Allied Esports being the surviving entity in such merger and (ii) immediately after the Redomestication Merger, Merger Sub will merge with and into Allied Esports with Allied Esports being the surviving entity of such merger (the “Transaction Merger” and together with the Redomestication Merger, the “Mergers” or the “Proposed Business Combination”) and becoming a wholly-owned subsidiary of ours.

Upon consummation of the Mergers (the “Closing”), we will issue to the former owners of Allied Esports and WPT Enterprises, Inc. (“WPT”) (i) an aggregate of 11,602,754 shares of our common stock and (ii) an aggregate of 3,800,003 warrants to purchase shares of our common stock.

In addition to the consideration described above, the former owners of Allied Esports and WPT will be entitled to receive their pro rata portion of an aggregate of an additional 3,846,153 shares of our common stock if the last sales price of our common stock equals or exceeds \$13.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for thirty (30) consecutive days at any time during the five (5) year period commencing on the date of the Closing (the “Closing Date”).

The Mergers will result in Black Ridge acquiring two of Ourgame’s global Esports and entertainment assets, Allied Esports and WPT. Allied Esports is a premier Esports entertainment company with a global network of dedicated Esports properties and content production facilities. WPT is the creator of the World Poker Tour® (WPT®) — the premier name in internationally televised gaming and entertainment with brand presence in land-based tournaments, television, online and mobile. The proposed transaction will seek to strategically combine the globally recognized Allied Esports brand with the three-pronged business model of the iconic World Poker Tour, featuring in-person experiences, multiplatform content and interactive services, to leverage the high-growth opportunities in the global Esports industry.

Consummation of the transactions contemplated by the Business Combination Agreement is subject to customary conditions and covenants of the respective parties, including approval of our stockholders and us having cash on hand of at least \$80 million. Further information regarding the Proposed Business Combination, the proposed business of the combined company following consummation of the Proposed Business Combination and the risks related to the proposed business of the combined company following consummation of the Proposed Business Combination can be found in our Current Report on Form 8-K filed with the Securities and Exchange Commission on December 20, 2018, the preliminary proxy statement filed by the Company with the Securities and Exchange Commission on February 15, 2019, as amended, and the definitive proxy statement to be filed by the Company with the Securities and Exchange Commission.

Results of Operations

We have not generated any revenues to date, and we will not be generating any operating revenues until the closing and completion of our initial business combination. Our entire activity through March 31, 2019 has been related to our company’s formation, the initial public offering, and since the closing of the initial public offering, a search for a business combination candidate

and expenses incurred in connection with the Proposed Business Combination. We have, and expect to continue to generate non-operating income in the form of interest income on cash and cash equivalents. We expect to continue to incur increased expenses as a result of being a public company (for legal, financial reporting, accounting and auditing compliance), as well as for due diligence expenses.

For the three months ended March 31, 2019, we had net income of \$332,411, which consisted of operating expenses of \$297,078, offset by other income from our Trust Account (interest income and unrealized gains on our assets held in trust) of \$816,068 and including a provision for income taxes of \$186,579.

For the three months ended March 31, 2018, we had net income of \$234,699, which consisted of operating expenses of \$146,260, offset by other income from our Trust Account (interest income and unrealized gains on our assets held in trust) of \$475,626 and including a provision for income taxes of \$94,667.

Liquidity and Capital Resources

We presently have no revenue. Our net operating expenses were \$297,078 for the three months ended March 31, 2019 and consisted primarily of management fees paid to our sponsor, professional fees and other costs related to our search for a business combination and expenses incurred in connection with our Proposed Business Combination. Through March 31, 2019, our liquidity needs were satisfied through receipt of approximately \$518,000 held outside of the Trust Account from the sale of Units upon closing of the initial public offering, \$25,000 from the sale of the founders' shares, and proceeds from a notes payable from the Sponsor in an aggregate amount of \$775,000, of which \$650,000 remains outstanding as of March 31, 2019.

In order to meet our ongoing working capital needs, the Sponsor, or its affiliates, or certain executive officers and directors, may, but are not obligated to, loan us funds as may be required. The loans would either be repaid upon consummation of our initial business combination, or, at the lender's discretion, up to \$1.5 million of such loans (including \$650,000 of notes payable to our Sponsor as of March 31, 2019 may be converted upon consummation of our business combination into additional private units at a price of \$10.00 per Unit. If we do not complete a business combination, the loans would be repaid only out of funds held outside of the Trust Account.

The accompanying financial statements have been prepared assuming we will continue as a going concern, which contemplates, among other things, the realization of assets and satisfaction of liabilities in the normal course of business. As of March 31, 2019, we had working capital of approximately \$108,682 (excluding income taxes and franchise fees which may be paid out of the Trust Account and the note payable to our sponsor). Further, we have incurred and expect to continue to incur significant costs in pursuit of our financing and acquisition plans. Our plans to raise capital or to consummate the initial business combination may not be successful. These matters, among others, raise substantial doubt about our ability to continue as a going concern.

Based on the foregoing, we currently do not have sufficient cash and working capital to meet our needs through the mandatory liquidation date unless our sponsor provides us additional funds for our working capital needs or we obtain other financing.

The accompanying financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Related Party Transactions

Founder Shares

In connection with the organization of our company, a total of 3,450,000 shares common stock, as adjusted for a stock dividend declared on October 4, 2017, were sold to the Sponsor at a price of approximately \$0.007 per share for an aggregate of \$25,000 (“Founder Shares”).

Subject to certain limited exceptions, 50% of the Founder Shares will not be transferred, assigned, sold until the earlier of: (i) one year after the date of the consummation of our initial business combination or (ii) the date on which the closing price of our common stock equals or exceeds \$12.50 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing after the initial business combination, and the remaining 50% of the Founder Shares will not be transferred, assigned, sold until one year after the date of the consummation of our initial business combination, or earlier, in either case, if, subsequent to our initial business combination, we consummate a subsequent liquidation, merger, stock exchange, reorganization or other similar transaction which results in all of shareholders having the right to exchange their common stock for cash, securities or other property.

General and Administrative Services

Note Payable — Related Party

Prior to our initial public offering, the Sponsor had loaned to us an aggregate of \$125,000 to cover expenses related to our formation and the initial public offering. This note was repaid in full simultaneous with the initial public offering.

As of March 31, 2019, our Sponsor has loaned us \$650,000 in the form of a convertible promissory notes. This notes is unsecured, non-interest bearing and are payable at the consummation by the Company of a merger, share exchange, asset acquisition, or other similar business combination, with one or more businesses or entities (a “Business Combination”). Upon consummation of a Business Combination, the principal balance of the notes may be converted, at the Sponsor’s option, to units at a price of \$10.00 per unit. The terms of the units are identical to the units issued by the Company in its initial public offering, except the warrants included in such units will be non-redeemable and may be exercised on a cashless basis, in each case so long as they continue to be held by the Sponsor or its permitted transferees. If the Sponsor converts the entire principal balance of the convertible promissory notes, it would receive 65,000 units. If a Business

Combination is not consummated, the notes will not be repaid by the Company and all amounts owed thereunder by the Company will be forgiven except to the extent that the Company has funds available to it outside of its trust account established in connection with the initial public offering.

Other General and Administrative Services

We pay our Sponsor a fee of \$10,000 per month for general and administrative services which includes the cost of the space we occupy and the costs of the personnel dedicated to us from our Sponsor. Our Sponsor, executive officers and directors, or any of their respective affiliates, are reimbursed for any out-of-pocket expenses, particularly travel, incurred in connection with activities on our behalf, including but not limited to identifying potential target businesses and performing due diligence on suitable business combinations. There is no cap or ceiling on the reimbursement of out-of-pocket expenses incurred by such persons in connection with activities on our behalf.

Critical Accounting Policies

Common Stock Subject to Possible Redemption

The Company accounts for its common stock subject to possible redemption in accordance with the guidance in Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” Common stock subject to mandatory redemption (if any) is classified as a liability instrument and is measured at fair value. Conditionally redeemable common stock (including common stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company’s control) is classified as temporary equity. At all other times, common stock is classified as stockholders’ equity. The Company’s common stock features certain redemption rights that are considered to be outside of the Company’s control and subject to occurrence of uncertain future events. Accordingly, as of March 31, 2019 and December 31, 2018, common stock subject to possible redemption is presented at redemption value as temporary equity, outside of the stockholders’ equity section of the Company’s balance sheet.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not effective, accounting standards, if currently adopted, would have a material effect on the Company’s financial statements.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of March 31, 2019.

Quantitative and Qualitative Disclosures About Market Risk

As of March 31, 2019, we were not subject to any material market or interest rate risk. Following the consummation of our Initial Public Offering, funds held in our Trust Account have been invested in U.S. government treasury bills, notes or bonds with maturities of 180 days or less

or in certain money market funds that invest solely in US treasuries. Due to the short-term nature of these investments, we believe there is no associated material exposure to interest rate risk in such securities.

E. ADDITIONAL INFORMATION

For the financial period ended 31 December 2017 and year ended 31 December 2018, accounts payable and accrued expenses as disclosed in the balance sheets were non-trade in nature and were mainly accrued audit fees, professional fees and accrued income taxes and franchise fees.

The differences in relation disclosure or auditing standards for Black Ridge as an emerging growth company and other US listed companies which are not emerging growth companies are set out as follows:

- (1) **Auditing standards.** The audit standards for emerging market companies are the same as other listed companies with the only exception that the auditors of emerging growth companies are not required to attest to the company's compliance with the Sarbanes-Oxley Act. Accordingly, the auditors of Black Ridge only provide an opinion on the financial statements and not on Sarbanes-Oxley compliance. However Black Ridge in its public filings (10-K, 10-Q) has stated that they are in compliance of Sarbanes-Oxley Act.
- (2) **Disclosure regarding compensations for executives.** The disclosure rules and procedures regarding compensation for executives are less extensive for emerging growth companies. Nonetheless, as there is no paid executive position in Black Ridge as a blank check company, the difference in these standards are not relevant in the case of Black Ridge. Black Ridge pays a monthly services fee to Black Ridge Oil and Gas Inc., the SPAC sponsor, for management services and Black Ridge Oil and Gas Inc. in turn pays salaries to its employees.
- (3) **Accounting standards.** Black Ridge has complied with all applicable new accounting standards. Therefore, Black Ridge has not adopted any different accounting standards or procedures in this aspect.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**Introduction**

The following is the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows (collectively referred to as the “Unaudited Pro Forma Financial Information”) of the Group, which have been prepared on the basis as stated in the notes set out below for the purpose of illustrating the effect of the Mergers as if the Mergers were completed on 31 December 2018 for the unaudited pro forma consolidated statement of financial position, and as if the Mergers were completed on 1 January 2018 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows.

This Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2018 or at any future date or the results and cash flows of the Group for the year ended 31 December 2018 or for any future period.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2018 as disclosed in the 2018 annual report of the Company, and other financial information included elsewhere in the Circular.

For the purpose of calculation, the closing exchange rate of USD1: RMB6.8632 and the average exchange rate of USD1: RMB6.6163 are used.

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP AFTER COMPLETION OF THE VERY SUBSTANTIAL
ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

Unaudited pro forma consolidated statement of financial position

	The Group at 31 December 2018 RMB'000 (Audited) Note 1	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal					Unaudited pro forma the Group at 31 December 2018 RMB'000 (Unaudited)
		RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000 Note 6	
ASSETS AND LIABILITIES							
Non-current assets							
Property, plant and equipment	160,888	—	—	—	—	—	160,888
Intangible assets	333,556	—	—	—	—	—	333,556
Goodwill	180,441	—	—	—	—	—	180,441
Interests in associates	20,586	—	—	—	—	—	20,586
Loans to third parties	15,110	—	—	—	—	—	15,110
Financial assets at fair value through profit or loss	109,068	—	—	—	—	—	109,068
Deferred tax assets	1,726	—	—	—	—	—	1,726
	<u>821,375</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>821,375</u>
Current assets							
Inventories	733	—	—	—	—	—	733
Trade and other receivables	174,275	75	—	—	—	—	174,350
Loans to associates	1,756	—	—	—	—	—	1,756
Loans to third parties	56,974	—	—	—	—	—	56,974
Financial assets at fair value through profit or loss	—	969,818	—	—	(969,818)	—	—
Tax recoverable	3,348	—	—	—	—	—	3,348
Bank balances and cash	162,674	920	—	(72,775)	969,818	—	1,060,637
	<u>399,760</u>	<u>970,813</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>—</u>	<u>1,297,798</u>
Assets included in disposal group classified as held for sale	45,295	—	—	—	—	—	45,295
	<u>445,055</u>	<u>970,813</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>—</u>	<u>1,343,093</u>

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP AFTER COMPLETION OF THE VERY SUBSTANTIAL
ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

	The Group at 31 December 2018 RMB'000 (Audited) Note 1	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal					Unaudited pro forma the Group at 31 December 2018 RMB'000 (Unaudited)
		RMB'000 Note 2	RMB'000 Note 3	RMB'000 Note 4	RMB'000 Note 5	RMB'000 Note 6	
Current liabilities							
Trade and other payables	95,547	3,511	—	—	—	—	99,058
Deferred revenue	26,419	—	—	—	—	—	26,419
Contingent consideration payables	40,948	—	—	—	—	—	40,948
Convertible notes	70,323	—	—	—	—	—	70,323
Income tax liabilities	3,242	3,246	—	—	—	—	6,488
Common stock subject to redemption	—	929,737	—	—	—	(929,737)	—
	<u>236,479</u>	<u>936,494</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(929,737)</u>	<u>243,236</u>
Liabilities included in disposal group classified as held for sale	<u>16,558</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>16,558</u>
	<u>253,037</u>	<u>936,494</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(929,737)</u>	<u>259,794</u>
Net current assets	<u>192,018</u>	<u>34,319</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>929,737</u>	<u>1,083,299</u>
Total assets less current liabilities	<u>1,013,393</u>	<u>34,319</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>929,737</u>	<u>1,904,674</u>
Non-current liabilities							
Deferred tax liabilities	<u>33,419</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,422</u>
	<u>33,419</u>	<u>3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>33,422</u>
Net assets	<u>979,974</u>	<u>34,316</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>929,737</u>	<u>1,871,252</u>
EQUITY							
Share capital	340	34,316	(34,316)	—	—	—	340
Reserves	<u>963,042</u>	<u>—</u>	<u>186,918</u>	<u>(19,758)</u>	<u>—</u>	<u>252,423</u>	<u>1,382,625</u>
Equity attributable to equity holders of the Company	963,382	34,316	152,602	(19,460)	—	248,612	1,379,452
Non-controlling interests	<u>16,592</u>	<u>—</u>	<u>(152,602)</u>	<u>(53,315)</u>	<u>—</u>	<u>681,125</u>	<u>491,800</u>
Total equity	<u>979,974</u>	<u>34,316</u>	<u>—</u>	<u>(72,775)</u>	<u>—</u>	<u>929,737</u>	<u>1,871,252</u>

Unaudited pro forma consolidated statement of profit or loss and other comprehensive income

	The Group for the year ended 31 December 2018	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal			Unaudited pro forma the Group for the year ended 31 December 2018
	<i>RMB'000 (Audited) Note 1</i>	<i>RMB'000 Note 2</i>	<i>RMB'000 Note 3</i>	<i>RMB'000 Note 4</i>	<i>RMB'000</i>
Continuing operations:					
Revenue	343,363	—	—	—	343,363
Cost of revenue	(217,836)	—	—	—	(217,836)
Gross profit	125,527	—	—	—	125,527
Other income	19,613	16,812	—	—	36,425
Selling and marketing expenses	(75,150)	—	—	—	(75,150)
Administrative expenses	(371,292)	(5,452)	—	(72,775)	(449,519)
Share-based compensation expense	(29,037)	—	—	—	(29,037)
Research and development expenses	(10,948)	—	—	—	(10,948)
Finance costs	(2,271)	—	—	—	(2,271)
Share of losses of associates	(16,662)	—	—	—	(16,662)
Fair value changes of financial assets at fair value through profit or loss	8,151	—	—	—	8,151
Fair value changes of contingent consideration payables	45,332	—	—	—	45,332
Loss on fair value changes of convertible notes	(1,691)	—	—	—	(1,691)
Change in fair value of common stock subject to possible redemption	—	(7,549)	—	—	(7,549)
Impairment of assets	(230,969)	—	—	—	(230,969)
Loss before income tax	(539,397)	3,811	—	(72,775)	(608,361)
Income tax credit/(expense)	15,456	(3,811)	—	—	11,645
Loss for the year from continuing operations	(523,941)	—	—	(72,775)	(596,716)
Discontinued operations:					
Loss for the year from discontinued operations	(173,572)	—	—	—	(173,572)
Loss for the year	(697,513)	—	—	(72,775)	(770,288)
Other comprehensive income					
Item that may be subsequently reclassified to profit or loss:					
Currency translation differences	11,359	—	—	—	11,359
Total comprehensive loss for the year	(686,154)	—	—	(72,775)	(758,929)

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP AFTER COMPLETION OF THE VERY SUBSTANTIAL
ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

	The Group for the year ended 31 December 2018 <i>RMB'000</i> <i>(Audited)</i> <i>Note 1</i>	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal			Unaudited pro forma the Group for the year ended 31 December 2018 <i>RMB'000</i>
		<i>RMB'000</i> <i>Note 2</i>	<i>RMB'000</i> <i>Note 3</i>	<i>RMB'000</i> <i>Note 4</i>	
Profit/(Loss) for the year attributable to:					
Equity holders of the Company					
— Continuing operations	(449,398)	—	199,109	(19,460)	(269,749)
— Discontinued operations	(173,572)	—	—	—	(173,572)
Non-controlling interests					
— Continuing operations	(74,543)	—	(199,109)	(53,315)	(326,967)
— Discontinued operations	—	—	—	—	—
	<u>(697,513)</u>	<u>—</u>	<u>—</u>	<u>(72,775)</u>	<u>(770,288)</u>
Total comprehensive income/(loss) for the year attributable to:					
Equity holders of the Company					
— Continuing operations	(439,315)	—	199,109	(19,460)	(259,666)
— Discontinued operations	(173,572)	—	—	—	(173,572)
Non-controlling interests					
— Continuing operations	(73,267)	—	(199,109)	(53,315)	(325,691)
— Discontinued operations	—	—	—	—	—
	<u>(686,154)</u>	<u>—</u>	<u>—</u>	<u>(72,775)</u>	<u>(758,929)</u>

Unaudited pro forma consolidated statement of cash flows

	The Group for the year ended 31 December 2018 RMB'000 (Audited) Note 1	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal			Unaudited pro forma the Group for the year ended 31 December 2018 RMB'000 (Unaudited)
		RMB'000 Note 2	RMB'000 Note 4	RMB'000 Note 5	
Cash flows from operating activities					
Loss before income tax					
— Continuing operations	(539,397)	—	—	—	(539,397)
— Discontinued operations	(173,572)	—	—	—	(173,572)
	(712,969)	—	—	—	(712,969)
Adjustments for:					
Depreciation of property, plant and equipment	39,201	(15,203)	—	—	23,998
Amortisation of intangible assets	99,598	—	—	—	99,598
Interest expense	2,271	—	—	—	2,271
Bank interest income	(2,417)	—	—	—	(2,417)
Interest income from loans to third parties	(7,753)	—	—	—	(7,753)
Interest income from loans to associates	(170)	—	—	—	(170)
Impairment of assets	358,579	—	—	—	358,579
Loss on disposal of property, plant and equipment	1,265	—	—	—	1,265
Loss on disposal of subsidiaries	28,695	—	—	—	28,695
Gain on disposal of financial assets at fair value through profit or loss	(185)	—	—	—	(185)
Gain on disposal of interest in associates	3,300	—	—	—	3,300
Fair value change on financial assets at fair value through profit or loss	(8,151)	—	—	—	(8,151)
Fair value change of contingent consideration payables	(45,332)	—	—	—	(45,332)
Fair value change of convertible notes	1,691	—	—	—	1,691
Share of losses of associates	16,662	—	—	—	16,662
Expenses relating to the Restructuring	—	—	(72,775)	—	(72,775)
Share-based compensation expense	29,037	—	—	—	29,037
Operating loss before working capital changes	(196,678)	(15,203)	(72,775)	—	(284,656)
Decrease in inventories	463	—	—	—	463
Increase in trade and other receivables	(249,393)	(156,426)	—	—	(405,819)
Increase in trade and other payables	318,528	—	—	—	318,528
Increase in deferred revenue	19,882	—	—	—	19,882
Cash (used in) operations	(107,198)	(171,629)	(72,775)	—	(351,602)
Interest received	20,419	—	—	—	20,419
Income tax paid	(9,494)	359	—	—	(9,135)
Net cash used in operating activities	(96,273)	(171,270)	(72,775)	—	(340,318)

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP AFTER COMPLETION OF THE VERY SUBSTANTIAL
ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

	The Group for the year ended 31 December 2018	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal			Unaudited pro forma the Group for the year ended 31 December 2018
	<i>RMB'000 (Audited) Note 1</i>	<i>RMB'000 Note 2</i>	<i>RMB'000 Note 4</i>	<i>RMB'000 Note 5</i>	<i>RMB'000 (Unaudited)</i>
Cash flows from investing activities					
Placement of time deposit with maturity over three months	(6,863)	—	—	—	(6,863)
Decrease in restricted bank balances	52,410	—	—	—	52,410
Purchase of property, plant and equipment	(134,540)	9,424	—	—	(125,116)
Proceeds from disposal of property, plant and equipment	1,030	—	—	—	1,030
Proceeds from disposal of intangible assets	2,369	—	—	—	2,369
Purchase of intangible assets	(42,192)	—	—	—	(42,192)
Addition in development costs through internal development	(8,394)	—	—	—	(8,394)
Acquisition of subsidiaries, net of cash acquired	(40,932)	—	—	—	(40,932)
Acquisition of additional equity interest in a subsidiary	(34,521)	—	—	—	(34,521)
Net cash outflows from disposal of subsidiaries	(500)	—	—	—	(500)
Purchase of financial assets at fair value through profit or loss	(44,497)	—	—	—	(44,497)
Proceed from disposal of associate	3,000	—	—	—	3,000
Proceeds from disposal of available-for-sale financial assets	58,347	—	—	—	58,347
Addition of loans to associates	(7,154)	—	—	—	(7,154)
Addition of loans to third parties	(65,635)	—	—	—	(65,635)
Addition of loans to a director of the Company	(4,381)	—	—	—	(4,381)
Addition in amounts due from associates	(16,370)	—	—	—	(16,370)
Repayment in loans to associates	3,524	—	—	—	3,524
Repayment in loans to third parties	40,294	—	—	—	40,294
Repayment of amounts due from associates	18,417	—	—	—	18,417
Expenses relating to the Restructuring	—	—	—	969,818	969,818
Net cash (used in) from investing activities	(226,588)	9,424	—	969,818	752,654
Cash flows from financing activities					
Interest paid	(443)	—	—	—	(443)
Proceeds from amount due to an associate	850	—	—	—	850
Repayment of amount due to an associate	(10)	—	—	—	(10)
Proceeds from issuance of convertible notes	68,632	—	—	—	68,632
Proceeds from issuance of shares upon exercise of share options	1,747	—	—	—	1,747
Proceeds from issuance of new shares for management subscription	231,574	—	—	—	231,574
Purchase of shares for Share Award Scheme	(13,407)	—	—	—	(13,407)
Net cash from financing activities	288,943	—	—	—	288,943
Net (decrease)/increase in cash and cash equivalents	(33,918)	(161,846)	(72,775)	969,818	701,279
Cash and cash equivalents at beginning of year	194,956	162,766	—	—	357,722
Effect of foreign exchange rate changes	(5,227)	—	—	—	(5,227)
Cash and cash equivalents at end of year	155,811	920	(72,775)	969,818	1,053,774

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP AFTER COMPLETION OF THE VERY SUBSTANTIAL
ACQUISITION AND VERY SUBSTANTIAL DISPOSAL**

	The Group for the year ended 31 December 2018	Pro forma adjustments in respect of the Very Substantial Acquisition and Very Substantial Disposal			Unaudited pro forma the Group for the year ended 31 December 2018
	<i>RMB'000 (Audited) Note 1</i>	<i>RMB'000 Note 2</i>	<i>RMB'000 Note 4</i>	<i>RMB'000 Note 5</i>	<i>RMB'000 (Unaudited)</i>
Represented by:					
— Bank balances and cash per the consolidated statement of financial position	162,674	920	(72,775)	969,818	1,060,637
—Term deposits with banks over 3 months	<u>(6,863)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(6,863)</u>
	<u>155,811</u>	<u>920</u>	<u>(72,775)</u>	<u>969,818</u>	<u>1,053,774</u>

Notes:

- (1) The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2018, and the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2018, as set out in the published annual report of the Company for the year ended 31 December 2018.
- (2) The figures are extracted from the statement of financial position of Black Ridge as at 31 December 2018, and the statement of profit or loss and other comprehensive income and the statement of cash flows of Black Ridge for the year ended 31 December 2018, as if the consolidation of Black Ridge into the Group after the completion of the Mergers. The Company have control over Black Ridge as AESWPT Holdco will continue to be an indirect non-wholly owned subsidiary of the Company through the significant control the Company will exercise over it by virtue of (1) being the single largest shareholder of Black Ridge, (2) its appointment of a majority of the board of directors of Black Ridge pursuant to the terms of the Merger Agreement, (3) the grant of a proxy over the voting rights attached to their Black Ridge shares that certain members of the management team of the Merger Businesses provided and (4) the fact that there will be no other significant shareholder capable of exercising material influence over of Black Ridge. For the financial information of Black Ridge, reference to pages III-20 to III-22 and pages III-24 to III-25 of the Circular, with the closing exchange rate of USD1: RMB6.8632 and the average exchange rate of USD1: RMB6.6163 are used.
- (3) The adjustment represents the pro forma profit/loss sharing between the Company and the non-controlling shareholders in the Group for the Company, through Primo Vital, will be entitled to receive approximately 26.74% equity interest in Black Ridge (assuming full conversion of Convertible Notes in the Convertible Debt Financings) as enlarged by the issue of the Consideration Shares (excluding BR Warrants and Contingent Shares and assuming that there is no change in the number of issued shares of Black Ridge from the Latest Practicable Date to the date of Completion except the Share Issuance and the issuance resulting from the full conversion of the Convertible Notes in the Convertible Debt Financings).
- (4) The adjustment represents the payment of legal and professional fees of RMB72,775,000 directly attributable to the Merger Agreement. The adjustment is not expected to have a continuing effect on the Group.
- (5) The adjustment represents the pro forma adjustment to reclassify the cash and investments held in the Trust Account to cash and cash equivalents to reflect that the cash and investments in the Trust Account is available for use following the Completion of the Mergers.
- (6) The adjustment represents the pro forma adjustment to reclassify all common stock subject to redemption to stockholders' equity to reflect that the redemption rights will no longer exist following the Completion of the Mergers.



**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPLIANCE OF PRO FORMA FINANCIAL INFORMATION**

TO THE DIRECTORS OF OURGAME INTERNATIONAL HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of pro forma financial information of Ourgame International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2018, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2018 and related notes as set out on pages IV-2 to IV-8 of Appendix IV to the circular issued by the Company dated 19 June 2019 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-2 to IV-8 of Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Mergers (as defined in the Circular) on the Group's financial position as at 31 December 2018 and the Group's financial performance and cash flows for the year ended 31 December 2018 as if the Mergers had taken place at 31 December 2018 and 1 January 2018 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2018, on which an auditors' report has been published.

**DIRECTORS' RESPONSIBILITIES FOR THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS’ RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2018 or 1 January 2018 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been compiled, in all material respects, on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

19 June 2019

Lin Ching Yee Daniel

Practising Certificate No.: P02771

For further financial information of the Disposal Group and the Remaining Group, please refer to the section headed “Management Discussion and Analysis” set out on pages 10 to 19 of the annual report of the Group for the year ended 31 December 2018 (available from the hyperlink: <https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429711.pdf>), pages 11 to 18 of the annual report of the Group for the year ended 31 December 2017 (available from the hyperlink: <http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0419/LTN20180419435.pdf>), and pages 11 to 16 of the annual report of the Group for the year ended 31 December 2016 (available from the hyperlink: <http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0413/LTN201704131002.pdf>), respectively, which have been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ourgame.com) and (www.lianzhong.com).

PART I — MANAGEMENT DISCUSSION AND ANALYSIS OF THE DISPOSAL GROUP

The management discussion and analysis of the Disposal Group as set out below is based on a summary of the business and financial information for the three years ended 31 December 2018 relating to the Esports and WPT businesses to be operated by Black Ridge after completion of the Proposed Spin-off.

FOR THE YEAR ENDED 31 DECEMBER 2018

A. Business Overview

The Disposal Group is mainly related to the segments of Online games business and Esports business, as disclosed in the 2018 annual report of the Company. The Online games business represented online card and board games business carried out by Peerless Group. The Esports business represented sports e-commerce business and other non-card-and-board games new internet businesses.

During the year the Company continued to make progress on its Esports and WPT businesses. In the first half of 2018, Allied Esports, officially opened its global flagship arena at the MGM Luxor Casino and Hotel in March in Las Vegas, U.S.A. The first major Esports event at the Las Vegas Arena held with the leading Esports streamer in the US resulted in record breaking viewership of 680 thousand peak concurrent viewers and more than 2.5 million unique viewers. It demonstrated Allied Esports’ integrated and broad capabilities on property venue, tournament creation and management, and content production. The Allied Esports Las Vegas Arena has become an instant landmark and one of the most sought after venues for Esports tournament and content generation of the highest quality and caliber. The WPT business continued to expand into new geographies and its TV programs continued to reach a growing TV audience of more than 140 million households worldwide as of December 2018. Its brand power continued to fuel the growth of its licensing business with partners including Zynga and its improved operation continued to reflect positively on its financials.

B. Financial overview***Revenue***

Revenue amounted to RMB130.91 million for the year, an increase of approximately 56.29% from RMB83.76 million in 2017. The increase in revenues was primarily due to the opening of the flagship Esports arena in Las Vegas, which generated significantly higher revenues from game tournaments and sponsorship income.

Cost of Revenue and Gross Profit Margin

In 2018, cost of revenue of the Disposal Group amounted to RMB47.23 million, representing an increase of RMB15.02 million or 46.63% as compared with RMB32.21 million in 2017. The resulting gross profit margin increased from 61.54% for 2017 to 63.92% for 2018. The increase was mainly due to cost control during the year.

Other Income

In 2018, other income of the Disposal Group amounted to RMB5.61 million, representing a decrease of RMB48.46 million or 89.62% as compared with RMB54.07 million in 2017. This was primarily due to decrease in capital gain.

Selling and Marketing Expenses

In 2018, selling and marketing expenses of the Disposal Group amounted to RMB20.24 million, representing a decrease of RMB42.78 million or 67.88% as compared with RMB63.02 million in 2017. The decrease was mainly due to cost controls in light of changes in market environment during the year.

Administrative Expenses

The increase of administrative expenses was primarily due to the acquisition of Esports Arena LLC and the consolidation of its expenses into the Disposal Group.

Finance Costs

The Disposal Group had minimal financing costs in 2018, consistent with 2017. The Disposal Group's operations have mainly been financed by equity capital.

Research and Development Expenses

In 2018, the total research and development expenses amounted to RMB5.35 million, a decrease of 54.62% over RMB11.79 million in 2017 and primarily attributable to reversal of hosting costs related to Ourgame that were expected to hit but then were not going to happen.

Loss Attributable to Equity Holders of the Disposal Group

The loss attributable to equity holders of the Disposal Group amounted to RMB279.33 million for the year ended 31 December 2018, as compared with a loss attributable to equity holders of the Disposal Group of RMB28.48 million for the year ended 31 December 2017.

Borrowings

The Disposal Group did not have any borrowings as at 31 December 2018.

As of 31 December 2018, the Disposal Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%.

Contingent Liabilities

As of 31 December 2018, the Disposal Group did not have any material contingent liabilities.

Prospects and future plans

The Disposal Group, including after the Transaction Merger with Black Ridge (should it be consummated), will continue to focus on developing the Esports and WPT businesses.

Foreign Exchange Risk

Substantially all of the Disposal Group's revenue, costs and expenses are denominated in US\$. The Disposal Group uses RMB as its reporting currency. The Disposal Group believes its operations currently are not subject to significant foreign exchange risk. The Disposal Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information***Material investments***

The Disposal Group did not have any material investment in 2018.

Material acquisition and disposals

The Disposal Group did not have any material acquisitions or disposals in 2018.

Remuneration and training of Employees

In 2018, the remuneration of the Disposal Group's employees includes share-based compensation expense, salaries and allowances. The Disposal Group provides training to its staff in respect of technology and operations. The Disposal Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2018, the Disposal Group had 140 employees.

FOR THE YEAR ENDED 31 DECEMBER 2017**A. Business overview**

The Disposal Group is mainly related to the segments of Online games business and Esports business, as disclosed in the 2017 annual report of the Company. The Online games business represented online card and board games business carried out by Peerless Group. The Esports business represented sports e-commerce business and other non-card-and-board games new internet businesses.

2017 was a year of rapid progress for the Esports business. Allied Esports entered into an agreement with MGM Group to open its global flagship arena at the MGM Luxor Casino and Hotel, with MGM as its partner to provide substantial marketing and other supports. Allied Esports also made significant progress in building its own branded IP tournaments as well as establishing further partnerships. AES continued to hold highly successful branded tournaments with record player participation and viewership including its Legend Series — CS:Go tournament in Europe, Super Star Series — Hearthstone in Europe, Overwatch Open Division tournaments in China, Fight Series in the US and other tournaments. Allied Esports established itself as a first mover in the global Esports industry and laid the foundation for further growth.

2017 was also a year of transformation for the WPT business. WPT continued to expand its geographic reach by entering into the Brazil, India and Japan markets for the first time in its history with highly successful tournaments. WPT's TV viewership hit an all-time high with its TV programs reaching more than 140 million households worldwide in 2017. Expanded geographic reach and TV viewership continued to add value to WPT's brand and was reflected in WPT's expanding sponsorships and licensing partners with a A-list line-up of sponsors such as Hublot Watch, Dr. Pepper and JetSmarter.

B. Financial overview*Revenue*

Revenue amounted to RMB83.76 million for the year, a decrease of approximately 34.61% from RMB128.09 million in 2016. The decrease in revenues was primarily due to the loss of sponsorship revenues from a major customer which was under contract through the end of 2016 and the contract was not renewed for 2017.

Cost of Revenue and Gross Profit Margin

In 2017, cost of revenue of the Disposal Group amounted to RMB32.21 million, representing a decrease of RMB15.56 million or 32.57% as compared with RMB47.77 million in 2016. The resulting gross profit margin decreased from 62.71% for 2016 to 61.54% for 2017.

Other Income

In 2017, other income of the Disposal Group amounted to RMB54.07 million, representing an increase of RMB45.52 million or 532.40% as compared with RMB8.55 million in 2016. This was primarily due to increase in capital gain.

Selling and Marketing Expenses

In 2017, selling and marketing expenses of the Disposal Group amounted to RMB63.02 million, representing an increase of RMB16.94 million or 36.76% as compared with RMB46.08 million in 2016. The increase was mainly due to increased ad spending for PlayWPT, and advertising and promotional activities for the upcoming opening of AEII's Las Vegas arena in 2018.

Administrative Expenses

Administrative expenses increased as AEII had increased general and administrative costs as it ramped up operations at the end of 2017 to ready the company for the opening of its flagship Las Vegas arena and the U. S. mobile arena truck acquired in January 2018, including increase in payroll and related costs, an increase in travel costs and increase in professional services. Additionally, AEII's European operations had increased general and administrative costs. At WPT, the increase in general and administrative expenses resulted from increased salaries resulting from a incentive pay and increased legal and other costs associated with restructuring activities at WPT.

Finance Costs

The Disposal Group had minimal financing costs in 2017, consistent with 2016. The Disposal Group's operations have mainly been financed by equity capital.

Research and Development Expenses

The Disposal Group's research and development expenditures comprised primarily platform, hosting and services. In 2018, the total research and development expenses amounted to RMB11.79 million, an decrease of 13.81% over RMB13.68 million in 2016 and primarily attributable to decrease in production.

Loss Attributable to Equity Holders of the Disposal Group

The loss attributable to equity holders of the Disposal Group amounted to RMB28.48 million for the year ended 31 December 2017, as compared with a loss attributable to equity holders of the Disposal Group of RMB19.00 million for the year ended 31 December 2016.

Borrowings

The Disposal Group did not have any borrowings as at 31 December 2017.

As of 31 December 2017, the Disposal Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%.

Contingent Liabilities

As of 31 December 2017, the Disposal Group did not have any material contingent liabilities.

Foreign Exchange Risk

Substantially all of the Disposal Group's revenue, costs and expenses are denominated in US\$. The Disposal Group uses RMB as its reporting currency. The Disposal Group believes its operations currently are not subject to significant foreign exchange risk. The Disposal Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information***Material investments***

The Disposal Group did not have any material investment in 2017.

Material acquisition and disposals

The Disposal Group did not have any material acquisitions or disposal in 2017.

Remuneration and training of Employees

In 2017, the remuneration of the Disposal Group's employees includes share-based compensation expense, salaries and allowances. The Disposal Group provides training to its staff in respect of technology and operations. The Disposal Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2017, the Disposal Group had 72 employees.

FOR THE YEAR ENDED 31 DECEMBER 2016**A. Business overview**

The Disposal Group is mainly related to the segments of Online games business and Esports business, as disclosed in the 2016 annual report of the Company. The Online games business represented online card and board games business carried out by Peerless Group. The Esports business represented sports e-commerce business and other non-card-and-board games new internet businesses.

During the year, the WPT business continued to renew and expand its product offerings and geographic and channel coverage. In the second half of 2016, the all new PlayWPT Poker and PlayWPT Slots products were launched on both PC and mobile devices. WPT events also continued to expand and grow. WPT hosted its first event in the Dominican Republic and celebrated record-breaking numbers during the WPT Borgata Poker Open, WPT Maryland Live!, and WPT Five Diamond World Poker Classic, which drew its largest field in its 15-year history. WPT also signed a five-year contract with Fox Sports to provide WPT programming. WPT also secured partnerships and expanded relationships with notable digital platforms, including PlutoTV, AppleTV, OperaTV, Roku and AmazonFire.

The Disposal Group also expanded its Esports arena network. In 2016, Allied Esports announced its investment in US-based Esports Arena Inc, which operates Esports arenas in the United States of America, thereby entering the important North America market. Also in 2016, Allied Esports announced the formation of the ELC gaming European subsidiary with the launch of the Big Betty mobile arena, thus expanding into the European market. December 2016, Allied Esports' first international tournament, Esports Superstars, was launched in Germany. On the opening day, the viewership of Superstars broke the historical viewership record of Blizzard's Hearthstone and ranked fifth on Twitch globally. The series showcased Allied Esports' global capability with tournament organization and broadcast production done by the Europe subsidiary, with North America operations and marketing support.

B. Financial overview***Revenue***

Revenue amounted to RMB128.09 million for the year, an increase of approximately 64.81% from RMB77.72 million in 2015. The increase in revenues was primarily due to the expansion of the Disposal Group's businesses into new geographies and markets and corresponding higher revenues from game tournaments and sponsorship income.

Cost of Revenue and Gross Profit Margin

In 2016, cost of revenue of the Disposal Group amounted to RMB47.77 million, representing an increase of RMB31.19 million or 188.12% as compared with RMB16.58 million in 2015. The resulting gross profit margin decreased from 78.67% for 2015 to 62.71% for 2016. The decrease was mainly due to consolidation of AES.

Other Income

In 2016, other income of the Disposal Group amounted to RMB8.55 million, representing an increase of RMB8.47 million or 10,587.50% as compared with RMB0.08 million in 2015. This was primarily due to consolidation of AES.

Selling and Marketing Expenses

In 2016, selling and marketing expenses of the Disposal Group amounted to RMB46.08 million, representing an increase of RMB26.62 million or 136.79% as compared with RMB19.46 million in 2015. The increase was mainly due to consolidation of AES.

Administrative Expenses

The increase of administrative expenses was primarily due to the acquisition of AES and the consolidation of its expenses into the Disposal Group.

Finance Costs

The Disposal Group had minimal financing costs in 2016, consistent with 2015. The Disposal Group's operations were mainly been financed by equity capital.

Research and Development Expenses

In 2016, the total research and development expenses amounted to RMB13.68 million, an increase of 210.90% over RMB4.40 million in 2015.

Loss/Profit Attributable to Equity Holders of the Disposal Group

The loss attributable to equity holders of the Disposal Group amounted to RMB19.00 million for the year ended 31 December 2016, as compared with a profit attributable to equity holders of the Disposal Group of RMB13.60 million for the year ended 31 December 2015.

Borrowings

The Disposal Group did not have any borrowings as at 31 December 2016.

As of 31 December 2016, the Disposal Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%.

Contingent Liabilities

As of 31 December 2016, the Disposal Group did not have any material contingent liabilities.

Foreign Exchange Risk

Substantially all of the Disposal Group's revenue, costs and expenses are denominated in US\$. The Disposal Group uses RMB as its reporting currency. The Disposal Group believes its operations currently are not subject to significant foreign exchange risk. The Disposal Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information*Material investments*

The Disposal Group did not have any material investment in 2016.

Material acquisition and disposals

The Disposal Group did not have any material acquisitions or disposals in 2016.

Remuneration and training of Employees

In 2016, the remuneration of the Disposal Group's employees includes share-based compensation expense, salaries and allowances. The Disposal Group provides training to its staff in respect of technology and operations. The Disposal Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2016, the Disposal Group had 63 employees.

PART II — MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

The management discussion and analysis of the Remaining Group as set out below is based on a summary of the business and financial information for the three years ended 31 December 2018 relating to the Company's PC and mobile games business to be operated by the Remaining Group after completion of the Proposed Spin-off.

FOR THE YEAR ENDED 31 DECEMBER 2018**A. Business Overview**

The year 2018 has been one of the most challenging periods for the Remaining Group. From the beginning of the year 2018, we encountered unexpected and significant industry-wide regulatory headwinds in our China domestic card and board games business, which has been a key component of the Company's business. The suspension of new game permit issuance starting from the end of

March 2018 has had a major impact as new games could not be launched and/or start receiving user payments, contributing to a significant market downturn in the industry as a whole. Regulations and regulatory practices on the approval, publishing and operation of card and board games in general and Texas Hold'em games in particular also became significantly more restrictive, thus making the operating environment challenging and with more risks and uncertainties. The PC and mobile card and board games businesses of the Remaining Group were both adversely impacted by the uncertain government policies and administrative measures, in particular the Texas Hold'em and PC games in the PRC being affected the most. The regulatory changes and uncertainties were most significant in the first half of the year. Although there was better regulatory clarity as the second half of the year progressed, such regulatory changes and uncertainties caused a substantial downturn in revenue and profitability of the Remaining Group for the year as a whole.

The Remaining Group has taken proactive and drastic actions to address these challenges and negate the impact of the market downturn experienced during the year. Given the challenging environment for the China card and board games business, the Remaining Group has resolutely but rationally optimized the number of staff across its mobile game and PC game businesses. Redundancy actions were taken, resulting in one-off restructuring costs but significant savings on ongoing operating costs. Cost saving actions were also taken across the board on decreasing leased office space, data center leases and other cost items that resulted in further reduction of expenses and optimization of the cost structure. The Remaining Group has restructured its PC games businesses that may be impacted by the uncertain government policies/administrative measures and outsourced the operation of those businesses to an independent third party, so that the Remaining Group could save the corresponding and significant operating costs and also achieve better operational risk management. The Remaining Group has also worked to shift the focus of its domestic PRC game operations onto games that are not impacted by the policy uncertainty and also launched major user base activation campaigns through email outreach and other means to reactivate long term dormant users. The actions taken have been effective and the Remaining Group's operational results have stabilized and seen improvement in the second half of the year, and in particular in the fourth quarter.

In 2018, in light of changes in market environment during the year, the Remaining Group wrote-down substantially all of the carrying values of the assets relating to the PRC card and board games businesses.

The impairment of assets amounted to RMB358.6 million. The impaired assets included the China domestic card and board games related intangible assets (which mainly related to game intellectual properties, trademark and licenses, development costs and customer relationships), goodwill, interests in associates and trade and other receivables. For trade and other receivables, the Remaining Group had fully impaired the receivables that were considered unrecoverable, while for the rest the Remaining Group had applied various percentages according to the Remaining Group policy. The Company considered that the receivables not being impaired are recoverable.

The Remaining Group will consider further impairment if the assets cannot be recoverable in the future.

The Remaining Group is mainly related to the segment of Lianzhong Group, as disclosed in the 2018 annual report of the Company, represented online card and board games business carried out by Lianzhong Group.

B. Financial overview

Revenue

Revenue amounted to RMB212.46 million for the year, a decrease of approximately 60.16% from RMB533.27 million in 2017. The decrease in revenues was primarily due to unexpected changes in our market environment.

Cost of Revenue and Gross Profit Margin

In 2018, cost of revenue of the Remaining Group amounted to RMB170.60 million, representing a decrease of RMB85.16 million or 33.30% as compared with RMB255.76 million in 2017. The resulting gross profit margin decreased from 52.04% for 2017 to 19.70% for 2018. The decrease was mainly due to unexpected changes in our market environment.

Other Income

In 2018, other income of the Remaining Group amounted to RMB81.20 million, representing an increase of RMB80.26 million or 8,528.29% as compared with RMB0.94 million in 2017.

Selling and Marketing Expenses

In 2018, selling and marketing expenses of the Remaining Group amounted to RMB54.91 million, representing a decrease of RMB78.76 million or 58.92% as compared with RMB133.67 million in 2017. The decrease was mainly due to cost control in light of changes in market environment during the year.

Administrative Expenses

The increase of administrative expenses was primarily due to acquisition of Nanjing Haoyun Meicheng Electronics Co., Ltd becoming our subsidiary during the year and its expenses being fully consolidated into our Group.

Finance Costs

The Remaining Group had minimal financing costs in 2018, consistent with 2017. The Remaining Group's operations have mainly been financed by equity capital.

Research and Development Expenses

The Remaining Group's research and development expenditures comprised primarily preparation for new versions of mobile games. In 2018, the total research and development expenses amounted to RMB5.60 million, an decrease of 78.90% over RMB26.54 million in 2017.

Profit/Loss Attributable to Equity Holders of the Remaining Group

The loss attributable to equity holders of the Remaining Group amounted to RMB343.64 million for the year ended 31 December 2018, as compared with a profit attributable to equity holders of the Remaining Group of RMB4.49 million for the year ended 31 December 2017. The decrease was mainly due to unexpected changes in our market environment.

Borrowings

The Remaining Group did not have any borrowings as at 31 December 2018, save for an amount of RMB70.32 arising from the Convertible Debt Financing I.

As of 31 December 2018, the Remaining Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%.

Contingent Liabilities

As of 31 December 2018, the Remaining Group did not have any material contingent liabilities.

Foreign Exchange Risk

Substantially all of the Remaining Group's revenue, costs and expenses are denominated in RMB. The Remaining Group also uses RMB as its reporting currency. The Remaining Group believes its operations currently are not subject to any significant direct foreign exchange risk. The Remaining Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information***Material investments***

Save as the Merger Businesses as disclosed in this circular, the Remaining Group did not have any material investment in 2018.

Material acquisition and disposals

In 2018, the Remaining Group acquired 100% interests in Nanjing Haoyun Meicheng Electronics Co., Ltd. at a total consideration of RMB220,000,000, among which RMB136,000,000 shall be settled in cash and RMB84,000,000 shall be settled in issuing consideration shares. The Remaining Group also acquired further shareholding in the associate, Esports Arena at a cash consideration of US\$1,484,295 and a commitment of USD40 million for the growth and development plan of Esports Arena by 31 January 2020. The shareholding increased from 18% to 82.44% upon completion of this acquisition. Any shortfall in the US\$40 million commitment amount by 31 January 2020 shall trigger a decrease in the Remaining Group's shareholding pro rata to the shortfall. In August 2018, it was subsequently disposed 57.44% shareholding and hence no commitment existed as at year end.

Save as the proposed Reorganisation and Proposed Disposal, the Remaining Group did not have any material disposal of subsidiaries or associated companies in 2018.

Remuneration and training of Employees

In 2018, the remuneration of the Remaining Group's employees includes share-based compensation expense, salaries and allowances. The Remaining Group provides training to its staff in respect of technology and operations. The Remaining Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2018, the Remaining Group had 125 employees.

FOR THE YEAR ENDED 31 DECEMBER 2017**A. Business overview**

The Remaining Group is mainly related to the segment of Lianzhong Group, as disclosed in the 2017 annual report of the Company, represented online card and board games business carried out by Lianzhong Group.

The Remaining Group encountered intensified competition and challenges in its China domestic card and board games business during the year 2017, both from intense competition from new apps that provide online game room cards function, as well as adverse payment policy changes in the Remaining Group's main mobile carrier payment partners. The negative impact on both its PC and mobile China domestic card and board game businesses, particularly in the beginning of the year, has consequently caused a fairly substantial downturn on revenue and profitability of the Remaining Group.

The Remaining Group addressed the challenges head-on and took the challenges as an opportunity to revamp and transform our China domestic card and board games businesses. For our mobile games payment channels, the Remaining Group has made significant efforts to

completely revamp most of our mobile products to move from mobile carrier payments to 3rd party payment channels such as WeChat and Alipay by the end of 2017, which made our mobile payment solutions much more stable and cost effective. For both our PC and mobile China domestic card and board game products, the Remaining Group introduced a number of new games features and have significantly expanded our online/offline tournaments offerings to attract and retain users to our platform. We have also been actively streamlining and optimizing our cost structure to drive efficiency and savings. These efforts take time and resources but we believe these measures are working and have started to reflect in our quarter to quarter business results over the year.

B. Financial overview

Revenue

Revenue amounted to RMB533.27 million for the year, a decrease of approximately 28.23% from RMB743.06 million in 2016. The decrease in revenues was primarily due to unexpected changes in our market environment.

Cost of Revenue and Gross Profit Margin

In 2017, cost of revenue of the Remaining Group amounted to RMB255.76 million, representing a decrease of RMB105.67 million or 29.24% as compared with RMB361.43 million in 2016. The resulting gross profit margin increased from 51.36% for 2016 to 52.04% for 2017. The increase was mainly due to cost control.

Other Income

In 2017, other income of the Remaining Group amounted to RMB0.94 million, representing a decrease of RMB75.47 million or 98.77% as compared with RMB76.41 million in 2016. This was primarily due to the decrease in gain on disposal of available-for-sale financial assets.

Selling and Marketing Expenses

In 2017, selling and marketing expenses of the Remaining Group amounted to RMB133.67 million, representing a decrease of RMB1.82 million or 1.34% as compared with RMB135.49 million in 2016.

Administrative Expenses

The increase of administrative expenses was primarily due to the early investments and expenses incurred in the Esports business.

Finance Costs

The Remaining Group had minimal financing costs in 2017, consistent with 2016. The Remaining Group's operations have mainly been financed by equity capital.

Research and Development Expenses

In 2017, the total research and development expenses amounted to RMB26.54 million, an increase of 0.91% over RMB26.30 million in 2016.

Profit Attributable to Equity Holders of the Remaining Group

The profit attributable to equity holders of the Remaining Group amounted to RMB4.49 million for the year ended 31 December 2017, as compared with a profit attributable to equity holders of the Remaining Group of RMB167.67 million for the year ended 31 December 2016. The decreased loss was mainly due to significant decrease in revenue and significant increase in selling and marketing and administrative expenses.

Borrowings

The Remaining Group did not have any borrowings as at 31 December 2017.

As of 31 December 2017, the Remaining Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%. The net debt was total debt net of cash and cash equivalents, pledged bank deposits and cash in transit.

Contingent Liabilities

As of 31 December 2017, the Remaining Group did not have any material contingent liabilities.

Foreign Exchange Risk

Substantially all of the Remaining Group's revenue, costs and expenses are denominated in RMB. The Remaining Group also uses RMB as its reporting currency. The Remaining Group believes its operations currently are not subject to any significant direct foreign exchange risk. The Remaining Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information***Material investments***

The Remaining Group did not have any material investment in 2017.

Material acquisition and disposals

On 11 October 2017, the Remaining Group acquired 100% of the issued share capital of Beijing Zhangzhong Qiji Technology Co., Limited at a total cash consideration of RMB36,000,000. In November 2016, the Remaining Group acquired the entire share capital of Champion Light Holding Limited from an independent third party for an initial consideration of RMB28,468,000 and contingent consideration of RMB19,579,000, of which settlement will be based on the post-acquisition performance of the intangible assets.

In July 2017, the Remaining Group disposed of 12.5% equity interest in its subsidiary, Beijing Chinese Racing Pigeon Sports Culture Development Co., Ltd. to independent third parties, resulting in a loss of control over Beijing Chinese Racing Pigeon. Upon the disposal, the Remaining Group's interest in Beijing Chinese Racing Pigeon was reduced to 42.5%. In April 2016, the Remaining Group disposed of 52.0% interest in its wholly-owned subsidiary, Tianjin Zhongqi Weiye Sports Development Co., Ltd., to certain third parties, resulting in a loss of control over Tianjin Zhongqi.

Remuneration and training of Employees

In 2017, the remuneration of the Remaining Group's employees includes share-based compensation expense, salaries and allowances. The Remaining Group provides training to its staff in respect of technology and operations. The Remaining Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2017, the Remaining Group had 342 employees.

FOR THE YEAR ENDED 31 DECEMBER 2016**A. Business overview**

The Remaining Group is mainly related to the segment of Lianzhong Group, as disclosed in the 2016 annual report of the Company, represented online card and board games business carried out by Lianzhong Group.

For the year ended 31 December 2016, the Remaining Group achieved satisfactory growth in its financial and operational metrics compared with that for the same period in 2015. While maintaining healthy growth in its PC and mobile games, the Remaining Group strived to make significant progresses and breakthroughs in mind sports games. In 2016, soon after the completion of the competitive board and card games platform (the "Platform"), which was built by Tianjin Zhongqi Weiye Sports Development Co., Ltd.(the invested company of the Remaining Group), the first government approved game was launched: Competitive Two against One, along with a selection of other strategic pilot frontend partners such as Tencent, Alibaba, 360 Qihoo, and Sina. Users across strategic partners competed under the supervision of one centralised platform to win master points granted by the Board

and Card Games Administrative Centre of the China General Sports Administration (the “Board and Card Games and Administrative Center”) and compete in offline events to win the national championship.

B. Financial overview

Revenue

Revenue amounted to RMB743.06 million for the year, an increase of approximately 7.39% from RMB691.90 million in 2015. The increase in revenues was primarily due to the increase in revenue from PC games.

Cost of Revenue and Gross Profit Margin

In 2016, cost of revenue of the Remaining Group amounted to RMB361.43 million, representing an increase of RMB67.82 million or 23.10% as compared with RMB293.61 million in 2015. The resulting gross profit margin decreased from 57.57% for 2015 to 51.36% for 2016.

Other Income

In 2016, other income of the Remaining Group amounted to RMB76.41 million, representing an increase of RMB51.51 million or 206.87% as compared with RMB24.90 million in 2015. This was primarily due to the recognition of the gain on deemed disposal of partial interest in an associate and gain on disposal of available-for-for sale financial assets.

Selling and Marketing Expenses

In 2016, selling and marketing expenses of the Remaining Group amounted to RMB135.49 million, representing an increase of RMB13.68 million or 11.24% as compared with RMB121.80 million in 2015. The increase was mainly due to additional costs incurred for the increase in marketing activities.

Administrative Expenses

The decrease of administrative expenses was primarily due to cost control.

Finance Costs

The Remaining Group had minimal financing costs in 2016, consistent with 2015. The Remaining Group’s operations were mainly been financed by equity capital.

Research and Development Expenses

In 2016, the total research and development expenses amounted to RMB26.30 million, an decrease of 43.06% over RMB46.19 million in 2015 and primarily attributable to improved efficiency.

Profit Attributable to Equity Holders of the Remaining Group

The profit attributable to equity holders of the Remaining Group amounted to RMB167.67 million for the year ended 31 December 2016, as compared with a profit attributable to equity holders of the Remaining Group of RMB100.75 million for the year ended 31 December 2015. This was mainly due to business expansion.

Borrowings

The Remaining Group did not have any borrowings as at 31 December 2016.

As of 31 December 2016, the Remaining Group's gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was nil%.

Contingent Liabilities

As of 31 December 2016, the Remaining Group did not have any material contingent liabilities.

Foreign Exchange Risk

Substantially all of the Remaining Group's revenue, costs and expenses are denominated in RMB. The Remaining Group also uses RMB as its reporting currency. The Remaining Group believes its operations currently are not subject to any significant direct foreign exchange risk. The Remaining Group does not currently use any derivative financial instruments to hedge its exposure to foreign exchange risk.

C. Other information***Material investments***

The Remaining Group did not have any material investment in 2016.

Material acquisition and disposals

The Remaining Group did not have any material acquisitions in 2016.

In December 2016, the Remaining Group has disposed of entire interest in its subsidiary, Beijing Lianzhong Zhiyu Technology Co., Ltd. to an associate of the Group, Beijing Shuimu Zhiyu. In 2016, the Remaining Group disposed of 21.5% shareholding in Tianjin Allied

Esports to a substantial shareholder of the Company and certain third parties without losing control over the subsidiary. As a result of the disposal, the Remaining Group's interest in Tianjin Allied Esports was reduced to 48.5%.

Remuneration and training of Employees

In 2016, the remuneration of the Remaining Group's employees includes share-based compensation expense, salaries and allowances. The Remaining Group provides training to its staff in respect of technology and operations. The Remaining Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. As of 31 December 2016, the Remaining Group had 416 employees.

Upon Completion, the directors and the senior management of the Remaining Group are set out as follows:

Executive Director

Yang Eric Qing, aged 47, has been an executive Director, chairman of the Board and co-chief executive officer since the incorporation of our Company in 2013. Mr. Yang joined our Group in December 2010 and is responsible for general management and strategic planning. Mr. Yang held various senior management positions of China and Asia-Pacific area at International Business Machines Corporation (IBM), a company listed on the New York Stock Exchange (stock code: IBM). Mr. Yang received his Bachelor of Science degree from the University of California, Berkeley, U.S. in 1994.

Non-executive Directors

Liu Jiang, aged 51, has been an executive Director since the incorporation of our Company and became a non-executive Director from 27 March 2015. Mr. Liu joined our Group in December 2010 and holds directorship in Sonic Force Limited. He also serves as chairman of the board of directors of Hehong Holdings Group. Mr. Liu received his Bachelor of Economics from the East China Jiaotong University, China in 1991.

Fu Qiang, aged 52, has been a non-executive Director since 23 June 2017. She worked for the China National Complete Plant Import and Export Corp. from July 1989 to February 1993, and worked for China Friendship Development International Engineering Design & Consultation Co., Ltd. from March 1993 to September 2001. In 2001, she co-founded Beijing Irena Culture Promotion Co., Ltd., where she has gained extensive experience in carrying out foreign exchanges and cooperation in the fields of culture and creative and arts. Since 2015, she has served as the chairlady and a director of Irena Group Co., Ltd.

Fan Tai, aged 47, joined the Company as a non-executive Director on 7 March 2014. Mr. Fan serves as Chief Risk Officer at Beijing Qianniu Asset Management Co. Ltd since 2019. Mr. Fan served as Chief Investment Officer from 2009 to 2018 and executive director from 2014 to 2009 at KongZhong Corporation, a company listed on NASDAQ (stock code: KZ). Mr. Fan served as vice president of finance from 2002 to 2009 and executive director from 2003 to 2009 at TOM Online, a web portal. Mr. Fan obtained his EMBA degree from the State University of New Jersey, U.S. in 2003 and Bachelor of Economics degree from the Beijing Institute of Economics, China in 1994.

Chen Xian, aged 37, has been a non-executive Director since 7 March 2014. Mr. Chen has worked at CMC Capital Partners since May 2013 and serves as a partner since 28 January 2018. From July 2009 to March 2013, he worked at Providence Equity Asia Limited and served as a director by the time he left. Prior to that, Mr. Chen served at Morgan Stanley Private Equity Asia Division from 2004 to June 2009. Mr. Chen obtained his Bachelor of Engineering degree in Electronics Engineering from Tsinghua University, China in 2003.

Independent Non-Executive Directors

Ge Xuan, aged 48, has been an independent non-executive Director since the Listing. Mr. Ge serves as director general manager of Minsheng Tonghui Asset management Co., Ltd. Mr. Ge served as vice general manager of business department of Chengdu division, general manager of investment management department, and assistant to general manager at Guosen Securities Co., Ltd. from July 1993 to October 1998. He also served as manager of trade investment department and assistant to general manager of Boshi Fund Management Co., Ltd. from January 1999 to June 2000. He was a member of the Investment Decision Committee and Risk Management Committee, director of trading department, assistant to the president of Penghua Fund Management Co., Ltd. from July 2000 to March 2002, chief investment officer of Jin Yuan Securities Co., Ltd. From August 2002 to December 2003, and vice president and director of Huaxi Securities Co., Ltd. from December 2003 to October 2010. He has been a director of Wangxiang Trust Co., Ltd since 18 August 2012. Mr. Ge obtained his Bachelor's degree in Economics from Shenzhen University in 1993 and obtained his Master degree in Business Administration from Cheung Kong Graduate School of Business in 2010.

Lu Zhong, aged 56, has been an independent non-executive Director since the Listing. Mr. Lu worked at the General Planning Bureau under the Ministry of Machine & Electric Industry of China as a civil servant from August 1984 to August 1990; as deputy chief executive officer of 8848.net from May 2000 to May 2002; as general sales manager of China and Hong Kong region of Advanced Micro Devices, Inc., a company listed on the New York Stock Exchange (stock code: AMD) from July 2003 to October 2004. Mr. Lu then served as the chairman of the board of HiChina.com and the chief strategy officer from then to September 2009 as well as the president from 2010 until December 2012 at HiChina.com. Mr. Lu served as a vice president of the Alibaba Group from December 2012 until July 2014. Mr. Lu became the founding partner of Beijing Zhonghai Investment Ltd since August 2014. Mr. Lu obtained his Bachelor's degree in computer and application from Harbin Institute of Electrical Engineering in 1984, and obtained his Master degree in Business Administration from Cheung Kong Graduate School of Business in 2010.

Tyen Kan Hee Anthony, aged 63, was appointed as an independent non-executive Director on 27 March 2018. Dr. Tyen has over 40 years' experience in accounting, auditing and consultancy practice. In 1977, he joined Price Waterhouse, and then joined Klynveld Main Goerdeler and The Morgan Bank. Dr. Tyen founded his own accounting and consulting firm in 1985. His firm then merged with Grant Thornton, a major international accounting firm in Hong Kong, in 1990. He was stationed in Beijing for seven years since then and was responsible for the development of the firm's China practice. From 2001 to 2003, he worked in a local bank and participated in the bank's mergers and acquisitions business. Since 2003, he has been working at his own accounting and consulting firm providing professional services for local and international companies.

Dr. Tyen holds a doctorate degree in Philosophy and a master degree in Business Administration, both from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Directors and the Institute of Chartered Secretaries and Administration and a member of the Chinese Institute of Certified Public Accountants.

Dr. Tyen is currently an independent non-executive director of Melco International Development Limited (Stock Exchange stock code: 200) and China Baofeng (International) Limited (Stock Exchange stock code: 3966). He was previously an independent director of Alpha Peak Leisure Inc. (TSX stock code: AAP:Venture), a company listed on the TSX Venture Exchange Inc., and Entertainment Gaming Asia Inc. (Nasdaq: EGT), a company listed on the NASDAQ Capital Market. Dr. Tyen was also an independent non-executive director of Summit Ascent Holdings Limited (Stock Exchange stock code: 102), ASR Logistics Holdings Limited (now known as Beijing Sports and Entertainment Industry Group Limited) (Stock Exchange stock code: 1803), Value Convergence Holdings Limited (Stock Exchange stock code: 821), Recruit Holdings Limited (later known as Cinderella Media Group Limited and now known as KK Culture Holdings Limited) (Stock Exchange stock code: 550).

Senior Management

Chan Nga Kwan Olivia, group financial controller of Ourgame International Holdings Limited, joined our Group in October 2018. Ms. Chan has over 15 years' experience in accounting, auditing, finance and treasury. Before joining our Group, Ms. Chan worked for PriceWaterhouse and Delotte Touche Tohmatsu for more than seven years and a listed conglomerate for more than five years. Ms. Chan obtained her Bachelor's degree in Business Administration from the Chinese University of Hong Kong. She is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Wu Weiwei, aged 42, joined our Group in September 2014. Ms. Wu is a vice president of the Group, responsible for products and games operation. She served as vice president of Beijing Zhuchao New Game Network Technology Co., Ltd. from March 2014 to August 2014. She served as general manager of foreign cooperation department of Beijing Kongzhong Xinshi Information Technology Co., Ltd. from December 2008 to March 2014. She served as general manager of A8 Music Group Beijing Branch from February 2007 to December 2008. She served as director of operations and media development of Beijing Sina Information Service Limited from May 2004 to January 2007. She served as technical development engineer, pre-sales technical support manager and channel development director of Beijing Ronghai Hengxin Consulting Co. Ltd from September 1999 to April 2004. Ms. Wu received her Bachelor Degree in electronics technology and communication from Beijing Information Technology Institute.

Yundan Xiao, joined the Group in September 2015 and served as the general counsel of the Group since July 2018. Before joining the Group, Ms. Xiao worked as an assistant investment manager in Cinda New Wealth (Beijing) Assets Management Co., Ltd. since September 2014. She was an attorney at Beijing Tian Yuan Law Firm from January 2011 to September 2014. She received her Master Degree in law from University of Bristol in 2010 and her Bachelor Degree in law from Peking University in 2008.

Jiang Chen Hong, aged 50, joined our Group in year 2015. Ms. Jiang is a Senior Vice President of the Company, responsible for company operation, including Business Operation, HR, Procurement, internal IT, and Administration. Before joining the Company, Ms. Jiang worked for IBM for 21 years, the last position was the Business Operation Director of Global Business Services, Great China Group. Ms. Jiang received her bachelor degree in 1992.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the shares, underlying and debentures of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register required to be kept by the Company; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares Held ⁽³⁾	Approximate Percentage of Interest in the Company ⁽⁴⁾
Shares			
Mr. Yang Eric Qing	Interest of controlled corporation ⁽¹⁾	221,653,555(L)	20.27%
Mr. Ng Kwok Leung Frank	Interest of controlled corporation ⁽¹⁾	221,653,555(L)	20.27%
Mr. Liu Jiang	Interest of spouse	2,182,000(L)	0.20%
Share Options			
Mr. Yang Eric Qing	Beneficial interest ⁽²⁾	36,531,064(L)	3.34%
Mr. Ng Kwok Leung Frank	Beneficial interest ⁽²⁾	36,531,064(L)	3.34%

Notes:

- (1) The interest is directly held by Jianying Ourgame High Growth Investment Fund (建贏聯眾高成長投資基金) in which Total Victory Global Limited, controlled by Mr. Yang, Mr. Ng and Mr. Zhang Peng, has the majority voting rights. Please refer to the Company's announcement dated 28 December 2017 for further information.
- (2) The interest relates to the options granted under the Management Pre-IPO Share Option Scheme and the 2014 Share Option Scheme to each of Mr. Yang and Mr. Ng, respectively. On 8 January 2016, each of Mr. Yang and Mr. Ng were granted 3,920,000 options respectively under the 2014 Share Option Scheme. Please refer to the Company's Prospectus and the announcements dated 5 January 2015 and 8 January 2016 for further details.
- (3) The letter "L" denotes the person's long position in the Shares.
- (4) The percentages are calculated on the basis of 1,093,355,443 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executives of the Company and their respective associates had or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which the Director and chief executives of the company are taken or deemed to have taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in the Shares and underlying Shares

As at Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following persons (other than the Directors and chief executives of the Company) in the Shares or underlying Shares which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held⁽⁹⁾	Percentage of Interest in the Company⁽⁶⁾⁽⁷⁾
Irena Group Co., Ltd.	Interest of controlled corporation ⁽¹⁾	290,690,848(L)	26.59%
Glassy Mind Holdings Limited	Beneficial owner ⁽¹⁾	290,690,848(L)	26.59%

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held ⁽⁹⁾	Percentage of Interest in the Company ⁽⁶⁾⁽⁷⁾
Mr. Zhang Peng	Beneficial owner	12,884,425(L)	1.18%
	Interest of controlled corporation	221,653,555(L)	20.27%
Total Victory Global Limited	Interest of controlled corporation ⁽²⁾	221,653,555(L)	20.27%
Jianying Ourgame High Growth Investment Fund (建贏聯眾高成長投資基金)	Beneficial owner ⁽²⁾	221,653,555(L)	20.27%
KongZhong Corporation	Beneficial owner ⁽³⁾	20,737,000(L)	1.90%
	Interest of controlled corporation ⁽³⁾⁽⁴⁾	71,351,351(L)	6.53%
Linkedsee Group Limited	Interest of controlled corporation ⁽³⁾	92,088,351(L)	8.42%
Linkedsee Limited	Interest of controlled corporation ⁽³⁾	92,088,351(L)	8.42%
Mr. Wang LeiLei	Interest of controlled corporation ⁽³⁾	92,088,351(L)	8.42%
Shanghai Changhui Internet Technology Co., Ltd. (上海常匯互聯網科技有限公司)	Interest of controlled corporation ⁽³⁾	92,088,351(L)	8.42%
Beijing Wuxing Rongcheng Technology Co., Ltd. (北京五星融誠科技有限責任公司)	Interest of controlled corporation ⁽³⁾	92,088,351(L)	8.42%

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held ⁽⁹⁾	Percentage of Interest in the Company ⁽⁶⁾⁽⁷⁾
Dacheng (Singapore) Pte. Ltd.	Interest of controlled corporation ⁽⁴⁾	71,351,351(L)	6.53%
Mr. Yang Zhen	Interest of controlled corporation ⁽⁴⁾	71,351,351(L)	6.53%
Shanghai Dacheng Internet Technology Co., Ltd. (上海大承網絡技術有限公司)	Interest of controlled corporation ⁽⁴⁾	71,351,351(L)	6.53%
Kongzhong (China) Co., Ltd. (空中(中國)有限公司)	Interest of controlled corporation ⁽⁴⁾	71,351,351(L)	6.53%
Noumena Innovations (BVI) LTD.	Beneficial owner ⁽⁴⁾	71,351,351(L)	6.53%
Alpha Lion Investments Limited	Beneficial owner ⁽⁵⁾	64,864,864(L)	5.93%
Global Elite Group Limited	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%
Ms. Han Lei	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%
Mr. Huang Xianqin	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%
Ruixin Taifu Investment Group Co., Ltd.	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%
Silverwood International Limited	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%

Name of Shareholders	Capacity/Nature of Interest	Number of Shares Held ⁽⁹⁾	Percentage of Interest in the Company ⁽⁶⁾⁽⁷⁾
Mr. Xu Rongta	Interest of controlled corporation ⁽⁶⁾	64,864,864(L)	5.93%
CMC Ace Holdings Limited	Beneficial owner ⁽⁸⁾	117,600,000(L)	10.76%
CMC Capital Partners, GP, L.P.	Interest of controlled corporation ⁽⁸⁾	117,600,000(L)	10.76%
CMC Capital Partners, GP, Ltd.	Interest of controlled corporation ⁽⁸⁾	117,600,000(L)	10.76%
CMC Capital Partners, L.P.	Interest of controlled corporation ⁽⁸⁾	117,600,000(L)	10.76%
La Confiance Investments Ltd.	Interest of controlled corporation ⁽⁸⁾	117,600,000(L)	10.76%
Le Bonheur Holdings Ltd.	Interest of controlled corporation ⁽⁸⁾	117,600,000(L)	10.76%

Notes:

- (1) The 290,690,848 Shares represent the same block of Shares held by a chain of ownership involving Glassy Mind Holdings Limited.
- (2) The interest is directly held by Jianying Ourgame High Growth Investment Fund (建贏聯眾高成長投資基金) in which Total Victory Global Limited, controlled by Mr. Yang, Mr. Ng and Mr. Zhang, has the majority voting rights.
- (3) The 92,088,351 Shares represent the same block of Shares held by a chain of ownership involving KongZhong Corporation.
- (4) The 71,351,351 Shares to be issued pursuant to the Independent Subscription Agreement represent the same block of Shares held by a chain of ownership involving Noumena Innovations (BVI) LTD..
- (5) The 64,864,864 Shares represent the same block of Shares held by a chain of ownership involving Alpha Lion Investments Limited.
- (6) The percentage figures have been subject to rounding adjustments. Accordingly, figures shown in totals may not be an arithmetic aggregation of the figures preceding them.
- (7) The percentages are calculated on the basis of 1,093,355,443 Shares in issue as at the Latest Practicable Date.

- (8) The 117,600,000 shares represent the same block of shares held by a chain of ownership involving CMC Capital Partners.
- (9) The letter (L) denotes the person's long position in the Shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not notified by any person (other than the Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND ASSETS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. LITIGATION

As at the Latest Practicable Date, none of the members of the Group or Black Ridge was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business Esports, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinion or advice in this circular:

Name	Qualification
Grant Thornton Hong Kong Limited	Certified Public Accountants, Hong Kong
BaoQiao Partners Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

(collectively, the “**Experts**”)

The reports from Grant Thornton Hong Kong Limited set out in Appendices II, III and IV to this circular and the letter from the Independent Financial Adviser set out on pages 56 to 103 of this circular were given as at the Latest Practicable Date for incorporation in this circular. Each of the Experts had given and had not withdrawn its written consent to the issue of this circular with the inclusion herein of its reports, letter, or statements as the case may be, and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the Experts is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have, nor had had, any direct or indirect interest in any assets which have since 31 December 2018 (being the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in ordinary course of business, have been entered into by the members of the Group and Black Ridge within two years preceding the Latest Practicable Date and up to the Latest Practicable Date and which are, or may be, material:

- (i) the share transfer agreement dated 16 January 2018 entered between Tianjin Shengyou Shidai Technology Development Co., Ltd.* (天津盛遊時代科技發展有限公司), the Company and 5 individual independent third parties in relation to the acquisition of 100% equity interests in Xiamen Yiwantang Internet Technology Co., Ltd.* (廈門億玩堂網絡科技有限公司) at a consideration of RMB55 million;

- (ii) the share transfer agreement dated 16 January 2018 entered between Tianjin Shengyou Shidai Technology Development Co., Ltd.* (天津盛遊時代科技發展有限公司), the Company and 2 individual independent third parties as the seller and as the seller guarantor, respectively, in relation to the acquisition of 100% equity interests in Nanjing Haoyun Meicheng Electronics Co., Ltd.* (南京好運美成電子科技有限公司) at a consideration of RMB220 million;
- (iii) the share transfer agreement dated 16 January 2018 entered between Tianjin Shengyou Shidai Technology Development Co., Ltd.* (天津盛遊時代科技發展有限公司), the Company and 3 individual independent third parties in relation to the acquisition of 100% equity interests in Shenzhen Xunyou Internet Technology Co., Ltd.* (深圳訊遊網絡科技有限公司) at a consideration of RMB150 million;
- (iv) the equity transfer agreement entered into between Tianjin Lianzhong Lequ Technology Development Co., Ltd. (天津聯眾樂趣科技發展有限公司), Ningbo Meishan Bonded Port Area People's Network One Cultural Industry Equity Investment Partnership (L.P.) (寧波梅山保稅港區人民網壹號文化產業股權投資合夥企業(有限合夥)), Tianjin Shengding Business Management Consulting Centre (LP) (天津盛鼎企業管理諮詢中心(有限合夥)), Beijing Hanqi Technology Development Co., Ltd. (北京瀚琦科技發展有限公司) and Tianjin Zhongqi Weiye Sports Development Co., Ltd. (天津中棋惟業體育發展有限公司) in relation to the disposal of 5% of the equity interest Tianjin Zhongqi Weiye Sports Development Co., Ltd. (天津中棋惟業體育發展有限公司) at a consideration of RMB35 million;
- (v) the management subscription agreement dated 12 September 2017 entered into between the Company and Total Victory Global Limited, a connected person of the Company, in relation to the issue of 89,189,189 shares of the Company at the subscription price of HK\$1.85 per share;
- (vi) the independent subscription agreement dated 12 September 2017 entered into between the Company and Noumena Innovations (BVI) LTD., an independent third party, in relation to the issue of 71,351,351 shares of the Company at the subscription price of HK\$1.85 per share;
- (vii) the connected subscription agreement dated 12 September 2017 entered into between the Company and Irena Group Co., Ltd. (體育之窗文化股份有限公司), an independent third party, in relation to the issue of 64,690,848 shares of the Company at the subscription price of HK\$1.85 per share;
- (viii) the subscription agreement dated 12 July 2017 entered between the Company and Alpha Lion Investments Limited (領獅投資有限公司) in relation to the issue of RMB104,076,322.636 convertible notes due 30 months from the issue date.

* For identification purpose only

9. MATERIAL ADVERSE CHANGE

Save as disclosed in the annual report for the year ended 31 December 2018 of the Company dated 29 March 2019, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest audited consolidated financial statements of the Group were made up, as at the Latest Practicable Date.

10. CORPORATE INFORMATION

- (a) The registered office of the Company is at PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The corporate headquarters of the Company is at 19/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, PRC.
- (c) The principal place of business of the Company in Hong Kong is located at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (d) The company secretary of the Company is Ms. Ng Sau Mei. Ms. Ng Sau Mei is an associate member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.
- (e) The branch share registrar of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the above principal place of business of the Company in Hong Kong for a period of 14 days from the date of this circular during normal business hours:

- (a) this circular;
- (b) the memorandum and articles of association of the Company;
- (c) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (d) the annual reports of the Company for the three years ended 31 December 2018;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 54 to 55 of this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out on pages 56 to 103 of this circular;

- (g) the report on review of the unaudited combined financial information of the Disposal Group from Grant Thornton Hong Kong Limited, the text of which is set out in Appendix II of this circular; and
- (h) the independent reporting accountant's assurance report on the compliance of pro forma financial information of the Group from Grant Thornton Hong Kong Limited, the text of which is set out in Appendix IV to this circular.

12. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

Notice is hereby given that an extraordinary general meeting (the “**Extraordinary General Meeting**”) of Ourgame International Holdings Limited (the “**Company**”) will be held the Conference Room, 19/F, Tower B Fairmont, No. 1 Building, 33# Community, Guangshun North Street, Chaoyang District, Beijing, China on Friday, 5 July 2019 at 10:00 a.m. to consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions.

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the agreement dated 19 December 2018 (the “**Merger Agreement**”) entered into among 1) Black Ridge Acquisition Corp., 2) Black Ridge Merger Sub Corp. (“**Merger Sub**”), 3) Allied Esports Entertainment, Inc. (now known as Allied Esports Media, Inc.) (“**Allied Esports**”), 4) Noble Link Global Limited (“**Noble Link**”), 5) the Company and 6) Primo Vital Limited in relation to, among other things,
- (i) a business combination transaction by which Noble Link merges with and into Allied Esports with Allied Esports being the surviving entity of such merger (“**Redomestication Merger**”); and
- (ii) a business combination transaction by which, immediately after the consummation of the Redomestication Merger, Merger Sub merges with and into Allied Esports with Allied Esports being the surviving entity of such merger (“**Transaction Merger**”)

and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

* *For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) any one of the directors of the Company (“**Directors**”) be and is hereby authorised to exercise all powers which they consider necessary and do such other acts and things and execute such other documents as they shall think fit to implement the transactions contemplated under the Merger Agreement.”

2. “**THAT**

- (a) the proposed spin-off of the entire Esports business and WPT Business (“**Merger Businesses**”) of the Company by way of the Transaction Merger pursuant to the terms and conditions of the Merger Agreement, and thereby effectively resulting in the Merger Businesses becoming separately listed on the Nasdaq (“**Proposed Spin-off**”) and all relevant documents or agreements in connection therewith or contemplated thereunder be and are hereby approved; and
- (b) the Directors be and are hereby authorised to implement the Proposed Spin-off and to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed Spin-off.”

By order of the Board
Ourgame International Holdings Limited
Yang Eric Qing
Chairman and Co-Chief Executive Officer

Hong Kong, 16 June 2019

Notes:

1. A shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
2. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. before 10:00 a.m. on Wednesday, 3 July 2019) or any adjournment thereof. Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. For determining the entitlement to attend and vote at the Extraordinary General Meeting, the register of members of the Company will be closed from Tuesday, 2 July 2019 to Friday, 5 July 2019, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Extraordinary General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 28 June 2019.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. If there are joint registered holders of a share in the Company, any one of such joint holders may vote at the Extraordinary General Meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the Extraordinary General Meeting in person or by proxy, that one of the joint holders so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. All resolutions at the Extraordinary General Meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules.

* *For identification purpose only*